



## Implications of Internet Marketing to Organizations

Mr. Parampal Singh<sup>1</sup>

Ms. Anu<sup>2</sup>

Mr. Manoj Gorsir<sup>3</sup>

Present era is the era of Internet Marketing as new trends have started to emerge in the arena of marketing. The concept of e marketing have changed things a lot and organizations need to understand this if they want to survive in the market. With the growth of internet users in the world on a large scale, the need of knowing Internet Marketing in a better way has emerged. This piece of research aims at providing an introduction to uses, benefits and practical implications of Internet Marketing. Various strategies for Internet Marketing have been discussed in this article. This paper aims at providing insights to organizations as how to plan their online marketing and what are the key considerations while doing so. Various benefits of Internet marketing have been discussed I order to create a better understanding of the concept. The special segment “why you need to be online” shows the importance of internet marketing.

Keywords: Internet Marketing, growth, process, internet.

1 Assistant Professor, Faculty of Management, CGC, Jhanjheri.

2 Research Scholar, School of Management Studies Punjabi University, Patiala

3 Junior Research Fellow, School of Management Studies, Punjabi University, Patiala

### Introduction

Internet marketing is the fastest growing and most exciting branch of marketing today. As the world becomes ever more connected, keeping up with developments and trends is vital for marketers trying to reach new audiences – who are more discerning, fragmented and cynical than ever. Technology and software are changing at such a high rate that it seems almost impossible to keep up with trends. Products and services are evolving and adapting to the online sphere. The web is constantly shifting, growing and changing – everything is fleeting. Internet marketing – often called online marketing or emarketing – is essentially any marketing activity that is conducted online through the use of internet technologies. It comprises not only advertising that is shown on websites, but also other kinds of online activities like email and social networking. Every aspect of internet marketing is digital, meaning that it is electronic information that is transmitted on a computer or similar device, though naturally it can tie in with traditional offline advertising and sales too.

Internet marketing has three cornerstone principles:

1. Immediacy: The web changes at a blistering pace and online audiences, whose attention spans are short, expect on-the-minute updates and information. To keep the favor and attention of this group, you must respond to online messages and interact with communities as quickly as possible.

2. Personalization: Customers online are no longer faceless members of a broad target audience – they are individuals who want to be addressed personally. Use the wealth of personal

information available online to your benefit by targeting the relevant people precisely and personally.

3. Relevance: communication online must be interesting and relevant to the reader, otherwise it will simply be ignored. With all the information that is competing for your audience's attention, you must find a way to stand out and engage readers. The best way to do this is by giving them exactly what they want, when they want it. Internet marketing – often called online marketing or e-marketing – is essentially

### **Evolution of Internet marketing**

The internet is the newest and youngest medium, having been around in its current form for just about 20 years. The very first interconnected computer network was developed as a joint project between the US military and several research organizations, and went live in 1969. New advances came slowly at first: network email was invented in 1971 (though the system was very slow and primitive), international connections were established in 1973, the term “internet” was first used in 1974 and the first real online protocols were introduced in the 1980s.

Everything accelerated in the early 1990s as Tim Berners-Lee, acknowledged as the creator of the internet as we know it today, built on his earlier revolutionary work and released the UR L protocol, web browser software and the World Wide Web to the public. By 1993, businesses started taking an interest in the internet.

Early internet giants like Yahoo and Amazon launched their online platforms in the mid-1990s amid a wave of new search portals, including Alta Vista, Excite and Infoseek. Google launched in 1998, taking search to a new level of accuracy and convenience. Other commercial websites, like the auction site eBay, began to dominate the web, solidifying the interactive and global commercial potential of the internet.

In 2004, the concept of “web 2.0”, the interactive, commercial, cooperative and user-centric web – exploded into public consciousness. Its main characteristics were the rise of social networking, the invention of tools that made creating and customizing personal pages increasingly simple, and the big push by online marketers to make their advertising and products more accessible and desirable to online markets. Commercial strategies have become more prevalent and innovative since then. Recent years have seen a growth in web consciousness as users become more adept at filtering and steering online content.

