



# INTERNATIONAL JOURNAL OF CREATIVE RESEARCH THOUGHTS (IJCRT)

An International Open Access, Peer-reviewed, Refereed Journal

## A STUDY ON ONLINE MARKETING CHALLENGES AND OPPORTUNITIES

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### Abstract

Online marketing, which is also called internet marketing, involves use of interactive, virtual spaces for the sake of promoting and selling goods and services. In fact, new synchronous, internet-based communication technologies had contributed to the restructuring of major economic sectors including marketing. Being cost-effective, flexible, and fast and enjoying an on unprecedented global reach, internet marketing has brought about different businesses incredible gains. However, this effective, new method also involves its special disadvantages, e.g. lack of personal contact, security and privacy, etc which should be taken account for. The present study, then, concentrates upon the impacts of internet-fostered interactive spaces on marketing practice. The paper starts with defining online marketing and reviewing historical background to utilization of online marketing; different kinds of internet marketing, then, will be shed light upon. The marketing opportunities stem from introduction of this new, virtual space is the next focal point of concentration. The study continues with challenges, such as problems of security, privacy, etc, emerged in the field of marketing from implementation of virtual space produces. Contemplating the solutions to tackle the challenges ahead, we provide the conclusions.

**Keywords:** Online marketing, offline marketing, Internet, Opportunities, Challenges.

### 1. Introduction

Now it is a well-known fact that what we call 'marketing' has undergone substantial changes over the recent years (Petkus, 2010), and the key role in this transformation has been played by internet. Internet "refers to the physical network that links computers across the globe. It consists of the infrastructure of network servers and wide –area communication links between them that are used to hold and transport the vast amount of information on the internet"(Chaffey, 2000: 12).

Several studies have addressed the way in which introduction of internet have reshaped the structure and performance of different sectors, e.g. hospitality, travel and tourism (Xiang et. al 2008; Beldona 2005; Gretzel, et al. 2006; Kah, et al. 2006; Pan and Fesenmaier 2006; MacKay et al 2005; Weber and Roehl 1999), health and medicine (Rupoert, 2001; Datta, et al., 2008; Gadish, 2007), marketing education (Hollenbeck, et al. 2011; Eastman and Swift, 2001; Kynama and Keesling, 2000, etc.

Introduction of internet has changed the rules and marketing practitioners have no way but to adhere to it (Scott, 2009:8). In fact marketing is just one of numerous fields have been substantially revolutionized by internet-based technological innovations. Hallway maintains that "Information and communication technology, as it is now known, has come to play a key role in all elements of the marketing mix, and the new term recognizes the importance of communication in the interface between a business and its customers" (2004). Since new communication technologies have fostered a new dynamic environment in which marketer oriented, top-to-down, unilateral approach gives its place to a customer-oriented, bottom-to-up, reciprocal process.

## 2. What is online marketing?

Chaffey et al. (2000) simply define internet marketing as "the application of the internet and related digital technologies to achieve marketing objectives"(12). This definition is a simple definition which, unlike the following ones, does not touch the important aspect of customer relationship. According to (Kotler & Armstrong, 2012: 508; Kotler et al., 2010: 493) Online marketing consists of measures and activities to promote products and services and build relationships with customers over the Internet. Burrett (2008) understands online marketing as —carefully targeting users and getting them to interact with you while they're engaged with the most personal, intimate medium ever invented (44). The most comprehensive definition has been articulated by Chaffey (2007), he defines online marketing as —Applying Digital technologies which form online channels (Web, e-mail, databases, plus mobile/wireless & digital TV) to contribute to marketing activities aimed at achieving profitable acquisition and retention of customers (within a multi-channel buying process and customer lifecycle) through improving our customer knowledge (of their profiles, behavior, value and loyalty drivers), then delivering integrated targeted communications and online services that match their individual needs". As this relationship concept definitions show online marketing revolve around interaction and building relationship with customers, a point which discriminates it from traditional, offline marketing.

