

## RE-ENGINEERING THE MARKETING : THE ROLE OF E-MARKETING IN THE AGE OF CLICK ECONOMY

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### ABSTRACT

The rapid increase of Internet is changing our society and economy. Businesses have been above all fast to be paying special attention of the potential and recognize the benefits of adopting this platform. It has changed the nature and dynamics of the Indian market and marketing discipline has been exposed to various changes and challenges. This paper provides a bird's eye view of the e-marketing literature, dynamics of interaction between technological innovation and marketing, techniques of e-marketing adopted in the present Indian market. Further a research was conducted from the business point view of website primary strategy focus and consumer perspective to find out the main factors they considered while buying the product online and selecting an online vendor.

**Keywords:**E-Commerce, TAM, E-Marketing, Internet

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### INTRODUCTION

Today's business environment demands that businesses have a website and email addresses printed on business cards. Website presence point towards a new concept of marketing. A Website is now a common business practice. An easy-to-use, easy to access site can help support branding and build customer loyalty. Today's business site is an online extension of the storefront, allowing customers to shop, leave comments and receive automatic notices of sales and special events. A creative, interactive, ever-changing site directly reflects a company's image. Promoting image and products 24x7 days a week to million users is a serious business consideration. And these user numbers are growing. Targeting Web customers is an exciting, ongoing, learning experience. Technologies are changing and so are users. The challenge is to project image and product in a constantly evolving electronic medium. The Internet technology shock has significantly affected the marketing discipline. This technology shock has been absorbed by the marketing. Thus, understanding the dynamics of the interaction between marketing and technology innovation can direct the predictions about how the marketing discipline can re-structure itself against this major innovation. Internet marketing revolutionary and structurally different from conventional marketing practices. The marketing is going through a natural re-shaping with its established models and principles being applied under different contexts due to this technology adoption by the discipline. Staying current on Web technologies and keeping informed on available software is an e-marketing priority.

### E-MARKETING:

E-Marketing takes place over the internet, the structure, characteristics and advantages of the internet have strong influences on the strengths of e-marketing. E-Marketing enables more selective campaigns, decreasing the spreading loss and a more precise measurement of results. E-Marketing enables an integrative processing of marketing transactions. It is interactivity which helps guarantee e-marketing a place in buyer-seller communications. E-Marketing is a subset of e-Business that utilizes electronic medium to perform marketing activities and achieve desired marketing objectives for an organisation. Internet Marketing, Interactive Marketing and Mobile Marketing for example, are all a form of e-Marketing.

Marketing strategy becomes e-marketing strategy when marketers use digital technology to implement the strategy: E-marketing strategy = marketing strategy + Information Technology

Advantages of e-Marketing are reduction in costs through automation and use of electronic media, faster response to both marketers and the end user, increased ability to measure and collect data, opens the possibility to a market of one through personalisation, increased interactivity.

Disadvantages of e-Marketing are lack of personal approach, dependability on technology, security, privacy issues, maintenance costs due to a constantly evolving environment, higher transparency of pricing and increased price competition, worldwide competition through globalization.

E-Marketing increases benefits i.e. 24/7 availability, Online personalization and mass customization, Self-service ordering and tracking-Marketing decreases costs i.e. low cost distribution, low cost communication, low cost transaction processing. E-Marketing increases revenues, add value to products to sustain increased prices, increase customer base by reaching new markets, build customer relationships and thus increase current customer spending.

### **The 7 Cs of E-Marketing**

**Contract:** The e-marketer's first goal is to communicate a core promise for a truly distinctive value proposition appealing to the target customers.

**Content:** Refers to whatever appears on the website itself. If chosen appropriately, it can increase both the rates at which browsers are converted into buyers and their transactions.

**Construction:** The promises made by e-marketers are not unique to the Internet, but the medium's interactive capabilities make it easier for them to deliver on their promises quickly, reliably, and rewardingly. In practice, this means that promises must be translated into specific interactive functions and Web design features collectively giving consumers a seamless experience. Such design features as one-click ordering and automated shopping help deliver the promise of convenience.

**Community:** Through site-to-user and user-to-user forms of interactivity, e-marketers can develop a core of dedicated customers who become avid marketers of the site too.