In December 1995, the internet had 16 million users, which equated to about 0.4% of the world's total population. It surpassed 100 million users in early 1998 and continued to grow exponentially since then. The 1 billionth user joined in December 2005. According to Internet World Stats, there were 2 billion users online by June 2010 – that's 30% of the world's population.

### **Success stories**

#### **1. Hotmail links its users**

One of the earliest internet marketing success stories is Hotmail. Hotmail launched in July 1996 as one of the first free webmail services available to the public. It garnered a respectable but hardly groundbreaking 500,000 users by

December 1996. Then, a small and brilliant idea made the service's users increase exponentially: Hotmail added a short description and link to the signature of every email sent over its network, encouraging readers to sign up for their own free account.

The signature was attached to emails that went out, sent by users at no extra cost to themselves or the company, and the message benefitted from the perception of peer recommendation – if a colleague or friend was using and promoting the service, it must be worthwhile. A year later, in December 1997, Hotmail had 8.5 million subscribers, and it continued to grow, surpassing 12 million in 1998. Considering that there were an estimated 70 million web users in December 1997, Hotmail held well over 10% of the market. The company was sold to Microsoft eighteen months after launch for \$400 million. This remains one of the simplest, smartest and most effective marketing strategies of the early web.

## **2. Google conquers search**

By the time Google entered the search market in 1998, online search engines were already well known, generally had very loyal followers and had apparently saturated the market. However, Google used a clever marketing strategy: it separated itself from portal sites like Yahoo by emphasizing its focus on search with a minimalist interface that contained little more than its logo and a search box. The company touted its revolutionary new search algorithm and famously stated that it was not “evil”. Putting this into practice, it made a point of listening to customer feedback, improving the product constantly and adding new features and tools. News about the new search engine was spread mostly by the word of mouth. The turning point for the company came in 2000 when Google launched its AdWords service, a means by which marketers could bid on certain search keywords so that their adverts appeared on search results when a user entered those keywords. As the AdWords were auctioned off, Google's revenue shot through the roof. The simple and innovative system matched web searchers and advertised content more accurately than ever before, saving marketers money and time. AdWords is still Google's highest-earning product.

## **CHAPTER 1**

### **3. Blair Witch leverages viral marketing**

The well-known horror movie, The Blair Witch Project, was promoted almost exclusively online and combined a variety of media and approaches to do so. The movie itself, released in 1999, was filmed on a small budget and was never intended for wide mainstream release. However, the creators had the idea of promoting their film to potential investors online and built a website for it. Through word of mouth facilitated by online channels, the site's popularity grew and started attracting new visitors.

Its biggest appeal was the wealth of interactive content related to the legend and the film, both of which were entering the public consciousness. This included not only videos and sounds from the film, but also fabricated news stories, photos, biographies and accounts of the imagined events, all of which tied in to form a coherent and fascinating narrative. Have a look at the page on [www.blairwitch.com](http://www.blairwitch.com). The website had over 10 million page views in the week that the film was released, and the average time spent on the site per person was an unprecedented

16 minutes. It also ensured that the film got a wide release and netted over \$250 million worldwide.

### **4. District 9 sweeps social media**

A more recent example of a successful online viral marketing campaign is the science fiction film District 9. The film, directed by South African Neill Blomkamp, was widely advertised over social networks, both locally and abroad. Its marketing strategy took a clever approach of subverting racial segregation laws and replacing them with human-alien divisions. The online component involved videos of the fictional Multi-National United (MNU) Corporation as well as other staged videos like protests and news reports.

