INTERNET MARKETING IN INDIA: OPPORTUNITIES AND CHALLENGES

*MUKESH KUMAR

*Research Scholar, Department of Commerce and Business Administration
L.N.Mithila University, Darbhanga

INTRODUCTION

Internet is changing the way consumers shop and buy goods and services, and has rapidly evolved into a global phenomenon. Many companies have started using the Internet with the aim of cutting marketing costs, thereby reducing the price of their product and services in order to stay in highly competitive markets. Companies also use the internet to disseminate information, to sell the product, to take feedback and also to conduct satisfaction surveys with customers. Customers use the internet not only to buy the product online, but also to compare prices, product features and after-sale-service facilities. Many experts are optimistic about the prospect of online business.

In addition to the tremendous potential of the E-commerce market, the internet provides unique opportunities for companies to more efficiently reach existing and potential customers. Although most of the revenue of online transactions comes from business-to-business commerce, the practitioners of business-to-commerce should not lose confidence. The internet has developed a new distribution channel and online transaction are rapidly increasing. This has created a need how the consumers perceive online purchasing. Price, Trust and Convenience were identified as important factors.

The internet has created a paradigm shift of the traditional way of people shop. A consumer is no longer bound to fix a time or specific location. So, he can at virtually anytime, anyplace and purchase the products or services. Internet marketing has become an important tool of marketing in today's world. It has drastically curtailed the transaction cost both for the sellers and buyers apart from information communication cost by sellers

and information acquisition cost by the buyer. The various devices of internet marketing has influenced the role mechanics, and influence of various marketing mix elements.

Consumers are found to be more aware in today's Internet Marketing field. They merely don't want to be a party to the Internet advertising campaigns made by companies unless they are provided with incentive in doing so. Most of the consumers were found to be keen in participating provided they are compensated in some way by the companies.

Now a days it is found that, the number of Indians are using the Internet for search of information and solutions online and also for their purchasing or selling of Products through internet is increasing significantly. Thus internet marketing is focused on 3 perspectives i.e. Consumer, Company and 3rd Party Agency. Consumer awareness plays an important role in their interests to pursue internet marketing. Hence, would be useful for both companies and 3rd party agencies to understand the mindset of the consumers as consumers would be the ones who would eventually drive internet marketing in a big way.

It is observed that online marketing is becoming a significant part of marketing for large number of companies. It is also found that Companies have inclination for increasing their online marketing spending. In general the Online marketing spending of company accounts for an average of 8% of their total marketing budget.

The Chart 1.1 indicates the use of internet by various nations. It is found that China tops among the Asian Countries with 384 Million Internet users. With respect to India, there were 81 Million internet users and was ranked at 3rd Position among top 10 Internet user nations in Asia. The Indian neighboring countries like Pakistan (18.5 M) & Malaysia (16.9M) has less internet users.

Chart 1.1: Internet Users in Asian Nations
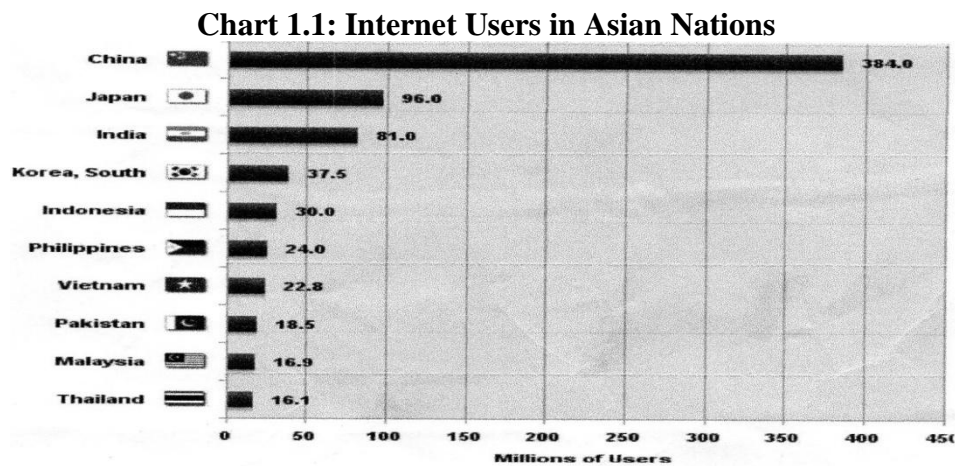
Source: www.internetworldstats.com

The Table 1.1 shows the total Asian Users of the Internet. This table also shows the growth of internet users during last decade (from 2000 to 2010).Among the internet users in Asia, China with 50.9% users of their total population tops in the list followed by 12% in Japan. In India though the internet users are increasing only 9.8% of the total population are the internet users.

