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The Impact and Benefits of Internet on Marketing Mix

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Abstract: Few things have dramatically and immediately impacted our lives and the way many businesses operate more than the development of the Internet. The ways that some marketing activities are performed have changed as businesses have turned to e-commerce. The Internet provides opportunities for an organization to enhance its business in a cost-effective and practical manner. That is, the Internet can be used to conduct marketing research, reach new markets, serve customers better, distribute products faster, solve customer problems, and communicate more efficiently with business partners. The benefit of Internet marketing includes the improved flow of information, new products and customer services, improved availability, improved market transparency. To design and implement a successful e-marketing program, a number of theories, applications, and technologies must be carefully analyzed and understood. In this article the investigator is going to considerer the best Internet marketing ways for the success of business. The main objective of this article is nothing but understanding the impact of Internet on different marketing areas such as product development and service provision, promotion, pricing and distribution channels. In the article it is demonstrated that when manufacturers connect directly with consumers and shorten the distribution channels, inefficiencies can be eliminated, product delivery time can be decreased, and manufacturers can build closer relationship with consumers. Consumers use the Internet to reduce costs, find products otherwise unavailable, or increase their shopping convenience. Online consumers expect easy, understandable, and secure ordering and payment systems. Customers want assurance that orders will be filled immediately. E-commerce creates value for customers in many ways. Customers are treated as a market of one. They can access a greater variety of products, often at lower prices. The study suggests that businesses should pay special attention to the impacts of the Internet and its uses in marketing to be successful and profitable.

Key words: Internet marketing, E-commerce, E-marketing, promotion.

INTRODUCTION

One of the hottest topics in business and the media today is electronic commerce. The Internet and its graphical interface, the World Wide Web (WWW), are key components of an electronic commerce initiative that is playing an ever-increasing role in the future of the global marketplace. (Honeycutt *et al.,* 1998)

Electronic commerce has been defined as "any form of business transaction in which the parties interact electronically rather than by physical contact". (Aldin and Stahre, 2003)

Electronic commerce and its application have become everyday discussions and various articles and literature have been written in this regard. Access to the domain of electronic world has become priorities of most of the big and small public and private organizations and as such, managers have encountered new challenges in this field. (Elahi, Sh. and Hassanzadeh, 2009)

Using the internet and related technologies to complete significant marketing activities is known as e-marketing or electronic marketing. The ways that some marketing activities are performed have changed as businesses have turned to e-commerce. However, the basic principles of marketing still apply. E-commerce businesses must understand marketing basics and use them effectively in order to be successful and profitable. (Kleindle and Burrow, 2005)

The ubiquitous nature of the Internet and its wide global access has made it an extremely effective mode of communication between businesses and customers. The growth of Internet technology has enormous potential as it reduces the costs of product and service delivery and extends geographical boundaries in bringing buyers and sellers together. (Teo, 2005) Additionally, international communications generated by the Internet are likely to result in greater levels of satisfaction between companies and customers. (Kleindle and Burrow, 2005) The Internet provides opportunities for an organization to enhance its business in a cost-effective and practical manner. Chen, S. (2005) That is, the Internet can be used to conduct marketing research, reach new markets, serve customers better, distribute products faster, solve customer problems, and communicate more efficiently with business partners. Turban and King, (2003) Quality benefits of e-commerce use could include the improved flow of information, new products and customer services, improved availability, improved market transparency and reduced errors in information processing. (Lewis and Cockrill, 2002) The Internet is also a useful tool for

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gathering intelligence on customers, competitors, and potential markets, as well as communicating information about companies and/or products. (Kleindle and Burrow, 2005)

The Importance of the E-Business Customers:

Customers are the lifeblood of a business. They decide whether to purchase a company's products or the products of a competitor. They may be persuaded to try a product once. If satisfied, they are more likely to purchase from the company again. They may encourage friends and family to buy as well. Companies with satisfied customers are likely to be successful. Those that are unable to satisfy customers will soon fail.

