Final Year Project on

Internet marketing

....is it there yet

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DECLARATION

I hereby declare that this report titled “Internet Marketing” is a record of independent work carried out by me as a part of Final Year Project for the MMS course of Mumbai University for the period starting from January 2009 to May 2009.

The above project was performed under the guidance of Prof. Kuldip Kawatra.

I declare that the information given in the above project is true to my knowledge.

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He has supported me with his guidance, insights, encouragement and many a fruitful discussion on Internet Marketing. I am grateful to him to have spared his time and showing the patience to our answer our queries. The kindness shown by him, in spite of him being so busy with his work, is highly appreciated.

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This acknowledgment would be incomplete without expressing my sincere appreciation to all my friends who spent their precious time in filling up the questionnaires which formed the base of this research.

Mr. Heemanish Midde
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EXECUTIVE SUMMARY

The new millennium has brought us on the brink of the I.T. Revolution. This revolution has been aided by the advent of the Internet in a big way. Internet is fast changing the way people used to do things. Naturally, the same would have an impact on the advertisers. The Internet has been accepted as the most powerful media for advertising due to the absence of geographical barriers. The advent of the Internet and its subsequent acceptance has once again challenged the traditional forms of advertising. Advertisers are trying to use the 'net' to advertise their products and hence 'net' their customers. Thus, with the Internet gaining prominence, advertising equations are fast changing. We would like to study the impact of Internet on advertising from the customers as well as advertisers point of view.

There is no question that the growth of Internet advertising is outpacing offline advertising. As more and more companies realize the real value in advertising their goods and services online, they are diverting funds from other forms of offline advertising to compensate. Consequently, the market share of Internet advertising is continually growing while the market share of offline advertising mediums stagnates or declines.

At the current rate of growth, Internet advertising has already overtaken radio advertising in spending and market share. While outdoor advertising is also experiencing growth, it is not growing as rapidly as Internet advertising, and Internet advertising has already overtaken it.

The dominant forms of offline advertising, television, newspapers, and magazines, still hold the lion share of the market, but their market share is expected to decrease slowly over the next few years. Some estimations predict Internet advertising will hold as much as 10% of the global advertising market share by 2009.

The growth in Internet advertising is due to two different factors, more advertisers moving promotions online and the growing penetration of the Internet itself. Because the Internet is
still a relatively new medium when compared to other long established advertising mediums like newspapers and television, advertisers have not yet realized the full potential for gain.

In 2008, if you’re not on a social networking site, you’re not on the Internet. It’s as true for advertisers as it is for consumers. Social networking is the ultimate manifestation of user generated content, and as such, holds more potential for growth than any other form of content on the Web today. User Generated Content (UGC) and Social Networks are transforming the media ecosystem. Gone are the days when power rested in the hands of a few content creators and media distributors. Gone are the days when marketers controlled the communication and path between advertisement and consumer. Today’s model is collaborative, collective, customized and shared. It’s a world in which the consumer is the creator, consumer and distributor of content. Today there are over a billion content creators and hundreds of millions of distributors. The proliferation of quality, affordable technology during the past 5 years, one of the most profound social effects of the Internet has been the democratization of media. Nowadays, anybody with a computer and an Internet connection is ready to start broadcasting to the whole world, for free. Online tools such as the well known Blogger make publishing on the Internet extremely easy and accessible to people with hardly any technical knowledge.

But, at the end of the day,

Internet marketing .... Is it there yet?
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INTRODUCTION

EVOLUTION OF MARKETING

**marketing** 🀄 Spelled Pronunciation [mahr-ki-ting]

– noun
1. the act of buying or selling in a market.
2. the total of activities involved in the transfer of goods from the producer or seller to the consumer or buyer, including advertising, shipping, storing, and selling.

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.

Philip Kotler formalized this evolution with his book "Marketing Management". His key stages are production, sales and brand management. Each of these is strongly motivated by technological opportunities, which permit new methods and new opportunities. A fourth stage, a focus on the individual customer, is also important. 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. Tomorrow there will be companies that will 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.

ADVERTISING

ad-vert-is-ing ♫ Show Spelled Pronunciation [ad-ver-tahy-zing]

—noun
1. the act or practice of calling public attention to one's product, service, need, etc., esp. by paid announcements in newspapers and magazines, over radio or television, on billboards, etc.: to get more customers by advertising.
2. paid announcements; advertisements.
3. the profession of planning, designing, and writing advertisements.

Advertising is a paid form of communication, although some forms of advertising, such as public service announcements, use donated space and time. Second, not only is the message paid for, but the sponsor is identified. Third, most advertising tries to persuade or influence the consumer to do something, although in some cases the point of the message is simply to make consumers aware of the product or company.

Fourth and fifth, the message is conveyed through many different kinds of mass media reaching a large audience of potential consumers. Finally, because advertising is a form of mass communication, it also non-personal.

A definition of advertising, then, includes all six features

Advertising is paid non-personal communication from an identified sponsor using mass media to persuade or influence an audience.
Functions of Advertising

Advertising is an important promotional tool for any marketing campaign. So much so that whenever we think of marketing we think of advertising although it is just one of the marketing tools. Till now only companies with a profit motive went in for advertising. But today government bodies as well as non-governmental organizations (NGOs) go for high profile advertising campaigns. The purpose here is not to increase the sales figure but to increase the awareness of people regarding the relevant topics.

Even though each ad or campaign tries to accomplish goals unique to its sponsor, advertising performs three basic functions:

1. **Provide product or brand information**

   Although many ads are devoid of information, providing the consumer with relevant information that will aid decision making is still the main function of advertising. The information given depends on the needs of the target audience. In the case of purchasing a new suit, needed information might simply include price and outlet location. For technical products, the information is likely to be very detailed.

2. **Provide incentives to take decision**

   In most instances, consumers are reluctant to change established behavior. Even if there are somewhat dissatisfied with the current product or service, a habit has been established and learning about a new product is deemed difficult. Advertising provides the consumer with reasons to switch brands by presenting reasons through copy or graphics. Convenience, high quality, lower price, warranties, or a celebrity endorser are all possibilities.

3. **Provide reminders and reinforcement**

   It’s amazing how much advertising is directed at current customers. Consumers forget why they bought a particular brand of microwave or automobile. Advertising must remind the customer constantly about the name of the brand, its benefits, its value, and so forth. These same messages help reinforce the customers decision. Most television advertising seems to provide this function.
Types of Advertising

Advertising is a form of selling. It tries to make consumers buy goods or services.Advertisers must be aware of the factors that influence people's buying habits and then use advertising strategies based on this knowledge. Advertising can be classified in number of ways.

1. **Print Advertising: Newspapers, Magazines, Brochures, Fliers**

   The print media have always been a popular advertising medium. Advertising products via newspapers or magazines is a common practice. In addition to this, the print media also offers options like promotional brochures and fliers for advertising purposes.

2. **Outdoor Advertising: Billboards, Kiosks, Tradeshows and Events (OOH)**

   Outdoor advertising is also a very popular form of advertising, which makes use of several tools and techniques to attract the customers outdoors. The most common examples of outdoor advertising are billboards, kiosks, and also several events and tradeshows organized by the company. The billboard advertising is very popular however has to be really terse and catchy in order to grab the attention of the passersby. The kiosks not only provide an easy outlet for the company products but also make for an effective advertising tool to promote the company's products. Organizing several events or sponsoring them makes for an excellent advertising opportunity. The company can organize trade fairs, or even exhibitions for advertising their products. If not this, the company can organize several events that are closely associated with their field.

