

**BLOCK V:
RETAIL ORGANISATION**

Unit 1 : Retail Organization, Retail Planning and Strategic Issues in Retail

Unit 2 : Non Store Retailing

Unit 3 : Direct Marketing, Types, and Benefits

Unit 4 : Online Advertising and Promotion

Unit 5 : E-Marketing, Ethical issues in E-Marketing

UNIT-1
RETAIL ORGANIZATION, RETAIL PLANNING AND
STRATEGIC ISSUES IN RETAIL

Unit Structure:

- 1.1 Introduction
- 1.2 Objectives
- 1.3 What is Retailing
- 1.4 Retail Planning
- 1.5 Strategic Issues in Retail
- 1.6 Summing Up
- 1.7 Model Questions
- 1.8 References and Suggested Readings

1.1 Introduction

The word 'RETAILER' has been derived from a France word the prefix 'RE' and the verb 'TAILER' meaning to cut down. Evidentially retailer trade is one that cuts off smaller portions from large lumps of goods. It is a process through which goods are transported to final consumers.

Retail market and shops have a very ancient history. Over the centuries, retail shops were transformed from little more than 'rude boots' to the modern shopping malls.

Retailing consists of every activities involved in selling goods and services to the consumers for their personal, family members or household use. Retailing covers sales of goods ranging from food product, electronic items, automobiles, apparel, utensils and services ranging from haircutting to air ' restaurant, crèche, and computer education. However, sales of goods to intermediaries, who resell to retailers or sales to manufacturers, are not considered a retail activity.

Retailing can be examined from many prospective, A manufacturing of white goods like washing machines and Television has many options to reach out to users. It can sell their products through dealers, company showrooms, home improvement stores (Arcus), or hypermarkets (Big Bazaar). The manufacturer will have to decide which retail formats to adopt and whether

to go for intensive distribution i.e sell through very large number of outlets. Thereafter, the manufacturer will have to decide which models to offer through different types of outlets. Having decided on retail distribution, the promotion strategy to attract retailers will have to be finalized either via selective distribution or exclusive outlets.

1.2 Objectives:

After going through this unit you will able to understand-

- to understand the concept of retailing,
- to discuss the process of retail planning,
- to analyse the strategic issues in retailing.

1.3 What is Retailing

The word ‘Retail’ is derived from the French word retailer, meaning ‘ To cut a piece off’ or ‘To break bulk’. The distribution of consumer products begins with the producer and ends at the ultimate isand the ultimate consumers. Retailing is defined as a conclusive set of activities used to sell a product or a service to consumers for their personal or family use. It is responsible for matching individual demands of the consumer with suppliers from different manufacturers.

A retailer is a person, agent, agency, company, or organization, which is instrumental in reaching the goods, merchandise, or service to the ultimate consumers. Retailers perform specific activities such as anticipating customers wants, developing assortments of products, acquiring market information, and financing. A common assumption is that retailing involves only the sale of products in stores. However, it also includes the sale of services like those offered at a restaurant, parlour, or by car rental agencies. The selling need not necessarily take place through a store. Retailing encompasses selling through the mail, the internet, door-to-door visits- any channel that could be used to approach the consumer. When manufacturers like Dell Computers sell directly to the consumer, they also perform the retailing function.

Stop to Consider

Retailing is an intermediary in the marketing channel because retailer is both marketer and consumer. Retailer is a specialist who maintains contact with the customer and the producer. Though retailer may sell their product directly to consumers, But such method of distributing goods to ultimate consumers is very complex, time consuming, inconvenient and expensive. Therefore, manufactures depends on the retailer.

Check Your Progress

1. What is Retailing ?
2. Explain the importance of Retailing.
3. Explain the concept of retailing in present situation.

1.4 Retail Planning

Retail planning is necessary to control the inventory, marketing strategies, and maintain the supply chain management of the organization. Without a detail plan of retail management, products cannot be properly promote and define merchandise assortment. The retail manager should consider what to sell, when to sell, where to sell, and who to sell. Following are the steps in retail planning.

1. Deciding the store's philosophy, mission, and objectives : The process of retail planning starts with the identification of store's mission for its existence and scope of the retail store. The mission of the store includes the goods and services offered to its customers . It also includes the consumers satisfaction, how the retail store can compete the target market and competitors.

Store mission also includes the day-today functioning , emergency planning etc.For example, Lenskart's philosophy behind “ Buy anywhere; exchange anywhere” .

Once the organization mission has been determined, its objectives desired future positions that it wishes to reach, should be identified. The store's objectives may be classified into two categories. They are:

(i) External store objectives and

(ii) Internal store objectives.

External objectives : External objectives includes retailer's overall execution according to customers and their experience. This can include customer service, retention, loyalty and product pricing.

Internal objectives : Internal objectives means how to achieve the store objectives with available resources to raise store turnover. Here, retail store organization try to increase sales and revenue on the basis on product performance. Organisation can set their goal on the basis of monthly, quarterly, and annually to motivate their employees.

2. Situational analysis : Under situational analysis it is determined the present store position and to forecast its plan to implement in future. The difference between current and future position is known as planning or strategic gap. Under organizational analysis ,store analyse their internal and external environment.

External environment includes economic environment in retailing, political environment, legal environment, socio-cultural environment, technological environment and international environment of retailing. By analysing the external environment the store can understand its opportunities and threats.

Internal environment analysis includes the strengths and weaknesses of the store. Here, the store will try to increase its capabilities with available resources and overcome the weaknesses. Store resources are human resources, financial resources, physical resources, and intangible resources.

3. Analyze Customer Behavior : If a store does not understand their target audience, they cannot correctly launch and promote their product to attract customers. Therefore, retailer need to understand the consumer's expectation from a product and a brand. First the companies must understand the pattern of demography and demand for their product in the market. After that, company can innovate customized experience and brand images to attract customers. Moreover, to stay in the market for longer period of time , retailers should continuously monitor the customers feedback and their preference.

4. **Strategy Implementation and Control** : It is concerned with the designing management of retail systems to achieve the best possible combination of human, financial, physical and intangible resources of a retail store to achieve the formulated goals. As there are lots of retail activities there must be a coordination and scheduling among these activities.

For the success of the strategy implementation of the retail store team work is essential. On the other hand, retail strategies are competitive, marketing efforts are excellent, if employees are not taking it honestly ,then there will be an adverse result. Sometimes, retail stores face resistance from the employees when new strategies are going to be implemented. Therefore, stores should take some positive steps while they are going to implement new strategies.

On the other hand strategy control deals in three basic concepts: inspection. Detection and correction. It means, after implementing the retail strategies, retailer should assess how effectively strategies are being implemented, how far the strategy objectives are being achieved and what has been left to be achieved.

STOP TO CONSIDER

There are various steps in retail planning. Those are deciding store philosophy, situational analysis, analyze customer behaviour and strategy implementation and control.

Check Your Progress

1. What is retail planning?
2. What is internal store objective?
3. What is external store objectives ?
4. Explain in detail regarding the retail planning.

1.5 Strategic Issues in Retail

Following are the strategic issues in retailing:

1. Location Decision
2. Target Market Relation
3. Business Model

4. Merchandise Mix

5. Positioning the retail store

1. Location Decision: There is a very tough competition in retail sector. Now-a-days consumer can buy products from home, therefore, location is one of the most strategic decision of a retail enterprise. Following factors can influence the location decision:

- a) Demographic and Psychographic study of the population
- b) Availability and size of the market in the area
- c) Competition
- d) Positioning of competition in the target market
- e) Real estate development in the area
- f) Business atmosphere in the area

2. Target Market Relation : This is another factor in strategic issues in retailing. Through this decision it affect the business model and retail positioning. For example, whether the store target only very rich people, or upper middle class people, or lower income people. In India, Big Bazaar target people and economy minded customers. the budget sensitive people and economy minded customers. Fab India target the upper middle and higher income consumers. The Shopper's stop target the higher income class of customers.

3. Business Model: Traditionally, there are two types of business model. One is, firm may pursue a target of high profit margins and low inventory turnover and another is minimum profits but maximum profits but maximum inventory turnover. Now-a-days both these models are seen in retailing. Due to rapid development of information technology and uses of various of various technology in retailing, business model, merchandise mix and positioning the retail store services to their customers. These firms not charge any extra premium prices from the customers instead they offer the goods at the most competitive price. Big Bazaar business model is based on high volume turnover, low profit margin, and positioning.

4. Merchandise Mix : Planning the merchandise mix is another important managerial decision that the store manager has to take. This decision reflect the store's positioning platform. In this area the store manager will consider the breadth and depth of merchandise. Breadth relates to product lines and depth relates to the number of items(brands or models) in each product line.

5. Positioning the Retail Store; One of the strategic issues that a marketer has to take is one concerning the positioning of the store. The choice is whether to locate it at the low or high end of the retail continuum. The two parameters taken to determine this continuum are the breadth of the product line and value addition provided by the store through a range of services offered by it.

Stop To Consider

There are various strategic issues in retailing. Those are location decision, target market relation, business model merchandise mix and positioning the retail store.

Check Your Progress

1. What do you mean by strategic issues in retailing ?
2. What is business model ?
3. What do you mean by positioning the retail store ?
4. What do you mean by retail strategy? Explain the process of retail planning with suitable examples .
5. What guidelines you would like to suggest to a new comer retailer to face market threats effectively and avail opportunity in the best possible manner ?

1.6 Summing Up

- 1) Retailing includes all the activities involved in selling goods or services to the final consumers for personal, non-business use. In other words retailing is the transaction of small quantities of goods between a retailer and the customer where the goods bought by customers are not for purpose of resale. Eg: restaurants & eating joints which sell food & service.
- 2) Retail planning is the process of developing a strategic plan for a retail business. Retail business planning entails implementing a data driven approach to ensure that you have the appropriate time,

quantities, and price with an aim to meet customer demand and maximize your return on investment.

- 3) Steps include in retail planning are:
 - a) Defining the business mission.
 - b) Conducting a SWOT analysis.
 - c) Identifying strategic opportunities.
 - d) Evaluating strategic alternatives.
 - e) Establishing specific objectives and allocate resources.
 - f) Developing a retail mix to implement the strategy.
 - g) Evaluating the performance and make adjustments.
- 4) Some of the strategic issues in retailing are: a) location decision b) target market relation c) business model d) merchandise mix e) positioning the retail store.

1.7 Model Questions

1. Discuss the importance of SWOT analysis.
2. Do you agree that management of retail store is a complex matter ? If yes, explain it.
3. What do you understand by retail strategy ? Explain the process of retail planning .

1.8 References and Suggested Readings

1. Retail Management, By G. Vedamani , Jaico Publishing
2. Retail Management, By Levy, M. and Weitz, Tata McGraw-Hill Publishing Company Limited
3. Retail Management-A Global Perspective, By Dr. Harjit Singh, S. Chand & Company Ltd
4. Consumer Behaviour in Indian Perspective, By Suja. R. Nair, Himalaya Publishing House

Unit-2

Non Store Retailing

Unit Structure:

- 2.1 Introduction
- 2.2 Objectives
- 2.3 Traditional Retailing
 - 2.3.1 Direct Marketing
 - 2.3.2 Direct Selling
 - 2.3.3 Vending Machine
- 2.4 Non-Traditional Retailing
- 2.5 Market Logistics
- 2.6 The Supply Chain
 - 2.6.1 Objectives of Supply Chain Management (Market Logistics)
 - 2.6.2 Benefits of Supply Chains
 - 2.6.3 Major Drivers of Supply Chain
 - 2.6.4 Reasons for Supply Chain Requirements
- 2.7 Summing Up
- 2.8 Model Questions
- 2.9 References & Suggested Readings

2.1 Introduction

Retailing in India is growing at a very fast rate. Due to westernized mindset of young Indians, various new malls have emerged. We have experienced various types of retailing stores like departmental stores, convenience stores, specialty stores, factory outlets. Some retailer not only provide physical buying but 'on-line' and order on telephone.

Non-store retailing is a form of retailing where without a physical store consumer can buy goods. Non store retailers are contact or communicate with their customers with the medium like catalogue, vending machine etc. Most non-store retailers offer consumers the convenience of making purchase anytime throughout the year and delivery at a location and time of their choice.

Due to development of information technology customers are now easily access a retail outlet without having a physical outlet. Non store retailing are growing at a faster rate . The high growth of retailing is due to electronic retailing. The major forms of non-store retail store are as follows

2.2 Objectives

After going through this unit you will be able to–

- Understand the meaning and concept of Traditional and Non Tradition Retailing.
- Discuss the various aspects of market logistics.
- Analyse the various reasons for the need of supply chain.

2.3 Traditional Retailing

2.3.1 Direct Marketing

Here organization is directly communicate to its customers to generate revenue, they distribute leaflets, pamphlets, brochures to its probable customers. Under direct marketing customers first experienced with the product or services through some non-personal communication.

According to Direct Marketing Association ‘ Direct marketing is an interactive system of marketing that uses one or more advertising media to affect a measurable response at any location. The response can be in the form of : an order, an inquiry, a visit to store or other place of business for purchase of a specific product or services, it usually results in the creation of a database of respondents.

A direct relationship with the customer is the basis of direct marketing. In direct marketing, customers become aware of the product or services through a non-personal medium. These are discussed below:

- (i) *Catalogue/ Mail Order Retailing* : Here communication takes place between customer and the retail store through catalogue. On the other hand, mail order retailing is a retail format in where communication take place with their customers through mails or brochures.
- (ii) *Television Shopping* : Asian Sky Shop was the among the first few retailers in India who introduced television shopping. Under this method, a product is advertised on television with its demonstration and features

along with the opinions of those customers who have used the same product. Other important things like mode of payment, delivery time, guarantee and warranty are also mentioned. The phone number for each cities are also mentioned.

- (iii) *Electronic Shopping/ Electronic Retailing* : Most of the non-store retailers now-a- days have their own website, where they can target their customers twenty four hours in a day and seven days in a week. This is a modern way of business and cost effective. This one time small investment in creating and registering the website on World Wide Web is accessible to everyone irrespective of location, time zone, income level or computer system. The internet provides lots of information about goods and services available through digital images. One of the well known and oldest example is Amazonbooks.com. Amazon is the largest and the maximum accessible bookshop in the world. Flipkart is also one of the popular site for electronic shopping. Under retailing through internet, customer visits a website of the store , checks the shown goods with regard to its size, colour, and other important related features. If the customer is convinced with the shown items then customer fill up the forms and payment is made by the debit card, credit card or cash on delivery (COD).

