

A Study on E-Commerce on Global Marketing

Sai Saranya S

MBA, Department of Management Studies
Bharath Institute of Science and Technology,
Selaiyur, Chennai, Tamil Nadu 600 073
Bharath Institute of Higher Education and Research

ABSTRACT

Marketing is one of the business function most dramatically affected by emerging information technologies. Because marketing is so inherently communications – intensive, network technologies are particularly useful. The well known marketing guru, Philip Kotler, in his book on marketing makes the following observations about marketing: “ I have had a 38 years romance with marketing and continue to be intrigued when we think that finally we understand marketing, it starts a new dance and we must follow it as best as we can “. That is internet providing companies, new channels of communication and interaction that can create closer yet more cost – effective relationships with customers in sales, marketing and customer support.

Companies can use the web to provide ongoing information, service and support, creating positive interaction with customers that can serve as the foundation for long term relationships and encourage repeat purchases. Even cyber shopping allows customers to sit in the comfort of their homes and purchase their goods. One can shop any kind of product or service in the mid of the night and from any part of the world.

1. INTRODUCTION

During the Agrarian Economy, probably the term marketing was not used for trade in agri goods or sale of other items. But people engaged in the process of exchanging goods and services used the barter system. In this system, buyers and sellers knew each other and there was mutual dependence on each other for survival during this period. The essence of barter system can be summarized as follows:

- Buyers and sellers known each other
- They operated on a mutual co-existence principles
- There was no dominance relationship
- There was a high level of loyalty among sellers and buyers

And during the industrial age the marketing term was coined to signify the need for identification and satisfaction process. In this system manufacturers/sellers did not have a face-to-face interaction with consumers, which led to problems for producers in understanding customer needs. To avoid this problem marketers are using different tools like Advertising, Direct marketing and E-Commerce to exploit the gullible customer.

ELECTRONIC COMMERCE

“E - Commerce is the process of buying and selling or exchanging of products, services and information via computer networks including the internet” Ravi Kalakota and Andrew B. Whinston define E- Commerce from these perspectives.

Electronic Commerce is the delivery of information, products, services, or payments over telephone lines, computer networks, or any other electronic means Electronic Commerce is the application of technology toward the automation of business transactions and work flow.

Electronic Commerce is a tool that addresses that desire of firms, consumers, and management to cut service costs while improving the quality of goods and increasing the speed of service delivery. Electronic Commerce provides the capability of buying and selling products and information on the internet and other on – line services.

THE DIMENSIONS OF ELECTRONIC COMMERCE

Electronic Commerce can take many forms depending on the degree of digitization of the delivery Product/ Service sold, the process, and the delivery agent or intermediary. A product can be physical or digital, an agent can be physical or digital, and the process can be physical or digital. These create eight cubes, each of which has three dimensions. In traditional Commerce, all dimensions of the product, an agent and the process are physical and in E- Commerce all dimensions are digital that is pure E- Commerce , where customers are receiving goods or services in digital format for example down loading music from baazee. Com. But now - a - days there is at least one digital dimension also considered as Electronic Commerce that is partial E – Commerce. For Example, buying a book from Amazon.com, here the book is delivered by physical agent.

E – COMMERCE & MARKETING

Electronic Commerce provides many potential benefits to consumers and organizations. The benefits of E – Commerce to consumers are as follows:

- Electronic commerce enables customers to shop or do other transactions round the clock a day, all year around, through any part of the world.
- Electronic commerce provides customers with more choices; they can select from many vendors and from more products.
- Electronic commerce allows quick delivery, especially in case of digitized products like music and books.
- Electronic commerce makes it possible to participate in virtual auctions.
- Electronic commerce allows customers to interact with other customers in electronic communities and exchange ideas as well as compare experiences.
- Electronic commerce allows customers to receive detailed and relevant information within seconds.
- Electronic commerce facilitates competition, which results in substantial discounts.

THE BENEFITS OF ELECTRONIC COMMERCE TO ORGANIZATIONS ARE

- Electronic commerce expands the marketplace to national and international markets. With minimal capital outlay, a company can easily and quickly locate more customers, the best suppliers, and the most suitable business partners worldwide.
- Ability for creating highly specialized businesses.
- Electronic commerce allows reduced inventories and overhead by facilitating “PULL” type supply chain management.
- Electronic commerce reduces the time between the outlay of capital and the receipt of products and services.
- Electronic commerce decreases the cost of creating, processing, distributing, storing, and retrieving paper – based information.
- Other benefits include improved image, improved customer service.