While comparing the number of internet users in 2000 and 2010, the percentage of internet user growth in China was 1766.7% followed by India with 1520% growth rate. In Japan the growth recorded was only 110.6%. Though country like Afghanistan had the growth of 99900% even then of the total population the internet users were only 3.4%. Similarly the growth in Pakistan was 13716% however the internet user were only 10%.

Table 1.1: Internet Users in Asia

(In percent)

Asia	Population (2010 Est.)	Internet Users (Year 2000)	Internet Users Latest Data	Users (%) In Asia	User Growth (2000-2010)	Penertration (% Population)
Afghanistan	2,91,21,286	1,000	10,00,000	0.10%	99900.00%	3.40%
Armenia	29,66,802	30,000	2,08,200	0.00%	594.00%	7.00%
Azerbaijan	83,03,512	12,000	36,89,000	0.40%	30641.70%	44.40%
Bangladesh	15,80,65,841	1,00,000	6,17,300	0.10%	517.30%	0.40%
Bhutan	6,99,847	500	50,000	0.00%	9900.00%	7.10%
Brunei	3,95,027	30,000	3,18,900	0.00%	963.00%	80.70%
Cambodia	1,47,53,320	6,000	78,000	0.00%	1200.00%	0.50%
China	1,33,01,41,295	2,25,00,000	42,00,00,000	50.90%	1766.70%	31.60%
Georgia	46,00,825	20,000	13,00,000	0.20%	6400.00%	28.30%
Hong Kong	70,89,705	22,83,000	48,78,713	0.60%	113.70%	68.80%
India	1,17,31,08,018	50,00,000	8,10,00,000	9.80%	1520.00%	6.90%
Indonesia	24,29,68,342	20,00,000	3,00,00,0000	3.60%	1400.00%	12.30%
Japan	12,68,04,433	4,70,80,000	9,91,43,700	12.00%	110.60%	78.20%
Kazakhastan	1,54,60,484	70,000	53,00,000	0.60%	7471.40%	34.30%
Korea, North	2,27,57,275	-	-	0.00%	-	-
Korea, South	4,86,36,068	1,90,40,000	3,94,40,000	4.80%	107.10%	81.10%
Kyrgyzstan	55,08,626	51,600	21,94,400	0.30%	4152.70%	39.80%
Laos	69,93,767	6,000	5,27,400	0.10%	8690.00%	7.50%
Macao	5,67,957	60,000	2,80,900	0.00%	368.20%	49.50%
Malaysia	2,61,60,256	37,00,000	1,69,02,600	2.00%	356.80%	64.60%
Maldives	3,95,650	6,000	87,900	0.00%	1365.00%	22.20%
Mongolia	30,86,918	30,000	3,50,000	0.00%	1066.70%	11.30%

| Myanmar	5,34,14,374	1,000	1,10,000	0.00%	10900.00%	0.20%
Nepal	2,89,51,852	50,000	6,25,800	0.10%	1151.60%	2.20%
Pakistan	17,72,76,594	1,33,900	1,85,00,000	2.20%	13716.30%	10.40%
Philippins	9,99,00,177	20,00,000	2,97,00,000	3.60%	1385.00%	29.70%
Singapore	47,01,069	12,00,000	36,58,400	0.40%	204.90%	77.80%
Sri Lanka	2,15,13,990	1,21,500	17,76,200	0.20%	1361.90%	8030%
Taiwan	2,30,24,956	62,60,000	1,61,30,000	2.00%	157.70%	70.10%
Tajikistan	74,87,489	2,000	7,00,000	0.10%	34900.00%	9.30%
Thailand	6,64,04,688	23,00,000	1,74,86,400	2.10%	660.30%	26.30%
Timor-Leste	11,54,625	-	2,100	0.00%	0.00%	0.20%
Turkmenistan	49,40,916	2,000	80,400	0.00%	3920.00%	1.60%
Uzbekistan	2,78,65,738	7,500	46,89,000	0.60%	62420.00%	16.80%
Vietnam	8,95,71,130	2,00,000	2,42,69,083	2.90%	12034.50%	27.10%
Total Asia	**3,83,47,92,852**	**11,43,04,000**	**82,50,94,396**	**100.00%**	**621.80%**	**21.50%**