2.3.2 Direct Selling

It is a retail system where salesman directly contact with the customer and invite them to friend's home or neighbours home or at his office or club house etc. Salesman explain about the product at the meeting point. Buying and selling takes place on the spot. The concept of direct selling came to india in mid 1990.

FEATURES OF DIRECT SELLING

- (i) Mainly dominated by housewives
- (II) Highly interactive in nature
- (III) Volume of sales depends on demonstration and communication
- (IV) Non-store format
- (V) No middleman

REASONS FOR POPULARITY

- (I) This system is free from long Checkout lines
- (II) Simple payment system
- (III) Salesperson is known to the customers
- (IV) Free from traffic congestion, parking problem etc

2.3.3 Vending machine

Vending machines are automatic machines. It serves the purpose of selling like soft drinks, burgers, snacks, chocolate, etc. to customers in absence of retailer. This concept is very popular in the U.S.A. and European countries. The main objectives of this concept is to reduce the human resource cost.

To operate a vending machine is to either to insert a metallic coin inside the machine or card swipe. Normally vending machines are located at railway station, bus terminal, airports , busy commercial area etc.

BENEFITS OF VENDING MACHINE

- (I) Time saving
- (II) Space saving shop
- (III) Quick delivery
- (IV) Non-store format

STOP TO CONSIDER

Non store retailing is a form of retailing where without a physical store customer can buy goods. Now a days the growth of non store is increasing day-by-day specially electronic retailing. Direct marketing is a form of traditional non-store retailing system. There are various reasons for growth of direct marketing , for example market fragmentation, availability of raw data, sophisticated software, sophisticated analytical tools and high costs of personal selling. On the hand, electronic retailing is also referred to as virtual retailing or e-tailing. Due to revolution in the internet system , it eliminates the middle men or intermediaries in the retailing form. There are various benefits of electronic shopping, those are low operating cost, time saving, easy

access and no effect of time, distance and income group. Automatic vending is another form of non-store retailing in which products are placed in a machine and dispensed to customers when they deposit cash, or use of plastic money. Some of the items available in the vending machines globally are hot snacks, note books, perfumes, snacks/bergers, soft drinks, French fries pen, wallet etc.

Check Your Progress

1. What is non-store retailing ?
2. What is mail order business ?
3. What is vending machine ?
4. What is television shopping ?
5. State the advantages and limitations of direct marketing. How direct marketing is different from conventional marketing ?
6. What kind of products are suitable for vending machine ? Explain the advantages and limitations of vending machine ?

2.4 Non-Traditional Retailing

1. *Electronic Shopping* : Electronic retailing which is also known as internet retailing, e-retailing, cyber retailing, e-retailing for selling of goods and services. The main advantage of internet retailing offers same quality, reliability and lower cost. Under this system , without visiting a physical store customer can buy their required product. Due to revolution in electronic communication, there are different types of other medias like digital television, web-enable mobile telephone, tele-conferencing etc. are also operational.
2. *Video Kiosks* : The video kiosk is a self-supporting, interactive, electronic computer terminal that displays goods and services on a video screen and permits the viewer to make selection. It uses touch screen for consumers. By touching the screen it shows videos clips, presentation, and product details immediately on screen or on a attached projector or plasma screen. In malls video kiosks attracts the customers. Some retailers use video kiosks to increase the customer service level while other use kiosks to take order from customers,

complete transactions, and arrange for goods to be delivered at customer doorsteps.

3. *Airport Retailing* : Due to increase number of air traveler , now-a-days airports are renovated from being dull and boring places to cheerful, vigorous and lively destinations.

Being recently explored, airport retailing offers one of the most promising sectors for retail development. It offers branded luggage, clothing, food, toys decorative items, electronics items ,etc. Shoppers' stop, Future Group and Tata's consumer durable chain, Croma are the few players in airport retailing.

2.5 Market Logistics

Introduction : Supply chain management is the system through which products and services reach the end consumers from the producers. It represents the inter-linkage of a business organization with other organization, which in turn have their separate integration. It involves all the members of a retail logistics process, i.e. manufacturers, wholesalers, intermediaries and the retailer. When these members work properly as a team then they can fulfill the customer's need and expectations.

Retailers are the most important link in the supply chain process as they provide the link between a wholesaler and the ultimate consumers. The basic goal of the supply chain management (SCM) is to ensure merchandise in right quality, quantity, price and place by minimizing/ eliminating the uncertainties associated with the supply chain process.

2.6 The Supply Chain

There are basically three main parts of the supply chain, those are:

- a) *Supply* : It focuses on the raw materials supplied to manufacturing, including how, when, and from what location.
- b) *Manufacturing* : It focuses on converting these raw materials into finished products.
- c) *Distribution* : It focuses on ensuring that these products reach the consumers through an organized network of distributors, warehouses, and retailers.

The supply chain management starts even before goods are manufactured in the factory. It involves processing the appropriate input, converting them into finished products and dispatching them to the ultimate destination. The retailer is an important factor in the supply chain who ensures that the product is available to the consumers. A supply chain strategy defines how the supply chain should operate in order to compete in the market. The strategy evaluates the benefits and costs relating to the operation. While a business strategy focuses on the overall direction a company wishes to pursue, supply chain strategy focuses on the actual operations of the organization and the supply chain that will be used to meet a specific goal.

2.6.1 Objectives of Supply Chain Management (Market Logistics)

To provide efficient and satisfactory service to the customers the market logistics set the following objectives :

1. Better customer service : By providing better physical distribution system, firm's goes for good promotional activities so that customers get proper information.
2. To increase sales : When basic and regular products are available in the store , and having contingency plans for quick order processing of items, it leads to increase in volume of sales.
3. To reduce cost : By managing optimum number and location of warehouses, improving material handling, increasing stock turnover, correcting inefficient procedures, will lead to reduce the cost.
4. To develop good and effective communication system : It facilitates sound communication and permits salesmen to transmit order on a daily basis is capable of accurately responding to customer inquiries on order status within shortest possible time.

2.6.2 Benefits of Supply Chains

- a) It bridges the gaps between the suppliers and the customers.
- b) It helps manufacturers in reducing inventories as finished goods are stored nearer to the customers.
- c) It allows firms to conduct operations at an appropriate time and place for the benefits of suppliers and customers.

- d) Good supply chain results in enhanced customer service as retailer get a choice of goods and also carry less stock.
- e) Supply chain make movements simple, cost effective and efficient as transport is simpler.
- f) Expertise can be developed in a particular type of operation.
- g) It allows firms to conduct operations at an appropriate time and place.

2.6.3 Major Drivers of Supply Chain

In retailing, usually five chain drivers are in practice. These are as follows :

1. Procurement : This issue is related to the following retailing aspects :
 - a) What to buy?
 - b) When to buy?
 - c) How to buy?
 - d) Where to buy? And
 - e) Whom to buy?
2. Merchandise Management : Under this issue how much to display and how much to store as inventory.
3. Store Location : Some significant issues regarding location such as where to set up a store, where to locate a warehouse facility, how many stories to construct, may have important bearing on the dynamics of the supply chain, and in turn may affect the overall budget of the retail store.
4. Transportation : Here retailer may consider the movement of product from one store to another, mode of transportation and economies of scale and customer satisfaction level.
5. Information : Information is an important force that has critical implications for the whole supply chain. For a retailer , information is an important tool to take various decisions in the supply chain. If information is not properly understood, then it will lead a disaster to the retailer.

2.6.4 Reasons for Supply Chain Requirements

Following are the Some of points that required/need for the supply chain management.

1. Continuous supply : Supply chain management as a system approach to manage the whole set of information, materials and services from raw material procurement to delivery of finished goods to the ultimate consumer, ensures continued supply of goods and services by removing the possibilities of supply disruptions.
2. Quality Assurance : In the total quality management (TQM) and six sigma era, the products and services should be virtually defect free. Like in six sigma applications, quality assurance team ensures even less than 10 defective units per million. Without efficient working of SCM, minimizing/eliminating this defect rate is not feasible.
3. Technological Competitiveness : Now-a-days the business world is changing very fast. So there is a need for integrated approach that should ensure firm's supply chain on time with the help of appropriate technology.
4. Cost effectiveness : For a retailer cost effectiveness implies that supply chain management function must focus on cost cutting throughout the supply chain process from supplier to the ultimate consumers. SCM ensures and is capable enough to reduce the total cost associated with acquisition , movement, holding and supplying.
5. Time Management : SCM by monitoring all aspects of supply chain, optimizing retailing processes and eliminating all process waste including wasted steps, duplicating of activities(if any) and excess inventory results in timely deliveries in less efforts in same or reduced time horizons.

Stop to Consider

The supply chain management is a philosophy which was started in the late 1980 and came into practice In the 1990s. A supply chain involves all the activities beginning from supply of raw materials to delivery of finished products to the ultimate consumers. The objective of managing supply chain is to synchronize the needs and desire of customers so that deliveries should meet customers' requirements at lesser cost as a whole.

Check Your Progress

1. What is SCM ?
2. Who is a supplier?
3. What is merchandise?
4. What is quality assurance ?

2.7 Summing Up

- 1) Non store retailing is a form of retailing where without a physical store consumer can buy goods. Non store retailers are contact or communicate with their customers with the medium like catalogue, vending machines etc. The major forms of non store retail store are a) traditional retailing and b) non-traditional retailing.
- 2) Traditional retailing refers to the practice of selling products or services through physical stores, such as department stores, specialty shops, and boutiques. Traditional retailing includes direct marketing, direct selling and vending machine.
- 3) Direct marketing is an interactive system of marketing that uses one or more advertising media to affect a measurable response at any location. The response can be in the form of an order, an inquiry, a visit to store or other place of business for purchase of a specific product or services, it usually results in the creation of database of respondents.
- 4) Direct selling is a retail system where salesman directly contacts with the customer and invite them to friend's home or neighbor home or at his office or club houses etc. Salesman explains about the product at the meeting point. Buying and selling takes place on the spot.
- 5) Some of the features of direct selling are a) flexible work arrangements b) low start-up costs c) commission based compensation d) volume of sales depends on demonstration and communication e) non store format f) no middleman
- 6) Vending machines are automatic machines whose main aim is to serve the purpose of selling like soft drinks, burgers, snacks,

chocolate, etc. to customers in absence of retailer. This concept is very popular in the USA and European countries.

- 7) Some of the benefits of vending machine are a) time saving b) space saving shop c) quick delivery d) non store format.
- 8) Non-traditional retailing refers to the process of retailing of product or services in modern manner through using technology such as electronic shopping, video kiosks etc.
- 9) Supply chain management is the system through which products and services reach the end consumers from the producers. It represents the inter linkage of business organization with organization, which in turn have their separate integration. Retailers are the most important link in the supply chain process as they provide the link between a wholesaler and the ultimate consumers.
- 10) There are three main parts of supply chain, those are: a) Supply- It focuses on the raw materials supplied to manufacturing, including how, when, and from what location. b) Manufacturing: It focuses on converting these raw materials into finished products. c) Distribution: It focuses on ensuring that these products reach the consumers through an organized network of distributors, warehouses, and retailers.

2.8 Model Questions

1. What challenges do companies face as they try improve SCM?
2. Is it necessary for successful retailing to have efficient provision for flawless supply chain ?
3. What a retailer can do to control the impact of rising transportation costs ?
4. What is logistics management? Discuss the main issues in market logistics decision.

2.9 References and Suggested Readings

1. Retail Management, By G. Vedamani , Jaico Publishing
2. Retail Management, By Levy, M. and Weitz, Tata McGraw-Hill Publishing Company Limited

3. Retail Management-A Global Perspective, By Dr. Harjit Singh, S. Chand & Company Ltd
4. Consumer Behaviour in Indian Perspective, By Suja. R. Nair, Himalaya Publishing House

Unit-3

Direct Marketing, Types, and Benefits

Unit Structure:

- 3.1 Introduction
- 3.2 Objectives
- 3.3 Definition of Direct Marketing
- 3.4 Evolution of Direct Marketing
- 3.5 Relationship between marketing and direct marketing
- 3.6 Growth of Direct Marketing
- 3.7 Benefits of direct marketing
- 3.8 Direct Marketing Tools
- 3.9 Summing Up
- 3.10 Model Questions
- 3.11 References and Suggested Readings

3.1 Introduction

Direct marketing is communication between seller and buyer directly. No intermediary media is used. No distractions come between – hopefully. Direct marketing is generally visual and sometimes auditory. It is also, to an extent sensual and olfactory. That is, impressions are obtained from feel and smell that affect communication. It is direct communication but with a marketing purpose. It is most often in text format. Layout and delivery (both the form and the timing) have an impact on the acceptability of the communication. Research shows that a combination of brochure and Internet works, persuading people to buy – the Internet needs the brochure’s reassuring feel and existence, giving an Internet site substance.

3.2 Objectives

After going through this unit you shall be able to–

- understand the evolution of the discipline of direct marketing,
- describe the meaning and scope of direct marketing,

- establish the relationship between Marketing and Direct Marketing
- discuss the benefits of Direct Marketing to the marketer
- analyse the different tools of Direct Marketing.

3.3 Definition of Direct Marketing

Direct marketing is a discipline, a subset of marketing, which permits us to carry out certain marketing tasks more efficiently. It does this by gathering, analyzing, and using information about individual customers and prospects. This information enables us to identify which of the people on our customer and prospect files are likely to be interested in a particular product, service, or offer.

Drayton Bird(2000) describes it as ‘an advertising activity, which creates and exploits a direct relationship between you and your prospect or customer as an individual.

Judith Donovan’s (2000) definition of direct marketing is that it is ‘the science of arresting the human intelligence long enough to take money off it’.

The Direct Marketing Association (DMA) defines direct marketing as ‘communications where data are used systematically to achieve quantifiable marketing objectives and where direct contact is made or invited, between a company and its customers and prospective customers.

3.4 Evolution of Direct Marketing

In the 1980s we saw the rapid growth of direct marketing in the financial services industry and the adoption of the discipline across the whole of business to business. Today, we see fast-moving consumer goods (FMCG) companies, retailers, multi-national industrial conglomerates, and the successful dot com companies, in fact, every type of organization, using direct marketing to acquire and develop customers.