**Concentration:** Targeting through online behavioral profiling. Advertisers have known for some time that behavioral targeting is vastly superior to simple demographic targeting. Knowledge of a consumer's past purchases interests, likes/dislikes, and behavior in general allows an advertiser to target an advertisement much more effectively. Convergence: The Internet will become more omnipresent and wireless; televisions will become more interactive; video/data/voice appliances will converge; brand advertising and direct marketing practices will integrate; domestic brands, commerce and marketing will become even more global; and big marketing spenders will spend more money online. The user could find out more information or order the product right there.

**Commerce:** To be successful on the Internet, e-marketers will have to do more than reproduce their off-line business models on line because these business models work only at considerable scale. Interestingly, it is possible for online marketers to be profitable even at lower sales volume if they exploit efficiencies in e-marketing and synergies with the off-line business.

### **The Dynamics of the Interaction between Marketing and Technology Innovation**

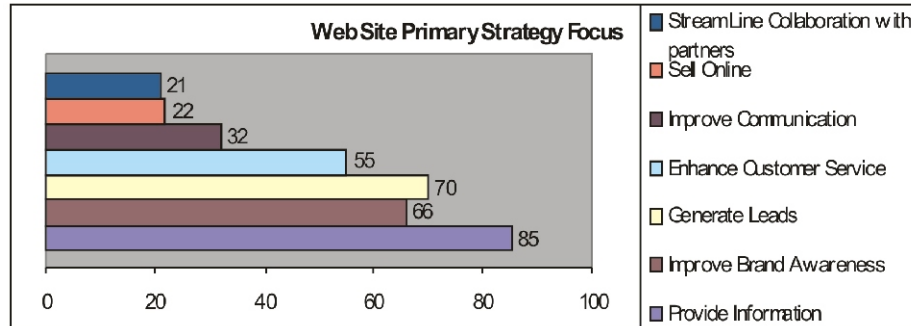
Companies adopting the technological innovation will gain a major competitive advantage in the market. Expected changes about the definitions of market segments, product life cycles and competition will add to the importance of using this technology. The strategic impact of technological changes will be strongly felt in the changing nature and dynamics of communication. The connected knowledge economy is one of the major forces maneuvering the new direction of marketing. Innovation in ICT is creating a totally new world of its own. The Internet is the driving force challenging and changing most location-centric concepts. Changing the classical time cycles of marketing, creating atomic market segments and totally personalized marketing mixes and offering an environment where competition strengthens the market are some of the arguments that can be challenged due to this technology. E-Marketing is a type of e-commerce that can be defined as achieving marketing objectives through the use of electronic communication technology such as internet etc. E-Marketing is the short form of electronic marketing. The e-marketing, online marketing, internet marketing and e-business marketing are often used synonymously used through out this paper. e-Marketing uses ICT and uses all 4Ps of the traditional marketing mix, integrates it and influences it.

The Internet marketing environment offers extensive customization and personalization opportunities. The evolution of e-marketing is a very prominent theme and a major advantage of the Web market compared to real environments. The flexibility of the Web makes it possible to modify all elements of the marketing mix to a certain extent. As for advertising, consumers are given the chance of voluntary access and, in some cases, even content alteration, which makes them feel partial ownership of the result. Similarly, pro-motions and organization interfaces can be personalized based on the channel fragmentation opportunities provided by the Web. Distribution is totally personal by the very nature of online shopping unless goods are digitally transferable. Prices are also much more flexible compared to the real marketing environment. Both online businesses and experienced e-consumers are willing to make use of personal price offerings. Studies about personalization and customization opportunities rest on the assumption that consumers are willing to accept and adopt modified offerings. It further shows that individuals have a much more positive attitude toward Web sites that give consumers the chance to customize it themselves in comparison with those that personalize content automatically. This interesting result puts a condition of voluntaries on the value of customization and personalization. In other words, personalization of offerings are valuable to a certain extent if they are consumer-initiated, but marketer-initiated modifications of the marketing mix do not influence consumers a lot. From the consumer's perspective, all products or purchasing experiences may not be suitable for customization or personalization. Actually, in many instances, they could be much more comfortable if they knew that the product they are purchasing is a standard and homogenous one with a defined price or narrow price range, at least. Otherwise, the Web could become a very difficult marketplace where the consumer continuously takes personal risks and has the responsibility to make the most educated and correct decision in each purchase.