Source: www.internetworldstats.com

From Table 1.2, it is observed that during 1995 to 2000 the growth of internet users in the world was 2256.25%. However during 2001 to 2005 the growth of internet users was 222.2% and during 2006 to 2010 the growth was 192.6%. Though the percentage growth of internet users has declined, however % users with regard to total population has increased. In year 2000, of the total population only 5.8% were the internet users but in year 2005, the percentage of users increased to 15.7%. In year 2010 of the total world population the percentage of internet users were found to be 28.7%. Now in year 2018 the percentage of internet users is projected to reach 50% of the world population.

Table 1.2:
The Internet Growth Statistics

Date	Number of	% World	Information
	Users	**Population**	**Source**
December, 1995	16 millions	0.40 %	IDC
December, 1196	36 millions	0.90 %	IDC
December, 1997	70 millions	1.70 %	IDC
December, 1998	147 millions	3.60 %	C.I. Almanac
December, 1999	248 millions	4.10 %	Nua Ltd.
March, 2000	304 millions	5.00 %	Nua Ltd.
July, 2000	359 millions	5.90 %	Nua Ltd.
December, 2000	361 millions	5.80 %	Internet World Stats
March, 2001	458 millions	7.60 %	Nua Ltd.
June, 2001	479 millions	7.90 %	Nua Ltd.

August, 2001	513 millions	8.60 %	Nua Ltd.
April, 2002	558 millions	8.60 %	Internet World Stats
July, 2002	569 millions	9.10 %	Internet World Stats
September, 2002	587 millions	9.40 %	Internet World Stats
March, 2003	608 millions	9.70 %	Internet World Stats
September, 2003	677 millions	10.60 %	Internet World Stats
October, 2003	682 millions	10.70 %	Internet World Stats
December, 2003	719 millions	11.10 %	Internet World Stats
February, 2004	745 millions	11.50 %	Internet World Stats
May, 2004	757 millions	11.70 %	Internet World Stats
October, 2004	812 millions	12.70 %	Internet World Stats
December, 2004	817 millions	12.70 %	Internet World Stats
March, 2005	888 millions	13.90 %	Internet World Stats
July, 2005	939 millions	14.60 %	Internet World Stats
September, 2005	957 millions	14.90 %	Internet World Stats
November, 2005	972 millions	15.20 %	Internet World Stats
December, 2005	1018 millions	15.70 %	Internet World Stats
March, 2006	1022 millions	15.70 %	Internet World Stats
June, 2006	1043 millions	16.00 %	Internet World Stats
September, 2006	1066 millions	16.40 %	Internet World Stats
December, 2006	1093 millions	16.70 %	Internet World Stats
March, 2007	1129 millions	17.20 %	Internet World Stats
June, 2007	1173 millions	17.80 %	Internet World Stats
September, 2007	1245 millions	18.90 %	Internet World Stats
December, 2007	1319 millions	20.00 %	Internet World Stats
March, 2008	1407 millions	21.10 %	Internet World Stats
June, 2008	1463 millions	21.90 %	Internet World Stats
December, 2008	1574 millions	23.50 %	Internet World Stats
March, 2009	1596 millions	23.80 %	Internet World Stats
June, 2009	1669 millions	24.70 %	Internet World Stats
September, 2009	1734 millions	25.60 %	Internet World Stats
December, 2009	1802 millions	26.60 %	Internet World Stats
June, 2010	1966 millions	28.70 %	Internet World Stats
December, 2015	2.21 billions	-	Statista.com
December, 2016	3.50 billions	-	Statista.com