## 3. Different methods of online marketing

Online marketing which is also called internet marketing and e-marketing includes several methods and techniques which are introduced briefly as follows:

### **Online Advertising**

The most known technique of online marketing is online advertising. In this method virtual space is used to put marketing messages on websites to attract internet users. Just similar to methods offline marketing and other types of online marketing, the major objective of online advertising is to increase sales and build brand awareness. Online advertising involves using of internet for displaying promotional messages on the computer screens (Duguay, 2012) and refers to "deliberate messages placed on third-party websites ... search engines and directories available through Internet access" (Ha, 2008: 31).

Online advertising similar to TV ads uses the element of interruption. But it uses it in a much more creative. Contrary to TV advertisement, online advertisement do not force the recipient to pay attention to the promotional peace, but it tries to persuade or attract s/he to do so, because instead of coming in intervals it is placed along or among other non-marketing contents. The now empowered internet recipient still has the power to ignore the advertisement and it is totally up to her/him to click or not.

Online advertising, sometimes called display advertising, uses different methods to display a marketing message online. Needless to say that with the progress of technology, new ways of practicing the art of online advertisement is developed. In addition to images, pictures, logos etc, other different methods now used in this field including *interstitial banners*, *pop-ups* and *pop-unders*, *map adverts*, *floating advert*, *banner advert* (Stokes, 2009: 30).

### ***Email-marketing***

E-mail marketing, using e-mail for sending promotional messages to internet users, has been considered one of the more effective methods of online marketing. Several researchers have shed light upon privileges of conducting online marketing this way (Wreden, 1999; Jackson & DeCormier, 1999; Raad et al., 2010; Nial, 2000). In this regard Peppers and Rodgers (2000) among its benefits point to "high response rates" and "low costs" of email marketing and believe that this advantages "are rapidly turning email marketing into an invaluable tool"(4).

Despite these benefits email marketing suffers from deficiencies. One these problems are that online customers can easily ignore the received advertisements and even some email clients would decide to put them in the spam folder. So some measures should be taken to overcome the possibility of ignoring promotional emails on the part of customers. One of the solutions is to not solely rely on email marketing. Marketers should employ different channels and methods of marketing to increase the chance of success. Another measure to transcend problems of email-marketing is permission email marketing. "Permission marketing" has been coined by Godin (1999). In this method recipients are asked for their permission to receive marketing messages from the commercial marketers. So unless the recipients have not expressed their consent, they will not send commercial emails.

### ***Search Engine Optimization (SEP)***

Nowadays it is hardly possible to imagine a business which has not its own website. But having a well-designed website does not necessary result in an ideal amount of visits. In order for this goal to be accomplished another type of online marketing, called SEM, should be adopted.

In fact, one of major methods of conducting online marketing is search engine optimization, which is also called search engine marketing. Davis (2006) defines it in this way: "SEO - short for Search Engine Optimization - is the art, craft, and science of driving web traffic to web sites ... web traffic is food, drink, and oxygen – in short, life itself – to any web-based business" (2). Parikh and Deshmukh (2013) also offer this definition: " Search engine optimization can be described as a cluster of strategies and techniques used to increase the amount of visitors to a website by obtaining a high-ranking placement in the search results page of a search engine (SERP)" (1).

The importance of search engine optimization lies in the fact that customers most of the time use engines as a major gate to get around in the internet. So some marketing techniques have been developed to enhance the rank of intended business websites in the search engine results. The purpose of SEO strategies is to place a given website among highly listed entries returned by search engines which in its turn produces more traffic. So, "Web site owners, webmasters and online marketers want search engines to send traffic to their site. Therefore, they need to make sure that their sites are relevant and important in both the eyes of the search engines and the users."

### ***Affiliate marketing***

Affiliate marketing is a major component of package of online marketing methods and refers to the process of gaining a commission by promoting products or services of another company. Also in this method two or more website owners can build relationship to increase mutual financial benefits. With respect to its definition, "affiliate marketing is simply defined as : A web-based marketing practice , often using automated systems or specialized software in which a business rewards their affiliate for each visitor, customer, or sale which is brought about as a result of affiliate's marketing efforts. In most cases, the reward is monetary in the form of a monthly check. Most well-designed affiliate programs are easy to implement, require little or no setup, are free, and can instantly generate a new source of revenue for you"(Brown, 2009:17).

