

PROJECT

ON

Present and future potential user generated content and its roll in online
Advertising”

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ACKNOWLEDGEMENT

It is most difficult, to express my heartfelt gratitude, to the various person who have more than helped us in our endeavor. This work would have been impossible, without the valuable help, motivation of my guide and favorite teacher who is also our class coordinator mis. Smriti and all favorite teacher who help us a lot Mr. honey

Lastly, but not the least I would like to acknowledge, all those people who where associated with my study directly or indirectly.

I belive in practice because *Practice the meaning of life*

OBJECTIVE

The main objective of this study known that What is online Advertising and how can it help in Advertising and how can it generate user

NEED OF THE STUDY

- To understand the role of online advertising in market
- To analyze the consumer decision making process

- To know how can easy to know about product and its feature

INTRODUCTION

As the Internet is now part and parcel of our daily life with a lot of activities being performed online, it presents a lucrative opportunity for all kinds of businesses. With innumerable visitors visiting the cyberspace to satisfy their varying requirements, online Advertising of products or services has become indispensable these days. However, during the initial days, this form of Advertising was targeted at the elite class of society only. At that time, it was a dream for many to maintain a computer system and an Internet connection. Therefore, online Advertising was not considered a profitable option.

When the world entered the 21st century, the scenario for Internet Advertising showed an upward trend with huge investment and incredible returns on investment. The concept has gained so much momentum now a days that if a business is not undertaking any online Advertising campaign, it is regarded as a big blunder, resulting in the potential loss of revenues. The present state of affairs of this promotional medium

revolves around search engine optimization, pay-per-click management, display advertising, text advertising, affiliate Advertising, e-commerce newsletters, website lead generation, and classifieds.

Many experts are of the same view that both web promotional companies and online business owners currently seek more accountability. The majorities of Internet advertising companies have a desire to evaluate and find out the efficiency of their campaigns to the limit. Similarly, the clients are very keen to know precisely how effectual the campaign is and what sort of returns on the investments can be expected. As a result, the industry has witnessed the development of numerous innovative and sophisticated tools that allow companies as well as their clients to obtain meaningful and helpful information implementing different analyses.

One more trend that has been observed recently is the continually mounting costs of pay-per-click (PPC) that has resulted in the increased disappointment with this form of search engine Advertising. According to experts, the reason behind such high costs is the huge investments made by large business concerns. Consequently, online business owners have now turned to the organic search results delivered through search engine optimization to enjoy so many advantages. There is currently more emphasis given to user-generated content, improved conversion rates, location- or language specific campaigns, and E-mail newsletters.

The future of online Advertising is going to be more interactive with elevated bandwidth and computing speed. Viewing and transmitting videos will be a cakewalk for web surfers. There is also every possibility of witnessing browser-specific results in the coming days. Social media will consolidate their dominance further. They will not only make more revenues, but will grab the attention of more and more users as well. As far as search engine optimization is concerned, the search engine algorithms and link determination factors will be complicated further, thereby giving a hard time to online Advertising companies. Websites will be a lot slimmer to enhance user browsing experience. Last but not least, video search will grow in prominence with the potentiality to dictate the terms in the world of Internet advertising.

The Internet has become a large market for companies; some of the biggest companies today have grown by taking advantage of the efficient nature of low-cost advertising and commerce through the Internet; also known as e-commerce. It is the fastest way to spread information to a vast amount of people simultaneously. The Internet has also greatly facilitated personalized Advertising, which allows a company to market a product to a specific person or a specific group of people more so than any other advertising medium.

Examples of personalized Advertising include online communities such as Fropper.com, Masti4india, Orkut, and others which thousands of Internet users join to advertise themselves and make friends online. In turn, when they advertise themselves they advertise interests and hobbies, which online Advertising companies can use as information as to what those users will purchase online, and advertise their own companies' products to those users.

The success of many companies that have adopted and integrated the Internet into their core activities is impressive. Their growth has reached phenomenal levels in such a short time. How did they do it?

This project seeks to study the experiences of some Internet 'stars' by investigating their winning characteristics and strategies. Some examples taken in this project report include: yahoo, google, ebay, amazon, air deccan, makemytrip.com, pvrcinemas.com, microsoft encarta, monster.com, etc

Online advertisement is an increasing business at the Internet and it continuously grows together with the expanding use of Internet services. There are often a gap between the economical understanding in a business and the technical implementation. The lack of understanding between the different directions often results in software that has not been fully worked out.

The report includes a theoretical review of several of the biggest online advertising companies and their technical solutions. The report also include a technical description of the software implementation of the Online Advertisement Management Program (OAMP) that was developed to handle the presentation of the statistical results but that also focus on the business relationship against the affiliate and the visitors themselves. The review further describes the environment and requirements for the existing online advertisement programs to give the background for the stated target.

The results from a real life test with the OAMP implementation is compared to a traditional static view of the advertisements. The conclusion from the real life tests shows that by using the OAMP we got a significantly higher click through rate at the same set of banners compared to when using the traditional advertisement program.

We interviewed several advertisers from a variety of industries as well as three media agencies in order to understand their view of the key issues at stake and identify together the best resources for measuring the effectiveness of online advertising.