### **Literature Review:**

The current study will explore how individual difference factors influence attitude and intention toward online shopping. Individual differences have been theorized and found to be associated with the acceptance of new information technology (Zmud, 1979; Nelson, 1990) and new forms of retail marketing and shopping (Akaah, Korgaonkar, and Lund, 1995; Gehrt and Carter, 1992). Four factors product value, shopping experience, service quality and risk will, together influence attitude and intention towards shopping on the Internet. Product value, shopping experience and perceived risk all had significant effects on attitude. Perceived product value was significantly influenced by price, quality and variety. Perceived overall risk was significantly influenced by performance, personal, privacy and economic risks. In particular we examine how prior web experience, general attitudes towards computers and shopping affect intentions

towards shopping on the Internet. Attitude-behavior models such as the Theory of Reasoned Action and the Technology Acceptance Model, upon which the integrated model of Internet Shopping is based, typically assert that the influence of external factors, such as individual differences, will be mediated through the belief, attitude and intention components of the model. Among the factors that have been considered in this regard are prior experience with related behaviors, attitude towards objects related to the action and demographic variables such as age, income, education, and gender. The literature on TAM specifically and in the information systems literature in general suggests that an individual's prior computer usage impacts their beliefs about related systems and technology (Venkatesh and Davis, 1996; DeLone, 1988; Fuerst and Cheney, 1986; Igbaria et al, 1989; Lee, 1986; Igbaria et al, 1995). Taylor and Todd (1996) found the TAM model to predict intention and behavior for both experienced and inexperienced users although there were differences in the relative influence of the belief factors on intention and usage. Taylor and Todd in particular found that the relationship between intention and usage was stronger for the experienced than for inexperienced people, suggesting the users employ the knowledge accumulated from past experiences to form their intentions. Similarly, Thompson et al (1994) found that prior experience with computers not only had a direct effect on beliefs, attitude and intention, but also that the person's level of experience with the particular technology moderated the strength of the relationships between beliefs, attitude, and intention (Thompson et al, 1994). These findings on TAM are consistent with the arguments of the Theory of Reasoned Action (Ajzen and Fishbein, 1980; Fishbein and Ajzen, 1975; Triandis, 1979). Past experience generates objective consequences from engaging in the behavior. This knowledge will help to reinforce behavior and shape and moderate beliefs, future intention and behavior (Fishbein and Ajzen, 1975). In the retail literature, consumers' knowledge as well as past experience has also been found to influence their attitude and intention (Smith and Swinyard, 1983; Akaah et al, 1995; Korgaonkar, Lund, and Price, 1985). Shopping orientation refers to the degree to which an individual sees themselves as a shopper and takes pleasure or personal satisfaction from the act of shopping. Shopping orientation has been found to be among the most influential predictors of consumer patronage behavior (Darden and Howell, 1987). For some customers, shopping is a pleasurable activity and an important part of the person's life. However, others do not enjoy shopping. In the current study, we associate shopping orientation with shopping enjoyment which is the most important dimension of the shopping orientation (Bellenger and Korgaonkar, 1980; Carlson 1978). We also expect those who currently use direct marketing channels to have more positive attitude and intention towards Internet shopping than those who do not utilize direct marketing channels such as catalogs. In many respects, the Web is much like the other direct marketing channels, with most merchants' web sites being nothing more than electronic versions of their catalogs (Alba et al 1996). Merchants rarely take advantage of the Web technologies' interactive and multimedia features and even more rarely customize their interfaces to a particular customer. Moreover, as is the case with catalogs, electronic storefronts make it difficult for consumers to examine non-information based products before purchase. Further, because of its novelty, the electronic shopping channel comprises many merchants with whom the shopper has had no prior experience. Past literature suggests that the new modes of direct retailing are patronized more by high income, educated, younger shoppers than by low income, less educated, and older shoppers (Cunningham and Cunningham, 1973; Reynolds, 1974; Feldman and Star, 1968; Berkowitz et al, 1979; Gillette, 1976; Peterson et al, 1989; Fields and Greco, 1988; Shim and Drake, 1990; Korgaonkar and Smith, 1986; Eastlick, 1993). The survey finds that not only small and medium-sized businesses going online - they are depending on it more for marketing and profits. With 53% of small businesses with Web sites saying their sites is primarily to provide company credibility, and 29% saying the sites provide a critical building block for developing the products and services, the graph revealed how central Web sites are becoming for businesses.