3. **Broadcast advertising: Television, Radio and the Internet**

   Broadcast advertising is a very popular advertising medium that constitutes of several branches like television, radio or the Internet. Television advertisements have been very popular ever since they have been introduced. The radio might have lost its charm owing to the new age media however the radio remains to be the choice of small-scale advertisers.

4. **Covert Advertising: Advertising in Movies**

   Covert advertising is a unique kind of advertising in which a product or a particular brand is incorporated in some entertainment and media channels like movies, television shows
or even sports. There is no commercial in the entertainment but the brand or the product is subtly (or sometimes evidently) showcased in the entertainment show.

5. Surrogate Advertising: Advertising Indirectly

Surrogate advertising is prominently seen in cases where advertising a particular product is banned by law. Advertisement for products like cigarettes or alcohol which are injurious to health are prohibited by law in several countries and hence these companies have to come up with several other products that might have the same brand name and indirectly remind people of the cigarettes or beer bottles of the same brand. Common examples include Fosters and Kingfisher beer brands, which are often seen to promote their brand with the help of surrogate advertising.

6. Public Service Advertising: Advertising for Social Causes

Public service advertising is a technique that makes use of advertising as an effective communication medium to convey socially relevant messages about important matters and social welfare causes like AIDS, energy conservation, political integrity, deforestation, illiteracy, poverty and so on.

7. Celebrity Advertising

Although the audience is getting smarter and smarter and the modern day consumer getting immune to the exaggerated claims made in a majority of advertisements, there exist a section of advertisers that still bank upon celebrities and their popularity for advertising their products. Using celebrities for advertising involves signing up celebrities for advertising campaigns, which consist of all sorts of advertising including, television ads or even print advertisements.

8. Internet Advertising

Internet promotion is one of the newer types of advertising and can be accomplished in a number of ways. Flash advertising refers to messages that jump onto your computer screen and often move around. They can be hard to close and are annoying, but effective at gaining your attention. Pop up and scrolling ads are other examples of these types of advertising. Pay per click advertising refers to marketers paying to have their web pages placed high on search engine results pages. These are also called sponsored links.
INTERNET MARKETING

THE ADVENT OF THE INTERNET

The new millennium has brought us on the brink of the I.T. Revolution. This revolution has been aided by the advent of the Internet in a big way. Internet is fast changing the way people used to do things. Naturally, the same would have an impact on the advertisers. The Internet has been accepted as the most powerful media for advertising due to the absence of geographical barriers. The advent of the Internet and its subsequent acceptance has once again challenged the traditional forms of advertising. Advertisers are trying to use the 'net' to advertise their products and hence 'net' their customers. Thus, with the Internet gaining prominence, advertising equations are fast changing.

Internet marketing, also referred to as web marketing, online marketing, or eMarketing, is the marketing of products or services over the Internet. Internet marketing ties together creative and technical aspects of the Internet, including design, development, advertising, and sale.

The Internet has brought many unique benefits to marketing, one of which being lower costs for the distribution of information and media to a global audience. The interactive nature of Internet marketing, both in terms of providing instant response and eliciting responses, is a unique quality of the medium. Internet marketing is sometimes considered to have a broader scope because it not only refers to digital media such as the Internet, e-mail, and wireless media; however, Internet marketing also includes management of digital customer data and electronic customer relationship management (ECRM) systems.
7 P’S OF INTERNET MARKETING

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: Presentation, Processes and Personalization.

1. **Product**

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. Content and software are two avatars of digitized products that can be even distributed over the Internet. On 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**

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. Pricing is dynamic over the Internet.

3. **Place**

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.
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, 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.

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.

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.

7. Personalization

Using the latest software 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.
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 needs to understand the characteristics of the online customers. The Net users can be classified into five categories depending upon their intention of using the Internet. The five categories of users are:

- **Directed Information Seekers:** They require specific, timely and 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 look 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. They are sure what they require and just log on to the Web to purchase the item.

### Internet Advertising Statistics (India)

*Internet Users: 81,000,000 (as of Nov/08) (as per ITU)*

*Penetration: 7.1% (as per ITU)*

*Broadband Internet connections: 3,130,000 (as of Mar.31/08) (per TRAI)*
BRAND BUILDING ON THE INTERNET

For the Company on the cyberspace, their web site is their most important brand. The seven P’s of internet marketing mentioned earlier not only have to try and make business successful but also do brand building in the process.

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) online 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. The customization highlights the value-for-money aspect and induces the consumer to buy a product that meets his own requirement.

The Evolving Value Propositions

The value propositions of goods and services offered in the physical world differ pointedly from those in the 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 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 2 and the Vertical Portal.

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 form transaction supporters to customer relationship managers.
Having observed the evolving paradigms of business in the Internet era, there are five critical success factors that the Internet Marketer has to keep in mind.

**Attracting the Right Customer**

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**

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. For e.g. www.campareindia.com

**Ensuring E-Loyalty**

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

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. 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 throughs, 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

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.
BENEFITS OF INTERNET MARKETING

The reason why internet marketing has become so popular is because they provide three major benefits to potential buyers:

1. **Convenience**: Customers can order products 24 hours a day wherever they are. They don’t have to sit in traffic, and a parking space, and walk through countless shops to find and examine goods.

2. **Information**: Customers can find reams of comparative information about companies, products, competitors, and prices without leaving their office or home.

3. **Fewer hassles**: Customers don’t have to face salespeople or open themselves up to persuasion and emotional factors; they also don’t have to wait in line.

Internet marketing also provides a number of benefits to marketers

1. **Quick adjustments to market conditions**: Companies can quickly add products to their offering and change prices and descriptions.

2. **Lower costs**: On-line marketers avoid the expense of maintaining a store and the costs of rent, insurance, and utilities. They can produce digital catalogs for much less than the cost of printing and mailing paper catalogs.

3. **Relationship building**: On-line marketers can dialogue with consumers and learn from them.

4. **Audience sizing**: Marketers can learn how many people visited their on-line site and how many stopped at particular places on the site. This information can help improve offers and ads.

Clearly, marketers are adding on-line channels to find, reach, communicate, and sell. Internet marketing has at least five great advantages. First, both small and large firms can afford it. Second, there is no real limit on advertising space, in contrast to print and broadcast media. Third, information access and retrieval are fast, compared to overnight mail and even fax. Fourth, the site can be visited by anyone from any place in the world. Fifth, shopping can be done privately and swiftly.
INTERNET ADVERTISING

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.

WHAT IS INTERNET ADVERTISING?

Online advertising is a form of promotion that uses the Internet and World Wide Web for the expressed purpose of delivering marketing messages to attract customers. Examples of online advertising include contextual ads on search engine results pages, banner ads, Rich Media Ads, Social network advertising, online classified advertising, advertising networks and e-mail marketing, including e-mail spam.

