UNIT 22   CYBER MARKETING

Objectives

After reading this unit you should be able to:

- understand the meaning of cyber marketing

- understand and interpret cyber marketing vis-a-vis conventional marketing

- visualise the basic model of cyber marketing

- appreciate the nature of cyber marketing in relation to conventional marketing

- identify the limitations of cyber marketing and attracting traffic to the internet site

Structure

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22.1   INTRODUCTION

Internet is perhaps the greatest technological revolution of the last few decades. It has touched almost everybody's life and affected our living in a wide variety of areas such as education, trade, entertainment, communication and management. In fact, by the end of September 2002 a total of 605 million people were estimated to be already online. Even at this level, the internet using population has not tapered. It continues to expand at phenomenal rates. The rapid growth of internet usage is fueled by an extremely wide and ever expanding range of applications. These applications, in turn, bring in even more users to its fold. This continuous positive loop, perhaps, explains the unusual rise of this technology and medium.

Marketing has been one of the most significant gainers from the internet revolution. Internet has been applied by marketers both as a medium as well as a product. Thus, marketing has deployed it for communication of information, distribution of some of its products and even for receiving payments from the customers.

Internet based marketing or cyber marketing, therefore, plays a vital role in the exchange process.

22.2   WHAT IS CYBER MARKETING?

Cyber marketing term became popular when computers started getting used in marketing extensively. Earlier, computers were used more for storing, processing and reporting of various marketing related information. But, with the entry of internet the online data handling possibilities have virtually exploded the use of computer. This application has

multiplied the use of computers at consumers homes faster than among the organisations. This fact has helped marketers substantially to look into cyber marketing. As a result, cyber marketing today is also seen more as internet based marketing rather than just computer based marketing. However, for our purpose, we shall define cyber marketing as that part of marketing which involves extensive use of computers, especially the internet.

Cyber marketing profitably reinforces the concepts of marketing with the power of internet. Thus, it strengthens the existing delivery of marketing outputs and also opens newer avenues of marketing which were not possible to achieve before the' arrival of internet. For example, a marketer today can keep track of millions of customers simultaneously, segment them online, offer customised products to individual customers, fix different prices, provide varying contents and styles of information and deliver the products through appropriate modes of distribution to each of these customers. The details of such transactions and the characteristics of each of these customers can be stored for their dynamic utilisation in future marketing opportunities with the customers. These possibilities were only the dreams of earlier marketers.

22.3 CYBER MARKETING AND THE CONVENTIONAL MARKETING

Although cyber marketing comes with tremendous new the conceptual bases of conventional marketing need not be thrown away. The body of knowledge developed through the experiences and their theorization by marketers and the academicians are quite valuable. Moreover, they can also accommodate the new realities thrown open by the internet. Thus, for example, one can easily see the relevance of "marketing concept", "customer orientation", "market segmentation", "product positioning" and "market measurements" even in the internet era. Similarly the utility of marketing mix and all of its elements are very much present within cyber marketing. The formulation of each of the elements or the entire marketing mix may understandably be somewhat different froth the ones that might have been developed without the access to the internet. But, such differences are there even in any two different contexts of conventional marketing as well.

While cyber marketing can be seen within the larger and familiar conceptual framework of marketing it also shows considerable differences from the conventional marketing. These differences account for the major departures in the application of marketing and warrant specific attention to the study of cyber marketing. Some of these differences emerge from the special features of internet:

i) **Interconnectivity:** Internet is often defined as a network of networks. Most of the users find it useful to have their presence recorded on the internet. They also ensure to become accessible by others through internet. By doing this, they help the count of internet sites to grow exponentially. The search engines on the internet are to facilitate internet usage and streamline traffic on the internet. But, by playing these very roles they help in attracting even more traffic to the internet. The increase in bandwidths and speed of internet connectivity are like converting country roads into expressways. All these factors have made interconnections among consumers and marketers possible at the levels never seen before.

