

Pros and Cons of Internet Marketing

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Abstract

In the era of globalization internet plays a vital role in all spheres of life and industries.

Internet is very famous nowadays for satisfying people with various services related to various different fields. It is a very versatile facility which can help you in completing many tasks easily and conveniently with few clicks. It can be any work of daily usage or any specific service which needs a lot of research and formalities to be done beforehand, as well as this marketing is not an exception either.

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 restructuration 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.

Introduction

Background

Now it is a well-known fact that what we call 'marketing' has undergone substantial changes over the recent years, 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".

Introduction of internet have reshaped the structure and performance of different sectors, e.g. hospitality, travel, health and medicine, marketing education etc. Introduction of internet has

changed the rules and marketing practitioners have no way but to adhere to it. In fact marketing is just one of numerous fields have been substantially revolutionized by internet-based technological innovations. Halloway 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). The most prominent point regarding the advent of Internet to the center stage of commerce and marketing is that Internet is not considered merely a new channel of promotion, a new type among other traditional, pre-Internet types of marketing goods and services. Quite contrary, it has brought about a turning point, a complete shift to a new business model, which results in an inevitable reconceptualization of the very nature of marketing. This new understanding is inevitable 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.

Objectives of the study

The objectives of this study are:

- 1- To define the meaning of online marketing
- 2- To observe the online marketing environment
- 3- To analyze advantages and disadvantages of online marketing.

Methodology

Taking into consideration methodologies that were employed in this research, it could be said that author used observation and survey methods. The author utilized the main advantages of the internet and conducted a research on online bases through different marketing forums, blogs and social websites, where were created special themes and asked such questions as: "What internet marketing is? What are the main problems of internet marketing? What are the main pros and cons, advantages disadvantages in internet marketing?" The research started at 1st of February and finished at 1st of March, by the end there were collected more than 200 responses, the contexts of which are analyzed, sorted out and represented in the following chapters. As well as this the observation of variety of literature such as magazines, books, articles, journals etc. was used.

Significance of the study

This study will be as a practical guideline for the online marketing defining main terms and techniques of it. The outcome of this study will develop the understanding of main advantage and disadvantages of online marketing that would be useful for every company that wants to market their products in the internet and before wants to get acquainted with pros and cons of online marketing. As well as this the study would be useful for taking actions for those who already

promote their products online but do not know what could be corrected and developed in order to achieve better results.

What does online marketing mean?

Online advertising, also called online marketing or Internet advertising, is a form of marketing and advertising which uses the Internet to deliver promotional marketing messages to consumers. It includes email marketing, search engine marketing (SEM)¹, social media marketing, many types of display advertising (including web banner advertising), and mobile advertising. Like other advertising media, online advertising frequently involves both a publisher, who integrates advertisements into its online content, and an advertiser, who provides the advertisements to be displayed on the publisher's content. Other potential participants include advertising agencies who help generate and place the ad copy, an ad server which technologically delivers the ad and tracks statistics, and advertising affiliates who do independent promotional work for the advertiser. In other words internet marketing could be defined 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”. Chaffey 2007

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 and refers to "deliberate messages placed on third-party websites ... search engines and directories available through Internet access". 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

¹ SEM – Search Engine Marketing

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

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. 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". 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. 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 (SEO)

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". 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)². 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.

Social Media Marketing

Social media marketing, can be easily defined as" a term used to describe the process of boosting website traffic, or brand awareness, through the use of social media networking sites...most social media marketing programs usually revolve around creating unique content that attracts attention and encourages the viewer to share it with their friends and contacts on social networks.

Advantages of internet marketing

The following graph represents result for the advantages of internet marketing that were highlighted by people who answered the forum questions.

The information shows the result that there are majority of people emphasized mostly such advantages of online marketing as avoidance of geographic barriers, efficient target reach, cost effectiveness, wide audience, measurability, personalization and availability of internet marketing 24/7, all the trends comprise more than 150 responses each. The lower indicators are empowering effect, just over 80 people and better result, around 70 people who pointed out this.