Fans became very engaged with the content and it spread virally from District 9's website, Facebook Page and Twitter account around the world. The real effect was seen after the opening of the film. Viewers enjoyed the film so much that they commented widely online to encourage others to view it – the film even became a trending topic (one of the most-mentioned topics) on Twitter for several days afterwards. In the end, the movie far eclipsed its humble \$30 million budget.

### **Internet marketing today**

Throughout its history, the internet has reinvented itself many times – and the changes are far from over. The current web is dominated by socializing, cooperation, sharing and personal entertainment. It is a space both for work and play – an essential tool for virtually every business and the go-to repository for all forms of media culture products. People of all ages are spending more and more time online, and are turning to the internet for better services, convenience and life-enhancing tools: just consider how people use online shopping, online banking, web communities that cross all boundaries, instant news and updates, social networks and chat, self-expression and any of the dozens of other things that the web makes possible. 2010 was the first year where online advertising spend overtook the amount of money spent on newspaper advertising in the USA. It was the same year that online readership overtook traditional newspaper readership, which illustrates just how large an impact the internet has had on the marketing and advertising industry.

The web market. Micro, home-based, and small business owners, like all business owners, are interested in tapping into a potentially huge market. A web site allows the business owner to reach this market using only limited resources. How large is the market? The numbers vary greatly and change daily, but the Nielson Company estimates there to be 58 million adults in the United States and Canada. That number increased by 15 percent just during a six-month period in 1998. The typical web user is no longer just young, upper middle income males, but is rapidly diversifying by age, gender, income, and ethnicity.

Yet, as a business owner trying to make an informed decision, you are probably more interested in the number of buyers versus browsers. Here the numbers decrease rapidly. While companies are reluctant to report sales, estimates suggest only 5 to 20 percent of on-line browsers actually make a purchase. In addition, the purchases made are less than \$60.

Sales via the web are increasing as more people have access and become more comfortable with the idea. AOL, for the 1998 Christmas season, reported that per subscriber purchases on average increased from \$8 in 1997 to \$82 in 1998. This translates into an increase from \$24 million in 1997 to nearly \$500 million in 1998, and this number will only continue to grow as more people come on-line and begin to use the web as a shopping source. Estimates indicate that by the year

2000, 67 million Americans will use the web and 45 percent of those will be buyers (Infoworld, 1999). But remember, a web site alone will not guarantee an increase in sales. A web site is but one of the tools available to the business owner. Furthermore, sales represent only one purpose of a web site. Other purposes include marketing and lead development.

In brief, the advantages and disadvantages of marketing via a web site include:

#### Advantages

- A growing audience
- World-wide presence and access to buyers
- Your micro, home-based, or small business looks like any other business
- Possible low cost marketing

#### Disadvantages

- Tremendous competition. As you can be found anywhere in the world, so can your competitors.
- Getting people to come to your site. Over 1 million pages are added per day. Getting found in this maze is difficult.
- Continual need to refresh and update your site
- Business operations need to change to handle web site business

Making the decision to build a web site for your business begins with understanding your market. Do you believe a web site will reach your potential market? Also, do you have the resources necessary to develop and maintain a competitive web site - competitive in terms of sales but also competitive simply in terms of attracting viewers. If you have a niche market product attractive to a geographically diverse audience, then a web site might be a good investment.

If you decide to develop a web site, the following information will then help guide you in its development.

Site purpose. The first issue is to determine the purpose of your web site. Sites can focus on sales, marketing, or lead development. In the beginning it is recommended that you focus initially on only one purpose for your site. In later development you can expand the site to meet other goals you may have.

Internet as a marketing tool: Setting up a sales site on the web keeps getting easier with new software available. You can also work with a web site vendor's on-line software. Finally you can hire someone to prepare a customized site for you. Whichever way you choose, you must offer on-line security to assure the customer's information security. Sales sites alone rarely succeed, however, without significant marketing efforts to attract and make people want to shop.