For customers the feature of interconnectivity translates as access to a very large number of diverse markets, other information sources and fellow customers. This access is universal overcoming all kinds of geographical boundaries.

ii) **Interactivity:** Internet provides not just access to a large number of sites but also allows interface and interactivity among users. Internet can be seen as a virtual market on the web where the customers and marketers can most conveniently interact from their own locations and in a very cost effective way. This feature of internet provides a unique facility of interaction among a large number of customers themselves also through bulletin boards or chat facilities. The interactivity feature of internet allows the marketer to control the contents of materials that he would wish individual customers to access. This way cyber marketing gets its double edge in the market place. It allows the marketer to customise and focus even on individual customers in a

mass market. On the other hand, the customers become empowered to scan much larger canvas of market and bargain for their purchasing power with a larger base of marketers. The customers can also create a large pool of knowledge by online sharing knowledge of their experience based knowledge among their peer customers. The interactivities gained by both marketers and customers have the potential of unleashing very high levels of energy in the marketplace restricted only by the creative limits of the market players.

iii) **Involvement:** The internet user is not a casual user of medium like the TV viewer or radio listener. His attention is solely directed to this medium and is more committed to its contents as he has reached to the particular screen through a process of conscious search and choice. The medium is audio visual and therefore more attention centric. This increased level of involvement helps the cyber marketer to address his efforts to more serious customers.

iv) **Information:** The sheer number of internet sites and the richness of content on each site have already made internet as the largest documented repository of information known to the mankind. Moreover, the information available on the internet is much better indexed than most of the alternatives sources of information. This has come as a highly leveraged resource for the cyber marketer.

The richness of information on internet has also made customers perceive it as a more serious and informative channel of communication. This helps the cyber marketer as a better quality tool of connecting with the customers.

Data based marketing, which had taken off even before the advent of internet, has really gone to greater heights through cyber marketing. On the other hand, because of the empowerment of customers through such rich information, database consuming has also found true meaning now.

v) **Individualisation:** The advantage of mass customisation is made possible through internet for both customers and the marketers. The customers can identify the optimum provider for his unique sets of needs. Customer can also arrange for updating himself in the precise area of his interest although from the most extensive sources of information possible.

The marketer can also store the historical data of customers and their behaviour.These data can be then processed with the help of data mining and marketing decision tools. These data are utilised to provide solutions to the customers needs on an online and individual basis. The product can be configured exacting to the individual customer's needs at the price and with a payment mechanism most convenient to him. The information and the persuasive appeals can also be tailor made for the individual customer. He can be reminded or provided with additional services as per his specific requests and all these information can be utilised in the design of next round of offering to him. This kind of customisation when offered on continuous basis becomes service to the customer of significant commercial value.

vi) **Integrity:** Intemet provides tools to check the authenticity of the data and its providers. It can also go to great lengths for ensuring the privacy of its users. Both of these features result into greater faith among its users. Thus, customers get greater assurance about the transparency and reliability of the marketers' offers. Marketers can focus only on their best prospects with the knowledge that customer profiling have been achieved through more reliable means.
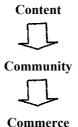
Activity 1

Identify and interview two net buyers whom you know personally and detail the steps of their net buying process.

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22.4 CYBER MARKETING MODEL

The above mentioned aspects of internet arouse greater interests among the marketers. They tend to view cyber marketing differently. The marketers can now create the contents of their offers in more flexible and innovative ways. They can now communicate about their offers to the customers who are not bound by the traditional geographical limits. He can now create newer communities of customers having some common interests or need patterns. These communities can now be utilised as target market segments which are more strongly linked with the marketers. Better commercial business can be expected to result from these new kinds of marketer-customer linkages.