THE ELECTRONIC MARKETING PROCESS

Electronic commerce changes non electronic process to an electronic process. The process contains following stages:

1. Customer logs on to marketplace, 2. Customer searches for the product, 3. Customer selects the product, 4. Customer places an order for product, 5. Purchase order sent to seller, 6. Seller confirms the order, 7. Customer pays for the product, 8. Payment information sent to bank, 9. Credit checked by bank, 10. Credit approved by bank, 11. Product shipped by seller, 12. Product received by Customer.

We can illustrate this electronic marketing process by an example that is a reporter wants to buy a camera. He turns on his computer, logs onto the shopper’s advantage web site, clicks on cameras. A list of all the major brands appears, along with information about each brand. He can retrieve a photo of each camera and reviews by experts. Finding the camera he wants, he places an order by typing his credit card number, address, and preferred shipping mode. Seller confirms the order and shipped the camera what he selected.

IMPACT OF E- COMMERCE ON MARKETING

PRODUCT PROMOTION

Electronic commerce enhances promotion of products and services through direct, information – rich, and interactive contact with customers.

DIRECT SAVINGS

The cost of delivering information to customers over the Internet results in substantial savings to senders.

REDUCED CYCLE TIME

The delivery of digitized products and services can be reduced to seconds. Also, the administrative work related to physical delivery, especially across international borders, can be reduced significantly.

CUSTOMER SERVICE

Customer service can be greatly enhanced by enabling customers to find detailed information online.

BRAND IMAGE

Newcomers can establish brand or corporate images very quickly through NET at affordable cost.

CUSTOMIZATION

The ultimate luxury that a customer can get is in terms of custom designed products and services. The net offers a tremendous opportunity to understand customers needs one at a time and offer customized products and services. Dell computers Inc is a success story of customization.

ADVERTISING

Traditional advertising used mass or direct (one – way) communication to persuade customers to buy their products and services. In the electronic era, it is Interactive communication (two – way), aims at allowing customers to browse, explore, compare, question, and even custom design the product configuration.

ORDERING SYSTEMS

Taking orders from customers can drastically be improved if it is done electronically. This saves time and reduces expenses, so sales people have more time to sell their products or services.

INTERMEDIARIES

In traditional marketing middlemen are supposed to provide place and time utilities to the ultimate customer, but advancement of information technology is turning intermediation in to disintermediation. Where manufacturer and customer become closer, middlemen serve no economic purpose. When manufacturer and retail store connects electronically, warehouse and inventories are reduced, when money is transformed electronically between seller and buyer, cheques and traditional banking facilities are no longer needed.

VALUE OF CUSTOMER

Traditional marketing tries to maximize the value per transactions, means customer is a target. But, in net, marketers are trying to form relationship with customers, and they are looking for long term value maximization.

LIMITATIONS OF ELECTRONIC COMMERCE

COST

The cost of developing EC in – house is very high.

SECURITY AND PRIVACY

Customers are apprehensive about sending the personal information and credit card information, because customers still worry that unscrupulous snoopers will eavesdrop on their on – line transactions or intercept their credit card numbers and make unauthorized purchases.

LACK OF TRUST AND USER RESISTANCE

Customers do not trust an unknown faceless seller, paperless transactions, and electronic money. So switching from physical to virtual stores may be difficult.

LEGAL ISSUES

Many legal issues are as yet resolved, and government regulations and standards are not refined enough for many circumstances.

Electronic commerce could result in a breakdown of human relationships.

2. CONCLUSION

Day by day, technology is getting sophisticated and costs are crumbling, making the internet easy and cheap to access. Eventually, even for buying a product from a shop situated near by his / her house, one may use the Internet to place the order, and may and may get the product delivered immediately. The integration of Electronic Commerce and Marketing will bring a renaissance in marketing function. As it presents an opportunity to get close to the customer; to bring the customer inside the company; to explore new product ideas and pretest them against real customers. The inability to find the product or service of interest quickly is the biggest barrier to effective marketing, this problem may be overcome through E- commerce, where number of companies offer several products through the net.

Today, customers are fairly passive. That will change very slowly, as consumers need to be educated and behavior has to be modified to adjust to E – Commerce and business professionals have to be ahead of their customers and make sure they have the answers to questions when clients pose them. That is, we have to be prepared for the future of Interactive marketing. At last, I believe that Electronic Commerce change controlled economy to market - driven economy, protection to competition, and from insulation to globalization.

3. REFERENCES

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