Source: www.internetworldstats.com

Chart 1.2: Internet Users in India
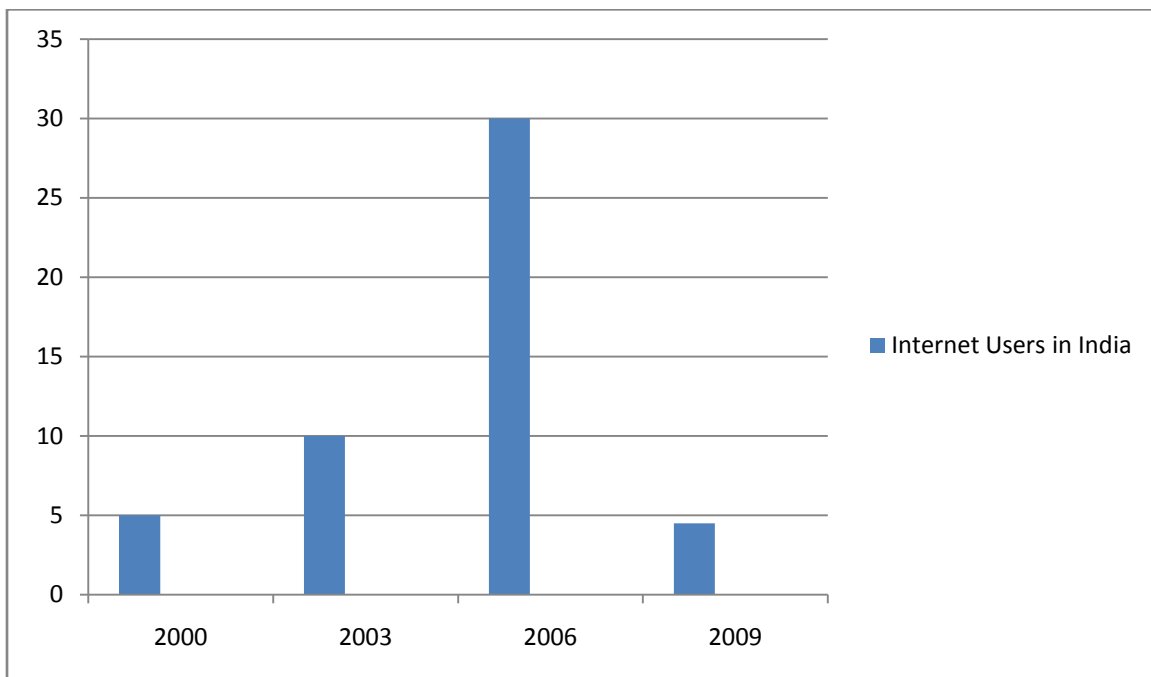
Source: www.imrb.org

According to the latest IMRB (Indian Market Research Bureau) International report the continuous growth in the internet use has been witnessed. As seen from Fig. No. 1.2 in year 2000 there were 5 million internet users which increased to 12 million in 2003, thus an increase of internet users were 32 million which indicates growth of 20 million. Similar growth in number of internet users was recorded in the year 2009 (52 million). The number of mobile Internet Users in India has been expected to grow over 55 per cent, driven by strong adoption in rural parts of the country. In 2016, India has 451.5 million Internet Users. This figure is projected to grow to 635.8 million Internet users in 2021. Despite the untapped potential, India already is the second-largest online market worldwide.

STATEMENT OF THE RESEARCH PROBLEM

The internet is relatively a new medium for communication and the information exchange that has present in everyday life. The number of internet user is constantly increasing which also signifies that online purchasing is increasing. The rapid increasing is explained by the consumer behaviour. The internet is considered as a mass medium that provides the consumers with purchase characteristics. Certain characteristics are making it more convenient for the consumer compared to the traditional way of shopping, such as the ability to any view and purchase products visualize the needs with products and discuss products with other consumers. Using the internet to shop online has become one of the primary reasons to use the internet combined with searching for

products and finding the information about them. Therefore, internet develop the companies also use the internet to convey, communicate and disseminate information, to sell the product, to take feedback and also to conduct satisfaction surveys with customers. Customers use the internet not only to buy the product online, but also to compare prices, product features and after-sale-service facilities they will receive if they purchase the product from a particular store. Many experts are optimistic about the prospect of online business.

