Online Advertising: Potential and Effect on Business

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Abstract: *With the advent of time many new phenomenon got added to this vast stream of marketing which basically include CRM, Green Marketing, Social media marketing, blogging, mobile marketing, internal marketing, integrated marketing, socially responsive marketing and online marketing etc. The motive of this study is to help the business enterprises in promoting their business by keeping pace with advent technology. Online shopping and supporting net banking activities is the new trend prevailing in the market and capturing a huge market of those busy people who cannot afford time to go through the store shelves to shop.*

Keywords: Online advertisement, Marketing, New Trends, Paradigm shift, Customers, Internet, Keyword Analysis

1. Introduction

The possibilities of attracting customers through internet have opened the new gateways to identify and attract target audience with perfection. The paradigms of traditional marketing trends have shifted towards new trends of marketing through online advertisement. With the advent of technologies attracting right customers became important. However attracting customers through advertisement or newsletters was successful in the beginning but the frontiers were limited to a certain state or area. Today need of the time is to maintain global presence which was not possible by promotion through traditional methods. The traditional models of advertising are slowly losing its effectiveness. Television, radio, magazines are slowing becoming less effective. With the advent of time and technology, trends of marketing have changed which facilitated not only attracting target audience but also favors the global presence. Now the entire market is in the pockets of target customers. This boon of technology have helped marketer so reach to target audience within short span of time. Moreover target audience timely share this information with possibly the same group of people which ultimately is another group of target audience of same segment.

The achievement of technology now facilitates the customers to search the information about the product or service before making final purchase decision. World Wide Web facilitates the customers to know the product and services and make comparisons in terms of price, brands and event offers and discounts. The www opened gateways of online promotion and electronic commerce. Electronic commerce helped target audience to transact online and thus save time and energy by shopping while sitting at home. This calls upon the need of new experiments in the field of advertisement and promotion. Every business firm wishes to attract the target audience and increase its revenue along with brand building exercise. Online advertising might evolve as an important tool to achieve the said objective [1].

The report given by Boston Consulting Group (BCG) states that the number of Internet users in India is expected to nearly triple from 125 million in 2011 to 330 million by 2016. 40 per cent of India's 90 million urban Internet users say that online activities such as product research and price comparison influence what they buy. Incentive/loyalty programs or even something bigger such as electronic commerce would direct the new way of promotion. It is also noticed that money is the driving force which can attract more people and business online. This in-turn will help to attract the right audience at right time. With the help of technologies the companies will be able to tarck not only how many people clicked the advertisement, how much reached the website, what links they clicked and how much time they spent at the website. The ease with which all this could be done make everyone equal and not much technical expertise is needed. Online advertisers have traced the peak hours when target customers scroll down the internet for the search of information. It is again competitive to occupy the peak hours for the online advertisements. It would be important to mention here that the keywords also play vital role for the effectiveness of advertisements. Target audience hardy remember the name of the company on website address. They simply proceed towards search engine and put few words to search the relevant information for the same. The few words which these target audience use to track the information is called keywords. The companies and advertisement experts track these keywords and design the advertisement in accordance with it. This helps the companies to become noticeable and pop up when the target audience seek information. Various plans are available with which business houses could make their advertisement to jump up when customers search the information. This may

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be pay per click plan or depending upon the time the customers spend on the website.

Ignoring internet will be no more advisable as it has become an important tool which will hold the pulse of market in near future. This small research work will benefit to business houses that don't have sufficient knowledge about the online advertisement. The online advertisement trends will be the next strategic step in business marketing plan.

2. Review of Literature

A Web site gives direct contact between the organization and the consumer. However, product characteristics play an important role in whether the organization benefits from utilizing the Web as a means of direct sales [2]. Research attempted to place empirical evidence upon the theoretical views that suggest that the Internet enhances business performance, in terms of sales performance and efficiency, affecting both the "top line" (total sales) and the "bottom line" (net profit margin). Studies show that the Internet facilitates product management activities that lead to product customization and innovations' acceleration. Additionally, the findings show that market-driven product management activities are highly affected by the sales force's use of the Internet. The benefits of interactivity in sales management activities are highly reflected upon customized product strategies [3].

There are several reasons why academic research should be done in the area of business models and e-business models. First of all, even though many people talk about them, rare are the business model concepts and nonexistent a common understanding of what is meant by a business models. The second reason why the e business model idea is interesting to study is because it can be an adequate methodology and foundation for managerial tools and IS requirement engineering to react to the increasingly dynamic business environment [4]. Internet is playing a more and more important role in the field of marketing. Understanding Internet marketing will continue to be significant for at least three reasons. From an academician's perspective, it not only helps gain new ideas about the Internet, but also enhances our understanding as to whether existing marketing theories can be applied to this new phenomenon. From a practitioner's perspective, Internet marketing research provides knowledge about the online consumer's beliefs and behaviors, thus enhancing the online firm's opportunities to succeed. From a public policy maker's perspective, there are a number of topics that need to be addressed, such as security, consumer protection, and tax. Future investigations can be targeted at each of these three perspectives. [5].

