

## AN OVERVIEW OF ONLINE MARKETING AND PREFERENCES OF ONLINE SHOPPERS IN INDIA

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### Abstract:

*At the beginning of the century, social life was mostly local. It was followed by a period in which commodities were produced on a mass scale. Consumer Marketing operated on mass marketing principles and business primarily concerned itself with how to build the best sales force. At the end of the century, there is an emerging global culture. The major driver of these changes is technology. Technological change has moved steadily back focusing on the individual. These changes shape the possibility and conduct of business. Marketing is especially tied to communication and transportation revolution. As the tools and reach of marketing increase, the job and responsibilities of marketers have evolved with them. As the new technology of the Internet develops, it reinforces the new marketing emphasis - which in many ways is a return to business at the turn of the century. In today's technology driven world, a new fast paced digital economy is emerging. In the near future, it wouldn't be surprising to see that there are companies that exist only inside computer networks. Most business transactions will be made electronically, directly from the producer to the consumer, bypassing the supply chain. In the digital marketing environment, the consumer becomes an integral player in the development of the product. In fact, a consumer might build the product himself from a wide array of parts provided by the company. It is e-commerce that is changing the way products and services are conceived, manufactured, promoted, priced, distributed and sold. The reason being that it is much cheaper; it allows vast coverage and helps in serving the customer better. With the increase in penetration of internet across various regions, and also the rise in Smartphone users subscribing to latest data packages in next generation telephony like 3G and 4G internet marketing is gaining prominence repeating the same history that we saw as in the case of rise of Television Marketing from Print Advertising.*

### KEYWORDS:

INTERNET, TOOL, BANNER, MARKETING, 7P'S, CHANNEL STRATEGIES, TRUST

### I.INTRODUCTION

#### 1.1 GROWTH OF INTERNET USAGE AND E-COMMERCE

According to the research report of Goldman Sachs, India has emerged as the second largest Internet market in Asia after China with 100 million users in 2005. It estimates that Indian Internet Users will increase by 130% compounded annual growth rate (CAGR) from 0.5 million users recorded at end of 1998. Also the number of Internet Service Providers (ISPs) is expected to increase by leaps and bounds and March 2006 sees at least 30 private international gateways. As per preliminary findings of the NASSCOM survey, the total volume of E-commerce transactions in India was about Rs.131 crore in the year 1998-99. Out of this volume, about Rs.12 crore were contributed by retail Internet or Business-to-Consumer

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transactions, and about Rs.119 crore were contributed by Business-to-Business transactions. The survey also revealed that E-Business transactions in India are expected to exceed Rs.300 crore during 1999-2000. Out of this, about Rs.50 crore could comprise of retail transactions. For Business-to-Business transactions, Indian industries are expected to reach online penetration of 2% by 2003 and 8% by 2008. The Figure below gives us a fairer idea of the current world internet usage.

WORLD INTERNET USAGE AND POPULATION STATISTICS						
JUNE 30, 2012						
World Regions	Population (2012 Est.)	Internet Users Dec. 31, 2000	Internet Users Latest Data	Penetration (% Population)	Growth 2000-2012	Users % of Table
Africa	1073380925	4514400	167335676	0.156	36.067	0.07
Asia	3922066987	114304000	1076681059	0.275	8.419	0.448
Europe	820918446	105096093	518512109	0.632	3.984	0.215
Middle East	223608203	3294800	9000455	0.402	26.399	0.037
North America	348230154	103096300	273785413	0.786	1.533	0.114
Latin America / Caribbean	59668638	18068919	254915745	0.429	13.108	0.106
Oceania / Australia	35905669	7620430	20287919	0.676	2.187	0.01
<b>WORLD TOTAL</b>	<b>7017846922</b>	<b>360985492</b>	<b>2405518376</b>	<b>0.343</b>	<b>5.664</b>	<b>1.00</b>

Source: <http://www.internetworldstats.com/stats.htm>

The reach of Internet may not yet be as wide as that of other mass media, but given its unique advantages, it is undoubtedly the communication medium of the future. Marketers around the world have from time to time tried to reach their target audiences through various media. Scientific and technological advances have and will continue to create newer media to improve communication, and marketers will try to use the same to effectively address their audiences. Internet is one of the latest to join the list of such media inventions.

### 1.2 INTERNET FAME WITH THE INDIAN AUDIENCES

Let us first take a quick look at the audience that this medium is trying to reach. The top 8 metros of the country, the scope of the Internet as a medium to reach out to a large number of people is presently limited. However, some of these limitations can be addressed.

1. Internet is available in regional languages also. Even today this medium is largely confined to only those who are literate in English. Various initiatives of companies like ITC and HLL like E-choupal and i-Shakti have given a considerable boost to vernacular usage of internet.
2. Internet is accessible though other media also and not only through telephone lines. In the current scenario, the usage of internet might be dominated by telephone lines, but broadband and cable net are coming in a huge way.
3. Government policies are aimed at broadening and strengthening the infrastructure required for Internet accessibility.

There could be several other modes to increase the reach of the Internet. However, with the current limitations, the projections on Internet usage appear to be as follows:

<b>IN - 1,205,073,612 population (2012) - Area: 3,165,944 sq km</b>
<b>Capital City: New Delhi - 11,779,074 population (2012)</b>
<b>137,000,000 Internet users for June 30, 2012, 11.4% penetration, per IAMA.</b>
<b>62,713,680 Facebook subscribers on Dec. 31, 2012, 5.2% penetration rate.</b>
<b>4.21 Mbps Broadband download speed on Nov. 28, 2013, per NetIndex.</b>
<b>Source: <a href="http://www.internetworldstats.com/asia.html">http://www.internetworldstats.com/asia.html</a></b>

### 1.3 CURRENT MEDIA USAGE HABITS OF THE INDIAN AUDIENCES

TV, print and cinema have penetrated the most. Internet in the media terms is expected to make an impact and show its true caliber, but is yet not taken as a serious medium. Does that mean that Internet is not an effective tool for reaching out to people? Or is it likely to work very well under certain conditions? To

understand this better, let us compare Internet and other traditional media, first from the customer's point of view. Current media options serve two broad benefits to the customer:

1. Information
2. Entertainment

The reach or popularity of any media is related to

1. The extent of benefits perceived to be delivered
2. The cost of acquisition of the media itself.

In short, the reach is related to the net value perceived by the customer about that particular medium. On the basis of the above clarification, Internet appears to have a comparatively higher cost of acquisition. However, Internet has brought with it a very high degree of control to the media user. Not only are there a plethora of sites catering to every imaginable need, there is also a high degree of flexibility in what the user is able to do. All of this makes Internet a highly interactive media but also an expensive one.

If the internet is treated and used exactly like any other medium, it is unlikely to yield major benefits to the marketer. Its effectiveness is dependent not only on the target audience one is talking to, but also largely on the ability of the marketer to make use of the real advantages of the Net like interactivity, flexibility, ability to monitor and the like.

Next, one can also evaluate Internet as a media from the marketers' point of view by way of a similar classification. If evaluation as per the above classification is done, the Internet does not appear to be a very advantageous option either in terms of reach or in terms of cost-effectiveness. But Internet has various other advantages over the traditional media which cannot be neglected. These stem mainly from the ability of this medium to allow a far more focused targeting as compared to other media.

To quickly summarize the advantages of the Internet as seen from the point of view of the user as well as the marketer:

**TO THE USER:**

Internet gives more control in choosing content. It offers customization of the content, the way the user wants to view it. It offers a variety of options for information and entertainment. It offers a wide range to choose from for the user. It offers tremendous convenience to the user not only in delivery of information, but also in allowing him to transact — often in a seamless manner.

The best example of giving control of content is the My Yahoo!! Service offered by the Internet giant, Yahoo Inc. It gives the user the choice of content for various topics ranging from news to stock options to entertainment to sports and just about everything.

**TO THE MARKETER:**

The Internet offers several options to a marketer trying to target a particular community. It serves not only as a channel of information, but also of product distribution. It offers a highly interactive medium that sometimes (e.g. chats, forums, VoIP) is almost equal to one-to-one interaction with the audience.

It offers a higher level of identification of the user to the marketer.

It allows the marketer to actually link his spends to action, and pay only on action

This action could be a click on the banner or even product purchased or just a banner impression or per 1000 impressions. In this ability Internet is, in fact, unlike any other media. Given the payment options and high interactivity, the Internet offers a medium for high level of experimentation at a low cost. E.g. one can change the whole look of the advertisement within hours and increase the effectiveness of the communication on the Internet. Imagine doing the same with a television advertisement. Therefore, though the Internet with its present limitations may not be able to match other media in actually reaching out to large numbers of people, the benefits of this highly customizable and interactive medium can be used effectively to target niche audiences. This can be elaborated a little more by answering the following questions:

1. Who are the people who can be reached through the Internet?
2. Which are the products that can possibly benefit from marketing on the Internet?

3. What are the options available to the marketer to reach out more effectively to their audiences?
4. Are there ways for monitoring effectiveness of this medium in order to control it better?

#### 1.4 OVERVIEW OF THE INDIAN INTERNET USERS

According to the data available with NASSCOM, about 60 per cent of Indian Internet users are chiefly found in the age group of 19-34. Almost 80 per cent of Internet users are males. It is estimated that the Internet user spends an average of 10 hours per week on the Net, and usually earns over 6000 per month. Almost 53 per cent of Internet users belong to SEC A1/A2. More than 55 per cent of such Internet users live in towns with a population of over 40 lakhs. Even today, Indian users are most likely to use the Net for sending and receiving emails. However, information- and entertainment-seeking are also growing.

Which products are likely beneficiaries of the Internet? Given that the usage of the Internet is highest amongst young, male audiences belonging to the larger towns and who belong to higher SEC groups, for this medium to be cost-effective, products having similar target groups would benefit the most from this medium.

The most likely examples that come to mind include telecom, financial products and services, products related to entertainment like movies (promotions and tickets), plays, contests etc, FMCG products where the core target audience is younger (deodorants, soft drinks), consumer durables to some extent and high-end services like tour operators, airline services, hotels etc.

