

INTERNET MARKETING

N.PRASANNA KUMAR

Assistant Professor Dept of Internationals Business Studies AcharyaNagarjuna university Guntur-AP-522510. Email: npk_anu@yahoo.com

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ABSTRACT

The true insights for long-term competitive advantage will be generated by deep observation of both new and established business wrestling with the challenges of online marketing and general business strategy. The internet marketing is just emerging and has yet to occupy a significant place. We do anticipate that this will change in the next couple of years. In the meantime, we believe that practice is ahead of theory and that we must mine the practice of Internet marketing for new ideas. The task of the internet marketer is to assess new market opportunities. Analysis of marketing opportunities should be informed by rich data on the competitors, customers, and industry. Internet marketing program is the specification of the marketing strategy. We identify two marketing strategy formulation pathways: one for pure-play online companies and one for the integrative play. An in-depth discussion of key elements of the marketing strategy, segmentation, and target market choice and positioning sets the stage for the design of the customer experience and actual marketing program.

Keywords: internet marketing, place, promotion, price, product

Definition of Internet Marketing

Internet marketing is the process and executing the conception, pricing, promotion, and distribution of ideas, goods, and services to create exchanges that satisfy individual and organizational goals.

Meaning of Internet Marketing

Internet marketing is the process of building and maintaining customer relationship through online activities to facilitate the exchange of ideas, products, and services that specify the goals of both parties.

THE SEVEN STAGES OF INTERNET MARKETING

1. Corporate and business-unit strategy
2. Analyze the market opportunity
3. Formulating marketing strategy
4. Design the customer experience
5. Design the marketing program
6. Design the customer interfacing
7. Evaluate the marketing program

Stage one- Corporate and business-unit strategy

Corporate strategy addresses the inter-relationship between the various business units in a firm, including decisions about which units should be kept, sold, or augmented. Business unit strategy focuses on how a particular unit in the company attacks the market to gain competitive advantage.

Stage tow- Analyze the market opportunity

In the stage entails the analysis of market opportunities and an initial first pass of the business concepts—that is, collecting sufficient online and offline data to establish the burden of proof of opportunity assessment.

Stage three-Formulating marketing strategy

Internet marketing strategy is based upon corporate, business-unit, and overall marketing strategies of the firm. The marketing strategy goals, resources, and sequencing of actions must be tightly aligned with the business-unit strategy. Finally, the overall marketing strategy comprises both offline and online marketing activities.

Stage four-Designing the customer experience

Firms must understand the type of customer experience that needs to be delivered to meet the market opportunity. The experience should correlate with the firm's positioning and marketing strategy.

Stage five-designing the marketing program

The completion of stages one through four results in clear strategic direction for the firm. The firm has made a go/no-go decision on a particular option. Moreover, it has decided upon the target segment and the specific position that it wishes to own in the mind of the target customer.

Stage six-Crafting the customer interface

The Internet has shifted the locus of the exchange from the market place (i.e., face-to-face interaction) to the market space (i.e., screen-to-face interaction). The key difference is that the nature of the exchange relationship is now mediated by technology interface.

Stage seven-Evaluating the market program

The last stage involves the evaluation of the overall Internet Marketing program. This includes a balanced focus on both customer and financial metrics.

The Internet Marketing Mix

The traditional 4ps of marketing are product, price, promotion, and place/distribution. All four of these choices are part of the Internet marketing mix, plus new elements like physical evidence, people and process when marketing planning for an online service.

PRICING

Setting prices is a key challenge for firms, and the fact is that prices are often set in an unstructured manner. Firms often have a wide variety of potential pricing strategies and price points to consider when deciding how to best implement profit-maximizing strategies. In addition the internet has strongly influenced old-economy pricing strategies, moreover it internet has created an entirely new category of pricing tools, the types of pricing are given below:

Penetration Pricing

The price charged for products and services is set artificially low in order to gain market share. Once this is achieved, the price is increased. This approach was used by France Telecom and Sky TV.

Economy Pricing

This is a no frills low price. The cost of marketing and manufacture are kept at a minimum. Supermarkets often have economy brands for soups, spaghetti, etc.

Price Skimming

Charge a high price because you have a substantial competitive advantage. However, the advantage is not sustainable. The high price tends to attract new competitors into the market, and the price inevitably falls due to increased supply. Manufacturers of digital watches used a skimming approach in the 1970s. Once other manufacturers were tempted into the market and the watches were produced at a lower unit cost, other marketing strategies and pricing approaches are implemented.