Online video directories for brands are a good example of interactive advertising. These directories complement television advertising and allow the viewer to view the commercials of a number of brands. If the advertiser has opted for a response feature, the viewer may then choose to visit the brand’s website, or interact with the advertiser through other touch points such as email, chat or phone. Response to brand communication is instantaneous, and conversion to business is very high. This is because in contrast to conventional forms of interruptive advertising, the viewer has actually chosen to see the commercial.
## INTERNET ADVERTISING VS TRADITIONAL ADVERTISING

<table>
<thead>
<tr>
<th>Traditional Advertising (TA)</th>
<th>Internet Advertising (IA)</th>
</tr>
</thead>
<tbody>
<tr>
<td>TA is static</td>
<td>It is dynamic with multimedia - supporting text and graphics video sound all together</td>
</tr>
<tr>
<td>Space is not a restricting factor</td>
<td>Space is a problem, as regards size of the banners etc.</td>
</tr>
<tr>
<td>The proportion of advertising to editorial is high</td>
<td>A web page would be 91% editorial and 9% advertising</td>
</tr>
<tr>
<td>sometimes 50:50</td>
<td>Invokes immediate action as you at-least need to click on the ad</td>
</tr>
<tr>
<td>Does not evoke immediate action</td>
<td>First response is immediate as when the user clicks, the person is directed to other web page with more details</td>
</tr>
<tr>
<td>Response to the action is not immediate</td>
<td>The user has high attention level and concentration while using the net, and hence they notice the ad.</td>
</tr>
<tr>
<td>Advertisements are passively received.</td>
<td>This can be very focused</td>
</tr>
<tr>
<td>Advertising does not always target a very focused audience</td>
<td>Advertisements catch users when they are on the lookout for some thing. For example the search is for travel on a search engine there are ads of travel agents on the net</td>
</tr>
<tr>
<td>Advertisements are omnipresent</td>
<td>This is quite possible with Internet advertisements</td>
</tr>
<tr>
<td>Difficult to track the exact number of people who saw the advertisement.</td>
<td></td>
</tr>
<tr>
<td>Ads are graphic intensive and avoid copy overload</td>
<td>Both copy and graphics are restricted by the banner size specifications</td>
</tr>
<tr>
<td>The costs would be prohibitive to reach a global audience</td>
<td>There are no such constraints</td>
</tr>
</tbody>
</table>
Objectives of Internet Advertising

**Advertising**: As far as advertising on the Internet goes, all advertisements will serve to attract the user's attention and draw him to the company, which is advertising.

**Build brand awareness**: Direct or indirect methods can be used on the websites to build brand awareness of the different brands of a company. This is where the Internet scores traditional media and methods as explained below.

**Stimulate direct action**: Visitors to a company's web site should get involved with the offerings on the site. Valuable customer information can also be captured and tracked for future marketing initiatives.

**Promote its brands**: Promotional give-away or contests generate excitement while simultaneously promoting your brands online, aiding off-line sale.

**Building a culture around its brands**: This goes along with that company's traditional advertising.

**Surrogate advertising**: This is another means of surrogate advertising of the company, where all forms of traditional advertising fail. Surrogate advertising can be proved to be positive in case of advertising on the Internet.

Features of Internet Advertising

Advertising on the Internet has certain unique features that differentiate it from other forms of advertising. They are as follows:

**Member registration**: Member registration is an efficient tool that is used by firms to create their database. Such a database may be used to design promotional campaigns. Allowing registered users to participate in various events can follow systems of free registration.

**Online opinion polls**: Opinion polls are conducted to obtain the responses from users regarding the firms' products and services besides including topics of general interest.

**Newsletters**: Regular newsletters are sent especially to registered users. These contain information about current updatations on the site and activities being performed by the company.
Contests and sweepstakes: Contests are useful in attracting new users to websites. They may be for simple things depending on the product or service being advertised. The prizes offered are in a wide range and usually have the logo of the company and the homepage address displayed prominently.

Content: The content of the advertisement can be regularly updated with news regarding the activities of the firm. A fact-based section showing the manufacturing processes of a company may also be included. The use of multimedia tools can make this more interactive.

E-cards: Users send free cards via e-mail from the site of the company advertising the product. The card prominently displays the logo or the baseline of the brand. The cards may be for different occasions such as birthdays, festivals, birthdays, etc. These cards are used to reinforce brand identity. Star endorsers of the brand may also be included in the picture postcard themes.

Downloads: Downloads may include various utilities for the computer such as icons, desktop patterns, screensavers, themes, etc. Registered users get the opportunity of downloading software. Charts and other informative articles may also be included.

Coupons: Coupons are used to promote sales off-line. Sending discount coupons for the products and services of the company on special occasions can do this.

Types of Internet Advertising

E-mail advertising: Legitimate Email advertising or E-mail marketing is often known as "opt-in e-mail advertising" to distinguish it from spam.

Affiliate Marketing: Affiliate marketing is a form of online advertising where advertisers place campaigns with a potentially large number of small (and large) publishers, whom are only paid media fees when traffic to the advertiser is garnered, and usually upon a specific measurable campaign result (a form, a sale, a sign-up, etc). Today, this is usually accomplished through contracting with an affiliate network.

The online retailer used its program to generate low cost brand exposure and provided at the same time small websites a way to earn some supplemental income.

Contextual advertising: Many advertising networks display graphical or text-only ads that correspond to the keywords of an Internet search or to the content of the page on which the ad is shown. These ads are believed to have a greater chance of attracting a user, because
they tend to share a similar context as the user's search query. For example, a search query for "flowers" might return an advertisement for a florist's website. Another newer technique is embedding keyword hyperlinks in an article which are sponsored by an advertiser. When a user follows the link, they are sent to a sponsor's website.

**Behavioral targeting:** In addition to contextual targeting, online advertising can be targeted based on a user's past click stream. For example, if a user is known to have recently visited a number of automotive shopping/comparison sites based on click stream analysis enabled by cookies stored on the user's computer, that user can then be served auto-related ads when they visit other, non-automotive sites.

**Pay per Click:** Search engines place your website on their front page and you pay a set amount per click-through. Sites like Overture also run bids for certain keywords - the more you bid, the higher your site appears on the first page of the search results. Properly run, these campaigns can bring a lot of extra traffic to your website.

**Search Engine Optimization:** This is an online advertising service provided by many web media companies. They will look at your target audience, your competitors and the keywords for your business and optimize your website content so that it has a much better chance of appearing on the first page of the search results. You will pay a fee to the consultants for this service. Studies have shown that many searchers prefer to use the "natural" listings provided by the search engines, rather than the paid-for listings.

**Sponsorships:** Website sponsorship can come in two formats; regular sponsorship where the advertiser has a space to place the logo and company message, and content sponsorship where the advertiser has limited control and submits their own content to the site as well as having an advert on the page. These sponsorships will be for fixed periods, and need to be on targeted websites to reach the right audience.

**Online Directories:** The online equivalent of Yellow Pages, or Industry Directories, these give you basic or enhanced listings on the website. Your details will come up if your sector, location or company name is searched for. Enhanced listings will allow users to click-through to your site. Online directory listings are often offered in conjunction with an entry in the printed version of the directory.

**Banner Ads:** Banner advertising was the first kind of advertising ever done on the net. A banner can highlight your product/service/offer and by clicking on it the user will be taken to your website, where you can create a suitable landing page to provide his further
information. Banner spaces are usually sold by impressions, or banner views, but it is sometimes sold by click-thru, when you pay only when the user clicks on the banner. Usually horizontal bars across the top of a web page, they offer colour, graphics and often animation, together with the ability to click through to the advertiser's own website.

**Pop-up Ads:** These are the small windows that appear when you first get onto a website. Pop-ups appear on your screen in full, pop-downs appear on the bar at the bottom of your screen and you have to open them to get rid of them.

**Interstitial Adverts:** These adverts sometimes referred to as Bridge Adverts, pop up as you move between pages on a site. You have no choice as to whether you view them or not, although you can close them down.

**Floating Ads:** These ads appear when you first go to a webpage, and they "float" over the page for five to 30 seconds. While they are on the screen, they obscure your view of the page you are trying to read, and they often block mouse input as well. These ads appear each time that page is refreshed. Floating ads are popular for several reasons:

- They grab the viewer's attention and cannot be ignored
- They are animated
- They have audio/video content like TV ads
- They can take up the entire screen, therefore from a branding standpoint, they are much more powerful than a banner ad or a sidebar ad
- They have a high click-through rate of about 3 percent

However, many users get highly irritated because of these ads.