#### 1.5 ADVERTISING OPTIONS AVAILABLE ON THE INTERNET

The Internet offers a variety of options for the marketer to advertise her/his products/brands. These include

1. Banner ads and their variations
2. E-mailers and their variations
3. Sponsorships
4. Search Engines
5. Affiliate marketing

In India, banners still remain the most popular option. However, wider options are now available to the marketer which, even at the cost of being intrusive, serves to enhance the visibility and effectiveness of the banner

##### **The Variants of Banners include:**

1. Banner Ad - a graphical web advertising unit, typically measuring 468 pixels wide and 60 pixels tall (i.e. 468x60).
2. Beyond the Banner Ad - online advertising not involving standard GIF and JPEG banner ads.
3. Button Ad - a graphical advertising unit, smaller than banner ads.
4. HTML banner - a banner ad using HTML elements, often including interactive forms, instead of (or in addition to) standard graphical elements.
5. Interstitial - an advertisement that loads between two content pages.
6. Pop-up Ad - an ad that displays in a new browser window.
7. Pop Under Ad - an ad that displays in a new browser window behind the current browser window.
8. Rectangle Ad - any one of the large, rectangular banner sizes suggested by the IAB.
9. Rich Media - new media that offers an enhanced experience relative to older, mainstream formats.
10. Skyscraper Ad - an online ad significantly taller than the 120x240 vertical banners.
11. Text Ad - advertisement using text-based hyperlinks.
12. Surround Session - advertising sequence in which a visitor receives ads from one advertiser throughout an entire site visit.
13. Vertical Banner - a banner ad measuring 120 pixels wide and 240 pixels tall.

Given the highly interactive nature of the Internet, and the also fact that unlike other media it offers a higher level of identification of the user, simple direct marketing tools such as email can also be used more effectively. For example, a high-end car seller can today easily send an offer to persons earning over Rs 25000 per month at a very reasonable cost and within a very short period. Then again there are sponsorships, which can be effectively used to increase brand salience and even change image. The other tool on the web with enormous potential, and which has possibly not been used to its optimal level yet by

marketers in India, is the search engine. Marketers can own either popular keywords or make use of meta-tags (these are similar to the keywords which the search engines uses to catalogue various websites/products) in order to go higher on the search lists. The above is used by the search engine giant Google.com and it has reaped profits so much so that it is now being viewed as a threat by the computer giant Microsoft Inc .

#### 1.6 THE 7 P'S OF MARKETING ON THE INTERNET

The four P's - Product, Price, Place and Promotion have long been associated with marketing, but things have changed on the Internet. So along with a change in the nature of the four P's there are three new P's which are relevant to the internet marketer.

1. Product: The Product on the Internet usually changes form online, and the user experiences it electronically, in the form of text, images and multimedia. Physical goods are usually presented in the form of a detailed online catalogue that the customer can browse through. Technology allows the user to virtually touch and feel the product on the Internet - rotate it, zoom in or zoom out and even visualize the product in different configurations and combination. The example of the above can be seen at dell.com where the company offers the user to virtually feel every aspect of their product before they go into a buy decision. Content and software are two avatars of digitized products that can be even distributed over the Internet. E-marketing will be based more on the product qualities rather than on the price. Every company will be able to bring down the cost of its products and hence competition will not be on price. It will rather be on the uniqueness of the product. To be able to attract the customers and retain them, the company will have to provide nouvelle and distinct products that forces the net users to purchase and come back for more.

2. Price: The Price has been drastically changed over the Internet. It lets the buyer decides the price. Also it gives the buyers information about multiple sellers selling the same product. It leads to best possible deal for the buyers in terms of price. A website named Priceline.com is extremely popular as its compares the price of many airlines and offers the least price to the buyer. The very famous bazee.com now known as eBay follows the same principles. Pricing is dynamic over the Internet.

3. Place: The Place revolves around setting up of a marketing channel to reach the customer. Internet serves as a direct marketing channel that allows the producer to reach the customer directly. The elimination of the intermediate channel allows the producer to pass the reduced distribution cost to the customer in the form of discounts. Dell Computers have used this strategy very effectively and hence they have been able to reduce their prices of their laptops drastically and reaped huge profits.

4. Promotion: Promotion is extremely necessary to entice the customer to its website, as there are currently more than one billion web pages. Promoting a website includes both online and offline strategies. Online strategies include search engine optimization, banner ads, and multiple points of entry, viral marketing, strategic partnership and affiliate marketing. Presently, the cyberspace is already cluttered with thousands of sites probably selling similar products. For the customers to know of the Company's existence and to garner information on the kind of products or services that the company is offering, promotion has to be carried out. There can be traded links or banner advertisements for the same. Also the traditional mediums like print, outdoor advertising and television can be used to spread awareness. Email campaigns and spamming the Chat rooms on almost every server has been exploited to the maximum for the cause of promoting their website.

5. Presentation: The presentation of the online business needs to have an easy to use navigation. The look and the feel of the web site should be based on corporate logos and standards. About 80% of the people read only 20% of the web page. Therefore, the web page should not be cluttered with a lot of information. Also, simple but powerful navigational aids on all web pages like search engines make it easy for customer to find their way around. The principle of K.I.S.S (Keep it simple stupid) is the most important factor that has to be considered while presenting the online business

6. Processes: Customer supports needs to be integrated into the online web site. A sales service that will be able to answer the questions of their customers fast and in a reliable manner is necessary. To further enhance after sales service, customers must be able to find out about their order status after the sale has been made. For e.g. FedEx (www.fedex.com), the overnight Courier Company allows its customers to keep track of the parcel and they are well informed about the present whereabouts of their package. Similar variants have been used by the Govt. of India for its Speed post and Registered Ad services where you can keep a track of your post by entering the code that has been issued to you.

7. Personalization: By using the latest software from Broad-Vision and others, it is possible to customize the entire web site for every single user, without any additional costs. The mass customization allows the company to create web pages products and services that suit the requirement of the user. A customized web page does not only include the preferred layout of the customer but also a pre selection of goods the

customer may be interested in. For e.g. Yahoo! (www.yahoo.co.in) entered the Indian Cyberspace and started its personalized services. A registered user of Yahoo can now personalize the front page with all the information he needs. He can read the news of the world, add a tax calculator, see the weather forecasts of his city and listen to his favorite songs and all this simultaneously.

### 1.7 INTERNET MARKETING TACTICS

There are many different technologies to facilitate your Internet marketing strategy. Some of the most common and effective tools are:

#### **Search Engines and Directories:**

Search engines are one of the most popular means of finding web sites, second only to following links on web pages. Search engines help people find relevant information on the Internet. Major search engines maintain huge databases of web sites that users can search by typing in keywords or phrases. Advertise your message. Web directories/search engines are information, gateways that have high traffic and are good for displaying advertisement banners. They are used to find Internet information and for this reason, appeal to broad target groups.

#### **E-zines (Online magazines):**

These publications are focused on specific topics and may be a way to reach a target audience interested in that subject. Some companies have gathered the e-mail addresses of potential customers and used these lists to send out product information specific to client interests. Seven good reasons to establish an E-Zine are

1. Establishes Trust
2. Brings Visitors Back
3. Establishes You as an Expert
4. Keeps Current & Potential Customers Up to Date on New Products & Services
5. Builds Relationships
6. Allows You to Build an Opt-In Email Marketing List
7. Keeps Your Website Fresh in Visitors' Minds

#### **E-mail:**

Ethical methods of gathering e-mail addresses are through on-line registration built into your corporate Web sites, or requests for information forms that request submission to your opt-in lists. An alternative is to purchase lists of customer e-mail addresses indexed by special interests from a private company such as 'Postmaster Direct'. Online customers are becoming increasingly selective about their relationships, the brands they trust, and what they consider relevant. While most marketers are aware of privacy issues and the risks of Spam, there is still need for improvement. Email marketing campaign management is still fairly unsophisticated even at the largest of organizations. Marketers have to think about the drivers of customer response and purchase. Over time, as more is learned about your customer buying behavior, you can will isolate campaign and program characteristics that drive your customer or visitor response and action. Isolating the behavior of high value customers, business customers, or the minority of customers who prefer to buy online will be critical. For example, new online buyers get referrals when shopping online, while experienced frequent buyers prefer search engines.

#### **Affiliate Marketing:**

Affiliate Marketing enables you to increase online sales by promoting your products and services through a network of Affiliate sites on a payment-by-results basis. It also provides the opportunity to generate additional revenue by exploiting your site's own content to promote the products and services of other online Merchants. A Merchant recruits content sites to partner with them as Affiliates in exchange for commissions. A common third party provider such as Commission Junction can be used. The Merchant provides their advertising banners and links to their Affiliates and assigns a commission for each click-through to their site, subscription to their service, or purchase of their products that is generated from those links. Affiliates place the tracking code for these ads and links on their Web sites. This allows click through's

to be tracked online and commissions to be calculated. If a product or service is purchased, the customer pays the Merchant directly and the Affiliate is paid a commission for that transaction. The dating giant adultfriendfinder.com has used this strategy to the maximum and has earned millions of dollars by proper implementation of this strategy.

**Banner Advertising:**

Banner advertising can play an extremely important role within your website strategy. One can use banner advertising as a means of promoting its own products and services, raising awareness, or as a way of generating revenue by selling advertising space on your own website.

**Purchasing Advertising:**

There are currently two widely recognized methods of purchasing banner advertising. The rates for these are usually quoted on a cost per thousand basis or (CPM). The rates you pay can vary tremendously as there is currently no standard price model - so be prepared to negotiate!

**Pay-Per-Impression:**

This method of purchasing banner advertising is based on a charge for the number of times someone sees your banner. There are no guarantees as to how many visitors will come to your site as a result of seeing your banner; you are simply paying for the number of times your banner is displayed. Websites that offer such programs include paypopup.com and adclicksor.com

**Pay-Per-Visitor:**

This method of purchasing banner advertising is based on a charge for the number of times someone visits your site as a result of clicking on your banner. This is a better method of purchasing banner advertising as you are only paying for results, although expect to pay a premium.