Psychological Pricing

This approach is used when the marketer wants the consumer to respond on an emotional, rather than rational basis. For example 'price point perspective' 99 cents not one dollar.

Product Line Pricing

Where there is a range of product or services the pricing reflect the benefits of parts of the range. For example car washes. Basic wash could be \$2, wash and wax \$4, and the whole package \$6.

Promotional Pricing.

Pricing to promote a product is a very common application. There are many examples of promotional pricing including approaches such as BOGOF (Buy One Get One Free).

Geographical Pricing.

Geographical pricing is evident where there are variations in price in different parts of the world. For example rarity value, or where shipping costs increase price.

Value Pricing

This approach is used where external factors such as recession or increased competition force companies to provide 'value' products and services to retain sales e.g. value meals at McDonalds.

Premium Pricing

Use a high price where there is a uniqueness about the product or service. This approach is used where a substantial competitive advantage exists. Such high prices are charge for luxuries such as Cunard Cruises, Savoy Hotel rooms, and Concorde flights.

PRODUCT

A product is simply the tangible, physical entity that they may be buying or selling. In order to actively explore the nature of a product further, let's consider it as three different products - the CORE product, the ACTUAL product, and finally the AUGMENTED product.

CORE PRODUCT

The CORE product is NOT the tangible, physical product. We can't touch it. That's because the core product is the BENEFIT of the product that makes it valuable to us. So with the car example, the benefit is convenience. Another core benefit is speed since we can travel around relatively quickly.

ACTUAL PRODUCT

The ACTUAL product is the tangible, physical product. We can get some use out of it. Again with the car example, it is the vehicle that test drive, buy and then collect.

AUGMENTED PRODUCT

The AUGMENTED product is the non-physical part of the product. It usually consists of lots of added value, for which you may or may not pay a premium. So when we buy a car, part of the augmented product would be the warranty, the customer service support offered by the car's manufacture, and any after-sales service.

PLACE

The e-Marketing space consists of new Internet companies that have emerged as the Internet has developed, as well as those pre-existing companies that now employ e-Marketing approaches as part of their overall marketing plan. For some companies the Internet is an additional channel that enhances or replaces their traditional channel(s). For others the Internet has provided the opportunity for a new online company.



Pre-existing companies that have adopted e-Marketing.

These are traditional companies that trade on the Internet.

Banking and financial Services e.g. HSBC Bank. Banks and financial services have benefited tremendously from the popularity of Internet usage. There is a mixture of new online banks and traditional banks, both offering online banking services. Essentially banks no longer need to invest in high cost, high street selling units i.e. old fashioned town-based banks. Labor costs have also been reduced since much of the traditional banking bureaucracy is done using IT, and the use of overseas call centers has meant that salaries are much lower. Software also means that customers can be retained by using Customer Relationship Management (CRM) eMarketing approaches.



New Internet companies

These companies only trade on the Internet.

New online manufacturer brand e.g. Dell.com - Entrepreneurs saw opportunities for developing online manufacturers' brands that took advantage of online technologies that enabled innovative new products to be adapted to customer preferences, and by using IT to enable efficient and effective operations such as assembly and logistics.

Online Auction e.g. eBay. In common with new online retail brands, before the emergence of Internet technologies, this concept was not possible. Essentially eBay is a Consumer-to-Consumer (C2C) business



PROMOTION

Promotion is the way to promote a product in different areas of media. Promoters use internet advertisement, special events, endorsements, and newspapers to advertise their product. Many times with the purchase of a product there is an incentive like discounts, free items, or a contest. This is to increase the sales of a given product.

Promotions Strategies

1. Of course to promote website you should also consider offline promotion strategies such as those used by non- Internet businesses.
2. Here a selection of other suitable approaches to offline promotion:
3. Create a media release or announce a media conference regarding your website.
4. Advertise using other media such as TV, billboards, radio, newspapers and magazines, or the cinema.
5. Send out direct mail shots and run campaigns.
6. Print your domain name and e-mail contact addresses upon all of your corporate material.
7. Offer free products and services. FREE is one of the most powerful words in marketing.
8. Provide free material e.g. fact sheets or guides that could be posted or e-mailed to customers.

9. Offer competitions or quizzes (with prizes when possible).

CONCLUSION

Through this paper I portray the Internet marketing assist the manufacturers to market their product efficiently and easily in the market to fascinate the customers.

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