The lowest indicator is an immediate result of internet marketing, embracing around 70 people. (see Figure 1)

² SERP – Search Engine Results Page

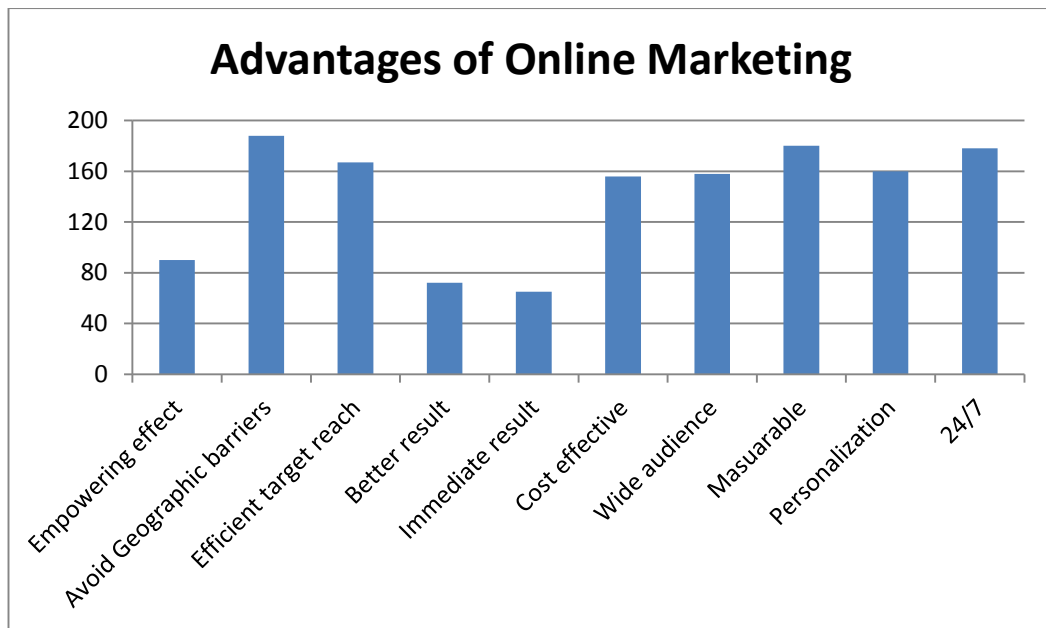


Figure 1 Answers for advantages of online marketing

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 enterprises (SMEs)³"(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. 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". 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. Therefore, Internet Marketing Levels The Playing Field Between Large and Small Businesses With Internet marketing, the difference in the size, number of manpower and available resources are not the main factors anymore in bringing success and revenues through your marketing campaigns. How effective and correctly you use Internet marketing channels will generate the results you need, leveling the field that have allowed small and upcoming companies compete with the big boys.

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 at on outstandingly lower cost. Due to massive cost of traditional media, global reach was once the

³ SME – Small and Medium Enterprises

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 customers across the universe with the simple condition that they have access to internet.

Internet Marketing Can Reach Targeted Customers More Effectively

One of the key characteristics of full Internet marketing is that these digital marketing tools were designed to target specific sets of customers or audiences. Unlike traditional mass media marketing where advertisements are broadcasted to anyone, even those who do not like or are not interested in a particular product or service. Internet marketing which is a form of inbound marketing attracts targeted customers who are specifically looking for the brands, products or services a particular digital marketing campaign is focused on.

Internet marketing delivers better results

Internet marketing as an inbound marketing tool delivers better results and revenues than traditional marketing channels. This is because an outbound marketing such as newspapers, consumer magazine, radio and TV are getting out of style, whereas inbound marketing tools such as mobile media, social media, social networks and search engines are on the rise.

Internet Marketing Delivers Immediate Results

Real-time marketing tools can bring businesses more benefits than other tools. Internet marketing is characterized with real-time interactions that can connect your business much more effectively with targeted customers. What you get are immediate results for your marketing efforts. The results are above-average conversions to either leads or sales every time a targeted customer visits your landing pages or websites.