**Pay-Per-Click:**

The revenue model of the Internet giant google.com has its very own service which offers certain share of the profit that it makes by the click-thru that a website generates from its ad sense codes. The revenue model is known as Google ad sense and almost every successful website uses this model to make profits. The Google ad sense ads can be seen on websites like Times of India, Moneycontrol.com, ManagementParadise.com and a lot many other reputed websites.

**Branding:**

While CTR and cost per sale relate to direct marketing objectives, another way of looking at banner ads is as "branding" tools. They create brand awareness, and a brand image in the viewer's mind, whether or not the viewer clicks on the ad. Branding is very difficult to measure, but can be very powerful. The average click through ratio on banners is just under 1%, although with a well planned and executed advertising campaign using effective banners you can increase this to as much as 15%, but be prepared to work at it. It is a good idea to have a number of different banner ideas so that you can carry out small test marketing campaigns with each one until you find those that work best.

There are a number of key issues that must be considered when designing a successful banner:

- It must have an attention-grabbing headline.
- It must be simple and get your point across.
- It must invoke action (i.e.: "Click here")
- It must download quickly.
- It must be placed effectively on a web site, Location

Any campaign is limited by the amount of advertising you can do depending on the size of your budget. Therefore it is important that you target your market carefully so as to maximize advertising spend on effective banner campaigns.

**Rich Media Advertising:**

Looking for ways to make online advertising more compelling, and hopefully thereby more acceptable, marketers have increasingly been turning to streaming advertising. In effect another kind of rich media advertising, streaming advertising comes in two basic forms.

First, it can either be part of a streaming audio or video program on the web. With many people now listening to web radio or watching web broadcasts, this makes perfect sense. After all, everyone is accustomed to getting commercials on their TV or car radio.

The other channel for streaming advertising is essentially an infomercial. Consumers can download a streaming clip for a product or service from a marketer's website. Two new studies recently released suggest that the streaming advertising market is going to boom now and in the years to come. The giant ad selling company media turf uses this method for providing content to advertisers

**Conferences:**

By their nature conferences are organized for special interests. Advertising in conference literature, print and electronic, is an excellent way to contact target markets.

**Collaborative Marketing:**

**Team up with other business to:** Cross-promote - e.g. setting up links from one corporate Web site to another or offering special promotions in partnership with complementary goods or services.

Advertise - share advertising. Participate in joint sponsorship of events, initiatives, informational Websites, mailing lists, bulletin board systems, directories, etc.

Link with trade/professionals associations to support credibility of firm, provide further market information to customers, build their awareness and prepare them for the action of purchasing.

**Sales Promotion:**

Employ methods to stimulate sales through immediate or delayed incentives to the customer. If the incentive is attractive, the price: value ratio is adjusted favorably enough to affect a sale. This strategy should integrate with the overall marketing mix to balance extra sales with long-term profit motives. Examples of sales promotion strategies are:

Sampling - Offering product samples, electronically.

Bonus offers - Offering additional goods or services when making single purchases (e.g. buy-one-get-one-free).

Limited time offers - Attracting visitors to return to a Web site.

Games with prizes: Useful to keep people coming back to Web sites.

Cross-product sampling: When a customer makes a purchase they have an opportunity to try out another company's product/service. Also, the customer may have the opportunity to try out more than one company's product/service while testing another. Useful for complementary products and services.

Feature pricing:

Provide special pricing to those who order electronically. Cross-promotions with other companies' products/services - Buy a company's product/service and get a coupon for another company's product/service.

**Publicity:**

The goal of publicity is to have others talk about the small business or its products. It can be inexpensive or even free and it may have the potential to generate far more in sales than even a well executed advertising plan.

**Promotional Publications:**

Facilitate customer education, with the intention of building corporate image and even brand awareness, the small business may sponsor and/or publish its own electronic magazine on the Web, e-mail, etc. These are useful in fields where the customer needs information to develop sufficient knowledge for movement through the first three stages of the sales process of awareness, interest, and desire. Although



time consuming, they replace or complement the print versions of newsletters/corporate magazines/flyers.

**Subscriptions:**

Business marketers may use their Web sites to encourage visitors to subscribe to receive regular email messages from the company. These messages are called digests or newsletters, and are a clever way for marketers to push product news to willing customers.

**Controlled-access Web pages:**

Clever business marketers may use their Web site to attract new customers. They might publish a Web page that allows customers to download a free trial version of a software application that expires after a time if not paid for. Or, customers might receive an e-mail message inviting them to visit a private Web page on the company's intranet, and giving them a password. The company, as a way of encouraging a sale, offers customers who visit the page a prize or enticement of some sort.

**Public Forums:**

These are often community-based or interest-based sites that allow visitors to communicate with one another. An opportunity for small businesses to reach to their intended target group via these forums is by posting messages or by sponsoring such a forum. E-mail based forums appeal to a wider audience due to the greater use of this application over Web-based forums. Web based forums are advantageous for their superior display of advertising images/messages

**Resellers:**

Some sites will remarket other companies' products as intermediaries. The companies that host these sites may have invested significant resources in making them attractive to the target audience a small business is interested in attracted. By piggybacking on another company's efforts, cost-efficiencies may be realized by engaging in a reselling arrangement.

**E-mail Links:**

Visitors to a site should have the opportunity to correspond with the host of that site, especially if out of the telephone area or time zone. E-mail links may be strategically placed throughout the site to elicit response from visitors for at various points. These are also useful for feedback on site maintenance problems.

**On-line Surveys:**

Information may be collected on the visitors to a Web site through registration forms, on-line surveys, or through tracking of areas of site they visit. These websites also offer referrals wherein if you refer someone to their site and the person becomes a member then you are paid commission on that.

**Virtual Malls:**

Web based sites that allow companies to post their products or services for sale long with other companies. These may be product specific, may be arranged by complementary products, or may have products that are not related except by their companies' desire to attract a similar target audience.

**Measurement**

The Internet has the unique ability to provide marketers with detailed information about the success of their Web marketing programs. Companies can track visitors to their site and collect information about them from their "cookies," then process this information using Web site analysis software. Cookies are a type of digital identification, which is read every time the user connects to a public Web site. The Web site can collect some very basic information about the user (e-mail address, time of day the site was accessed, which pages were visited) and use it to create visitor profiles. Visitors can then be identified as "old" or "new" when they visit the site. Cookies are an essential part of many companies' business

strategies. The information collected from them is used to measure site visitors, develop user profiles, and target advertising — in much the same way that television allows advertisers to target their message to a certain demographic.

### 1.8 ADVERTISING ON THE INTERNET: EMERGING ISSUES

Internet might be a catchy advertising medium. But, there are quite a few issues that need to be sorted out. Advertising on the Net is slowly catching on. In developed economies, advertising on the Net accounts for anything between seven and 7.5 per cent of the total advertising cake. Fine, how large is online advertising in India?

Various estimates put the size of online advertising in India between Rs 24 crore and Rs 29 crore, which is much less than one per cent of the total advertising cake. Why is online advertising so small in India? Why aren't the advertisers putting their money on Net advertising? For instance, Hindustan Lever's advertising budget is upwards of Rs 700 crore and out of this; the company spends not more than Rs 25 lakhs on online advertising. Is this because Net penetration in India is not deeper? Yes, to an extent Slow motion:

However, this might not be the case for long. For, initiatives are on to increase the number of Internet users. It is estimated that Internet subscribers will increase to around 35 million by 2008 from the current figure of one million. Not only that, a drive is on to make Internet more affordable. For instance, the Reliance group is planning to set up 7,800 cyber kiosks in Madhya Pradesh and BSES is planning to put up 1,000 cyber kiosks in Bombay. And the UK-based World Tel, in partnership with the Reliance group, is working at building 1,000 community Internet centers in Tamil Nadu. There is a question here, however. If numbers are the only factor, then how that Net advertising has picked up in Hong Kong, which boasts of 1.8 million Net users compared to some 3.5 million in India. So, there are other reasons why online advertising is going through a slow motion in India. One such reason is this: there is no official organization in India that monitors and regulates the online advertising industry. And there is no mechanism available for tracking viewership of advertisements. Says Apurva Purohit, media director with the Mumbai-based FCB-Ulka Advertising: "While television has two people meter services, Tam (IMRB) and Intam (ORG-MARG), there is no possible mechanism to enable working out optimized schedules on the basis of ad viewer ship rather than program viewership". True only such a mechanism can help to track ad viewership patterns much more accurately and monitor television advertisements effectively. The very reason that ad viewership's in online advertising are not monitored and audited is making quite a few corporate advertisers go slow in latching on to the Internet medium. Said B. Venkataramanan, group media manager of the Mumbai-based Hindustan Lever: "I am skeptical about the kind of figures most dot-com's come up with. So, we will be going about online advertising in a planned way."

All these might become things of the past with quite a few studies on online advertising in the pipeline. For instance, AC Nielsen is looking at rating Net advertisers and ORG-MARG is planning to kick off its research on Net advertising.

### THE COST FACTOR

Absence of a monitoring mechanism apart, online advertising has to live with another hurdle. Many advertisers are not aware of the benefits online advertising can offer over the traditional media. What needs to be done? The advertising industry should take efforts to educate potential Net advertisers about the advantages of advertising on the Net. Some steps have already been taken in this direction. For instance, advertising networks such as Media2Net, Right serve and Media turf are doing their bid to fuel online advertising in India. Right serve of Hughes Software is said to be spending nearly Rs two crores on seminars, advertisements and road shows for creating awareness about the online advertising concept. There is another reason why advertising on the Net has not really picked up. And that is the perception that advertising on the Net is expensive. Is this perception right? Compare the cost of a banner advertisement on the Net with a television commercial. Though the cost of an advertising campaign on the Net could be anywhere between Rs 15,000 and Rs 1.5 lakh, advertising in the press or television will cost upwards of Rs 50 lakh. Does this not make advertising on the Net cheap? No. For, whether advertising on the Net is cost-effective or not depends on the value per advertising Rupee. That means, it is essential to express advertising costs on the Net in terms of cost per thousand (CPT). Here is what Amardeep Singh, a Mumbai-based media consultant with Mediaturf.com, has to say: "A thirty-second television commercial will cost between Rs 250 and Rs 300 per thousand, while a ten-second banner on a reputed site such as Rediff.com will cost as much as Rs 500 to Rs 1,000 per thousand."