**Unicast Ads:** A unicast ad is basically a TV commercial that runs in the browser window. It has enriched audio/video content. The ads can last anywhere from 10 to 30 seconds. These ads have similar branding power as a TV commercial. However, a unicast ad offers something that TV ads cannot -- the ability to click on the ad for more information. These ads are getting very effective, as the average click-through rate is 5%.

**Takeover Ads:** Viewers visiting the website will see a large ad when they first come, and then the continuity is maintained by reiterating the same message throughout the site in the form of banners, side bars or buttons. The approach works very well for branding because the brand is visible to viewers throughout the visit to the site. Click-through rates are also high.
INTERNET ADVERTISING TRENDS

There is no question that the growth of Internet advertising is outpacing offline advertising. As more and more companies realize the real value in advertising their goods and services online, they are diverting funds from other forms of offline advertising to compensate. Consequently, the market share of Internet advertising is continually growing while the market share of offline advertising mediums stagnates or declines.

At the current rate of growth, Internet advertising has already overtaken radio advertising in spending and market share. While outdoor advertising is also experiencing growth, it is not growing as rapidly as Internet advertising, and Internet advertising has already overtaken it.

The dominant forms of offline advertising, television, newspapers and magazines, still hold the lion share of the market, but their market share is expected to decrease slowly over the next few years. Some estimations predict Internet advertising will hold as much as 10% of the global advertising market share by 2009.

The growth in Internet advertising is due to two different factors, more advertisers moving promotions online and the growing penetration of the Internet itself. Because the Internet is still a relatively new medium when compared to other long established advertising mediums like newspapers and television, advertisers have not yet realized the full potential for gain.

Even in developed markets, ad budgets don’t even come close to matching consumption rates. This shows how much room for growth Internet advertising really has. While there is no way to guarantee these predictions, the current trends bear them out. Market share for Internet advertising will surely continue to grow rapidly over the coming years.

In 2008, if you’re not on a social networking site, you’re not on the Internet. It’s as true for advertisers as it is for consumers. Social networking is the ultimate manifestation of user generated content, and as such, holds more potential for growth than any other form of content on the Web today. User Generated Content (UGC) and Social Networks are transforming the media ecosystem. Gone are the days when power rested in the hands of a few content creators and media distributors. Gone are the days when marketers controlled the communication and path between advertisement and consumer. Today’s model is collaborative, collective, customized and shared. It’s a world in which the consumer is the creator, consumer and distributor of content. Today there are over a billion content creators and hundreds of millions of distributors. The proliferation of quality, affordable technology during the past 5 years, one of the most profound social effects of the Internet has been the
democratization of media. Nowadays, anybody with a computer and an Internet connection is ready to start broadcasting to the whole world, for free. Online tools such as the well known Blogger make publishing on the Internet extremely easy and accessible to people with hardly any technical knowledge. The phenomenon of democratized media results in a landscape of millions of micro-media, most importantly in the following forms:

**Weblogs** (or blogs) are in fact web pages that are extremely easy to update, published by one person or a group. Blogs typically offer the possibility for readers to leave comments on posts, which typically leads to dialogue.

**Podcasts** (combination of the words iPod and Broadcast) are essentially radio programs, distributed in MP3 format. Creating a podcast is still relatively easy and very cost-effective. Podcast can be easily downloaded to a portable MP3 player.

**Videocasts** (Video Podcasts) are video files distributed in MPEG-4 format. Home-made videocasts are starting to appear through videocasting, available instantly to the whole world.

**Wikis** are types of websites that enable cooperation (open to the public or within a company or group) by allowing people to freely edit all of its content. The result is a publicly edited website, with as little top-down control as possible. The best known wiki is Wikipedia.org, an online encyclopedia that allows all registered users to improve its articles.

The first three of these new forms of media come with a universal technology for distributing content over the Internet: RSS. RSS is a very important part of all three technologies, as it allows consumers to literally subscribe to content.

**RSS** (Rich Site Summary or Really Simply Syndication) facilitates syndication of content. By subscribing to an RSS feed, content will be delivered automatically to the subscriber’s computer, rather than him or her going out to a website to find it. This content can be text (weblog or news feed), audio (podcasts) or video (videocasts). These feeds can we viewed in so called RSS readers, software (web based or stand alone) that receives these RSS feeds, interprets them, and shows their content either as articles or as multimedia. New uses for RSS are being developed constantly and according to many, it will be the future standard of distributing content on the Internet, in the broadest sense.
Consequences

Combinations of these technologies are leading to a complete democratization of media. Individuals find themselves with the same possibilities as major newspapers, groups start weblogs that compete with global content distributors, and online radio stations emerge. The cost of broadcasting has never been so low. Everybody with a PC and an Internet connection can not only access all traditional media from all over the world, but also the micro-content added to the media landscape by individuals. Millions of people have evolved from being mere media consumers to being media producers as well.

What is User Generated Content?

User Generated Content (UGC), also known as consumer-generated media (CGM), refers to any material created and uploaded to the Internet by non-media professionals, whether it’s a comment left on Amazon.com, a professional-quality video uploaded to YouTube, or a student’s profile on Facebook. UGC has been around in one form or another since the earliest days of the Internet itself. But in the past five years, thanks to the growing availability of high-speed Internet access and search technology, it has become one of the dominant forms of global media. It is currently one of the fastest growing forms of content on the Internet.

What is Social Media?

The promise of UGC is now being hyper-realized with social media. Sites like MySpace, Facebook, and You-Tube represent the convergence of user commentary with video, photos, and music sharing, all presented in a simple, user-friendly format, allowing participation on a mass scale.
Title

A study on the effectiveness of Internet Advertising in Mumbai

PURPOSE AND SCOPE OF STUDY

Advertisers are expected to spend Rs. 22,500 million in internet advertising in the year 2009 third only to TV and Print ads, which is around 5257% more than that in the year 2004, compound percentage increase of 124% over the last 5 years. This is the new age of advertising.

It is true that people have started realizing that internet can serve as a one stop point for all their needs. Be it communication, entertainment, shopping, information search, internet serves as a panacea for all their requirements. This has led 70% of the ever users to glue themselves to the Internet and access it on a regular basis. This is an opportunity for advertisers to exploit this revolution. But, is it the end of traditional advertising? Is internet advertising effective and efficient compared to the traditional form?? Does it fulfill the basic objectives of advertising (create awareness, to generate sales, build positive image, etc...)???

The problem is that, volumes of consumers are online everyday for their personal work, but do they notice the ads, banners etc. displayed on that webpage, most important what is their recall/remembrance value. What about the reach of online advertising, is it effective across over all target groups? We have trusted traditional advertising all these years and it’s a
proven medium that fulfills all the objectives of advertising, can one have the same trust for online advertising…

RESEARCH OBJECTIVES

- To compare the trust level of traditional advertising and online advertising (consumers point of view)
- To find the effectiveness of internet advertising (reach and creation of awareness)
- To find the reliability of internet advertising (recall and remembrance)

RESEARCH METHODOLOGY

Research design

This is a descriptive research as it will clarify the doubts about online advertising.

It would give us a clear picture on the effectiveness and reliability of online advertising compared to the traditional form of advertising.