One of the most important tasks of marketing is to identify prospective customers for a company. The activities needed to attract customers include marketing research and promotion that gets the attention and interest of new prospects. Also important are some types of incentive to encourage customers to make their first purchase and follow-up activities that ensure customer satisfaction. Any concerns the customer has about the product must be identified and resolved. Companies that have clearly identified their potential customers can concentrate their marketing resources on those prospects. (Kleindle and Burrow, 2005)

Customers Characteristics:

There are certain types of consumers who are likely to be internet customers. They are people who are comfortable with technology and innovation. An innovation is a new and unique product, process, or idea. Most people are reluctant to try something that is totally new. However, a small percentage of the population (about two percent) is considered to be innovators. Innovators want to be the first to try new products. When businesses began selling products online, innovators were their first customers.

However, if the business expects consumers to use the internet to purchase its products, marketing efforts should be directed toward innovators and early adopters. (Kleindle and Burrow, 2005) Various profiles of Internet shoppers suggest their median age to be in the range 30-35; mostly single (59%) and having a college degree (57%). (Kiang *et al.,* 2000)

Every business has access to thousands and sometimes hundreds of thousands of consumers. A business needs to develop an effective method of identifying those consumers who are most likely to purchase. It should concentrate its marketing efforts on attracting and satisfying those customers. (Kleindle and Burrow, 2005)

Impacts of Internet on Marketing Mix:

Although there has been a trend toward the new marketing approaches used in e-commerce, this is not to say that traditional marketing concepts cannot be applied. The conventional four Ps of marketing, product, price, promotion and place, are as relevant to online businesses as offline ones. However, e-commerce brings new issues that must be considered and may require a rethinking of the existing marketing mix. E-commerce technologies offer new product/service and new placing options as well as new pricing strategies. However, one of the biggest effects has been on promotion. Chen, S. (2005)

Product:

The primary reason people purchase from a business is directly related to its products. (Kleindle and Burrow, 2005) Product characteristics play a major role in the successful marketing of a product on the Internet. (Kiang *et al.,* 2000) The form of some products is modified with the use of the internet. Electronic books, e-tickets, digital photographs, and online bill paying are examples of changes in the form of traditional products. Some consumers find the new forms more satisfying while others prefer the products in their original forms. (Kleindle and Burrow, 2005) There is a broad range of products marketed on the Internet that range from consumable goods to durable goods. Services marketed on the Internet also range from online newspapers to business-wide consultation. (Kiang *et al.,* 2000)

Digital Products:

Digital technology has allowed businesses to develop a new generation of products. Companies develop and market a variety of digital products. Those products are designed for both business and consumer markets. Two categories of digital products are content and technology. Digital content consists of information in digital format including video, audio, text, and graphics. The content is converted to business and consumer products such as newspapers, magazines, online games, photos, graphics, and videos.

Digital technology is the equipment used by businesses and consumers to develop, store, distribute, and use digital content. The technology ranges from digital video and audio equipment to cellular telephones, personal digital assistants (PDAs), and computer software. (Kleindle and Burrow, 2005)

Digital Services:

Just as services are a major offering of traditional businesses, digital services are equally important in e-commerce. Digital services are developed and marketed to both businesses and final consumers. Categories of digital services are business-support services, consumer services, and digital communications services. Business-support services are the activities that support businesses in developing and delivering digital products and services. Business-support services include web design, web site hosting and management services, and digital content production (such as video, audio, and multimedia development). Consumer services are the activities that support consumer access to and use of internet resources and digital information. Common consumer services are internet service providers (ISPs), information portals, and media distributors such as digital television and radio stations. Digital communications services provide management of the technology and procedures that support business and consumer virtual communications. (Kleindle and Burrow, 2005)

Developing Products for E-Commerce:

The development of personal computers, the internet, and digital technology has generated opportunities for new products. Many existing products can be marketed more widely to prospective customers. Additionally, many new-to-the-world products have been developed as a result of recent technologies.