Internet Marketing is Cost Effective

Compared to traditional mass media marketing, Internet marketing is much more cost-effective. Internet marketing also does not require ridiculously large amounts of investment as what businesses have done in the past with mass media marketing. Internet marketing channels are cheaper compared to traditional media channels, and in many cases websites can generate traffic even for free.

Internet Marketing Can Reach a Wider or Even International Audience

Since most Internet marketing activities are done online, businesses are not bound by brick-and-mortar limitations when it comes to reaching out to a wider audience. The world just became smaller with Internet marketing, allowing businesses from one part of the world market to another as if they're just a few blocks away from each other. Geographical distances are now meaningless with Internet marketing, allowing businesses to reach and interact with targeted customers more than they could ever will using traditional marketing methods.

Internet Marketing Results are Measurable

Unlike traditional mass media that register vague metrics or inaccurate survey results from a sampling of the actual target population, Internet marketing results are easily measurable and available in real time. Each click or visit to a landing page or websites, sign ups, and online purchases can actually be measured very accurately allowing digital marketers to easily gauge which particular Internet marketing tool will work for them and bring the best results. On top of that, Internet marketing analytics data can also give digital marketers a better insight about their targeted customers purchasing behavior among other things.

Internet Marketing Can Be Personalized

Not only is Internet marketing highly targeted, offers and programs can be customized or personalized based on the profiles and other consumer behaviors your targeted audiences exhibit. This will give your customers better value for what they have paid for as well as a better insight of the kind of products and services your customers need and are looking for – which your business can provide or develop.

Internet Marketing Helps Build Relationships

Traditional marketing is one way and there is very limited or no interaction between an advertiser and the end customer. With Internet marketing, engagement is the key and being able to interact with targeted customers in real time can help build better customer-supplier relationships, build higher levels of trust, and generate great customer loyalty that benefits both the business and their clientele.

Internet Marketing is Available 24/7

The World Wide Web never sleeps and so does Internet marketing, allowing business with little resources to sustain a physical 24-hour operations to compete in the digital marketplace using Internet marketing tools that can run virtually 24 hours a day and 7 days a week.

Disadvantages of internet marketing

The following table provides the information about the collected information from websites and forums that was stated by different people.

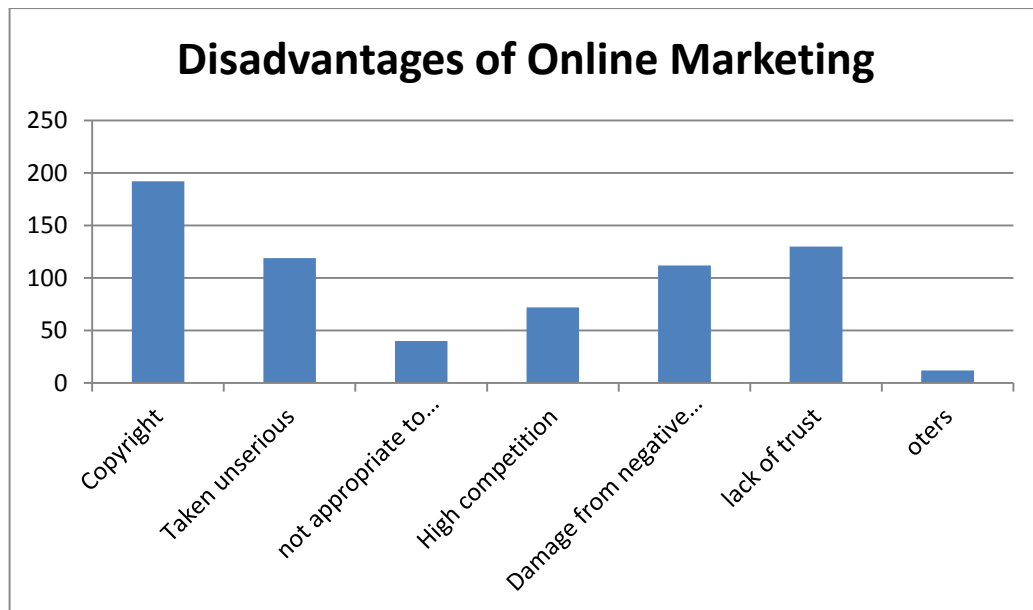


Figure 2 Answers for Disadvantage of Online Marketing

That is to say, there around 190 people emphasized the fact that the greatest disadvantage of add posted online is that it can be copied. It is followed by approximately 120 people who said that adds in internet are could be taken unserious and less than 50 people who consider that online marketing could be not appropriate to the product of the Company. This list is followed by high competition, damage from negative feedbacks and lack of trust comprising around 70, 110 and 130 considerations respectively. (see Figure 2)