The implication: value per Rupee spent on advertising is higher in the case of television. That is

efficiency is higher in the case of television advertising, while in absolute terms advertising costs are lower as far as the Net is concerned. Fine, but how are rates fixed for advertising on the Net? It is a difficult poser considering the fact that rates for advertising on the Net have no rationale behind them. For instance, Rediff.com just adopted the international rate charged by Yahoo.com. Other websites in India just took Rediff.com rate as a benchmark and adjusted their rates accordingly. But, the issue here is this: since the number of Net users in India is limited now, these Indian rates are not justified.

What are the emerging trends as far as cost of online advertising is concerned? Currently, rates for a simple banner advertisement on the Net need to come down. Already, Media turf is working in this direction. It wants to bring down the cost of Net advertising at least by 50 per cent. Media turf believes that when the rates come down, volumes should go up. And that has been the international experience. In the USA, when the rate for a full banner advertisement fell from US \$33.22 to US \$30.52 per thousand impressions, online advertising outlays too rose during the same period.

#### **THE WASTAGE FACTOR**

There are other reasons why advertising on the Net is not currently seen by advertisers as cost-effective. One of them is the quality of desired responses. In many cases, sums spent on advertising on the Net have not been deployed properly. There are instances where advertisements have just been lifted and put on the banner. Though there are many early adapters in India, there is a big gap between these adapters and the mainstream users. And most advertisers have too small budgets for advertising on the Net to be bothered about wastages. There could be wastages in online advertising, but one should not forget that interactivity is the hallmark of online advertising and here it is possible to target the audience by demography, Psychography and technography. So, advertising agencies need to take into account these factors while developing strategies. But, wastages can be eliminated and online advertising can be made more effective through various strategies. Some of them are: strategic tie-ups, sponsorships and banner exchanges. For instance, the FMCG major Colgate-Palmolive has entered into a strategic tie-up with the Calcutta-based First Net Solutions' portal Yantram.com for promoting its Fresh Energy Gel toothpaste on the portal. And Coca-Cola has appointed Hungama.com, an Indian portal for promotions and contests, as its e-marketing partner. Coca-Cola has gone ahead and launched a new Web promotion dubbed Maaza Puzzle to promote its popular brand Maaza and has also kicked off a series of e-promotions for the Hindi film "Hum To Mohabbat Karega". Meanwhile, tie-ups for banner exchanges are also taking place. For instance, Bidorbuy.com has tied up with Indiacar.com and Intel has sponsored a festival section on Satyam Online.

#### **TARGETING IMPERATIVES**

Accurate targeting is another strategy to eliminate wastages in online advertising. Currently, such targeting based on parameters such as geographic location and search keywords is possible.

Yes, Satyam Online is offering customized solutions here and portals such as Indiainfo.com and Rediff.com offer keyword targeting. It is possible now to measure campaign performances on a real-time basis and make necessary changes. Ad networks such as Right serve are offering such services based on their continuous online reports. Moreover, targeted advertisements based on the profile of users are also possible. To make this possible, it is essential to have lists such as registered e-mail users and such lists can offer profiles of users. But the question is how many sites in India have a large base of registered users? Perhaps Rediff.com has a base of eight lakhs registered users and Jobsahead.com has a base of about 1.50 lakhs users. Another way wastages can be eliminated is by having advertisements based on the content of the site. Consider the example of an advertisement from Toyota Motor Sales on the weather site Intellicast.com. This website for outdoor recreation enthusiasts has been running a campaign for Toyota Motor Sales and this campaign depends on the weather. If the weather is sunny, the solara is shown with the top down, and if it is cloudy or raining, the top is shown up. How many such ads are visible on Indian websites? Profiling tools too should help in cutting down wastages in online advertising. Media turf has gone a step further by beta-testing an advertisement in a bid to gauge an user's behavior, the number of times he views an advertisement and his preferences in terms of content when he is surfing on a site. Other waste-eliminating strategies for online advertising are: contextual selling using demographic and psychographic data to match ads with content that fits and dynamic customization or click stream analysis that helps to modify advertisements in real-time.

#### **ONLINE CONSTRAINTS**

As efforts to eliminate wastages in online advertising take off; efforts are also needed to eliminate

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the attendant constraints. In online advertising, one can stream audio and video technologies together with faster bandwidths and delivery channels in a bid to present the same idea with the use of sound, music and visual imagery and make interactions with the banner possible. But, this is not possible in India, thanks to the existing bandwidth problems. However, soon bandwidth will cease to be an issue. Despite the bandwidth constraint, the Coco-Cola television commercial is being aired in Zeenext.com. This initiative has been taken by Media turf and a Bangalore-based software programmer, who have found a way to use the Net to air commercials with the dial-up mode and thus overcoming the bandwidth constraint. Anyway, with massive investments coming in bandwidth, there could be a glut soon. Sure, India has an advantage in online advertising, thanks to the fact that online advertising depends so much on technology and software programming. So, the days of innovative banners and convergence of real-time advertising are not far. But, effective online advertising calls for skills in consumer and relationship management. The prospects are of course bright for online advertising. E-commerce will only help the spread of online advertising. Estimates are that in a couple of years, online advertising could touch Rs 300 crore, two per cent of the total ad spend in the country. And Nasscom's estimates are that online advertising could touch Rs 750 crore by 2002.

#### PRODUCT AND SERVICE CUSTOMIZATION

Companies that have powerful brand awareness on the web all have sites that help consumers do something - whether it's configuring a computer system (www.dell.com) on-line or offering personalized services like suburban railway pass ticket in Mumbai (www.rediff.com). Consumer demand and expectations are forecast to drive made-to-order or customized products with rapidly shrinking lead times. Products are configured, as customers want them to be and provide a high level of reliability, excellent quality, and longer life spans. For e.g. 'Dell' computer (www.dell.com) has become a leading company in selling computers because of the customization facility it provided on its site. The consumers could build the own computer by ordering the own configuration. For e.g. On Nike's site (www.nike.com), the customer can become a registered user and customize the shoe of his choice. The customization highlights the value-for-money aspect and induces the consumer to buy a product that meets his own requirement.

#### 1.9 UNDERSTANDING THE INTERNET CUSTOMERS

Now to be able to use the seven P's effectively in order to achieve the predefined goals of any organization it is imperative to understand the customers. Customization will only be truly effective if we understand our customers and their true needs. Before adapting marketing practices to the Internet, the marketer must understand the five categories of users:

**Directed Information-Seekers :** These customers ask for specific, timely, relevant information about the products and services being offered.

**Undirected Information Seekers:** These users require something interesting and useful something that can give them an edge, advantage, insight or even a pleasant surprise.

**Bargain Hunters:** They are of two kinds. One who looks for free items on the internet and other who are seeking better deals, higher discounts etc.

**Entertainment Seekers:** they see the Web as an entertainment medium of vast breath and potential and want to explore the medium before the mass gets there.

**Directed Buyers :** They want to buy something – now itself. They are sure what they require and just log on to the Web to purchase the item.

#### 1.10 THE EVOLVING VALUE PROPOSITIONS

The value propositions of goods and services offered in the physical world differ pointedly from those in digital world. The ultimate aim of the universal marketer is to provide a complete end-to-end consumer experience---right from the promise to satisfy his need to its delivery. But the physical world offers only "Point Solutions" which is basically a solution of his needs in terms of functional benefits. A credit card, for instance, allows consumers to satisfy the immediate necessity of setting a transaction. But today's consumers are also looking for process and relationship benefit—book referrals at no extra cost or e-mail reminders. The physical world is not able to deliver these benefits because of gaps in time, space and memory. The web, on the other hand provides all of these and more ("reverse marketing, for example, where consumers seek out vendors rather than the other way around") by giving the company the ownership and control over all interactions with the consumer.

### **The Evolving Risk Profiles**

The on-line customer is not a fickle customer, but he is a risky proposition nevertheless. This is because all his online experience will influence consumer perceptions about the brand. If a consumer buys a product from a retailer and is involved in an unhappy purchase experience at the store, he will punish the store. But if the same experience were to occur to him at the company's web site, the consequences would be disastrous for the company if he were to share his experience through different user communities using a combination of chat rooms and electronic mails.

### **The Evolving Supply Chain**

The transformation being brought about by the Web revolution is not limited to just the consumer. The last few years have seen a flurry of suggested business models for doing business in the Internet era. Will the Internet era signal the death of the retailer? Or will a new intermediary come into existence? Technological innovations have made possible two interesting developments—the Choice board system and the Vertical Portal. Because Choice boards are essentially design tools and conduits of information, companies that produce the products need not control them. Dell uses a Choice board system to sell its computers but there are others like Point.com that uses a Choice board to help customers research and buy wireless phones and accessories. The market information that a Choice board collects about customer preferences is absolutely enormous and if the manufacturing company does not control it, the site offering the Choice board can emerge as a powerful intermediary. Vertical portals armed with sophisticated search engines, which specialize in a particular industry or product category, and provide customized information and promote online community development are the next emergent intermediaries. The sophistication and range of information collected on customer preferences will drive emergent business models. The Web will thus facilitate the transformation of the companies from transaction supporters to customer relationship managers.

## **1.11 CRITICAL SUCCESS FACTORS IN E-MARKETING**

Having observed the evolving paradigms of business in the Internet era, there are five critical success factors that the E-Marketer has to keep in mind.

Attracting the Right Customer is the first crucial step. Rising digital penetration would mean that the number of customer visiting particular sites would inevitably go up. While the number of eyeballs or page views has so far been conveniently used as a satisfactory measure by most web sites, it would be foolish to cater to the whole spectrum of digital visitors. Content has to be very target specific. The digital company has to select its target segment by finding out which section of customers are the most profitable in terms of revenue transactions and who are the customers who generate the maximum number of referrals. Here again it is important to note that the majority of online customers are not seeking the lowest price. Rather they are seeking convenience above everything else. The power of customer referrals has never been so enormous, since word of the mouse spreads faster than word of the mouth. E-Bay attracts more than half of its customers through referrals. Not only do referred customers cost less to acquire than those brought in by advertising or other marketing tools, they also cost less to support since they use their friends who referred them for advice rather than using the companies' own technical desk.