Following general model tends to emerge from cyber marketing:

Fig.1 : Cyber Marketing Model

Content

⇩

Community

⇩

Commerce

In the above model the content from the marketers side are determined by the objectives of marketers, understanding of the customers profile and whether the target customer community already exists or needs to be created afresh. For example, some ethnic community may be already existing in India but may be difficult to access by marketers due to their geographical dispersal or lack of well directed media to reach such communities. Cyber marketing can overcome these limitations by converting these existing communities into cyber communities. Alternatively, marketer can bring together a new community bound by some common parameter of their interest or characteristic. The possibility of peer to peer communication on internet accelerates this community build up process in cyber marketing.

Transactions can result much faster on the internet with these communities. This is further possible as the customers can approach the cyber market from the locations and timings of their convenience. Since the customers have the opportunity of scanning all the information of their relevance they are better prepared to transact when on internet. The speed of transaction can also be much more as a lot of customer related information may already retrievable with the marketer and need not be repeated everytime the customer wishes to transact. Payment may be also be made electronically and for some of the products (like the digitised products) even the deliveries can be organised instantaneously and online.

22.5 THE NATURE OF CYBER MARKETING

From the above discussion it is clear that cyber marketing takes a slightly different shape as compared to the conventional marketing. In order to understand these points of differences properly we shall now look at the individual areas of cyber marketing.

i) **Customer profiling, segmentation and targeting:** Cyber marketing has the capability of viewing existing customers data through a wide variety of angles and compare the efficacy of each of these views. Various data mining tools available today are employed to do this job. They mainly utilise the processes of sorting, clustering and association seeking among the consumer characteristics. The history of the customer behaviour in terms of past transactions and internet viewing generate rich data for this purpose automatically. Such data are often supplemented with the offline data collected through alternative sources.

The customer segments created with such methodologies can have the advantage of being more dynamic (because they can be created through online databases), more insightful (because of the use of more powerful clustering and association seeking techniques) and customers themselves selecting into a segment

The segmentation process in cyber marketing can be extended to real micro segmentation and even to the segments of single customers each. Each customer is individually identifiable and reachable at their personal addresses here. Therefore, the process of micro segmentation can be extended to its logical limit of mass customisation of marketing. In fact, the recent growth in the area of customer relationship management within marketing has been possible mainly due to the availability of these cyber marketing tools.

ii) **Product planning:** In the markets today there are several products which maybe. called as digitised products. The products whose main contents are information fall in this category. Financial products, softwares, books, audio and video products are examples of products which are already available in digitised forms or are very easily amenable to be converted into. These digitised products can directly be displayed, presented and even delivered through internet. Even those products which are more physical do have digitisable components. The digitisable components of such products can take the advantage of mounting on the cyber marketing platform directly.

Another interesting product related possibility through cyber marketing is regarding product customisation. Marketers can also bring in the product optimisation tools which can simultaneously look at the customers needs and the marketers objectives and achieve them. Thus, for example, the marketer can estimate the profitabilities at the various levels of customisation and offer that level of customisation which satisfies his own objectives the best.

iii) **Branding:** Products on the internet can benefit as much as any other product from proper branding, The rapid proliferation of internet based products gathers a very large clutter of brands in least amount of time. In such situations the power of brand identity becomes even more indispensable.

iv) **Pricing decisions:** The fact that customers can compare much larger range of offers and their prices has suggested that cyber marketing exerts downward pressure on prices in the marketplace. Internet provides a large array of data about the different products prices and corresponding sets of features. These information assist customers to more easily sort out less valuable features of the product from the more valuable ones today. They can also evaluate the real worths of products when the market is flooded with a complex array of products with varying features. The customers can also utilise the wisdom of fellow customers for this purpose. In all, internet tends to make a wiser customer out of the ordinary.

Even widely dispersed and otherwise unknown to each other customers can also pool their purchasing power on internet. This purchasing power can help them to resort to "reverse auction" and secure best possible price deals from the marketers.

While customers get the benefit of better price information and bargaining, cyber marketer can also see opportunities in it. First of all, the seller can apply price discrimination much more fiercely and dynamically because the seller can now deal with each customer more on one to one basis. The seller can also optimise on price and profit realisation using the customer related data and the internal data about items such as inventory levels, incremental costs and competitive strategy followed. It also allows the marketer to better concentrate on the life time price realisation from a customer rather than just the benefit through immediate transaction.