Data collection

Secondary data: Online reports related to advertising

Primary data: Questionnaire, Personal Interview, Interview with Marketing Professional

Sample universe

Basis of sampling:

- Sample should be a user of internet or should have knowledge about internet
- 50 numbers in all

Sampling Technique:

Judgmental Non Probability sampling can be used to select the individual units for better productivity of the questionnaire. A well educated person may be able to reason out the questions in the better way.
FINDINGS AND ANALYSIS

PART I

Attitude towards Advertisements

One can clearly make out that consumers perceive advertisements as a source of information and awareness, be it general or towards TV commercials.

Not many people find advertisements to be irritating, annoying or waste of time. This clearly shows a positive attitude toward them and hence is a good indication for marketers.
For television commercials, around 70% of consumers had a positive perception towards advertising on TV.

**Influencer behind Decision Making**

Influencers influence the decision making process of a potential consumer. Influencers can be advertisements, friends, relatives, third party or it can be self motivated also.

In Mumbai (as the target market is Mumbai) we can infer that friends and relatives are the major influencers behind decision making.
One can infer from the Geert Hofsted Cultural Dimensions a possible reason for friends and relatives to be a major influencer.

**Geert Hofsted Cultural Dimensions**

*Indian culture is collectivistic. On the collectivist side, we find societies in which people from birth onwards are integrated into strong, cohesive in-groups, often extended families (with uncles, aunts and grandparents) which continue protecting them in exchange for unquestioning loyalty.*

*India is low on Uncertainty Avoidance, i.e. the culture is more open to unstructured ideas and situations. The population may have fewer rules and regulations with which to attempt control of every unknown and unexpected event or situation*

The recommendation of someone else remains the most trusted sources of information when consumers decide which products and services to buy. And even though new media technologies are playing a role in ‘globalizing’ society, many purchasing decisions are still based on firmly held national and cultural attitudes.

Being collectivistic, Indian consumers tend to trust the immediate group of people in the decision making process. They are open to new things, but advise, suggestions and comments of friends and relatives hold more value.
If not friends and relatives, Traditional mode of advertising i.e. ATL would influence them. It’s obvious as it the oldest form promotion and it goes by the saying “Old is Gold”. There is also a hand in the awareness part of which is discussed later on in the analysis.

Internet marketing has a long way to go before it starts influencing the decision making process.

**Consumer preference of advertising**

<table>
<thead>
<tr>
<th>Preference</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>TV commercials</td>
<td>34%</td>
</tr>
<tr>
<td>Print Ads: Newspaper, Magazines</td>
<td>18%</td>
</tr>
<tr>
<td>OOH: Banners, Posters</td>
<td>17%</td>
</tr>
<tr>
<td>Online Ads: Banners, Emails</td>
<td>31%</td>
</tr>
</tbody>
</table>

Again, one can easily make out that traditional form of advertising has an edge over internet advertising in terms of consumer preference mode of advertising. Traditional mode got over 82% preferences than that of internet advertising which is a huge margin.

The reason for this is same as that of influencer, i.e. cultural attitude of consumers towards advertising.

Consumers would prefer to check out ATL elements in case there is a need i.e. information search and take their decision in terms of purchasing.
Consumers Trust on advertising

The above is the chart for trust level of advertisement medium from consumer’s point of view. Again recommendation and traditional advertisement are a leap ahead of online mobile and BTL form of advertising. One can say that Indian mentality towards online form of advertising is still at the baseline and that of mobile is even worse.

Initial Conclusion I

One can confidently conclude that consumers still trust and prefer the traditional form of advertising than that of online.
PART II

Time spent....

On an average, a person spends more than 4 hours on the internet during his free time which is 70% more than that of TV and movies and around 300% more than that of radio and print medium.

Hence, on an average the exposure of internet to an individual is around 150% more than that of other mediums i.e. the reach of medium internet is much better than that of others.

But one cannot infer anything about the effectiveness of the medium through exposure (reach) alone. One needs to calculate the impressions (actual number of times an individual sees the ad) of the medium also.

Reach

Reach refers to the total number of different people or households exposed, at least once, to a medium during a given period of time.

Impressions

This is a term used by media to describe and quantify the number of individuals who have an "opportunity" to see an AD in a given amount of time.
Impression of TV Ads (Ad avoidance)

When there were only 2 channels which were “Doordarshan”, consumers didn’t have any choice but the see the commercial ads in between the programs. That time the impression was very high and hence was a very effective and efficient medium of promotion.

Now, with more than 250 TV channels, 20 Radio channels, the consumer has lot of options, he may change the channel, or may ignore it completely.

According to the survey, around 64% of consumers see the ad if they find it to be entertaining, creative, humorous or in some way attractive and appealing.

Of course there are people (26%) who change channels during breaks but not always. In fact, according to the survey there was no one who change the channel each and every time.

Effectively, 75% of viewers will see the advertisement if the ad is attractive and appealing. Hence there is a probability of .75 of a consumer viewing the particular advertisement (for creating awareness and information) on television making it an effective mode of communication. As it is, it is the second most trusted mode of communication in the minds of people.
Impression of Online Ads (Ad avoidance)

Whereas in case of online advertising, around 79% of consumers ignore it completely, i.e. they don’t even see them and that of 21% see them if they find it to be attractive.

Out of that 21%, 15% said that the intention was not to see those ads, but they didn’t have any option but to see them as they were Interstitial Adverts, Pop – up ads or Floating ads. These ads either block the view of the content, or appear right in the middle of the page, or keeps on floating (moving) around which is considered to be very irritating for the consumers.

Effectively, only 6% saw the online advertisement coz they were of their interest or was attractive. Some said they liked few ads coz of their interactivity and animation effects. This might give that flash ads are more appealing.

Trust levels of online advertisements are at the bottom of the list. Hence considering the trust levels and the effective impression, one can conclude that it is not an effective mode of communication.

Initial Conclusion II

Even though the reach of internet is much higher than that of other modes, its ability to attract consumers for awareness creation is very low. Hence comparatively, traditional modes especially TV commercials are a better option.
Remembrance

Remembrance is the remembering only the brand name or its color or the contents or some part of the advertisement and not the whole thing.

Recall

Recall is bringing something back from memory. One can recall most of the elements of the advertisement. A high recall value infers that the awareness of the brand is high.

Ad Remembrance

The question that was asked in the survey was the latest ad that they remember in the specific medium. Only 11% could remember their last online ad, whereas 90% could remember the TV commercial.

In this case also, traditional form of advertising has a huge edge over the online form.
Ad Remembrance & Recall

This is for the last five ads that they had seen consciously or unconsciously. In case of TV ads, 84% remembered their last five ads and of them 83% could recall them which is a very good score in terms of creating awareness.

In case of Online ads, only 54% could remember their last five interaction and of them only 30% could recall.

Initial Conclusion III

One can easily make out the reliability of online and TV ads through the remembrance and recall values. It’s pretty clear that TV ads are much reliable than that of their counterparts.
Practically it has been proved through the research that online advertising is neither effective nor reliable as compared to the traditional medium which is Television commercials and print media i.e. newspapers and magazines. Also, consumers trust the traditional medium more than that of online and there is a vast difference in their trust levels.

Of course, it could be because of the Indian culture which is different from the western countries that are more into e-commerce and prefer to buy things online and they trust the internet more as compared to the other forms. Therefore, Internet advertising is more successful in those countries. All in vain in India, as we prefer to tangibles the things that we buy. Being collective we go shopping along with family friends and relatives.