Today it is not so fashionable to say ‘direct marketing’ – now we are supposed to say ‘customer relationship marketing’. Data analysis has become ‘data mining’ and a centralized database has become a ‘data warehouse’ – except, of course, a database is now a ‘customer relationship marketing system’.

This is the big new factor that is going to change things forever. As the technology becomes more user-friendly, and of course more familiar as the television set becomes the central household information system, we will see a huge increase in online communication and commerce.

Crucially, this will mean a dramatic change in the balance of power as customers start to select what information they are prepared to receive and in what format. Of course, many of the early e-commerce companies will not survive; indeed we have experienced a crash in the NASDAQ and much-hyped companies such as letsbuyit.com and lastminute.com are into liquidation or struggling to justify their share prices. It would not be surprising to see up to 80% of such start-ups fail as many were launched on a wave of e-commerce euphoria with little commercial experience behind them.

However, the Internet will not go away. It will become a central part of any company's communications with customers and prospects. There are many good new business models to follow and we need to look no further than Dell, Novell, Federal Express, and UPS to see examples of how the Internet can enable major changes in business practices and economics.

No wonder direct marketing is such a hot topic today. Everyone in marketing is talking about it. They may call it 'integrated marketing', 'one-to-one marketing', 'customer relationship marketing/management', 'loyalty marketing', 'personal marketing', 'database marketing' or some other buzz phrase, but what they are talking about is the fact that all marketers now have to include direct marketing skills in their armory.

Even in its current form, direct marketing has been around for a long time, but it has been with us since marketing began. Hundreds of years ago, a manufacturer of, for example, clothing or fine tableware, would use one-to-one marketing methods, seeking out selected customers, identifying their precise needs, and developing specific products to satisfy those needs.

After the first round of one-to-one marketing, came mass production, which, successfully it must be said, adopted the 'this is what we make, now go and buy it' approach. But today, as customers have become more affluent and more individualistic, they have also become more knowledgeable and more discerning, and the 'broad brush' approach does not work so well anymore.

Happily, today's marketers have modern technology to help them deliver the more focused communications and service required whilst still dealing with a high volume of customers and prospects.

One expert recently defined direct marketing as ‘Using tomorrow’s technology to deliver yesterday’s standards of service to today’s customers.’

Stop to Consider

According to the World Federation of Direct Selling Associations (WFDSA), India saw its total number of direct sellers rise to 5.7 million in 2018-19 and is likely to grow to 18 million by 2025. Women form almost 60 per cent of this sector. It is so heartening that this industry has attracted many women and provided financial independence to millions of families.

3.5 Relationship between Marketing and Direct Marketing

Let’s begin by defining marketing.

Marketing is the process of identifying customer needs and satisfying them in a way that is acceptable to both parties – customers feel that their needs have been recognized and fulfilled at a fair price; the supplier makes a fair profit.

According to Peter Drucker, the aim of marketing is ‘to make selling superfluous; to know and understand the customer so well that the product or service fits . . . and sells itself’. This statement, written in 1973, is also a fairly accurate definition of the objective of direct marketing.

Collecting and applying customer and prospect data enables us to:

- identify customer needs and wants more precisely
- communicate our proposed solutions more cost-efficiently.

In other words, direct marketing can support all aspects of the marketing process. It is not an alternative to marketing, but an integral part of it. If there is a difference between the two, it is that marketing tends to focus at the broader market level whilst direct marketing is more tightly focused at the individual level. It achieves this by using sophisticated information management techniques.

3.6 Growth of Direct Marketing

In the past, many people were content to buy new, untried products and services, based only on the advice of a salesperson. Knowledgeable buyers

were few and far between. Today's buyers are much better informed and much more selective. There are several reasons for this.

1. **Choice** – in almost every field there are more options available and more competitive prices offered to customers.
2. **More information available** – this started with *Which?* magazine but now there are many magazines in both consumer and business markets, carrying articles and features comparing the strengths and weaknesses of products available. Few people today would choose a new PC without first buying a couple of magazines that carry product test reports and offer skilled advice.
3. **Greater pressure on consumer budgets** – although most households tend to have more disposable income than they did 20 years ago, there is a greater range of goods that are now considered 'essentials' – few people would consider a television set and video recorder a luxury today. Business-to-business marketers are also finding their customers are experiencing greater pressure on costs than ever before, causing buyers of all types to be more selective.

The old reliable '**unique selling proposition**' (USP) or 'single-minded proposition' is a bit out of step with this situation. The USP was designed to persuade large numbers of people to buy or at least change their attitudes about a product or service – all of them for the same reason.

Nowadays, we can say with confidence that whilst large numbers of people may buy a product, they do not all do so for the same reasons.

However, whilst buying patterns and preferences have been changing, the major advances in technology mean that companies can now identify the real needs and motivations of diverse groups of customers, and fulfill those needs cost-efficiently.

This means that an organization can afford to split its customers and prospects into 'segments' with similar needs and develop differential communications to each segment.

Direct marketers have not abandoned the idea of the USP, we have simply adapted it to our equipment and techniques so that we can now develop a whole series of selling propositions that closely match the real needs of our specific customer segments.

Stop to Consider

List of Top 10 Direct Selling Companies in India

1. Mi Lifestyle Marketing Global Private Limited
2. Hindustan Unilever Ltd or HUL
3. Herbalife
4. Amway
5. Modicare
6. Keva Kaipo Industries Pvt. Ltd.
7. RCM
8. Vestige
9. Ori Flame
10. Avon

3.7 Benefits of Direct Marketing

Good direct marketing campaigns focus on promoting a specific product or service and call on your customers to act – to receive further information, register their interest, visit your website, make a booking, or a purchase.

Direct marketing allows you to promote your products and services directly to the customers who most need them. A good direct marketing campaign will:

- help you build relationships with new customers
- test the appeal of your product or service
- tell you which marketing approaches reach your target market
- provide customers with compelling content they can share with potential customers
- increase sales.

However, direct marketing campaigns require careful planning and a clear understanding of responsible direct marketing practice. Being aware of the benefits and challenges of direct marketing will help you use direct marketing effectively.

1. Making the most of direct marketing

A well-planned direct marketing campaign can take you straight to your ideal customers. Identifying the benefits of direct marketing will help you stay focused on getting the most out of your direct marketing campaign.

2. Target your ideal customers

Using direct marketing allows you to target specific groups of customers with tailored messages. By taking the time to research and identify the customers who are most likely to need or want your products and services, you can focus your marketing efforts where they have the highest chance of achieving results.

A well-targeted direct marketing campaign will also provide you with an accurate understanding of how your customers are responding to your product and service offers.

3. Market on a budget

Direct marketing that is targeted to a specific audience can help you set realistic sales goals and improve sales results on a tight marketing budget. Businesses can run effective and purposeful direct marketing campaigns at a fraction of the cost of broadcast advertising.

4. Increase sales to current and lapsed customers

Most customers welcome contact from familiar business people who make an effort to understand their needs and build a personal relationship. You can increase sales to your existing customers by maintaining reliable customer records and choosing simple, well-planned promotional tactics.

You can also use direct marketing tactics to re-establish relationships with customers who haven't returned to your business in a while. Approaching lapsed customers is an opportunity to rekindle sales, keep your customer records accurate, and find out why your customers move on.

5. Improve customer loyalty

Direct marketing helps you build direct relationships with your customers. You can personalize promotions, letters, and offers to create an immediate link with your customer and increase their connection to your business.

Many businesses combine direct marketing and customer loyalty strategies to keep and build customer relationships (e.g. by sending birthday cards, discount offers, invites to upcoming sales).

6. Create new business

When using direct marketing you can communicate directly with your chosen target market and this should give you a better sales success rate than communicating to the mass market, many of whom may not be interested in your products and services.

If you use effective techniques for sourcing and finding new customers, you can generate new customer prospects and grow your sales to new customers.

Direct marketing lets you adapt and respond to the needs of your market, and your business. You can achieve fast and flexible sales results using direct marketing. For example, you could use a direct marketing campaign to:

- boost sales of a particular product
- run out discontinued stock
- renew stale sales figures
- increase customer contacts
- directly follow-up on a promotion.

Word-of-mouth is the most powerful form of marketing. An effective marketing campaign will provide customers with collateral about your business that they can easily share with their friends, colleagues, and family. This can generate new leads for your business.

7. Test and measure your products and sales performance

Direct approaches provide direct feedback. Direct marketing is also a great way to gauge your customers' appetite for your products and trial new products or services.

Direct marketing also allows you to test new markets, review sales results, measure the effectiveness of your sales and advertising tactics, and easily make adjustments to your campaign. Each time you run a direct marketing campaign you should monitor and review the results, using this information to improve the success of your next campaign.

For example, if you mail 100 customers a catalog with a discount voucher on the back page and 20 customers bring this into your business to use, the campaign had a response rate of 20%. By working out the cost of creating and mailing the catalog, as well as the profit you made from each customer that responded, you can assess the success of your direct marketing campaign.

Check Your Progress

1. Define Direct Marketing?
2. How is marketing related to Direct Marketing?
3. Highlight the reasons for the growth of Direct Marketing.

4. Direct marketing is a form of marketing that attempts to send its messages directly to consumers, _____ media.
 - A. without intervening
 - B. with mass media
 - C. with advertising media
 - D. with pr media
5. Direct Marketing plays a broader role, that of building _____ with the customer by communicating with them regularly.
 - A. short term
 - B. ocassionally
 - C. long term relationship
 - D. generally
6. Direct marketing has three characteristics namely: Direct Response, _____, build and maintain a database of customers and prospects
 - A. measurable
 - B. mass marketing
 - C. mass media
 - D. informercials
7. One of the _____ of direct marketing is effective only when all information about the individual customer is available.
 - A. disadvantage
 - B. advantage
 - C. strategies
 - D. mass marketing
8. Direct Marketing is more _____ as compared to other marketing methods.
 - A. cost effective
 - B. expensive
 - C. not useful
 - D. aggressive

3.8 Direct Marketing Tools:

After discussing the various benefits of Direct Marketing, we now move on to discuss the various Direct Marketing tools:

1. Direct mail

Direct mail is one of the most common and recognized forms of direct marketing. It is posted mail that advertises your business and its products and services. Direct mail campaigns are generally organized geographically and sent to all postal customers in an area or to all customers on a list.

Direct mail campaigns encourage good customer response rates by precisely tailoring messages to audiences and allowing potential customers to read your advertising without being distracted by competing advertising.



Types of direct mail

The most common types of direct mail include:

- catalogs – bound, multi-page promotions of products
- **self-mailers** – created from a single-printed sheet that has been folded
- **envelope mailers** – with inserts inside the envelope
- **postcards** – with your promotional message on one side and the customer's address on the other
- **snap mailers** – folds and seals with pressure
- **dimensional mailers** – for example, a small box
- **intelligent documents** – printed with personalized information from a database.

Tips for direct mail

A reliable, accurately defined mailing list and quality mail advertising will improve the rates of response to your direct mail. Choose a direct mail list that matches your target customers. You can buy lists of addresses in the postcodes you want to send direct mail to or lists of customers who have opted-in to receive offers from third parties.

Don't cut corners on the design. If possible, engage a professional designer and brief them to design your direct mail material for impact, and your particular target audience. Keep your messages sharp and brief with the help of a professional copywriter.

Promotional incentives such as discounts improve response rates but make sure you have the budget to deliver on your offers.

Follow-up with a second direct mail or other direct marketing tactics if your budget allows, returning your customers' attention to your products and services.

Know your responsibilities. Before undertaking any direct marketing, you must understand the legislation on collecting and holding personal information. Direct mail campaigns are often responsible for holding information records that are protected by privacy rights regulations.

1. Telemarketing

Telemarketing involves contacting customers by phone to make product or service offers. A successful telemarketing campaign turns contacts into new customer prospects. Businesses running telemarketing campaigns either use their own sales staff or outsource to a specialist call center.

Telemarketing is personal and interactive and capable of generating new customer prospects in large volumes. However, as many businesses use telemarketing, people's tolerance of and responsiveness to telemarketing campaigns has reduced. You should approach telemarketing campaigns with clear thought and caution.

Successful telemarketing campaigns tend to be highly targeted, relying on accurate and well-defined customer data that matches customer profiles to product profiles.



Types of telemarketing

Types of telemarketing include:

- **Cold-calling** – calling someone for the first time and without their permission to generate a new lead
- **Warm-calling** – a cold call that uses ‘warm’ communication techniques designed to create a rapport, or a call made to follow-up on an initially positive response
- **Follow-ups** – calls designed to turn a lead into a prospect, renew contact with a lapsed customer, thank a customer for their support, or check customer satisfaction
- **Fundraising calls** – contact made for the sole purpose of seeking charitable donations
- **Market research** – calls to individuals made according to the customer or demographic segments to gather information for research surveys
- **Database clean-up** – calls made to update customer records or establish a customer’s level of ongoing interest in your products or services.

Tips for telemarketing:

Targeted telemarketing campaigns can achieve good results. Plan a telemarketing campaign that allows you to:

- Make contact with people who are already leading or who precisely match your customer lead profile
- Make contact to introduce yourself and build an accurate database of relevant customers
- Keep in touch with existing or lapsed customers
- Set up appointments or provide information
- Follow-up with a direct mail campaign.

Purchase a reliable direct marketing list that is well-matched to your ideal customer.

Focus on business markets. People prefer receiving telemarketing calls at work over receiving them at home.

Aim only to establish a rapport with the person you are calling: if you focus on prospecting rather than sales, you're more likely to get a conversation and a prospect rather than a hang-up. The cold call then helps you generate a lead by building trust and developing a new relationship.

- Use a warm tone of voice and make a comment or ask a question designed to identify with the person (e.g. 'Is your day as busy as mine?').
- Ask a couple of questions to determine whether the lead and your business are a good match. Don't focus on making a sale then and there.
- Try to find out as much as you can about the lead before calling.
- Use your qualifying questions (e.g. asking the person if they are in a certain age group or demographic, or require your products or services).
- Thank the lead for their time.
- End the call as soon as you've asked your qualifying questions if you find that the lead is not a prospect.

1. Email marketing

Email marketing is an effective and measurable way of reaching your contacts or existing customers. Cheaper than any other direct marketing method, email marketing lets you tailor your messages to different types of customers, build customer relationships and drive direct sales.