Another significant advantage offered by cyber marketing is about the ease and speed of price collection from the customers. The electronic money transfers from the customers to marketers can take away considerable pain of collections and accounting.

v) **Advertising and Sales Promotions:** Like products and prices, customisation of advertising and promotion are very much possible in cyber marketing. Besides customisation, the customer is contacted when he is giving full attention to the computer screen. In fact, when a customer views any site he has done so after deliberate and conscious effort and choice. This increases his commitment to the message that he is viewing on the internet.

Advertising generates a hierarchy of impacts like creation of awareness, interest, desire and action on the consumer. Different media are found to be better suited for certain kinds of impacts out of this hierarchy. Internet has been found to be amenable to finer tuning for most of these impacts. As a result, it is possible to better transport the customer from one level of impact to the next higher one and do so more quickly. The combination of this factor with the feature of individualisation makes the output very powerful one. Besides this, the measurement of each of these impacts are also possible more easily and online. The promotions on internet can also be customised in a similar way.

The cyber marketing model shown earlier (Fig.1) suggests that commerce follows content and community. Since the internet phenomenon has occurred like an explosion there had been quite a rush to build up communities in the competitive environment. In this rush, many of the marketers tried to buy prospective customers into their communities net by offering a variety of incentives. This has caused cyber marketing effort to be seen as overloaded with freebies in the form of consumer promotions.

vi) Distribution: Cyber marketing is often seen as attacking on the length of the distribution chain. This is explained as internet is seen to be overtaking some of the distribution intermediaries tasks, particularly the information flow related ones, much more efficiently and instantaneously. As a result it is often possible to reorganise the distribution chain at the cost of its length. The span of control can also increase considerably as many of the cont^{r}ol related processes can be transferred to the computer. The saving in costs due to these effects are often considered as the most important contributions of cyber marketing.

The increased availability of distribution related information can also cause information overload to the consumers. Therefore, a new category of channel members, called "infomediaries", have also emerged. These infomediaries primarily consolidate the relevant information about the availability of the products and pass them on to the consumers after suitably repackaging them. Besides pure infomediaries, the existing distributors do also rebundle their services after integrating the online and offline elements of their services.

Internet also enables online distribution of digitised products. This helps in extending pinpointed reach to a large number of customers, eliminating the lead time between ordering and delivery, reducing the inventory requirements and smooth organisation of transaction related data processing.

Recently, many organisations have adopted Enterprise Resource Planning (ERP) systems for their management. Cyber distribution activities, when linked to these ERP systems, enable the companies to achieve utmost efficiencies in their entire Supply Chain Management.

vii) Marketing Research: Customer interface with the marketers site on the internet itself generates substantial market research data. The online nature of such data make them inexpensive, timely, transcription errors free, authentic and unobtrusive. Some data are also generated by the customers as they leave traces of their internet usage. These data are closest to the naturally emanating data without any outside tampering. Data on internet also enable the marketer to discover the associations between customer behavior and various other preferences and actions of the customers exhibited on the internet. These kinds of data are often unique to cyber marketing and can not be collected through any t^{r}aditional means of marketing research.

Specific marketing research can also be conducted on internet. In such researches respondents qualifying on a host of parameters can be reached with relative ease. The number of sampling parameters can often be much larger than what is possible through conventional modes of data collection. Such targeted respondents can be reached with customised instruments and during the timings of their convenience. Various computer assisted data collection tools available today can be easily used to customise these research instruments. These tools can also be embedded with data processing softwares. As a result, the respondents can be asked fewer but more relevant questions making the task of data collection easier and more efficient.

Activity 2

Suggest a few products/product categories that are compatible for buying on the net. Give reasons for their compatibility. .