The internet allows companies to mass customize a wide range of products. Examples of products that are being custom manufactured include eyewear, clothing, golf clubs, bicycles, fishing rods, and CDs. Smaller businesses use customization to gain competitive advantage. Larger businesses use customization to lower costs. Customers receive and pay for only the features they need. (Kleindle and Burrow, 2005) Nike offers online shoppers the opportunity to customize a running shoe, personalizing such features as the outsole, the amount of cushioning, and the width. The personalized shoe costs about $10 more than buying a comparable—but not custom—shoe off the shelves of the local Nile retailer. Shoppers are also able to personalize men's and women's dress pants and men's dress shirts at Landsend.com. Heiligtag and Xu, (2006).

Price:

Price is another stimulus that for most consumers has a high impact on the online purchase. Fagerstron and Ghinea, (2011) Marketing pricing is still what it was, the price that customers are willing to pay, based on considerations such as the company, brand, reputation and product. The difference that e-commerce makes is that pricing and competitor information is faster and more transparent, meaning that market forces also tend to act faster and perhaps more efficiently. There is thus a tendency for prices to converge at lower levels. Harris and Dennis, (2002)

Theory development in e-pricing has largely focused on price competition and price sensitivity online relative to offline. The widespread belief that search costs are lower online has sparked much interest among researchers in finding ways of lowering online price consciousness and creating differentiation. Mahajan and Venkatesh, (2000) As Peterson et al. stated Internet-related marketing can result in extreme price competition when products or services are incapable of significant differentiation. (Kiang *et al.,* 2000)

Price-based Strategies:

Businesses that focus on gaining market share by selling at low prices or at prices that fluctuate with market demand are using a pricing strategy. Greater efficiency allows some businesses to sell at lower prices because of lower overall costs. Cost savings result when a business does not need brick-and-mortar assets, when fewer employees are needed, and when technology is used to reach and serve customers. Customers save money, time, and energy when they can use the internet to aid in the search and purchase process.

Pricing decisions are particularly critical for the e-business as there is a customer perception that prices should be lower online than otherwise. Harris and Dennis, (2002) The internet increases customer negotiation power. Customers can easily find and compare prices among suppliers. Customers can use software-based search systems called intelligent shopping agents that return product and price information. My Simon uses intelligent shopping agents to provide price and product comparisons. Intelligent shopping agents are useful for comparing products that have similar features and multiple vendors. (Kleindle and Burrow, 2005)

Promotion:

Businesses use a promotional mix to reach their objectives. A promotional mix includes advertising, personal selling, sales promotions, and hypermedia. Today, most e-commerce promotional campaigns require a combination of traditional methods and hypermedia. Reliance on hypermedia alone may not allow a company to reach its goals. Each element of the promotional mix has strengths for reaching specific communication goals. An integrated marketing-communication strategy brings together multiple media to reach desired goals. Hypermedia are strongest in the areas of creating interest and desire, but can also be used to facilitate action such as opting into a list or making a purchase. Hypermedia enhances the visibility of firms and creates new business opportunities. Hypermedia also save money and time and allow businesses to reach new customers. (Kleindle and Burrow, 2005)

Online Advertising:

Promotional placement in a medium is known as advertising. The internet is the fastest-growing advertising medium. It took only five years to reach 50 million users. To reach this level of growth, radio took 38 years, television took 13 years, and cable took 10 years. (Kleindle and Burrow, 2005)

In traditional marketing, advertising was impersonal, one-way mass communication, paid for by sponsors. Telemarketing and direct mail were attempts to personalize advertisement in order to make it more effective. These direct marketing approaches worked fairly well but were expensive and slow and seldom truly one-to-one interactive. The Internet introduces the concept of interactive marketing, which has enabled advertisers to interact directly with customers. Turban, E., & King, D. (2003) It allows information to be accessed without geographical location constraints and offers the possibility of delivering messages enhanced by color, sound and animation effects, as well as two-way interactions. The interactive nature of the internet facilitated customer support and market activities to a greater degree than traditional media. Kurtz and Boone, (2006) In interactive marketing, a consumer can click on an ad in order to obtain more information or send an e-mail to ask a question. Beside the two-way communication and e-mail capabilities provided by Internet, vendors also can target specific groups and individuals on which they want to spend their advertising dollars. Double Click is the premier company in this area. Finally, the Internet enables truly one-to-one advertising. Turban, E., & King, D. (2003) Online advertisements are flexible; they can be customized and altered quickly and easily in response to consumer profiles and changing market conditions. Kurtz, & Boone, (2006)