If you are marketing focused, then you should determine one or two clearly identified site goals. Typically these are education, customer awareness, and customer service management. A site devoted to education will focus on promoting a better understanding of the product and/or service. This site will also increase your company's image as a premier provider of the good or service.

Having a good web site can lend credibility to your company. Many web sites are simply "me-too" sites, copying what another site has done. Sites need to have some originality. Effective web sites also require continual updates to maintain a fresh image.

Service and customer relations web sites are one of the fastest growing types of sites. The web offers an excellent way for a business to offer follow-up help. This can be in the form of

frequently asked questions, a self-guided problem solver, and a direct communication tool with e-mail. One concern about e-mail is that customers may feel their concerns and complaints are going into a “black hole.” E-mail is often viewed as less serious communication and may tend to be put aside. As a business owner, you must realize the importance of e-mail and respond to it as you would any other communication you receive or even faster.

The final purpose of a web page is to meet potential clients or lead development. Differing from the educational site, the lead development site may provide sample information about your product or service. It might also include testimonials from satisfied customers. The site should help clients contact you for more information. Make sure to include your physical address, as well as your phone and fax numbers.

Design elements. After deciding on your web site’s purpose, the next step is to design the site. There are many software programs, books, and consultants who can help with this task. A crucial design element is to develop the site with the end-user in mind. The design should facilitate the customer’s ability to use the site and be able to find relevant information. The most effective designs include the use of graphics, pictures, sound, and video. However while these touches produce a great-looking site, they also make sites very slow to load. Many individuals have relatively slow internet connections, and the customer will tend to click away from the site if they have to wait much longer than 30 seconds.

To keep customers coming back to your site, you must keep it fresh. This means adding new information and updating the look. In order to keep up with this task, it is often best to start out simple and small. Keeping up a sales site is much more intensive than keeping up with an educational or lead development site.

You want the customer to feel the trip to your site was worth it. The customer must feel like they are receiving value for their time and effort. Sales via the web are often done to reduce your costs. Customers should receive some of the savings if that is the case.

In one final comment about design, the owner must consider how a successful web site will impact existing business operations. Can you respond to orders coming in possibly every hour of every day and do so in an efficient and timely manner? Proper design of the web site can help alleviate some of these issues; however, a successful web site also means the redesign of existing business operations.

Site Production. As you can see from the suggestions, the operation of a web site requires commitment. It is not something that can be done quickly and then forgotten. Whether or not you hire someone to produce your site, you, the business owner, must provide clear and continuous guidance. You should test the site personally when any changes are made. If your company has several employees, one person must be in charge of this element of your marketing program, i.e the “Webmaster.”

A common question about web site production is who should do the actual work. Can you do it yourself, or should you hire someone? It depends on your skills, your desire to learn web design, and the resources, both time and money, you have available and want to commit. Remember, not only will you have the initial site development costs, but constant updating is a necessity.

Today’s sites need to be more sophisticated than before. What once would have been perfectly adequate as a web site, now would not receive much attention. Creating such sites takes resources: either your own time to learn more sophisticated tools or monetary resources to pay for this sophistication. Allowing the client to actually make purchases on-site will require even more sophistication, thus increasing the cost to build and to maintain.

Once your site has been developed, you then need to decide where that site will be stored. Storage means whose computer will host the site. For storage of your web site you have the same two options as with its production – you can do it yourself or you can hire a hosting service. Typically the small company will not host their own site because of the additional technical and hardware necessities. Site hosting means that your computer network must be on-line 24 hours a day, 7 days a week. That means having someone constantly handling computer problems.

The selection of a hosting service should be done with care in order to have a service that will meet your needs. You can hire a simple hosting service or look for a company that offers consulting on web design. When comparing costs, carefully understand what each service offers and compare like services to each other. Make sure they have the speed (bandwidth) to amply handle the traffic plus back-up systems in place. (A note of caution: Do not rely on just your server backups. You should keep a copy of your entire web site at your location also.) Ask about the amount of time that the system is up and operating.