Affiliate marketing has been used in a number of businesses for promoting products and services offline. But online environment has extends the prospect of deploying this method dramatically. The reason is that referral or affiliates are very easy to track online. This system of marketing is widely used to promote

websites and affiliates are compensated for their effort to attract every single "visitor, subscriber, or customer". These affiliates sometimes are considered to be "an extended sales force" at the service of a website. Because affiliates are rewarded based on their performance, affiliate marketing is also called "performance marketing" .

### ***Social Media***

Social media has changed every aspect of our life dramatically. In fact it has become "the method of statement in the 21<sup>st</sup> century, enabling us to express our belief, ideas and manner in an absolute new way ". Beyond changing our way of conducting social life, social media provides world of marketing with unprecedented opportunities and "also have a huge impact on corporation, where they have realize that without a correct plan and social media strategy they have no chance to stand out in the rapidly changing digital freedom" (Saravanakumar and SuganthaLakshmi, 20012: 44).

### ***Viral Marketing***

Another method of conducting online marketing which overlaps remarkably with social media marketing, due to centrality of "word of mouth" to it, is called Viral Marketing. Viral marketing, in fact, is "a form of word of mouth marketing which aims to result in a message spreading exponentially. It takes its name from a virus, because of the similarities that marketers aim to emulate: It is easily passed on. The number of people who have been —infected grows exponentially"(Stokes, 2009: 150)

Viral marketing is a new concept which has been developed with the advent of Internet. Viral marketing spreads through social networks and it is a virtual version of word of mouth. It is a very cheap mode of marketing and if you use it there is no need to spent massive amounts of money on traditional expensive marketing campaigns. Viral marketing works through encouraging people to share, pass along, and forward a marketing message; it is based on a high rate of pas-along form a user to another user. It is clear that harnessing such a powerful instrument, word of mouth, and having others share your products and sell it, guarantees the success, even compared with launching a classical marketing campaign.

## **4. Advantages of Online Marketing**

### ***Empowering effect***

One of advantages of online marketing is related with its enabling effect especially on small businesses since "internet can extent market reach and operational efficiency of small and medium interprises (SMEs)"(Dholekia and Kshetri, 2004: 311). In fact internet creates a kind of democratized environment in which marketing has been restructured in such a way that even small businesses are given a good chance to promote and brand their products on a much more larger scale (Jobber, 2001; Tapp, 2008). It should be, therefore, stressed that "internet has created unprecedented opportunities for small businesses to engage in national and international marketing campaigns which could have been unaffordable due to the huge amount of resources required" (Poon and Jevons, 1997: 29). Email marketing, bogging, launching web-sites, etc are among easily affordable inter-fostered channels than can provide small business with the ability to survive and compete.

### ***Elimination of geographic barriers***

One of the key advantages of online marketing is that it removes all geographical limitation from the practice of buying and selling. So internet allows an unlimited global reach (Allen and Fjermestad, 2001; Teo and Tan, 2002; Sigala, 2008) at on outstandingly lower cost. Due to massive cost of traditional media, global reach was once the exclusionary realm of huge multinational corporation, but the advent of cost-effective internet technologies has enabled smaller businesses to enjoy this kind of reach. Overcoming the geographic barriers, marketers are now able to present products and services to different groups of costumers across the universe with the simple condition that they have access to internet (Mohammed, 2010: 2).

### ***24 hours / seven days availability***

Internet now can provide customers with timely information due to its availability 24 hours a day, 7 days a week (Lane, 1996). So, due to the establishment of online shops, customers are now able to acquire information and shop online any time of day or night they wish and prefer. So there remain no time limitations in this regard because online businesses have no special closing and opening times. People may visit physical markets after searching internet or the other way round they can surf internet for competitive prices after visiting physical stores. (Sharma, 2011: 203). Besides that there is no doubt that online purchase is more convenient since there is no need to go out of home, visiting different stores and take the burden of comparing different products and prices. The buyers can do their shopping much more effectively from the comfort of their homes. Needless to say a lot of time and energy is saved this way.