Banner Ads:

A banner is a graphic display on a web page that is used for advertising. Banner advertising is the most commonly used form of advertising on the Internet. Fagerstron and Ghinea, (2011) Banner ads are typically small strip messages placed in high-visibility areas of frequently visited Web sites. Heiligtag, J., & Xu, J. (2006) Banner ads act like placement ads in print media. To catch a viewer's eye, banner ads are now using animation, java programming, and multimedia. Banner ads are useful in creating awareness of products and in communicating information about them. (Kleindle and Burrow, 2005)

Place Distribution:

Distribution is an important part of any marketing transaction. It usually involves several businesses. It may take many days or weeks of numerous activities. Distribution is expensive. It can account for 50 percent or more of a product's final price. Distribution activities do not disappear when a business moves to an e-commerce strategy. (Kleindle and Burrow, 2005)

Distribution is a vital decision area for the e-business for three reasons. First, relatively small local companies can widen their market and even export. Second, many e-businesses aim to gain competitive advantage by using e-systems to de-layer the distribution chain. For example, Dell supplies customers directly, rather than through distributors, wholesalers or retailers. Third, distribution is an area where some e-businesses have been severally criticized for failing to deliver customer service. Harris and Dennis, (2002)

E-Commerce Distribution:

Marketing channel intermediaries were in the early days of electronic commerce considered to add only cost and limited value, where upstream participants pursuing electronic commerce strategies threatened such intermediaries by attempting to bypass them. Aldin, & Stahre, (2003) Using the Internet, manufacturers can sell directly to customers and provide customer support online. In this sense, the traditional intermediaries are eliminated, or disintermediated. Disintermediation refers to the removal of organizations or business process layers responsible for certain intermediary steps in a given supply chain. In some countries, such as Japan, one may find inefficient distribution networks with as many as 10 layers of intermediaries. These extra layers can add as much as a 500 percent markup to the manufacturers' prices. Turban, E., & King, D. (2003)

The top categories of items sold by larger firms on the Internet include computer hardware and software, airline and hotel reservations, financial services, collectibles, books, CDs and gift items. The most successful and profit-making large sites include Dell, Expedia, E*TRADE, e-Bay, Yahoo! and Amazon. However not all goods and services are suited to direct sale over the Internet. In many sectors the Web represents another channel or source of information supporting sales by other means. Few high value items such as cars are traded over the Internet, but many sites provide information of interest to car purchasers. Similarly there are many sites for real estate, but few direct purchasers of homes over the Internet. Drew, S. (2003)

Jupiter Communications' studies show that the largest industries involved in Internet shopping in the USA were, in decreasing order: travel, PC hardware, groceries, gifts/flowers, books, PC software, tickets, music and clothing. Elliot, S. , & Fowell, S. (2000)

When manufacturers connect directly with consumers and shorten the distribution chain, inefficiencies can be eliminated, product delivery time can be decreased, and manufacturers can build closer relationship with consumers. When the Internet can serve as a replacement for the intermediary in managing information flow from consumers back to the manufacturers, demand can be gauged more accurately and orders can be placed quickly. When the Internet also provide the opportunity for manufacturers to directly contact consumers to provide product information or information about orders, the need for the traditional intermediaries is reduced or eliminated.

