Studia commercialia Bratislavensia Volume 4; Number 14 (2/2011); pp. 201-208
DOI: 10.2478/v10151-011-0006-z ISSN 1337-7493

Analysis of E-marketing Strategies

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Abstract

The Internet has led to an increasingly connected environment, and the growth of Internet usage has resulted in declining distribution of traditional media: television, radio, newspapers and magazines. Marketing in this connected environment and the use of that connectivity to market is e-marketing. E-Marketing embraces a wide range of strategies, but what underpins successful e-marketing is a user-centric and cohesive approach to these strategies. While the Internet and the World Wide Web have enabled what we call New Media, the theories that led to the development of the Internet have been developed since the 1950s. This paper focuses on only e-marketing strategies, not the plan of e-marketing.

Key words

E-Marketing, World Wide Web, email campaign, E-marketing strategies, E-marketing strategies steps

JEL Classification: A12, M31, M39

Introduction

E-marketing is an essential part of marketing. What is e-marketing? What is the difference between e-marketing and Internet or web marketing? What are the e-marketing tools?

So the place to begin defining e-marketing is to consider where it fits within the subject of marketing. So let's start with a definition of marketing. The American Marketing Association (AMA) definition (2004) is as follows:

Marketing is an organizational function and a set of processes for creating, communicating and delivering value to customers and for managing customer relationships in ways that benefit the organization and its stakeholders.

Therefore e-marketing[2] by it's very nature is one aspect of an organizational function and a set of processes for creating, communicating and delivering value to customers and for managing customer relationships in ways that benefit the organization and its stakeholders. As such an aspect, e-marketing has its own approaches and tools that contribute to the achievement of marketing goals and objectives.

The terms e-marketing, Internet marketing and online marketing are frequently interchanged, and can often be considered synonymous (Kumar, 2010). Very simply put, e-marketing or electronic marketing refers to the application of marketing princi-

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[2] The terms eMarketing, e-Marketing, eMarket are used interchangeably throughout this paper to refer to e-marketing.

ples and techniques via electronic media and more specifically the Internet. E-marketing is the process of marketing a brand using the Internet. It includes both direct response marketing and indirect marketing elements and uses a range of technologies to help connect businesses to their customers. By such a definition, e-marketing encompasses all the activities a business conducts via the worldwide web with the aim of attracting new business, retaining current business and developing its brand identity.

This also helps us to differentiate between e-marketing and e-commerce, since E-commerce is simply buying and selling online.

No real difference has been found according to my search between e-marketing and internet or web marketing. However, according to Chaffey and Smith e-marketing and internet or web marketing as subtly different, for example (Chaffey & Smith, 2008):

- Internet (or web) marketing is achieving marketing objectives through applying digital technologies,
- E-marketing is achieving marketing objectives through use of electronic communications technology.

The internet offers numbers of tools to the marketer, such as (Marketing Teacher, 2011):

- A company can distribute via the Internet e.g. e-bay, martinus.sk, Amazon.com,
- A company can use the Internet as a way of building and maintaining a customer relationship e.g. Dell.com,
- The money collection part of a transaction could be done online e.g. electricity and telephone bills,
- Leads can be generated by attracting potential customers to sign-up for short periods of time, before signing up for the long-term e.g. which.co.uk,
- The Internet could be used for advertising e.g. Google Adwords,
- Finally, the web can be used as a way of collecting direct responses e.g. as part of a voting system for a game show.

We can see the e-marketer performing e-marketing into two ways. One is an existing organization may embark upon some e-marketing as part of their marketing plan. Secondly, an organization trades solely on the internet and so their marketing plan focuses purely on e-marketing.

The marketing plan in either case is the next step, whether focused upon e-marketing or all marketing (Stokes, 2009).

The e-marketing strategy is normally based and built upon the principles that govern the traditional offline marketing known as 4 P's (Product - Price - Promotion - Positioning) that form the classic marketing mix. Add the extra 3 P's (People - Processes - Proof) and we got the whole extended marketing mix.