In the next few years, online marketing in India will strengthen even further. However, long-standing sustainability directly depends on factors like changes in the market, innovations and interactivity by market players. Owing to increased penetration of credit cards and easy access of computing witnessed a promising growth. Moreover, bargain-hunting consumers are latching on this trend as Internet retailers are known to offer products at special discounted prices compared to store-based retailers. Consumers in the country can now truly expect a well streamlined, efficient and world-class shopping experience supported by the best technology. (Niharika and Satinder, 2015).

Due to the rapid development of the technologies surrounding the internet, a company that is interested in selling products from its web site will constantly has to search for an edge in the fierce competition. Since there are so many potential consumers, it is of the utmost importance to be able to understand what the consumer wants and needs in the present digital era of marketing. Internet Marketing leads to competitive advantage for a business enterprise. It is also called as online marketing, E-marketing, Virtual Marketing or Web marketing etc. Internet has brought many unique benefits to marketing. One of the major benefits is reduction in transaction cost followed by the global reach with speed. The interactive nature of Internet Marketing differentiates it from traditional marketing. Internet marketing is having a broader scope since it refers to digital media such as web, e-mail and wireless media, and also includes management of digital customer data and electronic customer relationship management system. Effective Internet Marketing requires well formulated strategy to synergize a company's business model with a website function and appearance, focusing on target market segments, proper advertising and promotional tools. At this juncture, we need to identify opportunities as well as challenges of Internet Marketing in Indian Context and this is our problem which is to be studied.

OBJECTIVES OF THE STUDY

The present study has been undertaken with the following objectives:

- To elaborate the concept, types and models of Internet Marketing.
- To identify security concerns in Internet Marketing in Indian Perspective,

- To appraise present status of Internet Marketing in India,

- To pinpoint challenges and opportunities in Internet Marketing in Indian Context,

- To suggest remedial measures to overcome existing challenges in order to reap benefits of Internet Marketing.

IMPORTANCE OF THE STUDY

Internet Marketing is expensive when examining the ratio of cost to reach of the target audience. Companies can reach a wider audience for a small fraction of traditional advertising budgets. The nature of the medium allows consumers to research and to purchase products and services conveniently. Therefore, businesses have the advantage of appealing to consumers in a medium that can bring results quickly. The strategy and overall effectiveness of marketing depend on business goals and cost-volume-profit (CVP) analysis.

Internet marketers also have the advantage of measuring statistics easily and inexpensively; almost all aspects of an Internet Marketing campaign can be traced, measured, and tested, in many cases through the use of an ad server. The advertisers can use a variety of methods, such as pay per impression, pay per click, pay per play and pay per action. Therefore, marketers can determine which message or offerings are more appealing to the audience. The result of campaign can be measured and tracked immediately because online marketing initiatives usually require users to click on an advertisement, to visit a website and to perform a targeted action.

In Internet Marketing, geo targeting and geo marketing are the methods of determining the geolocation of a website visitor with geolocation software, and delivering different content to that visitor based on his or her location, such as latitude and longitude, country, Region or state, city, metro code or zip code, organization, Internet Protocol (IP) address, ISP and other criteria. In world that is redefining the concept of space and time thanks to the Internet and 24*7 connectivity and collaboration, the entire marketing paradigm has to define. Companies will succeed if they understand the power of Internet Marketing and are able to adapt their business processes to embrace the new paradigm. Hence, in the present digital age, this study has grad importance.

HYPOTHESIS

The present study is based on the following Hypothesis:

1. Internet Marketing is helpful in dissemination of information and ultimately to sell the product and to take feedback too for customers.

2. It reduces marketing costs and thereby there is reduction in the price of products and services.

RESEARCH METHODOLOGY

The present study is concerned with exploration of the dynamics of Internet Marketing in India. The study is analytical in nature. The study is primarily based on secondary data collected from different:

- Books
- Journals and Magazines
- Reports
- Newspapers and Economic Dailies
- Websites etc.

However, we have also taken help of primary data. The Research Methodology applied in the present study is quantitative as well as descriptive in nature. To study the influence of the use of Internet and thereby the impact of internet marketing in overall market scenario it was decided to record opinions on various aspects related to the growth to Internet Marketing. Hence, the 3 important entities of market i.e. Consumer, Company and 3rd Party Agency were taken into account as the respondents.