Dell Computer has established itself as one of the world's most successful e-tailors by profitably selling its computers directly to millions of consumers over the Internet. Turban, E. , & King, D. (2003)

Comparing Traditional and E-Commerce Distribution:

Whereas past channel research has focused primarily on order fulfillment (i.e., physical distribution) through the retail channel, it is now necessary to distinguish between online and offline channels and between the channels' role for order procurement and order fulfillment. For products distributed through the Internet, the channel for order fulfillment may be short as with direct delivery. But the channel for order procurement is often long with intermediaries such as Internet service providers, search engines and infobots. Mahajan and Venkatesh, R. (2000)

When consumers become regular internet purchasers, their perspectives regarding distribution often change. Consumers use the internet to reduce costs, find products otherwise unavailable, or increase their shopping convenience. Internet customers typically expect service 24 hours a day, seven days a week. Quick access to customer-support information regarding products, prices, and shipping options is expected. Because the speed of the internet is almost immediate, customers tend to expect the speed of distribution to be fast as well. Customers may be unwilling to wait days or weeks for product delivery. Online consumers expect easy, understandable, and secure ordering and payment systems. Customers want assurance that orders will be filled immediately. They want an easy, low-cost way to return a purchase if it does not meet their needs. (Kleindle and Burrow, 2005)

Value in an Electronic Marketplace:

Consumers make decisions about value based on how they will use available resources to satisfy their needs and wants. At its most basic, value is the benefits that customers receive given the costs (in money, time, and energy). (Kleindle and Burrow, 2005) Value seems to have an effect on a consumer's consumption behavior, pricing, profit making and other strategic decisions of the firm. It is used to gain competitive advantage and to create loyalty, satisfaction and repurchase behavior. Therefore, value is a complex concept, which is greatly affected by individual and contextual aspects. Value is an important means of gaining competitive advantage. Thus, it is significant for managers to understand what value is, how it is created and how it could be added. Reijonen, H., & Laukkanen, t. (2010)

E-commerce creates value for customers in many ways. Customers are treated as a "market of one." Businesses create value by providing quality goods and services at acceptable prices. Service businesses are enhancing how they deliver their service. Customers can access a greater variety of products, often at lower prices. The most important value for many online shoppers is convenience. One study found that consumers saved almost 64 hours per year by shopping online. (Kleindle and Burrow, 2005) The e-business value for the customer consists of four variables: service, price, and quality and fulfillment time. Chen, S. (2005)

Satisfaction:

The internet provides many opportunities for companies to increase economic utility and, therefore, customer satisfaction. The most obvious forms of improved utility are time and place. Information can be accessed and products can be purchased any time of the day or night. Purchasing can be completed from the consumer's home. Amazon.com is scoring satisfaction levels never before seen in a service industry. Amazon.com is applying its value-creation process used with books to many other products. Amazon.com e-commerce applications set value levels so high that customer expectations are increasing not only for Amazon.com but for all businesses.

The main technologies that e-commerce businesses use to add value are the internet and databases. The internet allows access to e-commerce communication platforms. Databases allow products to be searched and viewed, questions to be answered, and products to be ordered, all in a fast and convenient timeframe. At one time, online-only companies were the only businesses using these technologies. Today, traditional businesses are adding e-commerce strategies to their marketing mixes. When e-commerce is combined with popular brand names and high levels of service, traditional businesses achieve competitive advantages. (Kleindle and Burrow, 2005)

Conclusion:

This paper describes the ways that some marketing activities are performed as businesses have turned to e-commerce. Findings show that the growth of Internet technology has enormous potential for businesses.

There are certain types of consumers who are likely to be internet customers. They are people who are comfortable with technology and innovation. If the business expects consumers to use the internet to purchase its products, marketing efforts should be directed toward innovators and early adopters.

Internet brings new issues that must be considered and may require a rethinking of the existing marketing mix. The internet allows companies to mass customize a wide range of products.

Internet makes pricing and competitor information faster and more transparent, meaning that market forces also tend to act faster and perhaps more efficiently. The Internet introduces the concept of interactive marketing, which has enabled advertisers to interact directly with customers. It allows information to be accessed without geographical location constraints and offers the possibility of delivering messages enhanced by color, sound and animation effects, as well as two-way interactions. Using the Internet, manufacturers can sell directly to customers and provide customer support online. In this sense, the traditional intermediaries are eliminated, or disintermediated.

It is significant for managers to understand what value is, how it is created and how it could be added. The internet provides many opportunities for companies to increase economic utility and, therefore, customer satisfaction.

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