Online trust can be approached from a stakeholder perspective that takes into account the viewpoints of multiple stakeholders such as customers, employees, suppliers, distributors, partners, stockholders, and regulators. It is a multidimensional construct whose underlying dimensions include reliability/credibility, emotional comfort, quality and benevolence. [6]. Research indicates that in the

case of the Web consumer a set of elements experienced during the virtual interaction are indeed the controllable factors affecting the online buyer. These three sets of factors are the main online marketing tools under the control of the e-marketer. Despite the fact that a good deal of research has been done on identification of the individual components of the Web experience during the last five years, little attention has been paid in integrating this research endeavor [7].

During the conduct of the analysis, valuable learning can be particularly drawn. Firstly, the business model framework by Hamel has proven useful in integrating different aspects related with the online supermarket business. Nevertheless, the vast numbers of strategic elements included in the framework may be somewhat too broad that there is a danger of falling into an 'encyclopedia' approach of analysis [8]. Study reveals that the nine marketing tactics discussed above are the most commonly mentioned among both academic researchers and SMEs. This study uses a relatively large body of sample literature (37 works) to mitigate assumptions and opinions and ensure that its results are validated by a variety of disparate authors [9]. Study reveals that for purchase of big-ticket items online and related goods and services online advertisements are beneficial. It represent a more valuable audience, in richer advertising environments [10]. The research explicitly consider important phenomena in purchase behavior (for example, that price expectations and perceptions of basket needs have specific roles). A methodological contribution of our paper is the ability to provide price expectations over items prior to store visit based only on the partial information contained in the store flier [11]. Researches reveal that there is a huge space for improving the efficiency of advertising expenditures, as approx 20% advertising inefficiency was found. It is expected that future research will find new gateways to improve the efficiency of advertising in every possible way [12].

3. Types of Web Based Promotions

Change is the only permanent thing in the world. It means things do not forever stay the same. Change is inevitable, whether it relates to age, relationship, career, etc. The online business world is also changing rapidly as we could make it out the time we started with e-mails and prodigy and still renovating from banners and buttons to find something new and impressive. The web based promotion tools which supported the long life of online marketing includes the following tools.

3.1 Prodigy

Prodigy emerged in 1990 as a commercial service provider to promote advertisements online. It offered its subscribers to access broad range of networked services and updates about news, weather, shopping, bulletin boards, games, polls, expert columns, banking, stocks, travel, and a variety of other features. Prodigy built a national network of POP (points of presence) sites that made local access numbers available for most homes in the US. This was a major factor in the expansion of the service since subscribers did not have

to dial long distance to access the service. The subscriber only paid for the local call (usually free). Unfortunately the services offered by Prodigy were soon called spamming. The definition describes the repetitious serving of the same message to group after group after group (Sterne, 1997). This opened the gateways of other online promotion forms which were successful for a pretty long span of time.

3.2 E-Mails

E-mail marketing hold pulse of online market for a long time It served two basic motives of customers that is to be in network and be a part of social community. The other aspect is to be updated about any happening of personal interest. It is very focused and sent to appropriate customers who are set as targets by business houses. Later it also provided a choice to customers to opt-in/opt-out of the mail list (Sterne 1997). It is an easiest way to be in touch of the customers and to regularly update them with timely announcements. It is estimated that roughly half of all e-commerce sites will use email registration schemes by mid-1999.

3.3 Newsgroup

Newsgroup is a forum of people who discuss or exchange ideas or messages via e-mail about a common topic. On internet thousands of newsgroups are available covering topic of interest. This possibility could easily be done using a program called news reader that connects to a news server and hence exchange of information could be done with ease. In newsgroup people are free to quote, comment or post questions and queries. A person is free to reply or comment to a particular person in the forum and thus a thread of discussion continues. Business houses find newsgroups to improve customer relations, increase visibility, and position themselves by offering questions and answers. This also promotes guerrilla advertising on the Internet. Newsgroups can be moderate or binary[13].

3.4 News Letter

Newsletters are the bulletins issued periodically to members of particular group belonging to a society, business or organization which is distributed publication about one main topic. Newspapers and leaflets are example of newsletters. Some newsletters are created as money-making ventures and sold directly to subscribers. Often, people sign up to receive e-mail messages which are delivered on daily, weekly or monthly basis. Few websites have their own newsletters in various subjects like yahoo which has 64 newsletters of varying subjects and audience.

