

# General overview of the e-market

[Finance](#), [Market](#)



Most companies have embraced online marketing as the best and most effective means of availing information and products to the final consumer. Given the advancement in technology and the fact that no business wants to be left behind, companies are strategically developing ways in which they can influence clients and prospects to the maximum. The advent of the online markets has defined the traditional marketing mix in new terms. The contemporary e-marketer has put so much into consideration before finally settling at a particular price and presenting it to the customer as the final charge on the product.

What factors must the e-marketer consider? Before settling at a viable pricing policy, the marketer must look into the issue of costs because the business is there not only to serve the customers but to do it profitably. For the product to make a positive contribution, it must be priced above its sum average cost.

Competitors are out there to take advantage of any slightest opportunity to gain a competitive edge against their rivals. In this era, rarely can we find a complete monopolist in a particular industry. Information nowadays is readily available and it's not easy for a business to restrict others from having it, (Boston Consulting, 2000). At this extreme of being a monopolist, a business may set a price and get away with it easily since it will be a price setter. The marketer must take the matter of competitors seriously since if the market is perfectly competitive then it implies that there will be no choice for it but just to accept the price that generally prevails.

The main target of a business' operations is the customer. It (the business) must therefore endeavor to establish the customers' expectations concerning

price with more precision. The business must therefore attempt to quantify the amount or volume of sales that can be achieved at certain prices. By setting a certain price, the producer must have understood the customers' behavior concerning the price of the commodity. Sometimes customers attach high prices with high quality. Since the market is highly segmented there should be consideration of each segment.

Another influence on the pricing policy is the pricing objectives of the business. As much as the business will have particular objectives in its pricing policy, it must ensure that the objectives it puts into consideration coincide with customer expectations. Among the objectives could be profit maximization, achievement of certain target sales, attaining a given return on investment, attaining a given share of the market, (Gruca Bruce R. Et al 2004).

It is imperative that the e-marketer establishes the market segments very well since this will help in the value different groups of customers attach to the products on offer. It implies that every market segment helps in product merchandizing as well as positioning.

The marketer must also carry out an assessment of the availability of the product and then assess the availability of its near substitutes too. This is vital because underpricing a product is not only harmful to the product but it hurts the product just as overpricing does. It is good that before settling at a given pricing policy the marketer surveys and considers the possibility of other products in the market and their competitive edge through examination of all probable means by which the marketer tracks the interaction between the customers and the products.

Kalyanam Kirthi (2002), suggests that the marketer must be very keen in observing the centers of customer interaction with the product so as to come up with a more feasible e-marketing mix. In addition, Kirth argues that in order for some marketers or producers to influence their customers or prospects in a particular way, they choose to channel their products through paid-up sites rather than free ad-sites.

By doing this the marketer is able to induce premium pricing. In the practical sense, premium pricing is applied in services like Concorde flights and other luxurious products such as Savoy Hotel rooms. More important is the understanding of the customers' potential in terms of what they are able and willing to pay. This means that by coming up with a given pricing policy, it should be one which neither undervalues nor overvalues the product hence the customers' capability, (MarketingTeacher, 2008)

Another important influence in the pricing policy is the market dynamics. In this era information about the market flows quite faster and therefore it is imperative that the e-marketer continuously monitors and assesses the market and the competition so as to gauge the pricing policy from time to time. Analysis of the market dynamics also entails examination of online distribution channels and effectiveness of each channel. Without understanding these market dynamics, pricing can become quite tricky, (... lbd).

Apart from premium pricing, there are other pricing strategies applicable by the online seller to influence and manage customer behavior. Penetration pricing is used by new businesses wishing to gain market share such that the seller sets artificially low prices to attract more customers. Price skimming is

used by businesses which perceive that they have a competitive advantage over others of the same measure.

Amazon. com and e-Bay are two online malls that have come to establish a substantial competitive edge against others. Despite the fact there are other sites which could offer much cheaper or even free ads, the online seller will choose these because their very image creates an influence in the way the buyer behaves. Psychological pricing policy is used in e-marketing just like in the contemporary marketing. In the traditional set-up, you walk to the store next door and you find an " X" on the previous \$ 100 price and instead replaced with \$ 99. 98. this is just a pricing strategy meant to influence the buyers psychologically, (Vanessa & Hartmann 2007).

Promotional pricing as a strategy is used by sellers. For example in reference to Amazon. com the buyer is told that whoever bought this product also bought this and there comes a list of other products. Alternatively sellers offer to give an extra unit of product for every defined quantity purchased.

## Conclusion

Online marketers combine a number of factors before settling at a given pricing policy. The factors put into consideration are more or less the same as those considered in the traditional marketing mix the only difference is that e-marketing mix has more elements which are overlapping and which mostly entail personalization as a form of market segmentation.

Though the distance between the seller and the online buyer is much reduced due to the application of technological innovation, the idea of market segmentation could pose a real challenge to the seller. The online

seller is therefore by practice expected to keep an eye on the market dynamics and make sure that he is aware of any new products in the market because these influence the purchasing habits of the buyers. The business environment is turbulent, hostile and hotly competitive. This requires the e-marketer to apply creativity at all levels of decision making. (Brynjolfsson & Smith, 2000)

## References

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