***Cost-effectivity*** It goes without saying that, compared with traditional advertising media channels, which are very resource

consuming, online marketing via internet is clearly cost-effective and can accomplished its objectives at a fraction of the cost (Paul, 1996; Hamil, 1997; Godes and Mayzlin, 2004; Sheth and Sharma, 2005; Buhalis and Law, 2008; Poon and Jevons, 2010). For instance it is obvious that the cost of launching an ad online is far less than placing an ad in a magazine or on a billboard. The cost of establishing one's virtual presence, networking with other institutions and communication with consumers is significantly low. Consequentially internet marketing enables the companies to save their resources, an aspect which is highly appreciated by companies since the online marketing campaigns don't require massive investment.

### ***Trackability***

Another aspect of the online marketing is its possibility of tracking. In fact "the track-ability of Internet Marketing is one of its greatest assets" (2014). Internet enables measurement of everything taking place on it. So, the number of clicks that a particular promotional piece receives and amount of website traffic is easily measured. In this way the marketer is enabled to track the visitors to her/his website and understand their behavior. Internet also allows the companies to find out whether their campaigns are working or not, what kind of customers are interested in their products, from where?

The ability to track online customers increases dramatically due to the fact that "internet constitutes the most accountable media ever. Web site log software and real-time profiling track the number of users who view each page, location of previously visited pages, date of view, time of view, duration of viewing, links followed, and so on" (Granitz and Greene, 2003: 19).

### ***Personalization***

Personalization which comes with customization is another important aspect peculiar to marketing online through internet. So online marketing is a personalized marketing which is also called marketing to the Segment of One or "one-to-one marketing" (Peppers and Rogers, 1993). But what is personalization? Personalization refers to tailoring products and services to customers' preferences based on their online, registered purchase history. In fact "since electronic interaction with customers allows the gathering of detailed information on the needs of each individual customer, firms can automatically tailor products and services to those individual needs" (Karavdic and Gregory, 2005:80). This process results in offering customized products to customers. In this way customers are send personalized messages which produces much greater impact compared with impersonalized, generic messages send indiscriminately to mailbox of customers.

Personalization results in formation of sustainable relationship with customers; as Riecken (2000) puts it "personalization is about building customer loyalty by building a meaningful one-to-one relationship; by understanding the needs of each individual and helping satisfy a goal that efficiently and knowledgeably addresses each individual's need in a given context"(26). Based on metrics internet helps marketer to

gather, customer, for instance, can be greeted with targeted offers whenever they visit website. So with the aid of gathered data of customers preferences, the sites can be customized for the target audience which brings about an increasing interaction and builds up a "sense of intimacy" between marketer and audience. This is especially important due to the fact that traditional modes of marketing such as Mass media, TV, and newspapers cannot be shaped by their users' needs, demands, inclinations, and preferences. So personalization and customization is obviously considered a major advantage or opportunity of online marketing via internet (Bhui and Ibrahim, 2013: 223)

## 6. Challenges of Online Marketing

### *Problem of integrity*

Integrated marketing has been a central theme of the profession (Clown and Baak, 2013; Kitchen and Burgman, 2010; Blech and Blech, 2013). On the other hand one of the major problems with marketing campaigns is that they employ several offline and online promotion channels such as press, brochure, catalogue, TV, cell phone, e-mail, internet, social media etc, while lacking a comprehensive, harmonizing marketing framework. Each item is used in isolation and accomplished as a different task not as a component of an integrated campaign aimed at realization of specified and particular objectives. This deficiency can be compensated for by taking a holistic approach which synchronizes different traditional and internet age modes of marketing communication as moments of an integrated structure. With respect to virtual, online component of an integrated marketing what is "also worth noting (or reminding) is that like *Lack of face-to-face contact*