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22.6   LIMITATIONS OF CYBER MARKETING

Cyber marketing, despite its tremendous advantages, has yet to overcome many of the associated problems. Some of these problems are in-built with the technology of internet and some others are contextual for the environment in which cyber marketing is applied.

i).   **Limits to digitisation:** The key advantage of internet is achieved by converting marketing contents into digitised form. Therefore, the remainder part which is not digitisable virtually lies outside the domain of cyber marketing. This part remains in the "brick and mortar" domain of marketing as contrasted to the "click and view" part of marketing.

ii).   **Shopping experience:** Customers are quite used to the "touch and feel" experience of shopping. Internet based shopping is, therefore, finding some consumer resistance. Advantages of cyber shopping and the practice over time are expected to overcome this resistance. In the transition period, marketers are trying to integrate the traditional "touch and feel" and "click and view" modes of marketing.

iii). **Security issues:** While shopping on internet, customers often have to share sensitive information related to their person as well as their financial matters. While the marketers are trying to make these sharing of information and details much more secure against the possible misuse the customers are not fully convinced about these security arrangements.

iv).   **Internet access density:** Although more than 600 million people were reported to be online they still account for only less than 1 per cent of the total population of the world. This population of online is not only very low, it is also very asymmetrically distributed. As a result, only certain skewed segments of the market can be tapped through cyber marketing today.

v).   **Customers used to freebies:** As explained earlier, the development of cyber marketing is characterised by intensive promotions of substantial values. As a result, cyber customers have started expecting freebies before responding to cyber marketers cues of any kind. However, as the freebies offers are gradually diminishing now this problem is getting reduced on its own over time.

vi).   **Dot.com bust:** The sudden emergence of internet power and its cyber marketing possibilities gave rise to great hypes about their commercial opportunities. Many half baked business models were deployed to capitalise on this wave. In fact, the market got cluttered with innumerous so called "dot.com" companies. When the bottom of most of these dot.com companies was removed the pendulum of market interests swung to the other extreme. Many marketers and customers have become shy of using any of the cyber marketing tools. The time has come to rectify this disbalance and evolve the business models which incorporate internet power more realistically.

22.7   ATTRACTING TRAFFIC TO THE INTERNET SITE

Even after designing the offer very carefully, the cyber marketer still has the great concern of attracting the target customers to his site. It is parallel to one of attracting customers to one's shop in the "brick and mortar" kind of marketing. The process obviously starts with the selection of appropriate target customers. The contents of the site are expected to be designed keeping the total marketing offer and the customers profile in mind. Even after this unless cyber customers reach to the site the marketing efforts will not be productive. Cyber customers adopt their own peculiar methods and strategies to reach particular sites. For example, one earlier study found the following routes through which cyber customers reach to any given site:

Routes for reaching to internet sites

Route	Frequency (%)
Search Engines	87
Links from other sites	85
Printed Media	63
Word of mouth	58
Newsgroups	32
E-mail	32
Television	32
Books	28
Other	28

Source: G VU 4 study, September 1997

It is, therefore, clear that search engines and other sites play greater roles in directing traffic to the marketer's site. However, the strategy to steer the customers' traffic from search engines and other sites are going to be quite different. For example, the search engines send customers based on the title of the site, key words used to describe the site and the brief page descriptions mentioned on the search engines. There is a good scope for research to find out the key words kept in mind by the cyber customers-while exploring about a product category. This area has now become so important that a breed of professionals called "search optimisers" have come up for providing specialised help in this area.

In case of links from other sites the specific internet use history of the prospective cyber customers becomes important. Thus, for example, a video film marketer may find a customer moving from entertainment site to their site very different in motivation, kinds of information sought and the probability of purchase compared to a visitor from a video technology site. Therefore cyber marketers have to carefully craft their link strategies. These strategies shall depend on the desired product positioning, customers internet surfing behaviour and company's resource considerations.

Quite often the marketing company is a member of some industry association, Securing links from such industry association sites can direct the customers traffic rather smoothly. Sometimes, companies can negotiate with the industry associations for reciprocal linkages. Such linkages need not be confined to a single industry. After all, most of the customers do not think of any product as a part of only one industry!

