

Evolution of Marketing to E-Marketing

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INTRODUCTION

The Internet was initially developed for military purposes but soon grew into an academic tool intended to disseminate research from one institution to another. In the 1990s, the Internet was introduced into the business arena and has steadily grown into a very important business tool that has helped businesses to achieve and improve on their strategic goals. The Internet has created new revenue streams; it has broken geographic boundaries to new markets and has ushered in a new level of convenience. The Internet has not only impacted on the overall organisation, but it has also impacted on functional areas such as finance, production, human resources, and marketing. This article examines the extent to which marketing has changed as a result of the Internet.

BACKGROUND

What is Marketing?

Marketing is often confused with advertising or sales, and many people believe that marketing, advertising, and sales are one and the same and hence use the terms synonymously. Marketing, however, is the overarching discipline that encompasses advertising, sales, research, and other activities. Kotler (2003) defined marketing as “the art of identifying and understanding customer needs, and creating solutions that deliver satisfaction to the customers.” Perrault and McCarthy (2000) defined marketing as a set of activities to accomplish the organisations goals by anticipating customer needs and supplying them with need satisfying goods and services. According to Singh (2001), the central themes that emanate from these definitions are need identification, need satisfaction, and profit, which he terms the *marketing equation*. The marketing equation assumes, *ceteris paribus*, that, if organisations can identify customer’s needs and satisfy them, then quantities demanded would increase, resulting in a profit for the organisation. Need identification is generally based on market research such as surveys, focus groups, and observation. In attempting to satisfy the customers need, marketers employ the Marketing Mix, or the 4P’s of Marketing, to develop their offering. The 4Ps

are Product, Price, Place, and Promotion (Perrault & McCarthy, 2000). The four activities of the Marketing Mix revolve around the consumer. The 4Ps are like baking a cake—quantities can be adjusted, based on the organisations resources. However, a change in one activity will affect others; for example, an increase in promotion expenses will result in an increase in price. How does any of this relate to the Internet?

INTERNET MARKETING

Many articles and books are being written about Internet marketing and e-marketing to guide marketers to look to the Internet to develop new markets and exploit the purchasing power of the global consumer. In essence, Internet marketing involves using the Internet to perform marketing activities. In order to explain this, the concepts explained earlier—that is, need identification, need satisfaction, and the marketing mix—will be discussed in relation to the Internet.

NEED IDENTIFICATION

The Internet has speeded up the need-identification phase. The World Wide Web (hereafter referred to as the Web) has become a very effective market and marketing research tool. Using traditional marketing research methods has proven unreliable; customers rush through surveys conducted in person and often do not return postal surveys. Focus group members often do not arrive for the session, and some even disrupt the session. The Internet makes data collection more reliable, whereby questionnaires are sent directly to the customer. Responses are returned almost immediately. However, this is dependant on the customer’s willingness to fill in the questionnaire and to return it. Another limiting factor is access; the Internet market is a very small community, which limits online research to Internet users only (Strauss, El-Ansary, & Frost, 2005). Chat sessions online are quick and easy to arrange and do not incur costs of bringing people together in one venue. However, online anonymity makes it difficult to determine who is on the other end. This could skew the results obtained.

Figure 1. The buying decision process (Adapted from Kotler, 2003)



Market and marketing information can be purchased online from many reputable market-research houses. Information is also available for free online from public and government departments. Internet service providers and other Web-based organisations are willing to sell or make information available free of charge.

NEED SATISFACTION

When purchasing high-involvement products such as appliances, electronics, clothing, perfumes, and motor vehicles, the consumer generally follows a buying decision process (see Figure 1).

The Internet serves as an invaluable tool in the consumer's information search phase and post purchase behaviour. It also plays a lesser role in the evaluation of alternatives and the actual purchase. Making business information available is one of the most important ways of satisfying one's customers. The Internet makes information easily accessible, and it is information that gives the customer greater control over the purchase (Peters, 1999). Detailed online information assists the customer in making an informed decision. The Internet also makes the information search easier with the multitude of search engines that can locate sites that contain the information being sought by the customer. According to Ries (2000), one of the benefits of the Internet is that it provides the consumer with price comparisons, which is most beneficial to customers who are price sensitive.

Some Web sites known as infomediaries have features that aid the consumer's evaluation of their product choices, prices and features (Awad, 2004; Schneider, 2004). Some infomediaries also assist the customer with the purchase of the product by linking the customer to a store's Web page, where the customer will conclude the purchase by filling in delivery details and credit card particulars to complete the purchase.

Postpurchase behaviour, such as, queries and complaints can be handled a lot quicker, as a result of the Internet. Web sites allow feedback from customers. Contact via e-mail is quick, cheap, and easy and facilitates immediate handling of complaints (Reedy, Schullo, & Zimmerman, 2000). Some organisations preempt customer

queries based on previous feedback and develop a frequently asked questions database. Companies assign Web pages to contain frequently asked questions and their answers (Perrault & McCarthy 2000, Strauss et al., 2005).

THE MARKETING MIX

It is evident that the Internet has made it possible to identify and to help satisfy customer's needs. However, it has also impacted on the marketing mix. All four components of the mix have been affected.

Product

According to Bickerton, Bickerton, and Pardesi (1996) customers do not purchase the product, they purchase the benefits. The Internet makes it possible for a company to extol the benefits of their product or service at minimal cost. Detailed information, such as product specifications, alternate uses, demonstrations, and instructions are available online. However, getting the customer to use a firm's Web site is a challenge for e-marketers.

Branding is often one of the product benefits that consumers look for, and e-branding has attracted extensive debate. E-brands are unique brands to the Internet such as Amazon, Yahoo!, and eBay, or they could be aliases for offline brands such as Egg, which is the online arm of Prudential Insurance Company. According to Moodley (2000), establishing e-brands and more importantly, e-brand loyalty is an extremely difficult task. This notion has been supported by Cohen (1999), who is of the opinion that the Web defies all brand logic: What is successful off-line does not enjoy the same success online. It is hard to encourage loyalty, because customers are worried that once the organisation makes the money, the site will be gone. Bickerton et al. (1996) are of the opinion that established non-Internet brands have an advantage over their competitors when they market on the Internet. However, strong off-line brands do not always translate easily to the Web. This is supported by Ries (2000), who wrote that "taking your real world name and putting it on the Internet, is fundamentally wrong" (Ries,

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