

Background and future potential of electronic marketing



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Describe the background, current and future potential of e-marketing, e-business model, e-marketing process, and different types of e-marketing strategies, contemporary strategic e-marketing issues in Viet Nam / another country. Explain the critical impact of internet and how it changes the traditional marketing in the aspects of segmentation, targeting, differentiation, positioning, product, price, distribution, integrated marketing communication and customer relationship management. Support your argument with suitable examples.

> Very simply put, e-marketing, which is also called as online or internet marketing, refers to the combination of old-age marketing principles and techniques via electronic media and over the Internet network. The terms e-marketing, e-business, e-marketing strategies and e-marketing process are frequently interchanged, and can often be considered synonymous.

Traditionally, marketing has been around for a very long time. Marketing comes in many different forms and has been used in different ways throughout the history, but is really meant for one thing only. Marketing helps to increase the profitability of products or services. Since the day when humans first started trading whatever it was that they first traded, marketing was there. At the time, it was the stories traders used to convince others to trade. Marketing has come a long way since then; up until a few years ago marketing has all been done in the same basic method, but the Internet has changed everything dramatically.

The ways that people do marketing and business have changed and improved year by year and now they have become a lot easier to deliver their stories, products or services and get marketing messages out there. E-

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Marketing consists of both direct response marketing as well as indirect marketing factors whilst using a wide range of technologies to get businesses to their customers connected. The Internet, actually, has brought billions of people from all walks of life together within the reach of any marketer. By doing so they can reach a wider marketplace which is still targeted for their particular product or service. The Internet has really changed the way many people do business and as it continues to evolve we will see even more changes in the way that e-business is being gained. This is true more than ever in the case of Vietnam.

Given the fact that Vietnam has the 13th largest population on the earth and should come as no surprise that it has the very large number of internet users also. Vietnam have an estimated more than 30 million people online by the year of 2010 [1] which account for 15% internet penetration rate. Those internet users spend over 50% of the leisure time online, which amounts to more than fifteen hours per person in Vietnam per week. Of these users, 10 million are users of social networking sites, and over 20 million are search engine users. Most notably, though, the value of online business transactions in Vietnam reached 20000 billion Viet Nam Dong last year, that is, 1 billion USD [2]. Also, online commerce is now being more widely accepted by marketers as a legitimate and useful tool of spending advertising dollars. The online economic system for the country is coming.

Maybe the only statistics more impressive than these quantities are their unparalleled growth rate. Since the year 1999, the number of internet users in Vietnam has increased by over 15000% from less than 200 thousand users to 30 million [3]. The use of the internet in some of the largest cities

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such as Ho Chi Minh City and Hanoi has even exceeded 50%. The use of social networking sites has also been expanding much more rapidly than expected, with the actual number of users exceeding predictions by over 10 million people. Even more importantly, over the past year the number of online business transactions grew by 900% while the value of these transactions more than doubled [4].

Through these facts and figures, while intriguing in their own right, are much more crucial insofar as they hint at Vietnam's tremendous potential for growth. Despite 30 million people who currently use the internet in Vietnam, still 56 million people who are not yet online, and while it is naive to think that every single person in Vietnam will inevitably be an internet user, if internet penetration in Vietnam were to reach levels similar to those of America which a certainly obtainable goal of around 75%, this would be an addition of over 70 million users to the web. To these new users, many would be drawn to online marketing and business, further expanding an already vibrant and robust market. Most importantly, those new users in Vietnam could expand the field of potential customers which can be reached through careful marketing strategies.

As one of the fastest growing economies in the world despite the global financial crisis, Vietnam's real GDP is expected to grow another 30% by the year 2015 [5], bringing even more disposable income to the rapidly increasing number of internet users in Vietnam, which is a prospect for the future potential of e-marketing, e-business model, e-marketing process and different types of e-marketing strategies. Does it make any sense to not reach out to this through e-marketing and e-business? By learning to <https://assignbuster.com/background-and-future-potential-of-electronic-marketing/>

effectively employ Vietnamese search engines, being culturally sensitive in how you target a foreign audience, and learning to navigate the language barrier, a relatively modest investment of time and effort may pay dividends later. By simply translating the homepage on the website into English, for example, to encourage people to conduct business with the product or service in English, your page will be able to appear in Vietnamese search engines. With Vietnam's rapidly expanding economy and internet user base, it only makes sense to venture forth into Vietnamese e-marketing. Besides these things, issues also exist.

The contemporary strategic e-marketing issues, however, are series of constraints that hinder the performance of e-marketing in Vietnam. These problems include the following:

- Technology: Online marketing requires Vietnamese customers to use modern technologies rather than traditional media;
 - Cyber crime: Vietnamese does not have habit of purchasing online. Many customers are hesitant to buy items via the internet because they do not know whether their personal information will remain private or not;
 - Quality: The concern that customers have with e-commerce merchants is whether or not they will receive exactly what they purchase, which leads to the solution that many online merchants have attempted to share this concern by investing in and building strong brands (for example: Amazon. com, eBay, Nganluong. vn, Chodientu. vn, etc), and by leveraging their feedback rating systems as well as e-commerce bonding solutions. All of those are attempts to assure customers that their transactions will be free of
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scams because the merchants can be trusted to provide reliable products and services. In addition to this, the major online payment mechanisms (credit cards, for instance) have also provided back-end buyer protections systems to address problems if they actually do occur.

- Xenophilia: The preference for foreign products always is a problem.