Like with industry associations, marketers can also negotiate with other companies for reciprocal linkage with their sites. Such arrangements can produce significant synergistic results for all the parties. The marketer should, therefore, decide to link with as many useful sites as commercially viable.

The choice of specific sites to be linked has to be based on the relevance of the sites, pattern and size of traffic reaching to the screens from where the surfers are targeted to be escorted to marketer's site. The message exhorting the prospects to jump to the marketer's site, similarly, have to relate to the customers key concerns. For example, "Your instant train reservations", "Get rid of pimples" or "Your child's home tutor" have the potentials of shifting concerned customers to the respective marketer's site.

For such linkage the following option are also available to the market:

i). **Extensive:** Here the marketer gets his site linked to as many sites as possible. It is also listed in the jump sites. Jump sites are those sites which categorise all sites related to that topic. It generates a lot of traffic. It is particularly effective in generating more awareness but may not create sharply defined perceptions in the minds of customers. These perceptions may then be etched through the contents of the site itself. Obviously it is relatively a costly strategy. Another problem with this strategy is that it does not boost stickiness of the site. it attracts habitual surfers who switch from one site to another quite fast and hence do not stay for long at any site. As a result, even if this strategy procures brisk traffic of surfers it may not be able to retain them sufficiently long to convert them into actual customers.

ii). **Frequent:** This is quite commonly used strategy. Here the companies provide links to other sites without creating a jump station. The idea is to funnel the prospects towards the site but not allowing them to go out so easily. This adds to the costs as the marketer pays to the sites for facilitating the prospects to come to their site but does not get anything like that from other sites. One variant of this strategy is to provide links to the very same site.

iii). **Infrequent:** Under this strategy a minimal number of links are provided to the outside sites. Reverse links are provided to only those selected sites which provide a direct benefit to the marketer's site.

iv). **No Links:** Such a strategy presumes that any linkage with outside site only encourages the prospects to go to other sites. it works well when the non cyber channels have been extensively and effectively used to bring the traffic to the site. Such prospects are then engaged within the site with necessary information and persuasion to motivate them into buying. ,

E-Mails have also been extensively used to bring the customers to marketer's site. This method has been found to be relatively inexpensive. But, the concerns about spam and privacy issues has reduced its effectiveness. The cyber marketer has to carefully select the lists of prospects among a host of lists available these days to avoid waste. The marketer must also ensure that their messages are directed to only those persons who have authorised the marketer to send such messages. This is not only for being nice to one's prospective customers but also to meet the legal requirements.

Besides using internet itself, th€ cyber marketer can attract customers through many other activities outside the internet. Other mass media can be judiciously employed to attract the desired traffic. Meaningful gifts may not only attract the customers to the site but also aid in positioning the site and product in the minds of their customers.

22.8 SUMMARY

In the era of globalisation, with marked technological strides has truly revolutionised the exchange process of buying and selling of products on the internet. Indeed internet marketing is a worldwide phenomenon. in Indian scenario internet marketing has made inroads as a new and emerging mode of buying and selling of products/services to specific target groups with fast changing needs, preferences and life styles.

You have been familiarised the term cyber marketing, its relevance and scope to Indian environs. The nature of cyber marketing has also been dealt at length touching upon its limitations that one should keep in mind.

22.9 SELF ASSESSMENT QUESTIONS

1. Discuss the parameters that marketers should consider and take into account while deciding to sell their offerings on the net.

2. Nature of the product/service alone is the deciding factor to sell on the net. Do you agree with the above statement. Substantiate your responses.

3. Visit or log on to few websites, where products/services are offered on the net. Cyber Marketing Identify 4-6 products of your choice and critically analyze the reasons for being compatible to be sold on the net.

22.10 FURTHER READINGS

Philip Kotler-2002 *Marketing Management,* 11th Edition, PHI-Delhi

Charles F. Hofacker, 2002, *Internet Marketing,* Wiley Publications