THE OTHER SIDE OF THE COIN

In the world of online advertising, click-through is viewed as the primary measure of advertising effectiveness. This metric quantifies how marketing communication can be directly linked to immediate consumer action. But, the metric has certain shortcomings; primary reliance on click-through does not recognize that in most cases consumers who are exposed to advertising over the Internet may not currently have a need for the products or services being advertised to them. Additionally, click-through does not quantify the impact that the exposure of the advertisement has on a consumer’s attitudes and perceptions of the brand being advertised. Advertisers in the offline world realize that consumers may not have an immediate need to purchase a product or service at the moment it is being advertised. Realizing this aspect of consumer behavior, a common advertising strategy is to build awareness of a product and form positive associations (Subliminal effect) between that
product and a consumer over time so that when the need arises to purchase from a given category, a consumer is more likely to consider that advertiser’s product.

Classical Conditionings

Classical conditioning is often referred to as a means in which humans learn by association. In the classical conditioning paradigm, Pavlov’s Dog, a neutral stimulus is paired with an unconditioned stimulus to elicit an unconditioned response. For example, after repeated pairings of meat (known to cause salivation) with the sound of a bell, the sound of a bell alone elicits salivation. This association is dependent on two characteristics of the association: contiguity and frequency. The law of contiguity states that in order for associative learning to take place, the unconditioned stimulus and the neutral stimulus must be paired close in time to each other. Furthermore, it is not enough for a neutral stimulus and an unconditioned stimulus to simply co-exist in a close period of time. The more frequent the pairing, the easier it is to form an association.

Proponents of applying classical conditioning to marketing believe that the association between a product and positive stimuli may help explain the effect of many variables in communication and attitude change. Gorn (1982) tested the effects of a positive unconditioned stimulus on product preference. His results support the notion that the simple association between a product (conditioned stimulus) and another stimulus such as music (unconditioned stimulus) can affect product preferences as measured by product choice. However, these effects were diminished in situations where consumers were in a clear decision making mode.

The learning’s of classical conditioning give us some insight on the characteristics of an effectively branded Internet advertisement. First and foremost, the frequency with which an ad is served impacts brand awareness. Frequency also impacts whether or not an association between a message and a brand is made by a consumer.

Another model of consumer behavior that relies on associative learning is operant conditioning. Where classical conditioning says behavior is a result of an association between a stimulus and response, operant conditioning states that behavior is the result of reinforcement; a behavior followed by a positive consequence (positive reinforcement) is likely to be repeated whereas behavior followed by a negative consequence (punishment) is likely to cease. To relate reinforcement with online advertising, it is necessary to hypothesize what characteristics of online advertising respondents view negatively and which are viewed positively. To do this, the authors drew on their general observations of consumer behavior on the Internet.
In most cases, users view banner advertisements as a nuisance as they are engaged in other activities while they are being exposed to the ads. Additionally, we can assume that most people exposed to an ad do not have the need for the products being advertised at that time. Therefore, these ads are less likely to be noticed. In order to have an impact on brand metrics, we can hypothesize that getting a message in front of someone as quickly as possible, before they scroll away, is of extreme importance. In addition, the presence of a logo, the size of a logo, and the size of the banner should all have an impact on the banner’s ability to brand.

Applied appropriately, these characteristics may serve as positive reinforcement and therefore have a positive impact on branding. Conversely, when applied improperly, these ads may serve to punish viewers thus resulting in little to no impact on brand metrics.

Also, the banner could lay a subliminal effect on the consumer which might drive him to buy the product or create some association with it. Because it is the subconscious mind that plays the game here. If one can take target this subconscious mind then definitely it can create a positive impact on branding.

LAST WORD

Finally I would like to end by saying that even though the internet has opened up a new avenue for reaching the end consumer; it is still very much an open field. This is true as there is no fixed way or strategy for marketing on the net. It is still very much an arena where ingenuity and creative thinking very much rule the roost. Thus marketing as usual has not changed, i.e. it is still the same usual self…… unpredictable but very much required.

RECOMMENDATION

Why only online advertising… If there are other opportunities, on the internet…
The influence of traditional media and marketing have over consumer perception is waning as people migrate to the variety of social media technologies for entertainment and to share information with each other. But these social media outlets are more than another channel through which to deliver messages to the marketplace. Companies like Dell, Microsoft, Nikon and Nintendo are successfully using social media and marketing strategies to understand and engage their audiences more deeply – with demonstrable business results. Social media is making an impact on all aspects of business communications today. Reliance is the latest additions to Social Media Marketing.

In 2006, social media formats like blogs, photo sites and video sites crossed the threshold from techno-curiosity to become a bona fide societal trend. Consumers by the millions have embraced these powerful communication tools to post an opinion, share an experience, and join the online conversation. These conversations affected many companies, some positively and some negatively, and raised the awareness of the power social media has to influence business results.

Now we are in an era where companies must take action. The reach and influence of social media is only going to grow.
The Social Web’s New Communication Forms Draw More Users

Communications has always been the fundamental value of the Internet to consumers. Back in the net’s early days, email was the “killer app” that made the Web a “must-have” and continues to be a mainstay of the online experience. Communication activities split the lion’s share of consumers’ online time with content, and far outstrip commerce and entertainment.

Technology-Powered Communications Accelerate Word of Mouth

From the earliest UseNet groups to today’s hot video sharing and social network sites, each new innovation has increased consumers’ reach and influence.

- Email was first practical application of the Internet for most people and it was the first word of mouth accelerator as it enabled people to connect with family and friends instantly, frequently and at little cost.
- Usenet groups and discussion boards made it easy for people to find others with similar interests and consumers learned that the Internet freed them from the limit of geography and personal connections. The influence of word of mouth expanded rapidly within these vertical niches.
- Consumer review sites used the discussion board format, but focused discussions around specific products, such as books at Amazon.com. Consumers embraced the idea of reading book reviews written by other readers and not relying on professional reviewers’ opinions to decide whether to pick up the latest bestseller.
Blogs freed consumers from the limited membership of discussion boards. Blog sites like Blogger made it simple for an average Web user to post his or her opinions to the world. Armed with a browser, basic typing skills, and a few straightforward Web commands, anyone can publish their thoughts, rants, or daily journal in a few minutes a day.

Consumers soon learned their conversations aren't limited to words. Digital photography's boom introduced people to sharing their creations, first via email then via first-generation photo-sharing sites like photobucket.com.

Digital camcorders and audio/video editing programs like Apple's iMovie became affordable and user-friendly versions for home users. People were no longer limited to text or still photos, and consumer-created video site YouTube quickly bloomed to six million users watching 40 million videos per month.

Social networks like MySpace skew more toward the social end of the social-to-content continuum. They combine a selection of social media tools like blogs, photo sharing, etc. to give the author a platform for expressing their passions and preferences, while at the same time serving as a central communication hub for a group of friends. Early on, bands would build online fan communities to promote their music; now brands like Burger King, Toyota, Adidas, and Cingular create circles of “friends” that become brand-building hubs.

Social Media Transforms Communications into Content

These new tools blur the line between communications and content. Blogs are a natural example of how content and communications blend into a single experience. Each entry (or “post” as it is known) is a short article, essay, news item, etc. But bloggers mean to stimulate feedback and conversation, as readers add comments and links to other blogs to make a point. This interplay results in a dialogue of different perspectives and opinions. Sometimes the resulting communications can be so influential they end up taking the story in an entirely new direction.

Social Media Begins to Impact Brands

One of the most exciting and powerful forms of social media is the video. Videos are the ultimate expression of creativity since they can “mashup” (all in one) elements and messages from audio, video, blogs, company-created messages and media coverage.