Most of your customers probably check their email daily. Therefore, email can be a powerful marketing tool for your business. Email marketing should be used responsibly and it is extremely important to gain your customers' consent before sending emails.

Types of email marketing

Email marketing tactics include:

- **e-newsletters**, business updates, or product bulletins
- **promotional emails** to generate new leads or offers for regular customers
- **ads** appearing in other businesses' emails.

Tips for email marketing

Focus on prospects you know are interested in your products or services. Target contacts or potential customer groups who will have a direct need for your products.

Keep a database to help you record information about potential and existing customers. Use information you gather about them (e.g. their buying habits, work requirements, sports or recreation needs) to tailor more specific messages.

Start an email newsletter to keep in touch with your customers and prospects. Well-composed email newsletters are a credible, persuasive way of building your business's reputation. Keep it interesting, concise, and relevant to your particular readers.

Keep your advertising sharp. Email readers scan for words and pictures and decide quickly whether they are interested in what you have to say. Don't waste words in your email advertising. A compelling image with an engaging offer is your best shot at getting their attention, generating a new prospect, or making a sale.

Track your customer response rates. Keep records of the responses you receive from recipients. Consider whether the people who respond to

you have anything in common, or express a similar interest in a certain product. This information will help you better target your future marketing.

Do not spam. It is illegal to send unsolicited commercial electronic messages. To comply with the act, every commercial email (or phone message) you send must meet the following conditions:

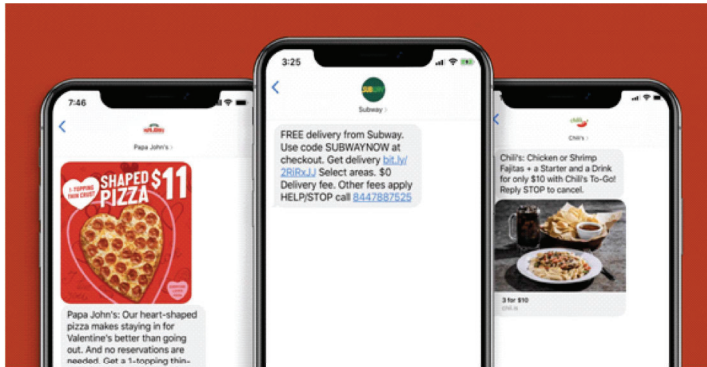
- **consent** — the recipient must have either expressly consented to receive your messages or must be an existing customer or individual who has some existing relationship with your business
- **identify** — the message must accurately identify your business
- **unsubscribe** — the message must contain a functional ‘unsubscribe’ facility to allow the recipient to opt-out from receiving further messages. You must honor unsubscribe requests within 5 working days.

According to the rules governing consent, you do not have the right to send a single unsolicited electronic message. Including an unsubscribe, the facility does not remove this constraint - even if you act on unsubscribe requests immediately. However, it is possible to buy a list of contacts matching your target profile from another organization if those contacts have agreed to receive messages from third parties.

2. Text (SMS) marketing

Text messaging (also known as short message service or SMS) is a cheap, personal, and instant form of communication. It allows businesses to reach individual customers with time-sensitive offers, and send messages to large groups of people at low cost.

Most people monitor and read their text messages closely, so your messages are less likely to be ignored than messages sent via direct mail or email marketing. However, strict privacy regulations govern commercial text messaging. So if you’re considering SMS marketing – be aware, be specific and be responsible.



Types of SMS marketing

SMS marketing approaches include:

- **sales alerts** on specials and product offers
- **links** to website updates
- **appointment reminders** or delivery or pick-up arrangement reminders
- personalized **messaging** such as birthday greetings.

Tips for SMS marketing

Keep it short. Your recipient is likely to read your text message if you keep it short and sharp. Focus on a single message – and offer, reminder, greeting, referral – that your recipient doesn't need to scroll down the phone screen to read.

Respect your customers' personal space. Mobile phones are personal devices, and mobile phone users tend to view text messages as an informal means of communication. Your recipients may find your unexpected text intrusive, so keep your message courteous, functional, and not overly familiar.

Don't overuse text messaging – for the same reasons, text messages from your business are best kept brief and infrequent.

Have a good reason for your text message. Mobile phone users use text messaging to convey a personal message or to receive a tangible, practical benefit. Use your messages to convey a piece of information, send a reminder, clarify an arrangement or send a link or update.

Be responsible. Many mobile phone users have also become wary of SMS marketing because of the increase in fraudulent and deceptive

commercial SMS scams. To comply with the act, every commercial phone message and email you send must meet the following conditions:

- **consent** – the recipient must have either expressly consented to receive your messages or must be an existing customer or individual who has some existing relationship with your business
- **identify** – the message must accurately identify your business
- **unsubscribe** – the message must contain a functional ‘unsubscribe’ facility to allow the recipient to opt-out from receiving further messages. You must honor unsubscribe requests within 5 working days.

You do not have the right to send a single unsolicited electronic message and including an unsubscribe, the facility does not remove this constraint - even if you act on unsubscribe requests immediately. However, if people have agreed to receive a message from third parties, you can buy a list of contacts matching your target profile from another organization.

1. Leaflet marketing using letterbox drops and handouts

Distributing leaflets through letterbox drops and handouts is a simple, inexpensive, and proven way of reaching customers. Well-designed, attention-grabbing leaflets can work well for local business products that appeal to a broad audience. However, because letterbox drops don’t allow you to select customers that fit your profile, they are a less targeted form of direct marketing.

Leaflet distributors can help local or area-focused businesses identify and distribute to chosen suburbs and postcode ranges, taking the footwork out of letterbox drops. Or you may choose to reach your customers by going door-to-door or using street marketing. You can also take a more targeted approach to distributing leaflets and handouts by identifying events where you think your ideal customers are likely to be.



Types of leaflet marketing

Approaches to leaflet marketing include:

- **blanketing** — distributing leaflets, on their own, via a letterbox drop to all residences and buildings within a selected postcode range
- **sharing distribution** — batching your leaflets with other material planned for letterbox distribution such as local newspapers and other advertising
- **product sampling** — distributing samples of your products at events or to letterboxes in a targeted range
- **street marketing** — handing out leaflets on a street location that will help your customers connect with your business (e.g. outside your business or at a local fete)
- **distributing handouts at events** — such as industry and trade forums or community expos — that help you reach your ideal customers.

Tips for leaflet marketing

Prepare high-quality material. Your leaflet will compete with other letterbox material for attention. If possible, have your material professionally designed. Design for impact, and keep your messages clear, simple, and direct.

Call your customers to act. Include a networking-focused call to action that encourages customers to come to your business and bring others to

you. This will help you generate prospects and gauge how many people read your leaflet. For example, offer product discounts to encourage your customers to refer a friend or a small low-margin add-on product to customers who mention your leaflet.

Offer an incentive in your leaflet to encourage a response. For example, offer a short-time only 10%-off deal, a complimentary coffee on arrival, or free after-sales service.

Make your leaflet stand out from the crowd. Choose a distribution method that increases the odds that your leaflet will be the only thing your customers read. For example, book a solo (sole item) letterbox drop or seek permission to hand out your leaflet from a community event convenor who hasn't booked other advertisers.

Target your best customer leads and prospects. Start collecting postcodes from your customers. Select a postcode range for distribution that matches the locations of your existing customers. Also, hunt for targeted handout opportunities. Be on the lookout for community and industry events where you think you'll find customers who'll be interested in your products and services.

1. Direct selling

Direct selling is an effective way to build long-lasting customer relationships and grow a flexible, low-cost business. Independent salespeople use direct selling to sell their products and services directly to customers in meeting places such as homes, offices, and cafes, instead of in retail outlets.

Direct selling allows you to avoid expensive overheads, reduce advertising costs and run your businesses flexibly. Customers also benefit from the convenience and personal attention they receive from direct salespeople. However, there are disadvantages to direct selling.

Direct salespeople can find it hard to reach new customers and can spend a lot of time on customer interactions to make sales. Without the use of a retail outlet, you also need to carefully consider storage and delivery logistics.

The reputation of direct selling has been harmed in the past by illegal pyramid schemes, so direct selling businesses need to market themselves purposefully and professionally and be aware of legal selling practices and obligations.



Types of direct selling

Direct selling methods include:

- **person-to-person sales** – arranging individual appointments with customers to make presentations, demonstrate new products, or arrange product tests or fittings
- **door-to-door sales** – approaching homes and businesses by appointment or unannounced to leave catalogs and offer products or product demonstrations
- **in-home presentations** – arranging parties and at-home gatherings to present products (often called ‘party plan’)
- **online shopping** – using websites and email lists to build customer networks and offer online ordering facilities
- **venue sales** – setting up booths or kiosks at events to generate new leads and promote and sell products
- **network marketing** – recruiting other sellers into a network to ‘duplicate’ your product sales role, earning a percentage of their sales revenue and expanding your product reach.

Tips for direct selling

- **Focus on growing relationships first**, not sales. Encouraging your customers to give you their time and attention is your first goal. Create a rapport and identify their needs, then you can match your products to those needs. Follow-up on new prospects quickly to build new relationships.

- **Know your products** and have confidence in their ability to meet your customers' needs. Salespeople who are passionate about their products sell more. Support your passion with a thorough knowledge of your products.
- **Keep thorough customer records.** A detailed customer database helps build and track your networks and is an invaluable source of information that can influence sales. Use your database to communicate periodically with your customers and distribute marketing material such as e-newsletters and event or product updates.
- **Organise your sales environment.** Arrive early at your party or event and carefully plan your product display, presentation space, and seating position. Choose a layout that will help your customers maintain eye contact with you rather than each other. Consider ways to remove distractions in the room. For example, ask your host or hostess to close doors that are letting in noise or external activity.
- **Build your networks.** Your network marketing strategies are central to growing your business. Build strong, mutually beneficial relationships with your direct marketing colleagues. Catch up with, or communicate with, your colleagues regularly to share your selling tips and keep them motivated.
- **Polish your sales skills.** Your conversation skills, listening skills, and well-developed approach to communication will help you build lasting customer relationships and grow a rewarding business.

Check Your Progress

1. Communications sent to invite customers to respond - by mail, telephone, Internet, redeemable retail vouchers, etc. is known as _____.
 - A. direct response
 - B. maintaining database
 - C. public relations
 - D. advertising

2. E-marketing and online marketing is an example of _____ type of marketing.
 - A. traditional media
 - B. non-traditional media
 - C. promotion
 - D. direct marketing
3. _____ could be regarded as the “ultimate” Direct marketing approach. As this approach employ no other means to manage the relationship with their customers.
 - A. stand-alone
 - B. peripheral
 - C. mass marketing
 - D. traditional marketing
4. The following are the decision variables in direct marketing: Offer, Creative, Media, Timing/sequencing, _____.
 - A. measurable
 - B. one-to one communication
 - C. customer service
 - D. promotion

3.9 Summing Up

- Direct marketing is an interactive marketing system that uses one or more advertising media to affect a measurable response from the target audience.
- Consumers can do comparative shopping through direct marketing by browsing through mail catalogs and online shopping services. It saves their time and introduces them to a larger selection of merchandise.
- Marketers also benefit from direct marketing as they can personalize and customize their messages for their prospective customers. It can help them build a continuous relationship with each customer.

- There are various tools of direct marketing, such as e-mails, E-books, e-mail newsletters, databases, viral marketing, and mobile phone.
- E-mail or in other words electronic mail allows users to send a message or file from one computer directly to another with the help of Internet connectivity.
- There are several advantages of using e-mails, such as, much faster, no postage and printing charge, immediate and convenient way to get consumer's response, personal touch, and deep customer relationship.
- E-mail newsletters. These are effective tools for communicating with clients, as they provide detailed news about the company, its products, or other latest developments.
- When recipients forward email to friends, co-workers, family members, and others on their email lists, they are using the word-of-mouth technique. This is known as viral marketing, which is the online equivalent of word of mouth.
- Mobile phones are increasingly being used by marketers to send messages across to millions of people through SMS and MMS and Whats app.
- Online marketing is taking the help of digital technologies to provide information to consumers.

3.10 Model Questions

1. "Direct marketing provides goods to customers at cheaper rates because it can do away with middlemen," do you agree with the statement explained in the light of the benefits of direct marketing to consumers.
2. "Direct marketing is equally advantageous to the marketers," list the various reasons in support of your answer.
3. Explaining the concept of direct marketing. How is direct marketing different from marketing through middlemen?
4. What is the role of various channels in direct marketing? Explain with the help of suitable examples from the current scenario

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UNIT-4

ONLINE ADVERTISING AND PROMOTION

Unit Structure:

- 4.1 Introduction
- 4.2 Objectives
- 4.3 Evolution of Online Advertising
- 4.4 Types of Online Advertising
- 4.5 Advantages of Online Advertising
- 4.6 Disadvantages of Online Advertising
- 4.7 Steps in Creating Online Advertising
- 4.8 Traditional Advertising and Online Advertising
- 4.9 Features of Good Online advertisements
- 4.10 Current Issues in Online Advertising
- 4.11 Reasons for the Growth of Online Advertising
- 4.12 Summing Up
- 4.13 Model Questions
- 4.14 References and Suggested Readings

4.1 Introduction

The marketing activity of a product starts before manufacturing of the product or rendering the services and continues with communicating the message of the product to its potential customers until customer satisfaction. Today, consumers are exposed to thousands of marketing communication messages. Organizations depend upon its various promotion mix such as advertising, personal selling, public relations, sales promotion and publicity to attract the attention of its customers and to compete with its competitors. Advertising also called as 'ad' or 'advert' is one of such form of communication intended to persuade an audience (viewers, readers or listeners) to purchase or take necessary action upon products, ideas or services. We as a customer are experiencing probably the most dynamic and revolutionary changes in advertising history with the advent of this new millennium. Technology advancements have caused a dramatic increase in communication through the internet in the form of online advertising, which has led to these changes.

Internet-based communication has changed the pace, style, and characteristics of communication. As the internet has grown rapidly, online advertising has become a more and more effective way of advertising. The rapid growth of the internet has transformed the business of advertising. You cannot browse the web today without seeing some sort of online advertising, such as display ads on websites (such as pop-ups and pop-downs) and text ads in search results. There is no doubt that online advertising has taken business away from traditional forms of advertising, such as newspapers, snail-mail, and radio.