Delivering Content Value to engage the user's interest is the critical importance in retaining customer participation. This is because content serves as a powerful differentiator. Content would include Product enhancements (Software patches for glitches), personalized interactions (through customized navigation paths as seen on the web sites of GM and Toyota) and Problem Resolution (updates of delivery schedules and e-mail responses). Integral to the concept of delivering proper content value is innovation. The retail financial services industry, for example, is changing rapidly with multiple players jockeying for position. Product innovation serves as a key tool to attract new customers.

Priceline.com, for example, has revolutionized the travel and related services business by letting in a form of "buyer driven commerce" Customers specify their desired prices and competing companies then bid for customer requirements. Delivering proper content to make existing customers in the traditional "brick" business switch to Web-enabled transactions makes a lot of sense because in every conceivable case, the cost of Web-Based transactions is an order of magnitude less than the traditional ways and is decreasing at a faster rate. The cost of an Internet based banking transaction is less than one-tenth the cost of a human teller transaction. It is keeping this aspect in mind that Indian Banks have started toying with the idea of setting up Internet kiosks to let their low-value customers settle their banking transactions at the kiosk nearest to their place.

Ensuring E-Loyalty is vital to the success of any online venture. This is because acquiring customers on the Internet is enormously expensive and unless those customers stick round and make lots of repeat purchases over the years, profits will remain elusive. Contrary to the general view that Web customers are notoriously fickle, they in fact follow the old rules of customer loyalty. Web customers stick to sites that they trust and with time consolidate their purchases with one primary supplier to the extent that purchasing from the supplier's site becomes part of their daily routine. The issue of trust is integral to the issues of privacy and security. Companies like Amazon.com, which command amazing levels of consumer trust, have used a variety of encryption tools and simple ethical decisions like not accepting money for publishers for independent book reviews to maintain the trust of its customers.

E-Learning to facilitate personalized interactions with customers has been the biggest contribution of the Web to the marketing strategists. Customers in traditional bricks-and-mortar stores leave no record of their behavior unless they buy something—and even then the date might be sketchy. In the digital marketplace, however, technology has made the entire shopping experience a transparent process. For example, if the customer exits the web-site when the price screen appears, he is a price sensitive consumer. Such minute tracking of customer behavior has major implications for the world of advertising. The Internet may soon be used as a test bed for testing prototypes of marketing and advertising campaigns. By monitoring pages selected, click through's, responses generated, and other indicators, the company would be able to discover which parts of a prospective campaign would work, thus reducing the risk of a potential flop. This would make it possible for the company to modify its product offerings much earlier than usual in the product life cycle.

Providing Digital value to the evolving consumer through his life cycle has become possible because of customized interactions and emerging business models. These models have often disturbed the traditional status quo and created new rules of business. The sectors where new business models will emerge or have emerged are the music industry, the financial services industry, the travel industry, the relating segment and the publishing segment. Digital value is delivered to the consumer by promising him convenience, allowing the customer to feel his ownership of the Web experience, and giving the customer a sense of belonging that traverses the physical boundaries.

## 1.12 CHANGING PATTERNS OF MARKETING

### Traditional Marketing V/s Internet Marketing

Marketing over the years more so recently has started being used interchangeably with advertising. Now since the explosion of the internet; advertising paradigms have been constantly changing. The first Web advertisement was placed on the Hot Wired web site in October 1994. AT&T, MCI, Sprint, Volvo, Club Med, ZIMA were the first to try it out and the Internet advertising has come a long way since then. Here, we attempt to compare Internet

#### Advertising with Traditional Advertising: Let's have a look:

##### 1. Traditional Advertising:

Traditional advertising is static. Space is not a restricting factor  
The proportion of advertising to editorial is high sometimes 50:50.  
Will not evoke some immediate Action. Response to the action is not immediate.  
Advertisements are passively received.  
Advertising does not always target a much focused audience.  
Advertisements are ubiquitous.

##### 2. Whereas Internet Advertising:

It is dynamic with multimedia- supporting text and graphics video sound all together.  
Space is a problem, as regards size of the banners etc. A web page would be 91% editorial and 9% advertising.  
Invokes immediate action as you at least need to click on the ad. First response is immediate as when the user clicks, the person is directed to other web page with more details.  
The user has high attention level and concentration while using the net, and hence they notice the ad. This can be much focused.

### Factors to be Considered in Internet Advertising

Advertisements catch users when they are on the lookout for something. For example the search is for travel on a search engine there are ads of travel agents on the net. Thus we see that advertising is changing and so are the rules for advertising on the internet. So while designing or formulating any advertising strategy for a brand on the internet a manager has to take in to account factors like: -

1. The Internet has made a huge impact on advertising. Companies should be careful as regards joining the IT bandwagon. They should not advertise on the net just to project themselves as a techno savvy company or maybe because their competitor is doing the same thing. It should be a well-planned campaign full of specific information and attention catching.
2. The 'net' charges are on the higher side (though there has been a steep decrease in the rates in the last few months). Hence people would be wary of the fact that ads consume a lot of online web time and hence they avoid clicking on average ads. Therefore, advertisers should be designed in such a fashion that they attract attention and induce people to click on the net.
3. One more thing would be to generate 'search' specific advertising. This would mean that if I give a search for books on the search engine, the ads displayed would be related to the books.
4. Generally, people perceive the ads to be time consuming and full of unwanted information. Care should be taken to design the ads in such a way that the information they provide or the hyperlinks they provide to a site gives adequate and specific information.
5. The ads and the subsequent information on the web site should be constantly updated and highlighted in the ads and thus induce repeated clicks on the ad.
6. Last but not the least; the ads should be designed so as to attract attention of maximum number of people and inducing them to click, failing to do so the advertiser ends up defeating his own purpose.

### 1.13 THE CHANNEL STRATEGIES FOR DELIVERING DIGITAL VALUE TO CUSTOMERS

The Internet era has shown that companies have risked damaging relationships in their physical chain to compete in the electronic channel. The ubiquity of the Internet the fact that cross-linkages are possible to any degree, has meant that companies have usurped the role of other value providers in the value chain to gain competitive advantage. When companies pirate the value chain of the industry they are essentially eliminating layers of costs that are build into the current distribution system. However the term "pirating the value chain" does not mean that the number of intermediaries in the whole process would necessarily decrease. The emerging economic structure of Electronic Commerce would mean that profits would lie in the intermediate transactions rather than in the final sale of the good. Companies would aim at cutting down their traditional margins (give up the cost plus pricing structure) and aim at high inventory turnover. In retailing profitability is primarily. The challenge will lie in managing these multiple channels of experience. It is likely that most companies will find that they will have to integrate several distribution channels to provide the customer with a seamless purchase process. The key challenge is thus to ensure that the personalized nature of the experience is not much different across channels. Can an Internet bookseller allow its customers to experience the same ambience on the net as it does in the bookstore or vice-versa? If it cannot then companies will face friction among the alternative distribution channels and the already established physical channel might complain about its profitability being affected by digital purchases. This may be typified by friction between vehicle dealers and the company over orders through an auto company's Web site. Complementary to the problem of managing multiple channels of distribution is the development of infrastructure needed to support such a distribution network. The billing system and pricing strategies have to be properly frames and executed.

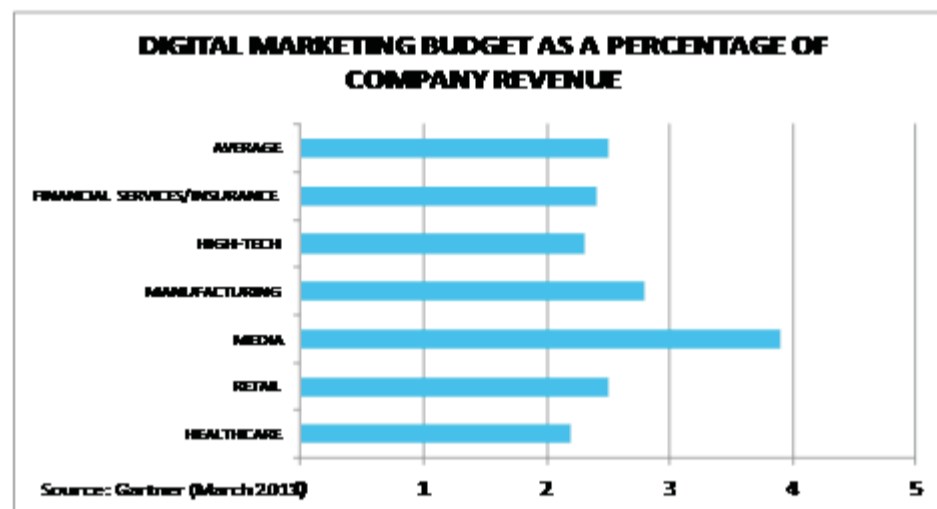
### BUILDING BRANDS ONLINE:

Online has always taken a back seat to offline in brand building. Yet online best options for building a meaningful brand, options that didn't exist only a ago. Companies without a solid digital brand strategy are literally being left leaders build new digital brands. Reflecting on the current state of online advertising, the majority of online marketers are doing a terrible job of building their digital brands. Advertisers are fighting tooth and nail to produce the world's worst advertising, actually destroying their existing offline brands in the digital realm. For the most part, if one looks at ads that run during top TV programs or that appear in top magazines, one will find quality in the advertising (even if the ads are a bit dry and boring). But if one looks at a top web site and views a few dozen ads, it will be very difficult to find quality advertising. In effect, the bulk of the ads online do more harm than good to the brands they are trying

to build. Link one industry after another, aggressive Internet upstarts are putting established brands at risk, creating very strong brand recognition and enjoying explosive visitor growth. The reason may have less to do with the established brands themselves than with their managers.