1 Expansion of e-market

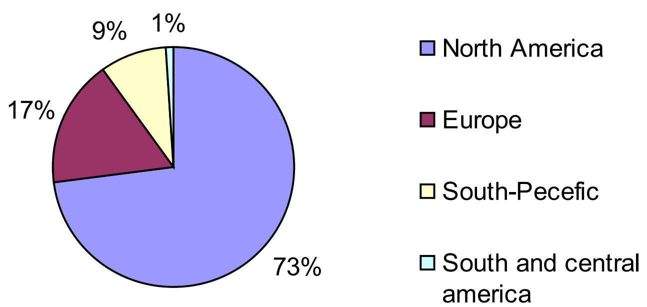
Until here, there are no much aspects to differentiate e-marketing from the traditional marketing performed offline. The extended marketing mix (4 + 3 P's) (Otlacan, 2008) is built around the concept of "transactional" and its elements perform transactional functions defined by the exchange paradigm. What gives e-marketing its uniqueness is a series of specific functions, relational functions, that can be synthesized in the 2P + 2C+ 3S formula: Personalization, Privacy, Customer Service, Community, Site, Security, Sales Promotion.

These 7 functions of the e-marketing stay at the base of any e-marketing strategy and they have a moderating character, unlike the classic marketing mix that comprises situational functions only. Moderating functions of e-marketing have the quality of moderate operate upon all situational functions of the mix (the classic 4 P's) and upon each other.

Over the past decade, e-market has increasingly provided an alternative way for buyers and sellers to transact. Transactions are negotiated electronically and are completed when an agreement is reached to transfer ownership of goods or rights to receive services or information for an agreed price.

An analysis of e-commerce has not been yet performed in wide range until now. In 1999, the Census Bureau (U.S. Census Bureau, 2009), Washington D.C has began requesting data on e-commerce sales in its annual surveys of manufacturers, wholesalers, retailers, and selected services and in its monthly survey of retailers. These surveys provide detailed data on the two primary types of transactions: business-to-consumer, or B2C, and business-to-business, or B2B. According to a study released by The National Retail Federation's Shop.org and Forrester Research, companies who are still indulging in online marketing campaigns are diverting big money towards investments in social media shows prognosis in Graph 1.

Graph 1 Prognosis of investment in e-commerce media marketing



Source: Hasan, J. (2009). Analysis of the Effects of E-commerce on Economy. *Studia commercialia Bratislavensia, 2*(6) 36-42.

2 E-Marketing strategies step 1

The first key decision involves the evaluation and selection of appropriate segments and the development of appropriate offers. In an Internet context, organizations typically target those customer groupings with the highest propensity to access, choose and buy online. Segments for targeting online are selected which are most attractive in terms of growth and profitability. Resources are never sufficient to develop comparable quality content and services for all segments.

Some examples of customer segments that are often targeted online include (Chaffey, 2011):

- The most profitable customers – using the Internet to provide tailored offers to the top 20 per cent of customers by profit may result in more repeated business and cross-sales,
- Larger companies (B2B) – an extranet could be produced to service these customers, and increase their loyalty (e.g. Dell Premier Pages services),
- Smaller companies (B2B) – larger companies are traditionally serviced through sales representatives and account managers, but smaller companies may not warrant the expense of account managers. However, the Internet can be used to reach smaller companies more cost effectively,
- Particular members of the buying unit (B2B) – the site should provide detailed information for different interests which supports the buying decision, for example, technical documentation for users of products, information on savings from e-procurement for IS or purchasing managers and information to establish the credibility of the company for decision makers,
- Customers who are difficult to reach using other media – an insurance company looking to target younger drivers could use the Web as a 'vehicle' for this,
- Customers who are brand loyal – services to appeal to brand loyalists can be provided to support them in their role as advocates of a brand,
- Customers who are not brand loyal – conversely, incentives, promotion and a good level of service quality could be provided by the web site to try and move such customers up the ladder of loyalty.