Internet Marketing Campaigns Can Be Copied

One of the dangers in Internet marketing is that a particular campaign can easily be copied by a competitor, and many have done so with utter disregard for the legal ramifications their actions may bring. Trademarks or logos can be used to defraud customers and take away a sizeable market share from you. Not only that, these can also be used for perpetrating negative and erroneous information about your brand, product or service that will ruin your online reputation – and lose valuable targeted customers.

Internet Marketing Can Get Drowned by Too Much Online Ad Clutter

With both legitimate businesses and questionable entities like trolls, spammers and scammers present in the digital marketplace, the Internet is flooded by lots of online clutter. It would really be doubly hard for Internet marketers to get noticed by their targeted customers. Some consumers now have the tendency to simply ignore Internet advertising, making legitimate businesses lose valuable traffic and of course revenues in the process.

Internet Marketing Will Not be Taken Seriously if Not Done Professionally

Business owners and digital marketers should focus on bringing their Internet marketing campaigns to professional levels, otherwise they will not be taken seriously by their targeted

customers. First impressions really matter whether you use traditional or Internet marketing and advertising channels so it would be to your greatest advantage to stay consistent and professional in whatever channel you are using for your campaigns.

Internet Marketing May Not Be Appropriate for Your Product

Some brands, products or services have targeted audiences that may not be reached by Internet marketing channels. Some products and services target the elderly and only a few percentages are tech savvy and may not have access or do not even know how to get online. If that's the case, you will only be wasting time and resources marketing your products or services through Internet means.

Internet Marketing Involves Too Much Competition

Just like the proliferation of online ads, Internet marketing is faced with a great challenge of too much competition. Digital marketers are scrambling to get into a better position for optimum visibility for their marketing and advertising campaigns, and with the presence of too much competition, will make it doubly hard and expensive to get the attention of targeted audiences.

Internet Marketing Reputation Can Be Damaged by Negative Feedback

Digital marketing tools are prone to their perennial problem of negative feedback which can damage your online reputation. A single post or tweet that defames or give erroneous claims and negative feedback about your products or services can scar and ruin your Internet reputation for a long time.

Internet Marketing Is Highly Dependent on Technology Which Can Be Prone to Errors

Digital marketing makes use and is highly dependent on technology. In many cases, technology can break down and produce erroneous results that can severely affect your Internet marketing campaigns. Non-working links to important landing pages, pay buttons that do not work and other similar stuff like can ruin your hold of your targeted audiences and lose good business.

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". 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". 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".

Internet Marketing Is Not Yet Embraced by All People

Lastly, not all people have already bought into the idea of Internet marketing, preferring to choose or put more importance to products that they can actually touch before they purchase. Many are still concerned and have serious doubts in the security of online transactions that they fear going into one for business purposes. Focusing only in Internet marketing will prevent you from reaching out to targeted audiences in this category which can still be very considerable in terms of numbers.

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, target reaching, immediate results, cost effective, reaching wider or international auditory, measurable result, can be personalized, relationship build, 24 hours / seven days availability. However, implementation of Internet in the field of marketing involves special disadvantages such as: copying, too much add clutter, unserious perception, unconformity to the product, too much competition, damage by negative feedback, technology dependence, is not embraced by all people and lack of trust.

As the Internet continue to evolve, new technologies in Internet marketing will emerge and will define how products and services will be marketed in the near future. Getting a better understanding of the power of Internet marketing by giving a comprehensive look at its advantages and disadvantages will prepare business owners and digital marketers in years to come.

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