### Consumers Turning to Digital Brands

Marketers know what a brand is in the physical world: the sum, in the consumer's mind, of the personality, presence, and performance of a given product or service. These "3 Ps" are also essential on the World Wide Web. In addition, digital brand builders must manage the consumer's on-line experience of the product, from first encounter through purchase to delivery and beyond. Digital brand builders should care about the consumer's on-line experiences for the simple reason that all of them—good, bad, or indifferent— influence consumer perceptions of a product's brand. To put it differently, on the Web, the experience is the brand. The Figure below indicates the importance of digital marketing.



Consider an example. If a consumer buys lipstick from a retailer in the physical world and has an unpleasant in-store experience, she is more likely to blame the retailer than the manufacturer. But if the consumer purchases that same product from Procter & Gamble's Reflect.com Web site, her wrath is more likely to be directed at P&G. Thus the on-line marketer's objective shifts from creating brands—at least as defined in the off-line world—to creating Internet businesses that can deliver complete, and completely satisfying, experiences. Yet many marketers, particularly those whose experience is limited to the off-line world, lack a coherent framework and concrete methods for achieving the broader objectives of on-line brand building. These marketers need an approach for aligning the promises they make to consumers, the Web design necessary to deliver those promises on-line, and the economic model required to turn a profit. These three elements—the promise, the design, and the economic model—together form the inseparable components of a successful Internet business, or what might be called a digital brand.

### How to Build and Manage Brands?

How do marketers build and manage digital brands? The marketer's first goal should be to select the core promise for a truly distinctive value proposition appealing to the target customers. Five of these promises are especially effective. Digital brands that make tasks—from buying a book to searching for the best price—faster, better, and cheaper offer the promise of convenience. Amazon.com, like most first-generation electronic businesses, is fundamentally built on this promise. Brands that make people feel like winners in whatever activities engage them offer the promise of achievement. E-trade, for example, promises to help consumers manage their finances successfully. It has gone beyond the basics—a portfolio of financial tools and research—to offer many helpful innovations, such as securities-tracking and -alert services. Games and other activities designed to engage (and even thrill) consumers offer the promise of fun and adventure. Often these activities make use of "immersive" technologies, which, for example, allow electronic spectators of a marathon to hear a runner's heartbeat. Digital brands such as Quokka Sports are building their entire businesses around immersive technologies. Such companies as GeoCities (which



helps consumers express themselves by building and displaying their own Web pages) offer the promise of self-expression and recognition. Clubs or communities offer the promise of belonging, as well as concrete advantages. Women, for example, can exchange stories and tips with one another at the iVillage.com site. Mercata.com provides a more tangible benefit by aggregating the purchasing power of its community of users and thus helping them get better prices for a broad range of merchandise.

#### **From Promise to Delivery**

The promises made by digital brands are not unique to the Internet, but the medium's interactive capabilities make it easier for digital brands to deliver on their promises quickly, reliably, and rewardingly. They often do so with a scope that their landed counterparts would be hard-pressed to match. 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; collaboration tools such as chat rooms or ratings functions make it possible to realize the promise of belonging.

Managers shouldn't underestimate the challenges of this translation process. What, for instance, does it mean to build a digital brand around a promise of convenience in the grocery industry? What kind of content, if any, do you need? And how about chat rooms, personalization, one-click ordering, and collaborative filtering? Digital brand builders can't afford to fall short of what they have promised, since competitors are always a click away, but they waste capital if they offer more than is necessary to make sales and keep customers.

#### **1.14 SOME TOOLS FOR USAGE IN INTERNET MARKETING**

Technology dramatically differentiates digital brands—for both customers and shareholders—in ways that will become increasingly clear as they enter their second and third generations. To be certain of identifying all of the designs that make it possible to deliver on a promise and to build a viable economic model, today's digital brand builders must explore at least six groups of design tools. These tools are sufficiently robust technologically to help create a distinctive and relevant user experience, and they are beginning to demonstrate their ability to make money for the digital brand builders using them.

##### **Personalization Tools**

Tools such as the software that creates personalized interfaces between e-businesses and customers hold tremendous promise for value exchange and contextual commerce. To be sure, the value of personalization has yet to be fully demonstrated in practice. (Fewer than 15 percent of visitors to Yahoo! have chosen to set up a "My Yahoo!" page for themselves.) Personalization tools also present risks, as well as real operational challenges, such as managing privacy, intrusiveness, and opportunity costs. For that reason, many practitioners still question the short-term return on investments in personalization tools.

##### **Collaborative Tools**

They facilitate word of mouth, or what might be called "branded person-to-person communications"—for instance, the ratings that buyers offer sellers on eBay, the Lands' End "shop with a friend" feature, Raging Bull's discussion boards, and Pert's viral marketing (which encourages consumers to e-mail their friends instructions for obtaining free Pert Plus samples). Collaborative tools such as consumer ratings, though essential for content- and community-oriented digital brands, are underutilized.

##### **Purchase-process Streamlining Tools**

They eliminate such physical-world constraints as the need to walk into a store to purchase a product. Amazon's one-click ordering system, for example, eases transactions by sparing repeat customers the inconvenience of inputting transaction data. Peapod's shopping lists save consumers time by recording the products they purchased previously. The fact that most e-shoppers drop out of the buying process during the last clicks suggests that improvements along these lines might be very worthwhile.

##### **Self-service Tools**

They allow customers to obtain answers and results without the delays and inconsistencies that

more often than not characterize human efforts to provide assistance. Such tools include software for tracking orders, preparing statements, and changing addresses on-line. Although incumbents often have difficulty integrating these Web-based tools with legacy systems, the tools are indispensable for banks, retailers, and other e-businesses that handle large volumes of transactions.

#### **Do-it-yourself product design tools**

They allow consumers to customize products and services, either with the help of configuration options or from scratch. Dell Computer, for example, lets customers design their own systems on-line by choosing from a range of options; customers of Music.com and Listen.com can download the music of various artists onto a single compact disc. But the need to create manufacture-to-order systems to capture the potential of these tools may make them uneconomical in industries that, unlike software and music, are not based on information.

#### **Dynamic-pricing tools**

They overthrow the tyranny of the fixed retail price, allowing prices to fit the particular circumstances of individual transactions. Such tools, which come in many forms, include eBay's and uBid's auctions and Priceline's offer to "name your own price." Dynamic pricing, a potential "killer application" in many categories, could permit customers to make a wider variety of trade-offs between price and value than is possible in the current world, where most sellers offer a single fixed price to all buyers. Can a marketer be trusted with sensitive personal and financial information? Consumers increasingly expect their identity and personal information to remain confidential when they go on-line to shop, and that, coupled with fear of on-line fraud, is what stops many consumers from even considering digital transactions.

### **1.15 BUILDING TRUST**

Bringing the six elements of trust to your Internet value proposition, though, does not automatically lead to deep, trusting relationships. That comes through a step-by-step process in which the consumer and marketer exchange value. Each time the consumer volunteers some personal information, the marketer rewards the consumer with a more personalized service. This mutual give-and-take eventually leads to an advanced collaboration based on trust.

#### **The research has identified four stages of trust building:**

##### **Attraction**

At the first stage, the consumer browses the site and even makes a transaction. No real relationship exists between the marketer and the consumer, and none may be warranted. The best strategy is to provide the consumer with information, without demanding any in return. At first blush, this may seem like an imbalance between what marketers give and what they get back. But what the consumer is giving the marketer is something quite valuable: time and attention, along with a view of how the site is traversed. The time and attention translates into the "mind share" needed to create a brand preference. The average consumer on Ralston Purina's Dog Chow Web site, which offers no product for sale, spends more than six minutes per session learning how to care for pets. That's far more time—and concentration—than consumers devote to a 30-second TV ad.

##### **User-Driven Personalization**

At the second stage, consumers start shaping Web pages to their specific tastes. For example, CD now customers can personalize their home pages with favorite artists and wish lists. The company shows that it is willing to deliver some value to the consumer before gaining financially. Charles Schwab now invites users to set up a personal page through the MySchwab service, where users can not only track stocks but also get customized sports news, weather information, and even cartoons. Users aren't required to open a Schwab account to do so.

##### **Marketer-Driven Personalization**

In the third stage, marketers begin using insights provided by consumers to beam information

back to them. Thus, CDnow uses its knowledge of consumers—developed at the earlier stages of trust—to suggest products they might like which consumers then rate as either on- or off-target. As the process continues, CDnow learns consumers' preferences and zeroes in on what they really like. It is worth emphasizing that marketers should rein in their urge to make immediate use of data and personalization technologies. This approach takes patience, a trait lacking at many marketing organizations. Too often they bombard consumers with promotional offers as soon as they get their hands on an e-mail address. We suggest a gradual approach, as nothing aggravates many Internet users more than unsolicited e-mail. A best practice is to let the user set the pace of personalization and contact from marketers. User-driven personalization should precede marketer-driven offers. Recent research by Professor Youngme Moon of the Harvard Business School has shown that premature personalization can backfire. Moon found that consumers were less likely to buy products pitched to them through messages if the messages were based on information they had not given to the marketer themselves. According to "Is Your Web Site Socially Savvy?" a May-June 1999 Harvard Business Review article, consumers were more likely to buy when the message was personalized and based on information they had volunteered.

#### **Trust-Based Collaboration**

At the final stage, the marketer and the consumer work together closely. The consumer gives the marketer access to the most sensitive personal information (family, finances, or health) and in turn gains customized experiences and consultative problem-solving assistance. In our view, very few on-line marketers have reached this level of trust with their consumers.