Online or internet advertising is a method of promotion that uses the Internet and World Wide Web to deliver marketing messages to customers. In other words, online advertising is a type of mass communication which is based on traditional form of advertising but develops its own communication strategies in correlation with the new technical and medium based requirements. Broadly, online advertising is about delivering advertisements to Internet/online users via Web sites, e-mail, ad-supported software and Internet-enabled smart phones. Consumers interact with advertisers via the Internet. According to Smith and Chaffey (2005), online advertising is “the use of a company web site in conjunction with online promotional techniques such as search engines, banner advertising, direct e-mail and links or services from other web sites to acquire new customers and provide services to existing customers”.

4.2 Objectives

This unit is an attempt to analyze the concept of online advertising. After going through this unit, you will be able to-

- know about online advertising
- understand the history of online advertising
- explain the types, benefits and disadvantages of online advertising and promotion.
- describe the steps in creating online ads, features of a good online advertisement.
- discuss the current issues and reasons for the growth of online advertising.
- discuss the difference between Traditional Advertising and Online Advertising

4.3 Evolution of Online Advertising

Online Advertising has become the fastest and effective advertising mediums for both the organisation and the customers. Today, it is one of the essential requirements of a successful business. However, the present online advertising form has gone through big changes from its inception in early 90's. This growth can be studied into the following phases, such as—

4.3.1. Early Era: There appears to be no consensus on precisely when advertising on the Internet began. Tim O'Reilly, founder of the web portal Global Network Navigator (GNN), claims that the first advertising appeared in 1993 on GNN and required "special dispensation from the National Science Foundation." Some scholars claim a banner ad sold to AT&T and displayed on the Hot-Wired site in October 24, 1994 along with other thirteen advertisers for its online debut. At first, online ads were sold exclusively on a cost-per-impression ("CPM") pricing model used by offline media, i.e., the advertiser was charged proportionally to the number of times the ad was displayed on a web page. After this initiation we saw the emergence and public acceptance of the Web as an interactive medium in the following years. Both United Airlines and Maytag hosted their websites and promoted them through banners. Online advertising has come a long way in the past decade. When the Internet was first established in 1967, no one imagined that Spam would become part of computing vocabulary, much less a low point in the history of online advertising. Any e-mail account would attract Spam, and spamming became, and still is a big profitable industry in online advertising.

4.3.2 Growth: The year 1994 saw the first online advertisement that was quickly followed by a period of research on advertiser and publisher ad formats and technology. In late 1990s, billions of money was invested in online advertising. Advertisers designed the standard 468×60 pixel banner ads that were highly demanded. With gradual increase in market competition, there were thousands pouring in money behind developing banner ads. In 1996 DoubleClick (formerly known as the Internet Advertising Network) emerged as one of the first return on investment (ROI) tools for

online banners, making it possible to monitor the success of ads in real time. The CPM model changed in 1998, when the search engine GoTo.com was launched. GoTo.com broke with cost-per-impression pricing, instead auctioning the top results of its search-result pages, with advertisers' sites appearing in descending order of their bids (on a pay-per-click basis). Advertising agencies like Webconnect began developing systems which were able to group websites according to specific target groups, thus enabling targeted online advertising.

4.3.3. Present Scenario: Banner ads today, as they were more than a decade ago, are no more effective online advertising medium. With considerable designing required, they are time consuming and expensive to produce. Moreover, the low return on revenue spent on developing banner ads renders them useless to most online advertisers. Therefore, by mid-2000, banner ads underway to dry up, and has almost become obsolete. Google launched its AdWords service in October 2000; the service placed ads on the search-results pages on google.com. The ads displayed were chosen based on the keywords that appeared in the user's search inquiry. Google aimed for low transaction costs; AdWords was described as "self-service," allowing sign-up, activation with a credit card, and ad design and implementation from the Google web site. In March 2003, Google broadened away from the search-results pages and began offering ads "to the rest of the web." Ultimately called "AdSense," Google's new program was contextually targeted (i.e., it matched advertiser keywords to the "meaning of the web page" on which the ads would be displayed) and used the click-through rates of ads as a determinant of the prominence of placement that would be given to the ads. Online advertising has been constantly rising since 2004. With the number of hours an internet user spends browsing websites, advertisers have realised the significance and advantage of manipulating user tendency to scour the web. In March 2009, Google began a beta test of a new ad-targeting system for its non-search, AdSense ads. Until that time, Google had chosen the ads it displayed on a web site owned by an AdSense partner on the basis of a match between the advertiser's selected keywords and the content of the web sites on which the ads were to appear.

However, under this new, “interest-based advertising” method, Google takes into account additional information about the user’s browsing history. From SEO marketing, blogs and social media to stylish ads, interactive tools and branding technologies, advertisers are now using a wide array of platforms to increase business visibility. Google introduced AdSense for Mobile in September 2007, which allows owners of web sites optimized for mobile devices to monetize those sites by allowing Google to display AdSense text ads on them. Moving further in the mobile direction and away from the web in June 2009 Google released a beta version of AdSense for Mobile Applications that pays developers when ads are shown in iPhone and Android applications.

Stop to Consider

A banner ad sold to AT&T and displayed on the hot-wired site in 1994. When the internet was first established in 1967, no one imagined that spam would become part of computing vocabulary. Spamming became, and still is a big profitable industry in online advertising. In 1996 doubleclick (formerly known as the internet advertising network) emerged as one of the first return on investment (ROI) tools for online banners, making it possible to monitor the success of ads in real time. The CPM model changed in 1998, when the search engine goto.com was launched. Google launched its adwords service in october 2000; the service placed ads on the search-results pages on google.com. In march 2009, Google began a beta test of a new ad-targeting system for its non-search, adsense ads. Web in June 2009 Google released a beta version of adsense for mobile applications that pays developers when ads are shown in iphone and android applications.

4.4 Types of Online Advertising

Online advertisers provide customized services keeping in mind the needs of the target audiences. After the advent of Google AdWords, AdSense and Yahoo! Search engine, the ads are shown in the related web pages and alongside the search related result. Ad formats are changing rapidly, reflecting the intense competition for audience attention in an environment where consumer is the king. However, the important types of online advertising can be discussed as below:

- **Sponsorships:** This type of online advertising is like the traditional forms. The advertiser sponsors an entire site, or at least a part of the website or a specific page on that site. In this type of advertising, the sponsorship is usually exclusive for a specific period of time. It is basically used for branding or launching a new product or service. Seeing the same sponsorship advertisement constantly, rather than rotating with other ads, visitors will be more likely to associate it with the website.

- **Banner Ads:** Banner ads are the paid advertisement on websites that contains editorial material. When consumers click on the ad, they will be taken to the market's home page where they can view the ad. Thus, it is not only a challenge to create and place banner ads, but also to persuade potential customers to visit the market's homepage and stay a little while. It is better to place these ads on niche-specific websites. For example, a banner ad of Puma shoes can be seen on a site that provides information related to sports. Advertisers are increasingly relying on this option to target their audience more closely.

- **Pop-up and Pop-under Ads:** This ads appears in a separate window when a particular web page starts loading. If people click on these ads many times, more money can be charged. Sometimes these ads are quite annoying to the audience. A sub category of pop-up ads is called "splash screen". These appear on a site after a page has been requested by a user but before it is loaded. So surfers who wish to visit a particular site first have to wade through an ad page, which serves as an invitation to visit another related site. The pop-ups appear on full screen, pop-downs appear on the bar at the bottom of screen. Viewers have to open these pop-ups and pop-downs to get rid of them.

- **Flash/DHTML Ads:** Animation or other moving graphics are used in these kinds of advertisements. In addition to animated display ads in more traditional shapes and sizes, you can also find styled ads that function similarly to pop-up ads but are integrated much more seamlessly into the overall design of the site.

- **Affiliate Ads:** Affiliate advertising refers to the idea of an advertiser paying a publisher (the affiliate) for business brought by the advertiser. A publisher will run affiliate ads with a special tracking code that helps an advertiser identify the website from which visitors came. Affiliate programmes can also track which visitors sign up for or purchase something, and the affiliate can be compensated accordingly. Publishers can be compensated solely for click-through, or more precisely for actual purchases and leads, depending on the affiliate agreement. The power of affiliate agreements is that the publisher may make a lot more money by not just showing an ad but also hoping that someone purchases the item or signs up for something after clicking on it.

- **Pay-per-click Ads:** Search engines and contextual advertising are the most common examples of this form of advertising. In most cases, the advertiser is compensated for each ad click. These advertisements are typically text links that appear as part of a search results page or based on the content of a website. One of the most appealing aspects of this type of advertising is that they just have to pay for actual clicks. The weakness of this type of advertising is that it has the potential to be less productive and more costly than other advertising approaches.

- **Search Engine Optimisation:** Many digital media companies offer this form of internet advertising service. They will analyse the target audience, competitors, and business keywords before optimising the content on the advertiser's website. It has a far better chance of showing up on the first page of the search results this way. For this service, the viewer must pay a price to the specialists. Many visitors choose to use the natural listings provided by search engines rather than the paid-for listings, according to studies.

- **Sky-scraper Advertisements:** These ad spots placed vertically down the left or right side of the page, enabling the ad to remain visible as the user scrolls. They can also be animated, and click-through can be used to direct users to the advertiser's website.

Skyscraper advertising are more expensive than banner ads since they cover a wider area. These are the little windows that appear when someone visits a website for the first time. Pop-ups appear in full screen mode, whereas pop-downs appear on the bottom bar of your screen and must be opened to be removed. Pop-up advertisements are considered unwanted and irritating by the majority of internet users (according to surveys).

- **Rich Media Video and Audios:** This is a method in which an online ad interacts with the viewer by using modern technology such as streaming video or music as the user's mouse moves over the ad. The ability to deliver bandwidth to allow transmission and consumer access to high-speed internet connections will determine the future of such advertisements.

- **E-mail:** Advert through emails are most effective communication and relationship-building strategies. Allowing you to design and send newsletters to thousands of people. These are used to distribute promotions to a specific group of people. This method is more effective than waiting for potential clients to come across their website or click on one of their banner advertising. The majority of people do not like receiving adverts through their personal electronic email.

- **Interstitial Adverts:** These adverts, also known as Bridge Adverts, appear while you navigate between pages on a website. Viewers do not have an option whether or not to watch them, though they can be turned off. Interstitial advertisements generate more click-through to marketers' websites than banner ads or standard pop-up ads

- **Advertorials:** Paid editorial advertising or advertorials are advertisements in the style of editorials that appear to offer objectively stated thoughts. Online advertorials are often seen on publisher's websites and advertise items and services that are relevant to the content of the website.

● **Corporate Home Pages:** A corporate home page is basically a website where a company provides current and future customers with extensive information about the company and, in most cases, its brands. Some corporate home pages offer visitors not only company and brand information, but also other relevant contents.

● **Widgets Ads:** A widget is a relatively new technology with the potential to be used as an advertising medium. Widgets are software modules that users can drag and drop into their personal web page on a social networking site or onto a blog. Widgets appear like a website window but have the functionality of a whole website. Advertisers can use this application to create widgets that display their brands or route widget clickers to an e-commerce site. Each time a user installs the widget, the advertisers are charged a fee.

● **Video Games:** Advertisers consider video games as an advert since they target the 18-to-34-year-old male demographic, which has mostly abandoned traditional media in favour of digital media. While the games are full of adverts, there is evidence that players who are focused on the game pay almost little attention to the commercials incorporated in the game. This is a question for advertisers to handle.

Check Your Progress:

1. Online Advertising has become the _____ and _____ advertising mediums for promotion. (Fill up the blank)
2. Pop up ads appears in a _____ when a particular web page starts loading.

4.5 Advantages of Online Advertising

Consumers find online advertising more appealing because advertisers tailor it to their preferences. Now -a -days people find it easy and comfortable to click as per choice than to roll over pages or watch advertise during prime time. Following are the benefits or advantages of online advertising:

- **Wider Coverage:** Online adverts are accessible to anybody who has a smart phone or a computer with internet. Online advertising gives commercials a broader reach, and this broader reach allows advertisements to reach a larger audience across the globe, which may help achieve better results.

- **Affordability:** Another significant benefit of online advertising or marketing is its low cost. When compared to typical advertising prices, it is significantly less expensive. Advertisers can reach a larger audience by advertising on the internet for a lower cost.

- **Detail Information:** The marketer can send more information about the product/service to the audience through internet advertising, and at a lesser cost. The majority of online advertising campaigns include a clickable link to a detailed homepage where viewers may learn more about the product featured in the ad.

- **Flexibility of Payment:** One of the benefits of online advertising and marketing is the payment flexibility. Advertisers must pay the whole price to the advertising agency regardless of the results in offline advertising. Advertisers who use internet advertising have the option of paying solely for qualifying leads, clicks, or impressions.

- **Easy and Larger Audience Engagement:** Audience can easily interact with the adverts or products when they are advertised online. It enables advertisers to obtain more input from their target audiences and, as a result, improve the quality of their commercials in the future.

- **Helps in Branding:** Advertising aids in the improvement of a company's, product's, or service's branding. Online advertising is particularly effective in this regard.

- **Content Richness:** Traditional advertisements are limited to one brief, memorable message due to the broadcast nature of television, radio, billboards, and print media. However, with the internet, the advertising message is no longer limited. The Internet allows for far more content-rich product information to be communicated to consumers.

- **Global Exposure:** The Internet is accessible to people all around the world. The Internet increases the company's market to include global markets, allowing visitors from all over the world to access the website. Companies can readily respond to this worldwide accessibility by making pages in languages other than English. Gaining worldwide brand recognition could provide a company with the competitive edge it requires in a market that is increasingly spreading its borders.

- **Customization:** The interactive aspect of the Internet allows for greater flexibility in terms of the sort of information conveyed and the method of dissemination than traditional media. For example, the consumer, rather than the advertiser, can decide whether the information should be technically advanced or simple, whether the information should be written, graphic, video, or aural, and whether a product demonstration or full product description should be employed.

- **Improving Customer Experience:** Advertisements on the internet can also be utilised to provide customer support. Relationships can be improved by being available on demand 24 hours a day, 7 days a week, eliminating buying uncertainty through online product trials or demos, and giving online, up-to-date, accurate technical help.

- **Ease in Purchase:** The internet can help consumers make better purchasing decisions not just by offering thorough product and purchase information, but also by allowing them to buy right then and there from the comfort of their own homes. This bridges the gap between ad exposure and purchasing behaviour, allowing for the ultimate in impulse purchases.