Social media sites like Orkut, Myspace and Facebook are usually seen just as places where people go to connect with friends and find others with similar interests.
The Other Side of Influence

Often the discussions can be positive about your products and the experiences consumers have had with you, but sometimes they can be very negative. On the one hand, this increases the number of potential critics and they don’t need to have impressive qualifications or credentials to be influential.

On the other hand, all of these negative opinions are public and searchable, allowing companies to prepare a response before a story gets wide coverage. Bloggers at top companies agree that learning about and dealing with negative stories as they emerge is smarter than waiting until they hit the newspapers or evening news shows. E.g. Dell

Driving Business Results with Social Media

There are four primary ways companies can use social media to drive business results:

- By Monitoring social media, companies can track how their messages are being interpreted in the marketplace to understand how the company is perceived and to learn how any responses or message changes should be approached. This will also provide valuable insight into potential threats from competitors, changing industry trends, and customer preferences.
- Monitoring also enables companies to track the evolution of known trends in order to quantify the ones gaining the most attention and acceptance within their target audience.
- Measurement provides the quantitative reporting data on the specific issues and buzz driving media coverage making it easy to demonstrate the impact of PR and marketing efforts.
- But social media also calls for a Discovery approach, in which companies learn what influences are driving the internet discussions in the marketplace. From this, companies can measure the growth of many
Nintendo Wii was released in North America on November 19, 2006, to lines of enthusiasts hoping to be the first on the block to own the anticipated game console. Consumers purchased more than one million Wii consoles in the 44 days between the U.S. launch and year end—that was every Wii console available through retail outlets—and high demand continued well into 2007. With the Wii debut, Nintendo recorded the most successful, across-the-board holiday performance in U.S. video game history.

Nintendo Wii’s success was, no doubt, bolstered by its sophisticated use of social media. Wii had its own MySpace page in mid-August, 2006, three months before the release, allowing fans to post messages, read the Wii blog and network with other Wii enthusiasts. Videos posted on YouTube before the debut showed product demonstrations and insider looks at available games for the new console. The Wii product page on wii.nintendo.com also included a Wii discussion forum, Wii newsletter registration, video gallery, product registration (allowing owners to receive exclusive member benefits) and social bookmarking for Wii news. In Brand Intel’s “Top Video Game Console Report,” the Wii was the most talked about gaming console, with 37 percent of the discussion share. It also carried the highest intent to purchase and came highly recommended by consumers. Coming up on the
2007 holiday season, the Wii is still going strong and likely to be on most lists of this season’s hot products.

Nintendo recognizes their audience is online, reading and writing blogs, watching and making videos, and communicating online about products. To implement some of the social media elements Nintendo is using for the Wii, it’s first important to evaluate your audience to create an effective strategy. Consider lifestyle, age, geography, profession and interests. If your consumers are professionals who commute, then a podcast that can be downloaded and listened to during travel could be the best fit for your customer base.

Posting video content on YouTube is a unique opportunity to improve your positions in Google’s Universal Search results. With YouTube, consumers can visit the site, view your video, and easily post it to their own blogs, social networking profiles, or websites. Users can also post comments, view your profile and subscribe to videos you post. YouTube is a great opportunity to reach a broader audience and generate buzz around new or unique products, especially if your product has uncommon visual appeal as the Wii does. And, when it comes to search positions, using YouTube is an ideal way to create content that is indexable by Google. With YouTube videos often appearing with graphics in Universal Search results, it’s an added attraction to searchers.

**Learning**

When your organization adds social media content to its marketing mix with the interests and lifestyles of your customers in mind, they will likely blog about it, discussing, viewing, and linking to your content. Therefore, when embarking on a social media plan, it’s important that you think long-term. When you provide good content your customers enjoy, then abandon that content, you run the risk of damaging your reputation and image. In social media, what you take away from users can be just as important as what you give them.

Consider how social media content will be monitored, maintained, tracked and updated. Social media can add value to your brand and products, but it will require some on-going work. Partnering with professionals can maximize your social media benefits, without overloading your internal staff.
CASE STUDY – II

Barrack Obama

It was the launch of the brand ‘Barack Obama’ for the US Presidential 2008 campaign. It was started in January 2007 and was first of its kind campaign in Politics.

The successful campaign invited all marketers to forget all that they had learned the last 10 years and to look with a new and fresh look at Barack Obama’s strategy: It’s a New Day people, let’s start with a fresh look today!

Most brands shout through advertising. We are cool! We are the best. Buy us!!! But modern consumers do not believe all these shouting ads any longer. Consumers are not led by ads. Consumers are influenced by their peers. They only buy a brand and their products/services if their peers have written a positive review about in online. But modern consumers have so many options, so many choices. And brand marketers try to seduce, by shouting ads… Obama really wanted to become part of consumers, in an authentic way. Most marketers shout at consumers via one way mass communications. Marketers have learned to do this since the industrial revolution. Due to interactive media, consumers started to interact with brands. Consumers started conversations about brands within blogs, forums and social networks. At YouTube consumers started to criticize brands, their ads, their products, their services. And the worst part of it all; brands were not even aware of these conversations amongst peers. Marketers did not even know what was being said about them…But Obama had seen the mistakes brands make. He tapped into online conversations with an extended conversational tracking program; Mapping where the conversations took place, who were the social influencers per topic/theme. By listening to peer conversations within the social space, Obama gained great insights about consumer’s behavior and emotions. And he tapped into these conversations in a very smart way…

Learning

Most marketers used “the internet” for shouting banner campaigns. The power of the web was peer communications, sharing, interaction, building relationships, entertainment, sharing opinions and more. Many marketers use broadcasted media to reach people. Many marketers use viral videos for short campaigns. Obama embraced the long tail, and used content to build his brand in the long term. But most marketers are only measuring online
campaigns by: hits, views, clicks, and more web analytics. With a viral that is really viral, smart social media planning, strong seeding skills you’re viral will become a weapon of mass affection. Most brands focus at campaigns and spend their money on media. But their websites are awful and scare away leads immediately. Obama had noticed that the most important part of the marketing campaign was his website!

The secret behind the Obama website: Great architecture and functional scope. Invest in brand architects and functional scope before you built a very expensive website that does not deliver your brand, marketing, communications and sales goals. Your website is your greatest brand interaction asset. Use your website to create engagement. Invite people to participate and create a movement of brand ambassadors. People are smart and willing to help.

**CASE STUDY - III**

**Casio Exilim**

On August 28th, 2007, Casio announced the release of its Casio Exilim Digital Cameras with YouTube Capture mode. The Exilim is a digital still shot camera capable of taking short MPEG4 video that is ideal for YouTube and other video sharing sites. Priced at around $280, this camera offers great holiday sales potential with an audience that includes millions of online video enthusiasts.

The target consumers for the Exilim are online video enthusiasts—watchers and makers—who are immersed in online social media. Casio is an established multi-channel merchant and a well-known name in electronics. With this product, we found that Casio is succeeding in social media, while falling short on direct retail sales. Specifically, the company created a website for the Exilim (http://exilim.casio.com/) filled with video content to communicate, among other things, how well Casio does video. Included is video of the product, an interactive product timeline and a demonstration video of the YouTube capture mode. Here you can register your Exilim, get downloads and see all of the available accessories. Casio is not yet utilizing blogs, discussion boards, or user-generated content, but they have gone far beyond their major competitors’ social networking efforts.
Casio, however, has missed the boat on their retail sales. The Exilim can be purchased directly from Casio at my.casio.com, but there is no link to my.casio.com from the Exilim product site, nor does my.casio.com appear in a “where to buy” search on the Exilim site.