#### **II. Literature Review**

By examining the various dimensions uncovered in this study, online retailers can develop a better understanding of consumer needs. Traditional buying behavior is influenced by psychological factors like motivation, perception, learning and beliefs, and attitude. Crucial is an unmatched customer experience that not only satisfies his needs, but delights him maximally. They proposed that retailers had been struggling with considerable out-of-stocks for decades with little evidence of improvement. A similar wrong belief was that shoppers were also still unwilling to accept low service levels. In fact, increasingly, consumers switch brands when they did not find the brand they wanted. But retailers must be wary, because the results of their research showed that increasingly shoppers switch stores quickly and may never come back. The authors had conducted a major, worldwide study of the extent, causes, and consumer responses to out-of-stocks in the fast-moving consumer goods industry. The market potential for E-commerce in India is projected to be Rs.50,000 crore, or \$11.9 billion by the year 2002, according to a recent survey done by the Indian Market Research Bureau (IMRB,2000). The survey also revealed that only 20 percent of the India's 318 major corporations surveyed were currently implementing E-commerce in their operations. Fifty-eight percent of Indian CEO's rated E-commerce as crucial to their growth strategy. It is being anticipated that E-commerce can contribute up to 20 percent in annual sales to Indian GNP within the next five years. E-Commerce can enable Indian companies to access international markets like never before. However, with telephone density currently at just two telephones per 100 people along with poor information infrastructure and the poor quality of the last mile connection are considered to be major stumbling blocks and impediments in India for international e-commerce. While consumers appear quite willing to buy services online that are high in their intangible value proposition, they appear somewhat ambivalent in their intentions to buy online the frequently purchased products.

#### **III. OBJECTIVES OF THE STUDY**

1. To study on the online market.
2. Know customers readiness towards online shopping.
3. To establish attitudinal differences across demographics, gender-wise and age-wise with respect to online retail shopping.
4. To establish the relationship between the attributes/factors related to online retail shopping.
5. Offer suggestions to overcome the challenges in online marketing.
6. Establish the relationship between the attributes or factors relating to online retail shopping.
7. To establish attitudinal differences across demographics, gender-wise and age-wise, with respect to online retail shopping.

#### **IV. SCOPE OF STUDY**

The main purpose of this study is to measure various parameters of customer perception on service characteristics while doing Online Shopping and find various factors to be considered in Online Marketing. The findings and conclusions from this study are based on responses of only limited set of 110 Respondents. This study will be helpful to some extent in gaining an insight into Customer Preferences in Online Shopping and factors to be considered for Online Marketing and will not provide a full picture on the specified subject.

#### **V. RESEARCH METHODOLOGY**

##### **5.1 Research design**

Statistical research Descriptive research also known as descriptive research is used here for studying customer preferences. The main goal of this Descriptive research is to describe the data and characteristics about the subject that is under study.

##### **5.2 Area of the study**

The study is conducted on customers of various Online Shopping Websites by intercepting them at Internet Cafes and also visitors at various Shopping malls, Employees at High-Tech City and also Employees at various Factories in Andhra Pradesh. Structured Questionnaires were being distributed to respondents on a random basis.

##### **5.3 Research approach**

Customer Survey method is used for collecting the required data. We requested the respondents to fill the given questionnaire, by self after clearly explaining the various questions in it.

##### **5.4 Sample Size**

The Size of the sample taken in this study is 110.

##### **5.5 Period of Study**

The study was done during December 2013 timeline.

##### **5.6 Data Usage:**

For analysis and interpretation, only primary data is used. However for conclusion and recommendations both primary and the secondary data along with the verbal knowledge and information although obtained from respondents, though they are outside the parameters of questionnaire were also included. The data collected from these sources were analyzed using various tools like percentage analysis, chi-square test, cross table analysis method.

##### **5.7 Research Instrument:**

A standard questionnaire is formulated for the collection of survey data from various customers. The Questionnaire is designed in such a way that it would collect all the needed information for the study and cover all the aspects defined in the objectives.

##### **5.8 Tools:**

SPSS version 16 will be used to tabulate and analyze the valid responses. Initially, a comprehensive data file was created. Then, variables and their labels were defined. Statistical tools like Chi-Square and cross tabling were used for the analysis.

**VI. ANALYSIS AND INTERPRETATION**

**6.1 General Profile of the Respondents**

SEX	Male	Female			
	63	47			
AGE	<25	26-40	41-60	>60	
	12	29	48	21	
EDUCATION	SCHOOL	DIPLOMA	GRADUATION	PG	
	16	19	28	47	
PROFESSION	STUDENT	BUSINESS	IT-EMP	MANUFACTURING-EMP	OTHERS
	31	25	28	19	7
INCOME	<10,000	10,000-20,000	20,000-30,000	>30000	
	18	20	19	53	
HOW MUCH AMOUNT YOU SPEND IN ONLINE SHOPPING?	1,000-3,000	3,001-8,000	>8,000		
	33	36	41		
ONLINE WEBSITE PREFERRED FOR SHOPPING	EBAY	FLIPKART	SNAPDEAL	NAAPTOL	OTHERS
	21	24	16	14	35
YOUR PREFERRED MODE OF PAYMENT IN ONLINE SHOPPING	CREDIT CARD	DEBIT CARD	CASH-ON-DELIVERY		
	34	18	58		
DO YOU HAVE FOLLOWING CARDS TO SHOP IN ONLINE	DEBIT CARD	CREDIT CARD	Int'l DEBIT CARD	Int'l CREDIT CARD	
	56	39	7	8	
PURPOSE OF VISITING ONLINE SHOPPING WEBSITES	BUYING	PLEASURE	ENQUIRY	TIMEPASS	
	31	18	39	22	

**Interpretation:**

Percentage Calculated for each parameter from the 110 Correspondents.

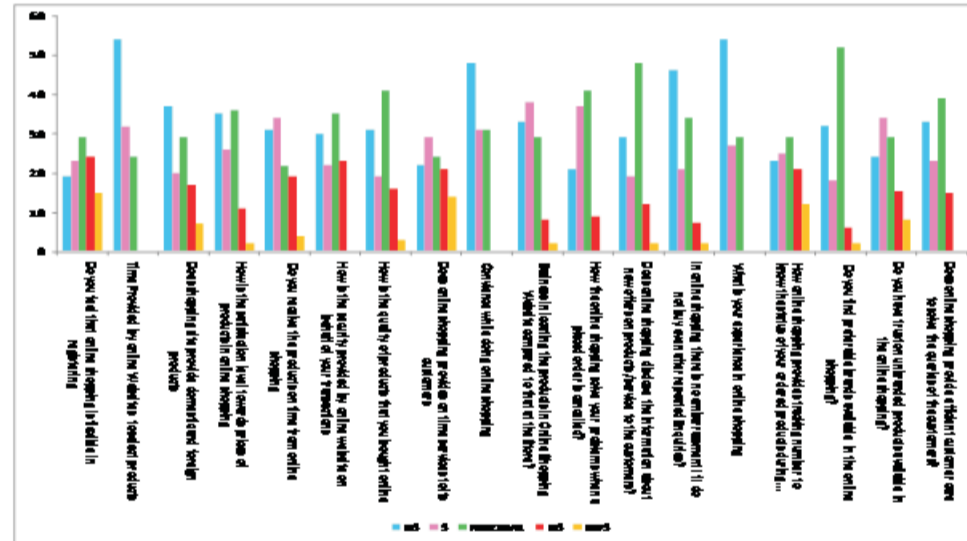
From the above table, we infer that 57 % ( 63 ) of the total respondents are male and 43 % ( 47 ) are female. On further classification according to age group, we find that of all the respondents 11% are less than 25 years old and below, 26% are of the age group 26-40, 44% are of the age group 41-60 and 19% are above 60 years. On the basis of Monthly income, 52% are below the income of 10,000, 48% are above the income level of Rs 30,000. On the basis of Average Monthly Online Spend, 30% spend below Rs.3000, 33% spend between Rs.3001-8000, and 37% spend above Rs.8000. Flip kart (24%) was widely preferred among the various online shopping websites followed by EBay (21%) and SNAPDEAL( 16%).Majority of the people (53%) prefer Cash-on-Delivery, while 31% prefer Credit Card and 16% prefer Debit Card as Payment Mode. Majority of the Customers have a Debit Card (51%), while 35% have a Credit Card, and the rest have International Debit and Credit Cards to do online shopping. Majority of Online Customers stated Enquiry (35%) as the Purpose while 28% for BUYING,20% for TIMEPASS and 16% for PLEASURE.

**6.2 Customer satisfaction levels of various parameters of service provided by ONLINE SHOPPING WEBSITES**

Table 6.2

PARAMETER	HS	S	NEUTRAL	DS	HDS
Do you feel that online shopping is flexible in registering	19	23	29	24	15
Time Provided by online Websites to select products	54	32	24	0	0
Does shopping site provide domestic and foreign products	37	20	29	17	7
How is the satisfaction level towards prices of products in online shopping	35	26	36	11	2
Do you receive the products on time from online shopping	31	34	22	19	4
How is the security provided by online website on behalf of your transactions	30	22	35	23	0
How is the quality of products that you bought online	31	19	41	16	3
Does online shopping provides on time services to its customers	22	29	24	21	14
Convenience while doing online shopping	48	31	31	0	0
Easiness in locating the products in Online Shopping Website compared to that at the Store?	33	38	29	8	2
How the online shopping solve your problems when a placed order is cancelled?	21	37	41	9	0
Does online shopping disclose the information about new offers on products /service to the customers?	29	19	48	12	2
In online shopping there is no embarrassment if I do not buy even after repeated Enquiries?	46	21	34	7	2
What is your experience in online shopping	54	27	29	0	0
How online shopping provides tracking number to know the status of your ordered products during the time of shipping?	23	25	29	21	12
Do you find preferable brands available in the online shopping?	32	18	52	6	2
Do you have trust on unbranded products available in the online shopping?	24	34	29	15	8
Does online shopping provide efficient customer care to solve the queries of the customers?	33	23	39	15	0

FIGURE 6.3



**6.4 Chi-Square Test**

**6.4.1. Is There a Relation between MONTHLY INCOME and MONTHLY ONLINE SPENDING?**

Case Processing Summary						
	Cases					
	Valid		Missing		Total	
	N	Percent	Percent	N	Percent	
MONTHLY INCOME * MONTHLY ONLINE SPEND	110	100.0%	0	.0%	110	100.0%

MONTHLY INCOME * MONTHLY ONLINE SPEND Crosstabulation					
Count		MONTHLY ONLINE SPEND			Total
		1	2	3	
MONTHLY INCOME	1	6	7	5	18
	2	5	8	7	20
	3	7	7	5	19
	4	15	14	24	53
Total		33	36	41	110

CHI-SQUARE:

MONTHLY INCOME				MONTHLY ONLINE SPEND			
	Observed N	Expected N	Residual		Observed N	Expected N	Residual
1	18	27.5	-9.5	1	33	36.7	-3.7
2	20	27.5	-7.5	2	36	36.7	-0.7
3	19	27.5	-8.5	3	41	36.7	4.3
4	53	27.5	25.5	Total	110		
Total	110			Total	110		

Test Statistics			
	MONTHLY INCOME	MONTHLY ONLINE SPEND	
Chi-Square	31.600a	.891b	
df	3	2	
Asymp. Sig.	.000	.641	
a. 0 cells (.0%) have expected frequencies less than 5. The minimum expected cell frequency is 27.5.			
b. 0 cells (.0%) have expected frequencies less than 5. The minimum expected cell frequency is 36.7.			