Lack of personal contact is another deficiency of online marketing which has been addressed in online marketing research and literature (Goldsmith and Goldsmith, 2002; Phau and Poon, 2000). Internet transactions involve no embodied, personal interaction and that is why some customers consider electronic modes of providing customer service impersonal and enjoy the experience of shopping in a bricks and mortar, physical store. They prefer to talk to store personnel in a face to face manner, touch the related product with their hands, and socialize with other customers. Virtual marketplace cannot provide for this function of offline shopping and lacks personal interaction. To be more specific "for the types of products that rely heavily on building personal relationship between buyers and sellers such as the selling of life insurance, and the type of products that requires physical examination, Internet marketing may be less appropriate" (Kiang and Chi, 2001:159).

Face to face contacts is not important just in the case of special types of products; here culture is also a relevant variable. For example Rotchanakitumnuai & Speece (2003) can be referred who have highlighted the lack of personal contact in online transactions. Among other things, they refer to Asian cultures in which personal relationships are of a prominent value and that this, together with the transaction context, is often played a crucial role in ensuring the success of financial deals.

### *Security and Privacy*

Information privacy is among major topics to be taken into consideration in today's evolving electronic world. It is clear enough that nowadays customers' data can easily be shared with other companies without asking for their permission. Moreover their more crucial personal data such as usernames and passwords are not immune from hackers (Lantos, 2011: 74). Another related problem is spam and pop-up ads which are considered by majority of online customers an instance of intrusion of privacy (Drozdenko & Drake, 2002: 317). These security and privacy issues are among challenges in the way of online marketing. Effective internet marketing, therefore, depends on resolving the related problems in this regard. James W. Peltier et al. (2010) point to the role that can be played by marketing curriculum and suggest "that students should be exposed to this topic in varied courses and in varying degrees of coverage" (225). The major dimension with respect to privacy is the *choice* or *consent*. This dimension has its roots in this belief that consumers whose data have been collected by the respective company should have control over

the ways in which their information is used. Especially they also should be granted the right to have control "over how their personal information is used beyond the purpose for which it was collected" (ibid, 228).

### ***Lack of trust***

Closely related with the problem of security and privacy is the issue of lack of trust on the part of customers which has been recognized a great challenge on the way of online marketing growth. And it is the reason why "online trust is growing in importance as a topic of study and its influence on internet marketing strategies is increasing"(Urban et al, 2009: 179). Bart et al (2005) define trust in virtual environment as follows: "online trust includes consumer perceptions of how the site would deliver on expectations, how believable the site's information is, and how much confidence the site commands" (134). Today despite the rapid growth of online transactions several people still mistrust electronic methods of paying and still have doubt whether the purchased items will be delivered or not. On the other hand prevalence of online fraud has made customers hold negative or doubtful attitudes towards online transactions.

So much more clearly remains to be done to build up the trust and convince the customers that interactions which take place in the virtual world are as real and honest as those happen in the real, offline world. No doubt, it is an ongoing, long process and needs more time to realize. It should be stressed that unless this trust has not been built, internet marketing cannot be taken advantage from to its fullest potential. So it is imperative for those in charge of online marketing to understand the reality of new virtual world. One of the prominent realities of this new world is that "today trust and customer power have partnered to revolutionize marketing. Marketers and IT managers are challenged with the task of changing the online climate in order to gain retain online consumers. This has generated tremendous interest in learning about online trust and in developing new site designs to respond to the increased power of customers" (Urban, 2008: 39).

### **7. Conclusion**

Internet has revolutionized every aspect of life including economy and marketing. Introducing major techniques and methods of online marketing, this study has shed light upon opportunities and challenges of Internet. The major advantages internet has are its *Empowering effect, Elimination of geographic barriers, 24 hours / seven days availability, Cost-effectivity, Trackability, and Personalization*. However, implementation of Internet in the field of marketing involves special disadvantages such as *Problem of integrity, Lack of face-to-face contact, Security and Privacy, Lack of trust*. Unless these dual characteristic of Internet have not been taken into consideration, it cannot be deployed to its full advantage. An online marketing framework informed by insights from such a consideration would guarantee its financial objectives.

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