**Learning**

Learn from Casio. When creating any social media content, don’t forget the sale. What features and benefits will most induce a prospect to buy? Is your product unique in design or function? If yes, then a video ‘tour’ would work well. Do your customers often email or call with product questions or concerns? Then a blog or message board where you can answer questions would be a good fit. Are your customers curious, but busy? In that case, convert your online videos to podcasts they can download and play later. And always, unlike Casio, make your product easy to buy.

Tutorials for customers can be a great way to create an ongoing relationship with your customer. You can post ‘how-to’ articles relating to some of your products, or on subjects relevant to your customer and your business. Invite customers to sign up for online ‘classes,’ which can be easily created to accommodate different skill levels. By doing this, your organization can build customer confidence in you and your products, as well as take steps toward cementing a lasting relationship.

The Casio example reiterates a theme vital to online marketing integration. The best social media efforts work better when woven into an overall marketing strategy, where each element supports the next. Casio offers considerable information in an enticing video format, but does not connect with their company website or sales network. To be most effective, social media should serve as another integrated entry point for your sales process.

**CASE STUDY – IV**

**Dell Computer**

*It all started with a post. June 21, 2005*

“I just got a new Dell laptop and paid a fortune for the four-year, in-home service. The machine is a lemon and the service is a lie. I’m having all kinds of trouble with the hardware: overheats, network doesn’t work, maxes out on CPU usage. “

*And there was no stop to it…it gained momentum…and even more momentum…leading to dedicated haters*
The whole thing started with one post. It was followed another, then there were many. DELL HELL was started. It ruined the sales of Dell computers. The only reason was, Dell didn’t update themselves with the internet proceeding. It all happened without the knowhow of dell. When they realized it was too late.

Dell learned fast, they opened their blog Direct2dell, which answers all the queries and problems about anything and everything about the dell laptops. It was followed by Dell Idea Storm, a collaborative blogging site where one can give their own ideas and discuss about general technology, computers etc. They blogging was internal as well as external for the overall development of the company and its image. The whole exercise took 3 years to be back on track.

**Learning**

This case study gives us (companies) a good reason to be updated with the happening of the social networking sites. Blogging and forums are the new influencers of today. They are the lightening to a fire forest. They form the root of the brand image. One needs to keep a track of this for a successful outcome.

**CASE STUDY – V**

**iPod Touch**

*Credit Apple’s marketing genius for making its latest generation of iPods, the iPod Touch, this season’s likely best-seller in the personal electronics category. Launched on September 5th, 2008 the new generation of iPod incorporates the touch screen seen on the iPhone, and many of the same display and interactive features including Wi-Fi wireless networking and browsing. It’s an iPhone without the phone. With many of iPhone’s popular features and a starting price of $299, it’s no wonder the iPod Touch is generating a lot of attention.*

Apple highlights the new iPod Wi-Fi and YouTube features, on their website. Not surprisingly, in September, the iPod Touch product page was listed among the top performers for its use of social media. Featured are plenty of videos, including the keynote address by Steve Jobs announcing the iPod Touch release, video introductions to iPod Touch software and a guided video tour of its features. This video content contributes to Apple’s strong Universal Search positioning on Google, while providing a popular source for video sharing sites.
Apple’s site also includes a “Hot News” section with information on the top downloads in iTunes and downloadable information for each of Apple’s products. Apple takes no chances here. RSS feeds are available for iPod and iTunes. Generally, Apple utilizes the social networking systems and hardware it helped to popularize as a means to demonstrate and further sell its own products.

**Learning**

Social media is now a vital element when releasing a new product. It can draw customers to your site, explain and exhibit unique features and benefits, answer questions and generate word-of-mouth sales. As Apple has demonstrated, video ‘tours’ are particularly effective when integrated with video press events. The same content can be repurposed for a multitude of applications. RSS feeds are also a great way to keep customers informed and automatically updated.

When incorporating social media into your marketing mix, remember a few key lessons that Apple.com and the iPod Touch have taught us. First, make sure your social media features are placed intuitively, making them easier to find within your site. If visitors can’t find it, or have to search too hard, they won’t participate. Second, make sure to accelerate your social media efforts as your business grows. Customers will expect more from you. If your website expands or is redesigned, expand and redesign your blogs, discussion boards and social tagging opportunities. Add video content, podcasts, images and customer feedback elements that will build on (and improve) your social media content.
ANNEXURE

QUESTIONNAIRE

Name: ____________________________________________

Age Group (yrs):  € up to 18  € 18 to 25  € 25 to 40  € 40 to 55  € 55 +

Gender:  € Male  € Female

1. Do you like Advertisements?
   € Yes  € No
   ☐ Informative  ☐ Irritating
   ☐ Entertaining  ☐ Annoying
   ☐ Creates awareness  ☐ Waste of time

2. How much time do you spend……?
   TV, Movies  € < 1hr  € 1 - 2hrs  € 2 - 4hrs  € 4 - 6hrs  € > 6hrs
   Newspaper, Mags  € < 1hr  € 1 - 2hrs  € 2 - 4hrs  € 4 - 6hrs  € > 6hrs
   Radio  € < 1hr  € 1 - 2hrs  € 2 - 4hrs  € 4 - 6hrs  € > 6hrs
   Internet  € < 1hr  € 1 - 2hrs  € 2 - 4hrs  € 4 - 6hrs  € > 6hrs

3. Do you watch the TV/Radio commercials during commercial break?
   € Yes  € No
   ☐ Informative  ☐ Irritating
   ☐ Entertaining  ☐ Annoying
   ☐ Creates awareness  ☐ Waste of time

4. I change the channel during commercial breaks...
   € Never  € sometimes  € depends on ad  € often  € every time

5. Which is the last Newspaper/Magazine ad you remember? Which brand was it?

______________________________________________________________________

6. Which is the last TV commercial you remember? Which brand was it?

______________________________________________________________________

7. Name any five TV commercials you remember lately
   1. ____________________________________________
   2. ____________________________________________
   3. ____________________________________________
   4. ____________________________________________
   5. ____________________________________________
8. Do you see/check online ads/mails when you surf the internet?
   € Never   € sometimes   € depends on ad   € often   € every time

9. Which is the last online ad you remember? Which brand was it?

10. Name any five online ads you remember lately
    1. ____________________________________________
    2. ____________________________________________
    3. ____________________________________________
    4. ____________________________________________
    5. ____________________________________________

11. You use the internet for..... (Rank them in order of your preference)
    □ Chatting and Social Networking  □ Email
    □ Information  □ Entertainment
    □ E-Commerce  □ Downloading

12. What mode of advertising influences you to buy/suggest any product?
    □ Magazines and newspaper  □ Friends and relatives
    □ TV Commercial  □ Online advertisements
    □ Social Media – Blogs, forums, Social Networking sites

13. Which mode of advertising would you prefer? (Rank in order of preference)
    □ TV commercials  □ Print Ads: Newspaper, Magazines
    □ OOH: Banners, Posters  □ Online Ads: Banners, Emails,

14. Which mode of Advertising would you trust? (Rank in order of preference)
    □ Recommendations from consumers  □ Radio
    □ TV  □ Newspapers
    □ Magazines  □ Blogs & forums
    □ Brand websites  □ Email I signed up for
    □ Brand sponsorships  □ Search engine ads
    □ Online banner ads  □ Text ads on mobile phones

15. You cannot live without... (Rank in order of preference)
    □ Computer with Internet  □ TV
    □ Mobile  □ iPod/Music Player
    □ Books

16. Do you think that the face of advertising is transforming in terms of technological and cultural impact?
   € Yes   € No
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THANK YOU