From the above graph it suggests that the websites designed for e-marketing primarily focus on strategic area i.e. with the highest percentage to provide information followed by improving the brand awareness. The strategic area are providing information, improving brand awareness, generate leads, enhance customer service, improve communication, sell online, and streamline collaboration with partners.

**Research Objectives**

- To what degree customers buy products/services on line.
- To identify the factors considered by the customers to buy products/services on line.

**Methodology**

This study aims to collect the opinions of customers towards online shopping. A specifically designed questionnaire was used as a tool for collecting the data. The respondents were requested to rank the statements on a 7-point scale basis (1=Strongly agree, 4=Neutral, 7=Strongly disagree).Attributes covered respondents' reasons to buy the product/service online or not to buy. It also considers the main factors considered by the customers while choosing an online vendor. Data were analyzed via factor analysis with the help of the SPSS software.

**Table-1**  
**Have You Ever Bought Any Product/Services Online?**

|       |       | Frequency | Percent | Valid Percent | Cumulative Percent |
|-------|-------|-----------|---------|---------------|--------------------|
| Valid | No    | 70        | 70.0    | 70.0          | 70.0               |
|       | Yes   | 30        | 30.0    | 30.0          | 100.0              |
|       | Total | 100       | 100.0   | 100.0         |                    |

Table-1 presents the respondent's views towards online shopping. 30% of the respondents expressed that they have bought product/services online. 70% of the respondents expressed that they have not bought any product/services through the website. The statements considered for factor analysis are:

| Sl. No | Statement                                 | Name of Variable |
|--------|---|------------------|
| 1      | Internet Shopping are ease to use         | A1               |
| 2      | Internet Shopping Saves Time              | A2               |
| 3      | Can find products more easily             | A3               |
| 4      | I trust in the ability of online shopping | B1               |
| 5      | I trust in the technology                 | B2               |
| 6      | Not worried by the security               | B3               |
| 7      | To Find product not available in store    | C1               |
| 8      | Easier to compare prices                  | C2               |
| 9      | Can find products more easily             | C3               |



**Table-2**  
**KMO and Bartlett's Test**

|  |                    |         |
|--|--------------------|---------|
| Kaiser-Meyer-Olkin Measure of Sampling Adequacy. |                    | .661    |
| Bartlett's Test of Sphericity                    | Approx. Chi-Square | 254.336 |
|  | df                 | 36      |
|  | Sig.               | .000    |

The adequacy of the data is evaluated on the basis of the results of Kaiser-Meyer-Olkin Measure of Sampling Adequacy (KMO) and Bartlett's Test of Sphericity. The KMO measure of sampling adequacy is .661 indicating that the present data are suitable for factor analysis. Bartlett's Test of Sphericity is significant ( $p < .001$ ), indicating sufficient correlation exists, between variables for the factor analysis. The Bartlett's Test statistics is approximately distributed and is accepted.

**Table-3**  
**Total Variance Explained**

| Component | Initial Eigenvalues |               |              | Extraction Sums of Squared |               |              | Rotation Sums of Squared |               |              |
|-----------|---------------------|---------------|--------------|----------------------------|---------------|--------------|--------------------------|---------------|--------------|
|           |                     |               |              | Loadings                   |               |              | Loadings                 |               |              |
|           | Total               | % of Variance | Cumulative % | Total                      | % of Variance | Cumulative % | Total                    | % of Variance | Cumulative % |
| 1         | 3.396               | 37.731        | 37.731       | 3.396                      | 37.731        | 37.731       | 2.920                    | 32.443        | 32.443       |
| 2         | 2.341               | 26.013        | 63.744       | 2.341                      | 26.013        | 63.744       | 2.797                    | 31.076        | 63.519       |
| 3         | 1.242               | 13.802        | 77.545       | 1.242                      | 13.802        | 77.545       | 1.262                    | 14.026        | 77.545       |
| 4         | .942                | 10.465        | 88.011       |                            |               |              |                          |               |              |
| 5         | .754                | 8.381         | 96.392       |                            |               |              |                          |               |              |
| 6         | .219                | 2.428         | 98.820       |                            |               |              |                          |               |              |
| 7         | .065                | .726          | 99.545       |                            |               |              |                          |               |              |
| 8         | .024                | .263          | 99.809       |                            |               |              |                          |               |              |
| 9         | .017                | .191          | 100.000      |                            |               |              |                          |               |              |