- **Better Targeting:** Targeting advertising to specific consumers based on age, city, PIN or ZIP code, or demographics ensures that only the most relevant recipients receive such ads.

4.6 Disadvantages of Online Advertising

Although there are many advantages of online advertisements but there are certain loopholes. It is important to note the disadvantages by the companies while choosing websites so that strategies can be formulated to retain the ultimate customers and earn profits. The limitations of online advertising are discussed below:

- **Customers often Ignore Ads:** Consumers are accustomed to watching advertisements on television, hearing commercials on the radio, and scrolling through ads in newspapers and magazines. As a result, they have developed a dislike for all forms of advertising. This is also true of online advertising, where customers can avoid clicking banner ads, skip adverts in online movies they watch, and close pop-up advertisements as soon as they appear on their screens. Customers have complete flexibility over the advertising messages they wish to respond to and click on.
- **View Problems/Web snarls:** Website downtime, delays in loading websites or videos, and browser issues can impact the frequency of consumers to see online ads and how well customers see online ads. Companies miss out on the opportunity to advertise their products or services due to technical challenges. This could result in a loss of sales opportunities.
- **Expensive Ad Prices:** Advertising on the internet can be either inexpensive or very expensive. The cost of various types of online ads (banner, text, and video ads) varies based on the quantity of traffic and readership a website or blog receives. Online advertising, such as pay-per-click campaigns and social media sites, may impact negatively on a company's marketing budget, with little to no return on investment.
- **Consumers Get Distracted/Lack of Interest:** Customers usually have a goal in mind when they visit a website, whether it's to read the latest celebrity news, read a newspaper, communicate with friends, download music, or shop for a certain item. Customers are provided with a variety of options on websites, which can easily distract them and divert their attention away from online adverts.

- **Too Many Options:** The internet provides a plethora of sites on which businesses can post adverts. It's difficult to keep track of everything, especially if you're a small business owner. It's challenging to limit down the selections to the websites that will attract the most prospective customers and sales with such a large number of options. Companies must also determine which types of advertisements elicit the perfect reaction from their target audiences. The more options you have, the less likely you are to have a successful online advertising campaign.

STOP TO CONSIDER

Coca-Cola, one of the world's leading beverage brands, has long been leveraging TV and YouTube as a key channel to reach mass audiences. However, for its Vietnamese audience, Coca-Cola wanted to shake things up by finding ways to connect with its audience more effectively, particularly younger consumers. As more Vietnamese consumers are turning to YouTube to shop, browse, and buy, Coca-Cola decided to explore if increasing investment in YouTube could still unlock incremental reach and impact efficiently, particularly in helping the brand reach younger audiences nationwide. Overall the campaign delivered 67% nationwide reach across both TV and YouTube campaigns for audiences aged 18 to 34. When comparing the impact of TV and YouTube across the country, Coca-Cola found that the YouTube campaign connected with more consumers and delivered a good results. This experiment proved to Coca-Cola that YouTube is a key resource to invest in, particularly when looking to connect with younger audiences who are spending more time online. With these insights, Coca-Cola Vietnam has since implemented this strategy as a mainstay for all future campaigns.

4.7 Steps in Creating Online Advertising

A well-thought-out and planned online advertising campaign will help you swiftly raise awareness and increase visitors to your website. Paid advertising offer fast and quick returns on investment of any digital marketing strategy also provides near-immediate feedback on business messaging and

overall marketing strategy. Therefore, it is imperative to understand the sequential steps in creating online ads. The steps to be followed to create a successful online ad are as follows:

- 1) Developing Audience Persona:** Like any other marketing activities, online advertisement also needs to decide upon its target audience. While deciding the audience for the virtual ads the advertiser needs to understand the characteristics of its customers which can be called as audience persona. Consider the type of customer you're attempting to reach: who are they? What demographics do they fit into (age, income, career, etc.)? What problems do they have that your company can help them with? When they're seeking for the solutions you provide, what will they type into Google? Making the audience persona as detailed as possible it will be easier to select the most effective means of communication with them. Many organizations have multiple types of customers; it is advisable to create multiple audience personas. However, attempts should be made to reach out to too many distinct types of customers at once. By identifying core customers early on, advertisers can direct marketing efforts at those audience that will help to expand the business.
- 2) Identifying and selecting Ad Network(s):** When choosing an ad channel or ad network for internet advertising, advertisers must know that you want to meet your audience where they are, using channels and methods that will attract their attention. Typical online ad formats will determine which networks are most appropriate for that format. PPC(Pay-per-click) Search Ads, Display Ads, Remarketing Ads, Video Ads, and Social Ads are all common ad forms. All of these ad formats are available on Google's Ads network. For example, Google Search Ads are a highly successful platform for reaching a wide range of client types. By purchasing advertising on important Google search Keywords Company can obtain exposure to highly-motivated potential clients who are already looking for the solutions that company offers.
- 3) Determine Keywords and Targeting Parameters:** It's time to configure and target each campaign or ad now that the Ad format and Network have been chosen. Although each ad network may have its own targeting and configuration methods and options, the company should be able to match audience persona to any metric

that is required. Display ads are mostly based on customers' demographic or psychographic features, as well as their online habits. Geographic locations, interests, intent, subjects, and demographics will all be popular targets for ads. Keyword research is also required for search ads. Keyword tools like Moz's Keyword Explorer and Google's Keyword Planner are essential to generate keyword ideas, figuring out what potential consumers are looking for, and deciding where to focus the online marketing efforts.

- 4) **Monitoring:** The program's success depends on how well you track your web advertising. It's nearly pointless to run internet advertisements if you can't track their effectiveness and link them to beneficial business outcomes. Fortunately, Google Analytics, one of the most powerful and free tools available, includes a number of capabilities for tracking your online advertising campaigns. Google Analytics provides performance measures that enable calculating your online advertising ROI, in addition to tracking clicks, conversions, and other metrics.
- 5) **Continuous Evaluation:** Online advertising initiatives, like any other digital marketing technique, are most effective when their outcomes are continuously tracked and improved. Google Analytics, for example, will allow to advertising and discover what's working with your customers, allowing visitors to fine-tune company plan for consistent results. While it's tempting to monitor results on a daily basis, it's usually best to let the analytics collect accurate patterns and data over a longer period of time. For broad shifts, monthly inspections are sufficient, while weekly checks are useful for time sensitive ads.

Although online advertising can yield immediate benefits for the company, it requires careful long-term monitoring in order to realise its full potential and maximise the return on investment. Online advertising may become one of the most powerful aspects of your company's marketing mix with careful planning, thorough research, and ongoing performance tracking.

4.8 Traditional Advertising and Online Advertising

The broad advertising aims of both online and offline advertising are the same. Advertisers often convey information, rhetoric, and/or imagery to

consumers in order to enlighten, convince, remind, or motivate them. Whether the advertiser decides to advertise offline, online, or both, this is true. Online advertising, like offline advertising, is capable of achieving these objectives. Keeping in mind that each medium and vehicle has its own set of strengths and weaknesses the following are the differences between them:

| Basis | Traditional Advertising | Online Advertising |
|-----------------------------|---|---|
| Meaning | Traditional advertising is delivering advertisements to the customers via TV, radio, newspaper and magazines etc. | Online advertising is delivering advertisements to internet/online users via web sites, e-mail, ad-supported software and internet-enabled smart phones. |
| Target Audience | It is easy to reach out to local audience or customers through traditional mode | Online advertising aims at reaching the target audience globally at a time. |
| Consumer Interaction | Customer interaction is very less as the promotional mediums are not flexible. | Customer interaction is high as the digital platform offers different apps for collecting customer feedback. |
| Marketing cost | It is expensive to produce the messages for traditional mode such costs involves printing cost, broadcasting costs etc. | It is less expensive as compared to traditional advertising. Advertising online sometimes need no money at all and sometimes depending on the type of online ads. |
| Benefit Analysis | To get the cost benefit analysis traditional marketers have to wait for weeks or months to get the results. | Online advertising gives quick results as it is easy to get the real time result. |
| Interruptions | Consumers cannot choose to skip the advertisements which are causing interruptions. | Customers can skip the part of the advertisement which is causing interruption and engage in the part which he/she feels important. |
| Communication type | It involves one way communication as the marketing mediums are quite rigid. | It involves two way communication and help to satisfy customer and make the customers feel that they are being listened and served. |

Check Your Progress:

1. Online advertising involves _____ communication (Fill up the blank).
2. One of the benefits of online advertising and marketing is the _____ in payment (Fill up the blank).
3. Customer interaction is high as the digital platform offers different apps for collecting customer feedback. (Write True or False)

4.9 Features of a Good Online Advertisements

The success of an online advertisement is influenced by the quality of the advertisement. Advertisers must always remember that this is a ‘pull’ medium, not a ‘push’ medium like traditional media. As a result, advertisers should remember to capitalise on the advantages of the internet by targeting users who are looking for specific types of information. They must satisfy information-seeking customers while also attracting new visitors to ensure a positive response. Advertisers should keep a few key elements in mind while posting their ads on the internet. These features are as follows:

- **Text:** The most crucial job in creating an online advertisement is deciding what the message should be. A straightforward, clear message that is more easily understood by the audience is more likely to attract viewers. Thus, in order to attract more visitors to one’s own website, advertisements should aim to be straightforward and stand out from the throng. The use of ‘keywords’ in the text is critical for brand recognition. It is advisable to make sure that the words are relevant to the product and service.
- **Images:** In order to make internet advertising more appealing, it is essential to include relevant pictures/images. Pictures/images grab the viewer’s attention right away. They also assist viewers in better comprehending advertisements. Advertisers should keep in mind, however, that using pictures/images in online advertising costs up extra space, thus it should only be used when absolutely essential.
- **Colour:** In ad design, colour is a core part. Bright colours draw attention to the design, while subtle tones give it class and

control. To make an impact, though, it is always better to combine a combination of contrasts. It is vital to remember, however, that the colour chosen in internet advertising should complement the image the organisation want to present.

- **Animations:** Advertisers have less than two seconds to capture the attention of their target audience. Here, animations are useful for generating attention and drawing customers to a specific website. Moving images, text, borders, backgrounds, and sound can all be used in animations. It should be noted, however, that excessive usage of animations may cause viewers to become confused. As a result, advertisers should avoid using animation to perplex users or make internet advertising difficult to understand.

- **Size of the File:** It's vital to keep web pages and online advertising to a small file size. Customers lose patience when a large file takes a long time to download. So, before going online, an advertiser should verify the size of his or her file and try to keep it to a kb or mb minimum. In today's world, businesses are attempting to test various formats in order to measure the success of advertisements. The bottom line is that a corporation must determine how much they are willing to pay in order to do the task.

The above elements are essential to be kept in mind to create a successful online ad. However, the success rate depends upon the customer need satisfaction.

4.10. Current Issues in Online Advertising

Over the course of just 25 years online advertising has evolved from its niche existence into an important economic sector with continuously high growth rates. The following trend has been seen in case of online advertising.

- **Mobile Advertising:** Because of technological advancements and Google's positioning on the mobile Internet, players consider mobile advertising to be a critical concern. This is due to a growing migration to mobile devices, particularly for private Internet use. The web on mobile terminals competes with services offered through apps, which, in certain cases, provide more and faster alternatives for interacting with a service, or so it is usually believed.

- **AMP:** In the later part of 2015, Google launched AMP (accelerated mobile pages). AMP is an HTML variant created expressly to aid in the building of mobile-friendly websites (mainly smartphones). HTML is widely regarded as a foundational Internet technology. AMP-enabled documents, according to Google, load significantly faster – even at lower broadband speeds – and are rendered more quickly on those browsers that are most commonly used on mobile devices, compared to traditional websites that have been optimised for mobile devices or developed using responsive design for use across devices. In terms of online advertising, AMP could help to boost user acceptability of mobile advertising by reducing the time it takes for mobile ads to load.

- **Walled Garden:** Walled gardens, or closed platforms or systems on which manufacturers or operators impose user restrictions, are typically referred to by advertisers as online advertising platforms like those maintained by Google and Facebook. Walled gardens, it is believed, restrict users deeper insights into platforms. That is why, according to the argument, these advertising platforms are less transparent to marketers, making it more difficult to independently measure advertising coverage or impact, for example. Some argue that data obtained during advertising campaigns will be unable to be transferred from these systems, making ad fraud considerably more difficult to combat. Furthermore, walled gardens are accused of prioritising their own goods on their own platforms, however this is difficult to prove given that the platforms are all owned by the same company.

- **Data Access:** Another point of contention is the importance of data access to the success of online advertising. Some even argue that the value of advertising is now primarily the value of data, and that the big platforms have significant market advantages due to their ability to combine reach with data depth. The Monopolies Commission has stated that the concentration of advertising-relevant data in a single company may cause issues. Concentration in this industry could have significant competitive feedback effects on the internet advertising market, as the quality and amount of data becomes increasingly important for the success of placing targeted advertising. This is especially true when specific organisations have

exclusive access to highly relevant data volumes, such as on account of a contract.

- **Ad Fraud:** When computer programmes (bots) generate false traffic on websites with embedded adverts or automatically generate clicks on banners, this is referred to as ad fraud. In both circumstances, advertisements are delivered that no one views and are subsequently invoiced to the advertiser. Other methods of fraud include the concealment of URLs (domains) and the modification of websites where the billed advertising are not even visible to users. Advertising businesses lose money due to ad fraud since they pay for ad delivery even though the ads never reach the intended audience.

- **Brand Safety:** The term “brand safety” refers to the placement of advertisements in an appealing setting that is appropriate to the advertiser. Placing real-time advertising, in particular, might result in ads being displayed on inappropriate websites (for example, political platforms or gambling sites) or in an improper editorial context. This can be destructive to the advertiser’s brand as well as the advertising message. Although pre-bid tools such as blacklists are already in use to rule out particular environments from the start, things become more difficult when automated booking makes it more difficult to identify an environment as “unobjectionable” in the first place. To govern programmatic advertising, there have been proposals for entirely automated solutions. In the interest of brand safety, Google and YouTube are giving their advertising clients more control and transparency over which third-party sites are displaying their ads.