The survey carried out was based on questionnaires that prepared separately of Consumer, Company and 3rd Party Agency. The inputs received (answers to every question) were analysed and tables were prepared. Further the tabulations were used to calculated responses which resulted to draw the inferences.

For carrying out the survey Non-Probability sampling method was used and hence purposive sampling size of 1000 consumers were decided. The consumers from various major cities were contacted either in person or through telephonic and email modes. Similarly for selecting the company respondents, the criteria were used was that the Company Executive (Respondent) should be from a company which has been providing the logistic support in Internet Marketing field at least 5 years. The companies were identified from the list available through the different chambers of Commerce and industry. Lastly it was noticed that there are only few 3rd party agency players especially in the field of Internet Marketing. Hence, 10, 3rd Party Agency with their involvement in providing logistic support in Internet Marketing could be identified. The 10 players were from major cities i.e. Pune, Mumbai, Noida and Bangalore.

All the respondents were thus contacted and inputs were gathered. The responses received were further analysed and were tabulated. The tabulation curtained helped to drawn the inferences related to several aspects related to the recent growth of Internet Marketing in India. The conclusions drawn and represented in tables and also for few aspects the graphical representation is made.

In today's era of dynamic marketing it is found that Internet Marketing is gradually increasing with the significant increases in the use of Internet. The scope of the present research was confined to study the opinions of 3 entities: Consumer, Company and 3rd Party Agency with regards to aspects related to the growth of Internet Marketing. The behavioral approach of the consumers especially their attitude in using of Internet Marketing and their information towards Internet Marketing was taken into account. Similarly the role of the company was studied especially to know their approach towards the marketing strategy. Lastly the suitability of 3rd Party Agency in Internet Marketing was considered as it plays an important role in building the relationship between the consumer and company.

The research work is confined only to the respondents from few major cities in India. Based on the survey and analysis the general overview is taken with regard to the growth of Internet Marketing in Indian scenario. To prevailing trend in Internet Marketing in India were considered and hence to the study of global trend is beyond the scope of this research work.

The data thus collected has been analysed by using suitable statistical and mathematical tools and techniques like:

- Ratio
- Proportion
- Percentage
- Trend Analysis
- Mean etc. for specific interpretation.

The study has been undertaken to focus mainly on opportunities and challenges in Internet Marketing in Indian context.

We have made diagrammatic/graphic presentation with the help of

1. Bar Graphs

2. Histograms

3. Pie Charts as per the suitability.

PLAN OF WORK

The entire study has been divided into the following seven chapters:

Chapter 1: Introduction

The first chapter is introductory in nature. The chapter may contains brief elaboration on problem to be studied, justification of the study, hypothesis made, research methodology and plan of the study etc.

Chapter 2: Marketing in the Digital Era

Internet is changing the way consumers shop and buy goods and services, and has rapidly evolved into a global phenomenon. In this chapter, we have discussed about marketing in the present digital era as well as globalization of business.

Chapter 3: Internet Marketing: Concept, Types and Models

The Internet provides a unique opportunity for companies to more efficiently reach existing and potential customers. This chapter has been devoted to present concept, types and models of Internet Marketing.

Chapter 4: Security Concerns in Internet Marketing

The chapter contains security concerns in Internet Marketing. Role of Internet has got well placed and marketing via Internet has increased. At the same time, cyber crimes are also coming in the light. Accordingly, cyber security issues need priority attention in order to have safe use of Internet Marketing strategy/tool.

Chapter 5: Internet Marketing in India – An Appraisal

This chapter makes an appraisal of Internet Marketing in India. With enabling technology, growing telecom sector and crashing PC prices, the use of net is gaining momentum. The need of the hour is to catch your customer every possible means and to retain them. The companies are thus making the presence felt online along with offline presence.

Chapter 6: Internet Marketing in India: Challenges and Opportunities

In this chapter, on the basis of the data collected from secondary sources, challenges and opportunities of Internet Marketing in Indian context have been analysed.

Chapter 7: Conclusion and Recommendations

The chapter presents summary of the work and a number of valuable suggestions have been put forth for strategic adoption by the stakeholders. Now a days, the customer has become more responsible towards touch, feel and experience of marketing and accordingly a marketer needs to create more touch points between him and his customers through the use of innovative technologies.

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