*Extraction Method: Principal Component Analysis.*

The first 3 components i.e. factors in the table-3 have an Eigen values over 1 and they account for about 78 percent of the observed variation in the consumers' attitude towards online shopping. According Kaiser Criterion, only the first 3 factors should be used because other Eigen values are less than one. The Scree plot specifies that 3 factors are going to be extracted. Catell's Scree test involves plotting each of the Eigen values of the factors and inspecting the plot to find a point at which the shape of the curve changes direction and become horizontal.

**Table-4**  
**Rotated Component Matrix(a)**

|    | Component |      |      |
|----|-----------|------|------|
|    | 1         | 2    | 3    |
| A3 | .962      |      |      |
| A2 | .959      |      |      |
| A1 | .948      |      |      |
| B3 |           | .979 |      |
| B1 |           | .967 |      |
| B2 |           | .920 |      |
| C2 |           |      | .798 |
| C1 |           |      | .766 |
| C3 |           |      | .678 |

**Extraction Method:** Principal Component Analysis.

**Rotation Method:** Varimax with Kaiser Normalization.

a .Rotation converged in 4 iterations.

**Table-5**  
**Component Transformation Matrix**

| Component | 1     | 2    | 3     |
|-----------|-------|------|-------|
| 1         | .748  | .669 | -.095 |
| 2         | -.660 | .754 | .026  |
| 3         | .088  | .044 | .985  |

**Extraction Method:** Principal Component Analysis.

**Rotation Method:** Varimax with Kaiser Normalization.

Factor loadings are used to measure correlation between variables and the factors. A loading close to 1 indicates a strong correlation between a variable and a factor, while a loading factor closer to 0 indicates weak correlation. Unrotated solution of factor loading are not suitable for interpretation purpose since variables generally tend to load on multiple factors. The factors are rotated with the used of Varimax with Kaiser Normalization rotation method. The principal component analysis (PCA) method for factor extraction is used. The factors whose value is greater than .5 are used only for interpretation purpose.

The table-5 indicates the degree of rotation. Off diagonal elements i.e. .088 correspond to smaller and larger rotations.

#### **INTERPRETATION OF FINDINGS:**

From the table-4, the attributes like A3, A2, A1 have loading factor .962, .959, .948 on Factor 1. This concludes that

Factor 1 is a combination of these 3 variables. Therefore the factor can be interpreted as online shopping has perceived usefulness and prior web experience. Factor 1 alone contributed 38% variations in consumers' perception about online shopping.

The attributes like B1, B2, and B3 have a high loading i.e. .967, .920, .979 indicating that Factor 2 is a combination of these variables. These variables are combined into a factor called perceived secure and trust worthiness. Factor 2 i.e. perceived secure and trust worthiness alone contributed 27% variations in consumers' perception about online shopping.

The attributes like C1, C2 and C3 have a high loading i.e. .766, .798 and .678 indicating that Factor 3 is a combination of these variables. These variables are combined into a factor called perceived for enjoyment and direct shopping experience. Factor 3 i.e. perceived for enjoyment and direct shopping experience alone contributed 14% variations in consumers' perception about online shopping.

The other factors considered by the customer while choosing an online vendor are atmosphere ,product/price/promotion/distribution mix.

## CONCLUSION

The online shopping has many problems and requires corrective action for further adoption of online shopping by customers. The different attitude of customers towards online shopping are web experience and ease to use, trust and security, shopping enjoyment and direct shopping, atmospheric, product/price/promotion/distribution mix of the website. The new technologies available to businesses and customers not only reduces transaction and switching costs but also offers to customers more choices, global access of products or services and new possibilities in addressing individual and very specific needs. In such an environment the service and the personalized client approach have become imperatives, one should expect that the Marketing in the future will become not only more sophisticated but also much more interactive and individual. From the study it can be concluded that, the Web experience must be regarded as a dynamic and evolving subject rather than a static one, developments in the virtual marketplace, changing customer techno graphics and technological innovation will present e-marketers with new tools and methods for enhancing their customers' online experience.

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