- **Ad Blocker:** An ad blocker is a programme that runs in the background to prevent users from seeing advertisements put on websites. Ad blockers have a direct impact on the success of internet advertising, and the advertising industry has reacted in a variety of ways. To combat ad blockers, some advertisers use technical means: website operators simply block users who use ad blockers. The rising usage of ad blockers, on the other hand, may lead to advertisers utilising less invasive adverts and developing forms of advertising that users are more inclined to accept. This may lessen

the desire to employ ad blockers. Because the new generation of browsers, such as Google Chrome and Apple Safari, will include ad blocking capabilities, the argument over ad blocking will certainly play a crucial role in the future. Google intends to add an ad blocker to its browser that will be turned on by default. Apple has stated that its updated Safari will disable the autoplay feature for videos, which is often considered to be obtrusive, as well as ad targeting.

4.11. Reasons for the growth of Online Advertising

The growth of online advertising is and can be seen at a faster rate. Because of its various merits and advantages it is gaining much more popularity. While extending into other web-related media, internet advertising is generating innovative, low-cost, and highly targeted options. The shift in interest from print advertising to online advertising is a significant milestone for the internet advertising business. It can be attributed to a variety of reasons, including—

- The internet has made it possible to reach a big audience regardless of location. The internet has turned the world into a ‘global community.’ As a result, every advertiser looking to grow his firm should consider online advertising over traditional media.

- Although internet advertising is a kind of mass communication, it may also create a personal connection. Advertisements are personal in nature, and they give the user the choice of reading more information about him or her. As a result, the user is left with a positive sensation without the marketing being forced onto them.

- Internet includes multimedia. The presentation is significantly more intriguing and enjoyable thanks to the use of sound, video, and animation. This medium allows for boundless inventiveness, resulting in commercials that are both strong and effective.

- There has been a tremendous surge in online viewers while print readers have decreased. Because of this shift in reading habits, there has been a growth in internet users, and advertisers always prefer a media that can reach a wider audience.

- Consumers' desire to learn more about a product is satisfied by online advertising. Hyperlinks in internet advertising allow users to get to material that they are interested in.
- The ability to track the efficacy of an advertisement makes this media more appealing to advertisers. This is mostly accomplished through the use of clicks, impressions, and conversions. Advertisers evaluate the success of their marketing messages and make changes as needed.
- Online advertising aids in the creation of brand awareness as well as the generation of awareness. Younger generations that have more access to online advertising are better able to recall brands they have seen on the internet.
- When it comes to brand memory, online advertising works effectively in conjunction with conventional media. The exposure time for print and electronic media is limited. When people are actively planning to acquire a product, advertising frequently disappears from the media. Viewers, on the other hand, can read online advertisements at any time of day or at their leisure. They look at advertisements online when they are ready to buy and thereby contribute to a good response.

Check Your Progress

1. It's not very important to keep web pages and online advertising to a small file size. (Write True or False)
2. Walled gardens are typically maintained _____ and _____ (Fill up the blank).
3. An _____ is a programme that runs in the background to prevent users from seeing advertisements put on websites. (Fill up the blank)

4.12. Summing Up

- Online or internet advertising is a method of promotion that uses the Internet and World Wide Web to deliver marketing messages to customers.
- The important types of online advertising are sponsorship, banner ads, pop-up ads, flash ads, affiliate ads, email, widget ads etc.
- Advantages of Online Advertising are wider coverage, affordability, detail information, flexibility in Payment, easy and larger audience engagement, helps in branding, content richness, global exposure and customization etc.
- Disadvantages of Online Advertising are customers often ignores Ads, view problems/Web snarls, expensive Ad Prices, consumers get distracted/lack of interest etc.
- The steps to be followed to create a successful online ad are as follows: Developing Audience Persona, Identifying and selecting Ad Network(s), Determine Keywords and Targeting Parameters, monitoring and continuous evaluation.
- Advertisers should keep a few key elements in mind while posting their ads on the internet. These features are text, images, colour, animation and size of the file.
- The trend that has been seen in case of online advertising are mobile advertising, AMP, walled garden, data access, ad fraud , brand safety, ad blocker.
- The growth of online advertising is and can be seen at a faster rate. While extending into other web-related media, internet advertising is generating innovative, low-cost, and highly targeted options.
- The shift in interest from print advertising to online advertising is a significant milestone for the internet advertising business.

4.13 Model Questions

1. What is Online Advertising?
2. Discuss the evolution of Online Advertising?
3. Explain the various types of Online Advertising?
4. What are the various advantages and disadvantages of online advertisements? Explain.

5. Describe the stages in creating online advertisements.
6. Write the difference between Traditional Advertising and Online Advertising.
7. Discuss the essential features of Good Online Ads.
8. Explain the current issues in Online Advertising.
9. What are the reasons for the growth of Online Advertising? Explain.
10. Explain the importance of online advertising in today' world.

4.14 References and Suggested Readings

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Unit-5

E-marketing, Ethical Issues in E-marketing

Unit Structure:

- 5.1 Introduction
- 5.2 Objective
- 5.3 Brief history of e-marketing
- 5.4 Features of e-marketing
- 5.5 Advantages of E-Marketing
- 5.6 Disadvantages of e- Marketing
- 5.7 Modes of E-Commerce
- 5.8 Types of E Marketing
- 5.9 Scope of E- Marketing
- 5.10 Ethical issues of E- Marketing
- 5.11 Summing Up
- 5.12 Model Questions
- 5.13 Reference and suggested reading

5.1 Introduction

In this modern technological world, internet is the new normal. We can not think anything beyond the internet or in simple technology. Be it social, political, economical or cultural activities, technology is used everywhere. And marketing is not an exception. In simple term e-marketing refers to the marketing which is done over the internet or through e resources. It is also known as the online marketing or internet marketing. It is the process of doing business through computer or the mobile devices.

The modern world is changing in every minutes. People are becoming more dependent on the electronic devices after the information technology revolution. Almost every person owns a mobile device and we have developed the dependency on the mobile device in every aspect of the daily routine. So the smart marketers are turning their focus from tradition marketing to the modern E-marketing. The customers can search, decide, select and purchase the goods from their home through e marketing. E-marketing is providing a win-win platform to both marketers and the

customers. The cost of distribution, advertising, branding has decreased by the use of e-marketing.

E-marketing can be defined as the process of planning, advertising, distribution and selling of goods and services through the world wide web with the use of computer or mobile devices.

5.2 Objective

This unit is an attempt to analyse the concept of e marketing. After going through this unit, you will be able to-

- know about e marketing,
- understand the history of e-marketing
- describe the features, benefits, modes, barriers and disadvantages of e-marketing.
- discuss the various ethical aspect of e-marketing.

5.3 Brief history of e-marketing

The term e-marketing or digital marketing is not very old. It was first used in 1990. After the introduction of internet digital world evolved and it spread so quickly that now we are used to it. In 1993 the first digital banner was introduced. A digital magazine named Hotwired first purchased some banner ads for their advertising. This was the beginning. We were ready to shift from a traditional marketing to new digitalized marketing era silently. In 1994 Yahoo was launched and 1994 is known to be the benchmark year of the e-marketing era. In 1998 Google was introduced. Microsoft launched MSN search engine and Yahoo brought Yahoo search engine. Gradually there was a buzz in the digital world.

In August, 2003 a social media site named Myspace was launched followed by Facebook in February, 2004. These social media sites made the companies realized that the internet is going to open the door of new opportunities for them. This was the beginning of a new chapter in the business world where the corporates started using the new resources in creative way to reach new customers, new markets and it resulted in new product development.

5.3.1 E-Marketing- the Indian Chapter

In India, the digital marketing started in 1995 when VSNL was introduced in the country. In 1996 India Mart was launched in India and it was the first B2B model in India which is still successfully running in the country. But till 2005, a very negligible portion of the privileged Indian used internet. In 2008 internet boom happened in India and e-market became a familiar word to the Indian. From 2008 to 2010 India witnessed highest shift in the no of companies who were recruiting digital marketers. Many new e-marketing companies were introduced in this period of time. In 2007 Flipkart was established in India. By 2019, internet users in India was about 525 million. This number is increasing daily and it is expected that the number will grow more and reach 666 million in 2023. (Sources: Internet live stats and Statista) The Digital India movement of Government of India, launched in 2015 has a significant role in the upward shift of the E-marketing in India.

5.3.2 Impact of Digital India Program on Indian e-market

The Digital India Program has a lot of impact on the digitalisation of the economy. Some of the advantages of the Digital India Program are:

- More people started using internet which resulted in more customer acquisition.
- There has been a shift from 10% to 85% in terms of revenue generation through e-marketing activities, as more people started using internet after this program.
- Almost 80% of the companies has made a network interconnected campaign of email, social media and mobile phones to reach more customers.
- Majority of the marketers have shifted from traditional marketing to online marketing and they are increasing the investment on digital marketing.
- There has been a shift of people using mobile phones for online activities such as shopping, banking, home delivery, booking of ticket etc.

Check Your Progress:

1. What is E-Marketing?
2. What are the impact of Digital India campaign on E-Marketing in India?
3. Briefly discuss the evolution of E-Marketing with special focus to Indian market.

Stop to Consider

In India, the digital marketing started in 1995 when VSNL was introduced in the country. India mart is the first B2B digital model in India. In august, 2003 a social media site named Myspace was launched followed by Facebook in February, 2004. These social media sites made the companies realized that the internet is going to open the door of new opportunities for them. The Digital India movement of government of India, launched in 2015 has a significant role in the upward shift of the e-marketing in India.

5.4 Features of e-marketing

The various of e marketing can be discussed as below

- **Economic than traditional marketing channels:**

Through e-marketing, a wide range of customers can be reach compared to traditional marketing with lesser amount of investment. It is much more cost effective than the traditional media such as news-paper, hording etc.

- **24×7 approach:**

E- Marketing helps the marketers to reach the customers need anywhere any time. It works as a 24x7 machinery. Physical presence is not mandatory in e-Marketing. All you need is an electronic device, through which one can roam around the markets of the globe.

- **helps in planning:**

E-marketing enables the companies to keep a record about every click of a customer, which generates the information about the

customer behaviour and results in new product planning according to the taste and need of the customer.

5.5 Advantages of E-Marketing

E- Marketing enjoys a lot of advantages than the traditional marketing techniques. In today's world every company must go for e marketing not only because of its increasing popularity but also as it has certain advantages such as:

- **Increased return on investment:**

The sales of a business increases in rocket speed if they introduce E-marketing in a creative way. It results in more revenue for the company and as a result more return on investment.

- **Wide Coverage:**

In this era of information technology, majority of the population is a netizen. So, the implementation of e-marketing increases the coverage of market reach for the marketers. It also helps to reach the right customers at right time with right product portfolio. It is accessible from anywhere of the globe.

- **Cost effective:**

The use of e-marketing campaign is also known for the cost effectiveness. as it only needs internet, reaching the target audience is cheaper than the traditional marketing channels.

- **Collection of Market related Data:**

The marketing data base becomes wealthier after the use of e-marketing. The automatic monitoring and tracking capabilities of the e-marketing modules helps in collecting and maintaining a fat data base for a company, which can be used for further development of the business.

- **Interactive:**

One of the greatest advantages of E-Marketing is, it is more interactive. In traditional marketing the interaction between the customer and the marketer is near to zero. But in E-marketing, one can leave comment, feedback of the product and any changes they need in the product. So, it is kind of personalised marketing technique.

Check Your Progress:

1. What are the advantages of E-Marketing?
2. Why E-Marketing is becoming popular in today's business world. Explain with your arguments.

5.6. Disadvantages of e- Marketing:

● **Technology Dependent:**

E- marketing completely depends upon the technology. If the computer network system the marketing of the business collapse immediately. You are helpless without computers, smartphones, software, internet etc.

● **Digital illiteracy:**

In a country like India, still a major portion of the customers beyond the reach of technology. The older generation does not have the know how of the technical gadgets. This digital illiteracy creates a barrier to the e-Marketing. So, a business can not reach all the population with only digital way.

● **Privacy Issues:**

Customers now a days are more concern about the privacy of their personal information. They do not like to share the personal data without knowing the authenticity of the platform. So, the customers are reluctant to join a new platform and it makes very difficult for the new business to attract new customers to their business.

Stop to Consider

In 2019, a very popular social networking site Facebook was fined for \$5 billion for violation of privacy policy. There had been an allegation that political consultancy Cambridge Analytica obtained data of 87 million Facebook user in improper way. Which led to an Anti-Trust issue against Facebook. The FTC's investigation revealed that the data of the Facebook user was obtained unethically by Facebook through various personality quiz and these were sold to Cambridge analytica.

There were claims that data were used to influence the UK Brexit referendum and us election 2016. It is believed that \$5billion fine has been the highest amount of fine imposed on any business for violating privacy of the user.

- **Cost of maintenance:**

Though e- marketing is cost effective, it needs a lot of funds for the development and maintenance of the technology. The business houses need to hire professional software developers. The cost of the technical tools is also very high. These all factors lead to an increase amount of initial investment and maintenance cost. And it becomes more costlier when the technology changes rapidly.

- **Unharmonized international law:**

Different country has different cyber law. So, it is very difficult to obey all the international laws. This leads to unharmonized operations of the business under different international policies and laws.

Check Your Progress:

1. What are the dis-advantages of E-Marketing?
2. Write a case study on the anti- trust issue of an international company.

5.7 Modes of E-Commerce:

E-commerce business models can generally be categorized into the following categories.

- Business - to - Business (B2B)
- Business - to - Consumer (B2C)
- Consumer - to - Consumer (C2C)
- Consumer - to - Business (C2B)
- Business - to - Government (B2G)

- Government - to - Business (G2B)
- Government - to - Citizen (G2C)

- **Business - to - Business (B2B)**

The B2B business model helps a website selling its items to an intermediary buyer, who then sells the product to the ultimate client. A wholesaler, for example, makes an order on a company's website and, after receiving the consignment, sells the finished product to the ultimate client who visits one of the company's retail locations.

- **Business - to - Consumer (B2C)**

A website that follows the B2C business model offers its items to customers directly. Customers can look at the items that are shown on the website. The consumer may select a product and place an order for it. After that, the website will send an email notice to the business enterprise, which will subsequently dispatch the product/goods to the consumer.

- **Consumer - to - Consumer (C2C)**

By putting their information on a website that follows the C2C business model, customers may sell their assets such as residential property, vehicles, motorbikes, and so on, or rent a room. The customer or may not be charged for the website's services. By reading this post/advertisement on the internet, other consumer may decide to purchase the initial customer's merchandise.