3.5 List Servers

Like newsgroups, list servers are a list of subscribers or database comprising of e-mail that permits the widespread distribution of information to internet users. In this aspect information comes directly to the inbox of subscriber inspite of coming from some servers which usually come from list servers. The list comprises of four things specially e-mail addresses, the names of people receiving the mail at those e-mail addresses, the message of publication as written by business houses and a reflector which is a single e-mail address that when designated as recipient of a message will send a copy to all the subscribers.

3.6 Internet Classifieds

These advertisements are cheaper in terms of prices and teds to be longer to retain. They are easy to search and are self policing in nature. The low cost structures facilitate the companies to offer free classifieds globally. Craigslist.org was one of the first online classified sites, and has grown to become the largest classified source, bringing in over 14 million unique visitors a month according to comScore Media Metrix. A growing number of sites and companies have begun to provide specialized classified marketplaces online, catering to niche market products and services, such include boats, pianos, pets, and adult services, amongst others. In many cases, these specialized services provide better and more targeted search capabilities than general search engines or general classified services can provide. A number of online services called aggregators crawl and aggregate classifieds from sources such as blogs and RSS feeds, as opposed to relying on manually submitted listings [15].

3.7 Banners

Banners came into existence in October, 1994 which was a leading technique used to advertise online. More than 50% of the revenue is generated by this media of promotion. Banners are the prominent online advertising models which became mainstay of internet advertising. It is similar to the flex that we see on road sides. However it advances with the facility to attract and push customers to click the banner to view the further information. Soon the impressive effect and its long term stability were realized and standards were set to decide the guidelines of pixel size for a particular type of banner. Banners come in many forms. The most common forms are the buttons, the moving banner, and the full service banner.

3.8 The buttons

It is one of the smallest and the simplest way to promote the product or service. It has an ease to be placed anywhere at the website. Due to the ease they are widely accepted and turned into a full size banner

Figure 1: Banner button [14]

We could have seen such buttons normally when we see a download option. The icon that appears is a suitable example of button.

3.9 Affiliate Programs

The affiliate programs are a step ahead in advertisement on internet. Till this time need of the marketers was to focus on

one-stop-shop advertising module. It is a sort of partnerships where merchandisers pay commission to the sites that send them paying customers. Thus the gap between the shoppers and business houses was filled up with this media of promotion. This is gain in two categories like pay per link and two tiered income.

4. Online Advertisement and Etiquettes

Advertising is a one of the best method adopted by the business houses to communicate with the outside world. In traditional marketing trends the objective was achieved within a restricted frontiers wherein people could see the flex or advertisement on television. With the change in time and advancements in technology business houses started aiming to not only attract the appropriate audience but also across the frontiers of a region, state or country. The concept of advertising is traced as old as in 4000 B. C. When out of home advertising and billboards were prominent. Thomas J Barrat, father of advertising introduced advertising while working with pears soap in early 19th century. French News paper La Presse initiated advertisement in 1836 to increase its profitability. Soon in 1840, first advertising agency was developed by Volney B Palmer in Philadelphia. It is designed to occupy a space in the mind of customers. Traditionally radio, T.V, newspaper etc were common media or advertisement but the urge for latest news, music shifted consumers closer to internet and hence Online advertisement. Digital signage commonly seen in hospitality areas like restaurants and mall has ability to attract large audiences for less money has a unique ability to attract more target audience. Technological advances enabled the messages to be relevant to the target audience at any given time and location which in turn, gets more response.

In the Internet world, there are proper etiquette rules that must be followed. For example one of the rules is discussion forums are not to be used to post blatantly commercial materials that have nothing to do with the subject of the discussion group (Sterne, 1997). This is labeled as just a plain bad marketing. "Annoying 95 percent of your audience in order to reel in one percent of them does not make sense" (Sterne, 1997).

5. Future scope of Wok

Online advertisement is yet new trend in the existing marketing trend and much more has to be done to make it more effective and suitable for long term. Online advertisement although reach the right customer at right time (often at most of the times). However it will not succeed in long term if the advertisement doesn't occupy the space in memory of customers. Advertisements in Television or radio are supported by characters, the way they act and even jingle which makes them more impressive and memorable.

Marketers aim to direct the customers to shop online or visit the outlets after they click online advertisements. Security issues are one of the major drawbacks which stops or restricts the customers to end up with the final purchase online. Due to lack of etiquettes few websites use the login information to do spamming which ultimately restricts customers to share the information when they search for information. It also lacks brand building exercise and long term relationship building. History of traditional advertising reveals that customer relationship could be maintained by interacting with the customers and helping them to purchase. This however is lacking on the internet due to absence of interface. The person at the other end does not respond to the customers shopping online. Customers get into website by clicking an online advertisement and make final purchase decision.

The study calls upon the need to design a new model of online advertisement which fits in all set conditions and result not only increasing conversion ratio but also to retain customers. It is time to focus on solution branding rather than brad recognition exercise.

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