Finding Your Site. So now you have your web site developed and listed. You have “built it,” and now they, the customer, “will come.” Not yet. You are now facing the most difficult task – getting people to find you. Being “found” in the 800 million web pages that exist is the next critical step.

What can you do to help people find your page? The first step is to register with the major search engines. Typically, you can go to the search engine’s home page to learn how to add your site. Also be sure to use key words and meta tags in your web site. This is technical language, but basically it allows automatic indexing services to look at your site and list it in their database. Probably one of the best tips for getting your page found is to network with web developers and learn their tricks. If you want, you can hire someone to do your site registration.

You also will want to leverage your current advertising and marketing efforts by placing your web site address on anything you produce, including all your written materials. You have probably noticed that practically every advertisement today, whether in printed form, on a billboard, or on the back of a truck, carries the business’s web address.

While these methods may help the person who knows nothing about your site find you, the best method, true in any marketing program, is by word of mouth. Encourage your customers to visit your site and get them to recommend you to others. In addition, you will want to connect with groups who may be interested in your site. For example, you may agree to be a speaker at a meeting where you can introduce the audience to web shopping in general and during the presentation use your site. Another way to connect is to make agreements to cross-link with other pages.

### **Why you need to be online**

1. Your market and competitors are already there. If you market and sell products or services to a middle-class clientele, you need to extend your strategy to include the internet.
2. Web users expect the highest convenience and information at their fingertips. All companies need a website as their central point of contact. If your details don’t come up in a web search, you will be ignored.
3. Customers are fickle. They will not expend a lot of energy to find you online. Even worse, if your competitor is easy to find online, your potential customers will happily turn to them.

4. Since South Africans are using, socializing and buying on the web – and especially because current advertising spend is still very low – now is an excellent time to move your marketing into the online sphere and capitalize on a new and connected audience.

5. Audiences want to interact with and converse about your brand and products. Give them the opportunity to do it in a mediated space, and become part of the discussion.

6. Online marketing is almost always cheaper and more targeted than traditional. You can reach the best customers at the lowest price. When done smartly, your online marketing plan will integrate seamlessly with your traditional tactics, won't cost a fortune and will expose you to a market that you had previously been invisible to.

Process of Internet marketing



Concerns and Risks associated with Internet Marketing

Internet marketing is a highly appreciated internet service. The possibility to shop online for any item, starting with the daily groceries and ending with luxurious objects, has been a solution for a lot of people. The big amount of time people now spend at their jobs has diminished the time for other activities. The solution to the time problem is the speed of Internet marketing and the fact that the internet has become accessible since it is not a luxury anymore, but a necessity.

Besides having so many advantages, Internet marketing has its disadvantages also. The disadvantages regard some risks. Online marketing is not a perfect service, but the traditional marketing is not perfect either. The simple fact that someone understands that there are risks when online shopping will prevent most of the unpleasant situations.

Fraud can come from both small companies, belonging to just one individual and from brand companies. The risks which can appear from brand companies regard the contract terms. They can make you pay for who knows what fees. The risk from small companies comes from the fact that it is the possibility that they do not exist. Pay attention to the contact information they provide. If the geographical zone of the telephone number does not match the one of the address, then you are in front of a swindler. You can order for an item and it will never be delivered to you.

The most common internet risks regard the payment method. Use PayPal as much as possible. It is one of the safest payment methods. Credit cards can also be used, but make sure that the information you provide, especially the financial one, is one hundred per cent secure. The fact that there still are persons who do not use Internet marketing is due to their mistrust.

Some fear that their personal information won't remain private. Why is that? Because there have been cases in which online companies have been giving away the private information or worse, they have been selling it. This has brought a series of problems such as identity stealing and money stealing from credit cards and bank accounts.