- **Consumer - to - Business (C2B)**

In this paradigm, a customer visits a website that lists numerous business groups that provide a specific service. The customer enters an estimate of how much he or she wants to pay on a specific service. For example, websites may be used to compare interest rates on personal loans and auto loans offered by multiple institutions. A company approaches a customer and offers its services if it can meet the customer's needs within the budget constraints.

- **Business - to - Government (B2G)**

The B2G model is a subset of the B2B model. Governments utilise such websites to market and share data with a variety of corporate entities. These websites have been implemented by the state and provide a means for businesses to submit government application forms.

- **Government - to - Business (G2B)**

To reach commercial entities, governments employ B2G model websites. Auctions, tenders, and application submission are all supported by such websites.

- **Government - to - Business (G2B)**

To reach citizens in general, governments employ G2C model websites. Auctions of automobiles, machinery, and other items are supported by such websites. A website like this also offers services including birth, marriage, and death certificate registration. The major goal of G2C websites is to shorten the time it takes for citizens to get various government services.

Check Your Progress:

6. What are the models of e- commerce?
7. What do you mean by B2B and B2C models?

5.8 Types of E Marketing:

The various types of E- Marketing are:

- **Search Engine Optimisation (SEO):**

The purpose of SEO is to encourage a company's website to rank better in Search engine results, resulting in more traffic from search engines. To do so, SEO marketers look for words and phrases that people use to seek for information online and include such terms into their own content. According to Moz's "Beginners Guide to SEO," SEO includes a variety of factors, including the text on your web pages, how other sites connect to you on the web, and how your website is built. According to Salary.com, an SEO professional may earn roughly \$70,058 per year.

- **Pay-Per-Click (PPC):**

Paid adverts and sponsored search engine results are referred to as pay-per-click. This is a short-term kind of digital marketing, which means the ad will disappear once you stop paying. PPC, like SEO, is a strategy to boost a company's internet search traffic.

Advertisements that appear at the top or sides of a search results page, ads that appear when surfing the web, commercials that appear before YouTube videos, and ads that appear in mobile applications are all examples of pay-per-click advertising.

Another feature that sets pay-per-click apart from SEO is that you just pay for the outcomes. In a conventional PPC arrangement, such as a Google AdWords ad, you will only pay when someone clicks on your ad. when a user clicks on our ad and visits your website Pay-per-click advertising allows you to spend virtually any amount of money. Some businesses may get a return on their investment of a few hundred bucks, but many huge businesses spend thousands of dollars per month on pay-per-click advertising.

- **Social Media Marketing(SMM):**

This encompasses everything a company does on social media. Although almost everyone is active in social media, marketers must use it in a planned and integrated manner. Social media marketing entails much more than merely posting to social media sites and posting comments.

According to a Salary.com infographic, a social media researcher with a bachelor's can earn lot of earning.Efforts must be organised and consistent instead of an afterthought if they are to be effective. There are several online tools available to automate and schedule social media postings to help keep messages consistent, but marketers should only use automation as a tool, not as a "set it and forget it" solution. When there is no genuine person behind, users rapidly figure it out.

Digital marketers must not operate in a vacuum from the rest of the marketing team. Social marketers must collaborate with the rest of the marketing group to improve that their messaging is consistent across all platforms, both online and offline, so that the entire brand is presenting the same narrative.

- **Content Marketing:**

To raise brand awareness, content marketing employs narrative and information sharing. The ultimate goal is for the reader to take a step toward becoming a client, such as asking more information, joining an email list, or purchasing something. Blog entries, resources like as white papers and e-books, digital video, podcasts, and much more are all examples of “content.” It should, in general, first and foremost deliver value to the consumer, rather than simply market the brand or try to sell something. Content marketing is about developing a long-term, trustworthy relationship with the customer that can lead to multiple sales over time rather than just one.

Content marketing, unlike pay-per-click advertising, is a long-term strategy. Marketers accumulate a library of material over time that will continue to drive traffic to the site via search engines.

- **Email Marketing:**

Despite the rise of social media, smartphone apps, and other platforms, email remains one of the most effective marketing tools, according to Rogers. It can be used as part of a digital marketing plan to provide value to customers and acquire new customers over time. According to the American Marketing Association, email marketing professionals are competent at not just creating compelling messages, but also understanding appropriate audience outreach and monitoring consumer interactions and data, as well as making strategic decisions based on that data.

- **Mobile Marketing:**

This sort of digital marketing focuses on reaching out to your target audience through their smartphone or tablet. Text messages, social media, websites, email, and mobile applications are all examples of mobile marketing. Marketers can customise offers or special content based on a customer’s location and time, such as when they enter a store or attend an event.

- **Affiliated Marketing:**

This sort of digital marketing focuses on reaching out to your target audience via smartphone or tablet. Text messaging, social media,

websites, email, and mobile apps are all examples of how mobile marketing touches individuals. Marketers can modify offers or special content based on a customer's location or time, such as when they walk into a store or attend an event.

Affiliate marketing, also known as influencer marketing, has exploded in popularity in recent years, thanks to new media such as TikTok, Instagram, YouTube, and blogs becoming mainstream forms of entertainment, news, and shopping. Making money as an affiliate has become one of the most popular types of internet marketing. The affiliate marketing sector is anticipated to expand to \$6.8 billion in 2020, according to Inc.com.

Check Your Progress:

1. What are different types of E- Marketing?
2. What is affiliated marketing?
3. What are the differences between pay per click and search engine optimization?

Stop to Consider

Technology evolves swiftly; today's trendy social networking app may be all but forgotten in the next year, but several of marketing's fundamental concepts remain the same.

However, since the days when corporations largely marketed in Print, Radio, and Television, some key elements of the marketing puzzle have remained the same. All marketers require excellent communication skills as well as a solid understanding of marketing ideas.

5.9 Scope of E- Marketing:

The majority of businesses are predicted to have a digital presence by 2022. As a result, online marketing is expanding at a rapid rate. For a variety of reasons, internet marketing is gaining traction. It is more cost-effective and levels the playing field. It improves conversion rates, resulting in increased revenue. By increasing engagement with said target population, internet marketing helps to build a brand's reputation.

While using Facebook as well as other popular platforms to post advertising and content is still an efficient approach to reach your target demographic, digital marketing involves much more than that.

The expansion of digital marketing has been phenomenal, and the stats indicate that it will continue to increase in the future. Simply put, digital marketing's future appears to be bright and safe.

As more chances arise, being creative, original, and up to date on the current trends will become the guiding concept for every digital marketer. The exponential growth that we have seen on the Internet in recent years, particularly after covid, is here to stay. People are adjusting to the new normal and are becoming increasingly comfortable with conducting business online, whether it's shopping, ordering food or pharmaceuticals, or even conducting banking activities!

As a result, digital marketing is critical in meeting these newly developed consumer demands. Furthermore, the future generation will be a part of an already digital environment and will be used to everyone being online. Companies must begin digital marketing activities today in order to cater to these future consumers.

A key conclusion from all of this is that professions in digital marketing have a bright future ahead of them, and if you have an interest in digital advertising, now may be the time to seize this opportunity.

5.10 Ethical issues of E- Marketing:

E-commerce has grown in importance as a means of selling goods and services around the world during the last two decades. As a result of unexpected hurdles and ethical issues, this form of doing business has resulted in numerous confrontations between buyers, sellers, and vendors. When striving to build a reputable online brand, it's vital to understand these challenges. Ethical issues in online marketing are being raised and scrutinised more frequently these days. If not handled properly, social media has become a huge ethical concern in business and can harm a company's brand. Some of the ethical issues are:

- **Business representation:**

A small business with a limited track record can present itself online as a larger, better-funded company with leadership that is more

experienced and competent than it actually is by using a well-designed website, stock photos, well-written copy, search engine optimization, and paid-for social media followers.

While it's obvious that a company wants to build a strong online brand, doing so can occasionally lead to misrepresentation, which is one of the most common e-business issues.

- **Intellectual property violation:**

Intellectual property crimes frequently result in ethical ramifications for internet firms. In some circumstances, these infractions are the consequence of ignorance or bad legal counsel, while in others, they are intentional. The following are some of the most common infractions:

Logos that aren't original: Logos are an important aspect of a company's branding. Some entrepreneurs have a limited budget for logo creation and may either duplicate a logo from another company or engage a logo designer who will copy a design that is already in use owing to budget concerns.

Image piracy: Good photos are an important part of a good website. It can be costly to hire a professional photographer or buy stock photos. As a result, dishonest web designers would occasionally steal photographs to use on their websites.

Content Theft: When a company can't afford to pay good copywriters, its web designer or administrator may steal blog articles, product descriptions, and other information for use on the company's website, online catalogue, or social media platforms.

Selling counterfeit goods: Counterfeit goods are occasionally sold by small web sellers. In other circumstances, this occurs because the merchant has been the victim of a scam perpetrated by an unauthorised wholesaler. In other circumstances, the company's owner is well aware that it is selling counterfeit goods.

Unauthorized use of audio and video files: For businesses that employ music and other sound files in podcasts and video programming, this can be a serious problem.

- **Information security:**

Information security and data protection are two of the most frequently debated ethical issues in e-commerce. Customers'

sensitive information, such as credit card or bank account information, as well as their name, address, and phone number, is typically collected by companies that sell items and services online. Furthermore, many e-commerce sites allow clients to create an online account, which requires the creation of a username and password.

Hackers are eager to break into websites and e-commerce software in order to obtain consumer information, which can then be used to steal money from clients' accounts or commit identity fraud. Information security breaches can be held against companies who fail to protect sensitive data. Customers may get dissatisfied and cancel their accounts, preferring to do business with competitors instead.

● **Product Quality:**

The ability to view and check products before purchasing it is one of the benefits of shopping in a physical store. This is impossible to achieve online, thus the buyer must trust the merchant to sell her an item that corresponds to the photos and descriptions on the retailer's website.

Unfortunately, some businesses take advantage of the gap between the buyer and the product to sell substandard products. Many customers have unwrapped a package anticipating a high-quality item, only to discover a product that is shoddily built or does not match the product's web photos.

● **Vendor Compliance:**

Many internet shops sell items that have been obtained from manufacturers, distributors, and other vendors. In some circumstances, the vendor who owns the brand being offered sets restrictions on how the products can be sold through third-party retailers. These frequently include:

- Getting approval to sell the product as a licenced store
- In sales attempts, using approved content such as photos, corporate logos, and descriptive writing.
- The vendor's price points must be adhered to.

Some e-retailers do not follow these rules. Customers may be confused, and vendors may face branding issues as a result of this

failure. Vendors may take legal action against non-compliant suppliers in various cases.

● **Customer Service:**

By definition, e-commerce involves a barrier between customers and retailers. When a customer has a question, needs assistance, receives a damaged product or wants to inquire about a refund, he can't just walk into a store to get help. Instead, customers have to rely on the contact methods made available by an online retailer. Many retailers are committed to provide quality customer service and offer online chat, phone-based customer service as well as email assistance.

Unethical e-commerce businesses can make obtaining assistance extremely difficult. They might just ignore emails and other attempts to contact them. Furthermore, a corporation may repeatedly promise a consumer that it would address their complaint, but then fail to do so until the customer loses up attempting to fix her issue or it is too late for her to initiate a chargeback from her credit card provider.

Stop to Consider

Things to remember in social media marketing:

- ❖ On business websites, avoid utilising stock photos of enormous office buildings, professional conference rooms, or workers at work. Using these images can give the idea that the company owns or rents the facilities or employs the people in the photos.
- ❖ Include a “about” section on its website with vital information about the company, such as how long it has been in operation.
- ❖ Paying for “likes” or “following” on social media is a bad idea. While it may be tempting, many social media platforms now have algorithms that can distinguish between genuine and purchased followers. Through the creation of high-quality content and interaction, business owners can grow a social media following.

Check Your Progress:

1. What are the ethical issues of Internet Marketing?
2. Why information security of customer plays a significant role in internet marketing?

5.11 Summing Up

- 1) The term e-marketing or digital marketing is not very old as it was first used in 1990 after the introduction of internet digital world evolved and it spread so quickly that now we are used to it. In India, the digital marketing started in 1995 when VSNL was introduced in the country.
- 2) E-marketing or digital marketing is the process of marketing a brand using the internet. It not only includes marketing on the internet, but also includes marketing done via e-mail and wireless media. It uses various technologies help to connect businesses to customers.
- 3) The various impact of Digital India Program on Indian e-market are :
 - a) More people started using internet which resulted in more customer acquisition.
 - b) There has been a shift from 10% to 85% in terms of revenue generation through e-marketing activities, as more people started using internet after this program.
 - c) Almost 80% of the companies has made a network interconnected campaign of email, social media and mobile phones to reach more customers.
 - d) There has been a shift of people using mobile phones for online activities such as shopping, banking, home delivery, booking of ticket etc.
- 4) Some of the features and advantages of e-marketing are: a) economic than traditional marketing channels, b) helps in planning, c) wide coverage, d) cost effective, e) collection of market related data, f) e-marketing is more interactive than traditional market.
- 5) Some of the disadvantages of e-marketing are : a) technology dependent b) digital illiteracy c) privacy issues d) cost of maintenance e) unharmonized international law.
- 6) Some of the modes of e-commerce are a) business to business b) consumer to consumer c) consumer to business d) business to Government e) business to consumer f) Government to business g) Government to business.
- 7) Some of the types of E-Marketing are : a) Search Engine Optimization b) Pay-Per-Click c) Social Media Marketing d) Content Marketing e) Email Marketing f) Mobile Marketing g) Affiliated Marketing.

- 8) E-marketing allows the marketer to reach consumers in a wide range of ways. It is considered to be a broad scope. E-marketing ties together the creativity and technical aspects. The majority of businesses are predicted to have a digital presence by 2022. As a result, online marketing is expanding at rapid rate.

5.12 Model Questions

- 1) Write a short note on the history of e-marketing.
- 2) What are the impacts of digital India program on Indian e-market?
- 3) State the salient features of e-marketing.
- 4) What are the advantages and disadvantages of e-marketing?
- 5) Briefly elaborate the modes of e-commerce.
- 6) Briefly explain the types of e-marketing.
- 7) Elaborate the scope of e-marketing.
- 8) What are the ethical issues of e-marketing? Briefly explain.

5.13 References and Suggested Readings

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