From the above SPSS calculation we infer that there is an absolute relation between MONTHLY INCOME and MONTHLY ONLINE SPENDING.

**6.4.2. Is There a Relation between MONTHLY INCOME OF RESPONDENTS and THEIR PREFERENCE TOWARDS CONVENIENCE IN ONLINE SHOPPING?**

AN OVERVIEW OF ONLINE MARKETING AND PREFERENCES OF ONLINE SHOPPERS IN INDIA

MONTHLY INCOME * CONVENIENCE Crosstabulation					
Count	CONVENIENCE			Total	
	1	2	3		
MONTHLY INCOME	1	5	6	7	18
	2	5	6	9	20
	3	9	5	5	19
	4	29	14	10	53
Total		48	31	31	110

CHI-SQUARE:

MONTHLY INCOME				CONVENIENCE			
	Observed N	Expected N	Residual		Observed N	Expected N	Residual
1	18	27.5	-9.5	1	48	36.7	11.3
2	20	27.5	-7.5	2	31	36.7	-5.7
3	19	27.5	-8.5	3	31	36.7	-5.7
4	53	27.5	25.5	Total	110		
Total	110			Total	110		

Test Statistics		
	MONTHLY INCOME	CONVENIENCE
Chi-Square	31.600a	5.255b
df	3	2
Asymp. Sig.	.000	0.072

a. 0 cells (.0%) have expected frequencies less than 5. The minimum expected cell frequency is 27.5.  
b. 0 cells (.0%) have expected frequencies less than 5. The minimum expected cell frequency is 36.7.

From the above SPSS calculation we infer that there is a significant relation between MONTHLY INCOME OF RESPONDENTS and THEIR PREFERENCE TOWARDS CONVENIENCE IN ONLINE SHOPPING.

6.4.3. Is There a Relation between MONTHLY INCOME OF THE ONLINE SHOPPERS and Website Experience provided to each of them? Here the main purpose is to understand whether Website Experience is varying basing on Individual incomes.

MONTHLY INCOME * WEBSITE EXPERIENCE Crosstabulation					
Count	WEBSITE EXPERIENCE			Total	
	1	2	3		
MONTHLY INCOME	1	7	6	5	18
	2	8	5	7	20
	3	5	6	8	19
	4	34	10	9	53
Total		54	27	29	110



AN OVERVIEW OF ONLINE MARKETING AND PREFERENCES OF ONLINE SHOPPERS IN INDIA

CHI-SQUARE:

MONTHLY INCOME			
	Observed N	Expected N	Residual
1	18	27.5	-9.5
2	20	27.5	-7.5
3	19	27.5	-8.5
4	53	27.5	25.5
Total	110		

WEBSITE EXPERIENCE			
	Observed N	Expected N	Residual
1	54	36.7	17.3
2	27	36.7	-9.7
3	29	36.7	-7.7
Total	110		

Test Statistics			
	MONTHLY INCOME	WEBSITE EXPERIENCE	
Chi-Square	31.600a	12.345b	
df	3	2	
Asymp. Sig.	0	0.002	
a. 0 cells (.0%) have expected frequencies less than 5. The minimum expected cell frequency is 27.5.			
b. 0 cells (.0%) have expected frequencies less than 5. The minimum expected cell frequency is 36.7.			

From the above SPSS calculation we infer that there is absolutely no relation between MONTHLY INCOME OF THE ONLINE SHOPPERS and Website Experience provided to each of them. The User Experience of Online Shopping Website is same for all Online Shoppers and does not vary with Individuals and their Spending Patterns.

**6.4.4. Is There a Relation between AVERAGE ONLINE SPEND OF THE ONLINE SHOPPERS and CUSTOMER CARE SERVICE provided to each of them? Here the main purpose is to understand whether CUSTOMER CARE SERVICE is varying basing on ONLINE SPENDS.**

ONLINE SPEND * CUSTOMER CARE SERVICE Cross tabulation						
Count	CUSTOMER CARE SERVICE				Total	
	1	2	3	4		
ONLINE SPEND 1	7	6	15	5	33	
2	12	12	7	5	36	
3	14	5	17	5	41	
Total	33	23	39	15	110	

CHI-SQUARE:

ONLINE SPEND				CUSTOMER CARE SERVICE			
	Observed N	Expected N	Residual		Observed N	Expected N	Residual
1	33	36.7	-3.7	1	33	27.5	5.5
2	36	36.7	-0.7	2	23	27.5	-4.5
3	41	36.7	4.3	3	39	27.5	11.5
4				4	15	27.5	-12.5
Total	110			Total	110		

Test Statistics			
	ONLINE SPEND	CUSTOMER CARE SERVICE	
Chi-Square	.891a	12.327b	
df	2	3	
Asymp. Sig.	0.641	0.006	
a. 0 cells (.0%) have expected frequencies less than 5. The minimum expected cell frequency is 36.7.			
b. 0 cells (.0%) have expected frequencies less than 5. The minimum expected cell frequency is 27.5.			

From the above SPSS calculation we infer that there is no relation between AVERAGE ONLINE SPEND OF THE ONLINE SHOPPERS and CUSTOMER CARE SERVICE provided to each of them.

**6.4.5. Is There a Relation between AVERAGE ONLINE SPEND OF THE ONLINE SHOPPERS and THEIR PERCEPTION ON SECURITY FOR ONLINE TRANSACTIONS PROVIDED by THE SHOPPING WEBSITES?**

MONTHLY ONLINE SPEND * PERCEPTION OF ONLINE SECURITY Crosstabulation						
Count		PERCEPTION OF ONLINE SECURITY				Total
		1	2	3	4	
MONTHLY ONLINE SPEND	1	5	6	13	9	33
	2	8	8	16	4	36
	3	17	8	6	10	41
Total		30	22	35	23	110

CHI-SQUARE:

MONTHLY ONLINE SPEND				PERCEPTION OF ONLINE SECURITY			
	Observed N	Expected N	Residual		Observed N	Expected N	Residual
1	33	36.7	-3.7	1	30	27.5	2.5
2	36	36.7	-0.7	2	22	27.5	-5.5
3	41	36.7	4.3	3	35	27.5	7.5
Total	110			4	23	27.5	-4.5
Total				Total	110		

Test Statistics		
	MONTHLY ONLINE SPEND	PERCEPTION OF ONLINE SECURITY
Chi-Square	.891a	4.109b
df	2	3
Asymp. Sig.	0.641	0.25

a. 0 cells (.0%) have expected frequencies less than 5. The minimum expected cell frequency is 36.7.  
b. 0 cells (.0%) have expected frequencies less than 5. The minimum expected cell frequency is 27.5.

From the above SPSS calculation we infer that there is a significant relation between AVERAGE ONLINE SPEND OF THE ONLINE SHOPPERS and THEIR PERCEPTION ON SECURITY FOR ONLINE TRANSACTIONS PROVIDED by THE SHOPPING WEBSITES. Basing on this we infer that Online Shoppers who have a high confidence on security measures taken by Online Shopping Websites are spending more money for doing online purchases.

**VII. OBSERVATIONS**

When it comes to online transactions, there are tight rules. Payment mechanism such as PayPal cannot be provided by Online Shopping Sites to domestic customers in India. RBI (Reserve Bank of India) enforces strict Forex policies that prevent end customers from transacting in other currencies. The youth has pro-active awareness toward online marketing. Older citizens have less awareness about the online marketing. Indians believe that shopping online prevents them from getting the best deals out there from favorite shops that they know for generations. They feel that they will get deprived of excellent Face to Face bargaining opportunity to do maximum negotiation and will not receive other freebies offered at Shops. Festive offers in India during Diwali, Akshay Tritiya etc are attractive and unbeatable and it will not be feasible to provide such discounts via online mechanisms at the kind of volume involved. Zero down payment option available for home appliance purchases etc. offered to regular customers is definitely not possible in an online scenario. Broadband Internet access is expensive in India and there are connectivity issues. People do online shopping using the Internet access at work but other issues arise with online businesses. A strong supply chain is the Backbone of any reliable online service that many online services in

India lack. Most of the times, online websites fail to deliver the advertised service or product due to inefficient supply chain management. Supporting infrastructure such as legal advisory for online businesses, escrow services etc are lacking in India. The Internet is yet to evolve as the best marketing channel in India. Cinema ads, Television ads, hoardings at public places are still way ahead of the Internet as preferred marketing channels resulting in poor quality of affiliate networks, online ad services, etc. Computer literate people even now are hesitant to do online shopping in India for reasons like

1. Fear factor: Indian people still do not believe intangible Service which is embedded into their culture.
2. Unreliable delivery mechanisms: In India, even today postal service or even the most expensive (even so-called safest) courier companies sometimes fail to guarantee prompt delivery due to factors like theft, tracking issues.
3. Credit card fraud and usage: As in many other countries, swiping Bank cards is not always safe. There are even scenarios where Customer has to provide card number to the customer care executive over phone which is dangerous.

One of the Pioneers in online selling is Dell Computers which sells its products on the Internet. Recent Development is even NISSAN India decided to sell its cars through its online Website. This reflects the shift in trends towards the online model and its growing importance to all the stakeholders from Sellers to Customer. Even though online marketing and selling is in a nascent stage, it may one day surpass the shop/retail model if online sellers are able to fulfill the needs of buyers and deliver the products efficiently. But the main drawback is it lacks the look, touch and feel of the products that shops offer to the customer.

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