The e-mail marketing is also a risky service. Many internet marketers use it in order to advertise. They send the loyal clients e-mails in which they give them information regarding the newest offers and services and the newest items. If you are a loyal customer of a website, do not permit them to send you these e-mail if you don't want them to. A great number of viruses can be transmitted through these e-mails. The risks do exist when online shopping, but it is not as bad as it seems.

Being aware of their existence is one of the biggest steps in their prevention. Risks also exist when doing offline shopping so this should not stop anybody from trying the wonders provided by Internet marketing. It is a very useful device and problems should not appear if you inform yourself before using it for the first time.

### **Practical Implications of Internet Marketing**

The benefits for organizations of marketing on internet we have seen above are lower communication costs, personalized and directed advertising, immediate feedback from customers, word-of-mouth referrals and positive influence on buyer behavior. On the other hand, Internet users may simply ignore internet marketing and be weary with flooding of their walls with advertisements; privacy violations and abuse of information by third parties and sellers' domination of communities are possible; there is no proper measure of the return on investment in internet marketing and organizations still have to invest time, effort, and personnel costs into internet marketing.

Some practical implications emerge from the above discussion. Ertell (2010) believed that loyal customers want to connect with businesses through social media, but it is how businesses interact with them once they get there that fosters greater loyalty and the likelihood to buy in the future. Ertell went on to state that 49% of customers join to find out about special offers or promotions, while 45% would like more product information. Grant (cited in Chiger, 2010) explained that organizations need to be "relevant, compelling and fresh." Businesses therefore need to strike a

balance of giving customers the product information they want, without sounding too much like salespersons. Ireson (2010) suggested that the main reason that Facebook marketing will work is because the organization will enter a community and engage as a friend to customers and that Facebook itself is based around the premise of friendship implying trust. With regards to the concept of trust, organizations must ensure that they strictly follow privacy laws and that private information is not sold to or misused by third parties to the detriment of individuals. Consumers must always have the right to “unlike” organizations or opt out from getting marketing information from organizations.

Because internet is becoming the most relevant marketing tool for companies to enhance their brand awareness, they need to adopt new marketing policies and strategies that are different from the traditional ones. Marketing teams need to learn new communication strategies about how to maintain and improve long-term relationships with existing customers and also how to reach out to other prospective customers

(Gil-Or, 2010a). Aufferman (2010) expanded on the notion of integrating Facebook into the wider marketing strategy by ensuring clarity in the organization’s business plan inclusive of the establishment of a social policy, business process reengineering, and integrated listening. Previous research implied that social networks enable information dissemination to occur not only between companies and the customer, but also between networks of customers (Mangold & Faulds, 2009). Mangold and Faulds (2009) also suggested that social media is part of the promotional mix and proposed the following to guide interactions in order to have a positive impact on the organization:

- Create communities of people who share interests.
- Engage customers using social networking tools such as blogs.
- Appeal to a range of customers by combining marketing tools.
- Disseminate product information.
- Give customers a notion of exclusivity regarding certain products.
- Create products that make customers converse with each other and the organization.
- Appeal to the customer’s affinity with causes.
- Create memories through storytelling.
- Think outside the square and challenge extremes.

Future research could examine the following interesting issues related to internet marketing: consumers’ social networking behavior to understand how they use internet; the segmentation of the online communities on internet; and how can companies measure the return on investment of internet participation? Research can also examine studies regarding effects of visual advertising and integration of internet with traditional marketing methods.

## Conclusion

Internet marketing is the primary requirement for the companies if they want to survive in the present cut throat competition “The internet is a tidal wave, it will wash nearly all industries, drowning all those who won’t learn to sustain its moves”-Bill Gates. It will be imperative for organizations to know how to be active on internet and maintain a 24\*7 link with its customers. Otherwise the competitors will leave no stone unturned to make sure that your customers are snatched away from you. Organizations are making sure that they keep in touch with the

customers and make full use of the internet. They can use the internet to gain new customers and further gain competitive advantage.

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