Because of the development process of Vietnam and our inability to produce most high quality goods, specially technologically sophisticated products, Vietnamese customers tend to prefer buying from the more industrialized countries. This makes the development process of Vietnamese industries and commercial life of the people more impoverished. Developing countries as vietnam constitute over 70% of the world's population, but only contribute about 12% of the world's industrial production that often boost e-marketing in these economies. Why should this be the case, and who is to be blamed for the structural discrepancy and imbalance? What actions could Vietnam adopt to accelerate the pace of industrialization and the development in order to boost the tempo of e-marketing? It is generally felt that Vietnam locally-made goods are only for the poor, uneducated and those who are not fashionable, whilst the consumption of imported goods and services is taken as a status symbol for the elite and affluent even when foreign products are of less quality when compared to similar Vietnamese high quality brands. This situation makes the growth of e-marketing and satisfaction of customers in Vietnam locally difficult;

- High cost of production: Internet marketing has suffered in most developing countries like Vietnam because virtually all production techniques are imported from the developed countries. The cost of acquiring
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equipments and other inputs used for production in Vietnam to boost e-marketing sometimes extremely difficult to buy. How can marketers resolve these problems? They certainly must have proper e-marketing strategies:

The vital significance of developing an effective e-marketing strategy is indicated by Michael Porter (2001) who has said: “ The key question is not whether to deploy Internet technology, companies have no choice if they want to stay competitive, but how to deploy it.” [6] An e-marketing strategy is needed to provide consistent direction for any organization’s e-marketing activities that integrates with its other marketing activities and supports the overall objectives of the business.

For most companies, the first attacks into online marketing is not the result of a well-defined, integrated e-strategy but rather a response to competitors activities and customers need. After establishing a site for a year or so, marketing staffs and senior managers in a company may question its efficiency. That is often the point where the need for a logical e- marketing strategy becomes apparent. As consequence, the starting point is when a company which has an existing site and it is reviewing the current site and its efficiency with a view to future improvements. There is no evidence to suggest that the approach to developing and implementing a strategy should be importantly different for e-marketing. Establish frameworks for corporated strategy development or strategic marketing planning, hence, should still be followed. Those frameworks provided a coherent continuation to follow which makes sure inclusion of all main activities of strategy development. It could be argued, nevertheless, that with online marketing there is an even greater need for a highly responsive strategy process model where speedy reaction

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may occur to events in the market. In 2002, the economist Chaffey noted that e-business and e-marketing tend to use a three-stage model strategy [7]. They are:

- Strategic analysis: Continuous scanning of the micro and macro-environment of an organization which is required with particular emphases on the changing needs of the customers, actions and business models of competitor and opportunities afforded by new modern technologies. [8]
- Strategic objectives: Companies must have a clear vision that if digital media will accompany or alter other media and their capacity for change [9]. Clear objectives should be set and in particular goals for the online revenue contribution needed to be defined.
- Strategy implementation: Devising and executing tactics should be set to achieve strategic goals. This includes relaunching a website, opening promotive campaigns associated to the site and monitoring the efficiency of the site [10].

The above three-stage strategy mentioned to the effectiveness of the website in strategic management. Back to this subject, we can easily find out the crucial impact of the Internet and how it changes the traditional marketing in the aspects of segmentation, targeting, differentiation, positioning, product, price, distribution, integrated marketing communication and customer relationship management.

An e-marketing planning programme has 2 sides. The first is the part devoted to individual customers. The second is the business to business

component. E-commerce programmes, advertising, sales online support and customer service are all factors of an online marketing programme. Parallel companies compete against one another whilst being only a click of the mouse away. In other words, with the internet the purchaser is able to locate plentiful sellers which sell similar merchandise, similar prices and similar offers in only a short time period. Since more and more people are comfortable with the internet, the marketing plans is likely to continue to educe soon in coming years. During the last decade, the use of the internet has exploded radically in both the consumer and business-to-business markets. Though experts still argue the future of the internet, nobody doubts it is having a great impact on how business is taking place in the 21st century. Here are details about the internet that highlight its extreme growth and presence in trends of the society:

- The most common products that customers search online and purchase at the store or outlet are car, computer, computer hardware, travel, electronics, books, music, sporting goods and clothing;
- In 2004, 10% of business-to-business advertising dollars were spent online, the total amount spent was 8. 7 billion USD over the world;
- About 54% email users have responded to an e-mail advertisement, almost half purchased an item;
- Internet retail sales account for almost 2. 5% of all retail global sales [11].

Many companies use the internet for their every business activity such as taking orders, sales programs, service departments, inventory control,

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communications plans, and production scheduling...The change from traditional communication channels to the internet occurred so quickly today.

Marketers and consumers are among the first can get profits from the internet. Nowadays in marketplace, it is a trend to realize that the internet, namely websites, is becoming the communication tool of choice for many business-to-business companies. The internet provides opportunities for segmentation, targeting, differentiation, positioning, product, price, distribution, intergrated marketing communication and customer relationship management.

How about the future of the e-marketing, e-business and e-commerce? E-commerce has grown by high jumps and continues to set new horizon line every year. As huge as Google is, it was created in 1998. Google how far have come to the world. Since the Internet continues to grow, the future potential of e-marketing is a much discussed subject. E-marketing is now rather messy but quickly in the near future remnants of the old, such as banner ads and email marketing, are clearly one their way out.

In conclusion, the impact of the internet on marketing and industries has been clearly noted in today's world. The presence of the internet and e-commerce is so sweeping that the various applications of hi-tec technology are now crucial elements of a fully integrated marketing communications programme. In other words, the internet opens new horizon for today's marketing world.

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