3 E-Marketing Positioning and differentiation step 2

In an online context, retailers can position their products relative to competitor offerings according to four main variables: product quality, service quality, and price and fulfillment time. They suggest it is useful to review these as an equation of how they combine to influence customer perceptions of value or brand.

Price and Fulfillment time - These positioning options have much in common with Porter's competitive strategies of cost leadership, product differentiation and innovation.

The aim of positioning is to develop a perceived differential advantage over rivals' products. In an e-marketing context the differential advantage and positioning can be clarified and communicated by developing an online customer value proposition (OVP). This is similar to a unique selling proposition, but is developed for e-commerce services. For maximum effectiveness the OVP should clarify:

- A clear differentiation of the online proposition compared to the companies conventional offline proposition.
- A clear differentiation of the online proposition from competitors based on cost, product innovation or service quality.
- Target market segment(s) that the proposition will appeal to.
- How the proposition will be communicated to site visitors and in all marketing communications.
- How the proposition is delivered across different parts of the buying process
- How the proposition will be delivered and supported by resources – is the proposition genuine?

4 E-marketing strategy priorities step 3

Kumar (1999) suggests that a company should decide whether the internet will primarily complement the company's other channels or primarily replace other channels. Clearly, if it is believed that the Internet will primarily replace other channels, then it is important to invest in the resources, promotion and infrastructure to achieve this. This is a key decision as the company is essentially deciding whether the internet is 'just another communications and/or sales channel' or whether it will fundamentally change the way it's interacts with its customers and channel partners. Kumar (1999) suggests that replacement is most likely to happen when:

- customer access to the internet is high,
- the Internet can offer a better value proposition than other media (see the section on this topic later in this chapter);
- the product can be delivered over the internet (it can be argued that this condition is not essential for replacement, so it is not shown in the figure);
- the product can be standardized (the user does not usually need to view to purchase).

Increased competition has put pressure on many e-firms to lower their prices. Price-sensitive buyers have been drawn to e-market because they can quickly execute price-comparison searches. In response, e-firms have been able to increase sales volume by lowering prices. These price reductions have been economically feasible because of the cost savings e-firms have achieved. The impact of these two elements, competition and cost savings, is strongest for standardized goods or commodities.

Prices for all goods and services sold via e-commerce, however, are not expected to fall as some firms use alternative tactics to offset the impact of increased competition. One commonly used tactic is price discrimination. Similar to conventional sellers, many e-firms distribute coupons to buyers who are most likely to respond to temporary discounts. Another method is the name-your-price transaction model used by sellers such as Priceline.com. Through this model, firms can sell excess inventory at a discount using a mechanism that limits the choices available to buyers. Given the constrained selection, only a subset of buyers are willing to make purchases at discounted prices. This means that the firm is able to charge higher prices to buyers who want more choice over product features, limiting the downward price pressure associated with competition.

5 E-commerce strategies mix

On the basis of e-commerce strategies and a marketing analysis it can be stated that the key determinants of success or failure in e-commerce business are not only depending on web presence or low price of internet shopping, but on delivering high quality of online selling and buying services, undertaken individual e-marketing strategies specifying products, prior assessment objectives of a business portal such as:

Assessment objective 1: e-marketing strategies must introduce the selected business and the product or service. They must identify the objectives of the selected business and then undertake market analysis as outlined in the knowledge, understanding and skills.

Assessment objective 2: strategies must carry out research and recommend an e-marketing strategy by which the objectives of the selected business can be met. They must consider all the bullet points in the knowledge, understanding and skills.

Conclusions

The analysis found that e-commerce strategies success depends on the integration of e-commerce assessment objectives, then marketing strategies, then marketing plan, afterwards implementation, quality of e-commerce services. As above mentioned the next article will continue with the e-marketing plan.

This paper has focused on the e-marketing strategies. The present survey only covers one cross section of data analysis from the secondary methodology. However, that e-market strategy is having a substantial impact on the overall marketing strategy and as such, a more appropriate way to capture its full impact is to consider its growth rather than level. Larger companies use more different e-marketing techniques and have better understanding of importance and impact of e-marketing to growth, development and performing business processes.

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