We hope that this study will provide you with useful insights to help you plan for the future.

Internet Advertising Market Research Reports

Internet advertising is a form of promotion that uses the internet to attract customers. On line advertising includes banner ads, social networking sites such as Twitter and Facebook, email Advertising, On line classified advertising and advertising networks.

One of the advantages to internet advertising as opposed to traditional forms of advertising is the speed of the publishing of information and its unlimited global reach. The consumer also has the advantage of choosing whether to view the advertisement or not.

There are many popular forms of Internet advertising. A floating ad is an advertisement that glides across the users screen or hovers above the content. A polite ad presents a large advertisement in small segments so it does not overpower the content on the user's page. A wall paper ad is an ad that changes the back around content of the page being viewed. Pop up ads present new windows onto the screen of the user, showcasing an advertisement. Mobile ads come to consumers by way of text or media message sent by cell phone and a trick banner is an advertisement that is disguised as a dialogue box and often looks like an alert message.

DATA

In the first half of 2011, online ad revenues rose 23.2%, to reach a record US\$14.9bn (IAB.net)

This rate of growth is double over the previous year - an 11.3% growth over 2009.

Ad revenues quarter two grew 24.1%, to reach US\$7.7bn.

Display advertising added up to more than US\$5.5bn during the first half of 2011, a year on year growth of 27.1%. Digital video grew 42.1% during the same period.

Whilst display accounted for 37% of all spend in the first half of 2011, search formed 49%.

Lead generation grew 25.4% year on year, in first half year 2011.

According to IAB and PwC, ads that used performance-based models increased faster than ads using impression-based models, rising to \$9.6bn during the same period. Although impression-based ad spend grew by 10.8%, this model accounted for only 31% of total ads, which was a decrease from 35% year on year. We see this as a trend.

Forecast to 2016

We forecast that US online ad spend will increase by a compound annual growth rate (CAGR) of +12% between 2010 and 2016, reaching US\$51.1bn

In 2011, we forecast that ad spend will increase by 20% over 2010, to reach US\$31.3bn.

After 2011, rate of growth will decline to 14%, to US\$35.6bn in 2012.

2016 growth over 2015 will be 7%.

In 2010, 17% of all ad spend in the US went online. In 2011, we forecast this will increase to 20%. In 2016, we forecast that 28% of all ad spend will go online

Overall factors for explaining this include growth in the use of developing ad formats, improved ad and content targeting, growth in online video behaviour, refined search, and the prevalence of online social networking services.

However, growth in online ad spend will remain constrained due to challenges in measuring online ad effectiveness.

Online ad spend overview

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India offers huge business potential for online advertising industry with rising population, growing income level and changing lifestyle. With increasing number of educated people and migration to urban areas, increase adoption in internet and online advertising is being witnessed. Despite the growth, many challenges continue to plague the industry such as underdeveloped infrastructure and lack of faith of both advertisers and audiences.

Online advertising is developing rapidly in the country but decline in advertising revenues have been noticed during 2009 due to the global economic slowdown. However, in 2010, a recovery in advertising spend was witnessed, due to an improvement in market sentiments. Moreover, sectors like finance, IT and education, which are the largest contributors to online advertising, reduced their advertising budget during 2009 and from the second quarter of 2010 onwards again started increasing their advertising spending. In 2010, online advertising surpassed growth rate of other advertising formats like TV, print and radio. The factors that helped the industry growth were, increase in internet penetration, e-commerce, social networking and population growth.

Among the various online ad categories, display advertising has always been the leading segment. Sectors such as travel, Banking, Financial Services and Insurance (BFSI), telecom, auto and online publishers dominated the display advertising segment. Sector wise, text advertising is dominated by BFSI, followed by travel and online publishers. Mobile advertising is a relatively new concept in India and it includes banners, text, click to call, click to SMS, in-game among others. With increasing demand for smart phones and 3G networks, mobile internet

data usage is expected to be the growth driver, thereby leading to growth in mobile advertising. The role of social media is also rising due to growing internet access and also on account of social media becoming a standard element of web use.

Online advertising is a form of promotion that uses the Internet and World Wide Web to deliver Advertising messages to attract customers. Examples of online advertising include contextual ads on search engine results pages, banner ads, blogs, Rich Media Ads, Social network advertising, interstitial ads, online classified advertising, advertising networks and e-mail Advertising, including e-mail spam. Many of these types of ads are delivered by an Ad server.

One major benefit of online advertising is the immediate publishing of information and content that is not limited by geography or time. To that end, the emerging area of interactive advertising presents fresh challenges for advertisers who have hitherto adopted an interruptive strategy.

Another benefit is the efficiency of advertiser's investment. Online advertising allows for the customization of advertisements, including content and posted websites. For example, AdWords, Yahoo! Search Advertising and Google AdSense enable ads to be shown on relevant web pages or alongside search result.

Online advertisement

The internet has become an ongoing emerging source that tends to expand more and more. The growth of this particular media attracts the attention of advertisers as a more productive source to bring in consumers.

A clear advantage consumers have with online advertisement is the control they have over the item, choosing whether to check it out or not. Online advertisements may also offer various forms of animation. In its most common use, the term "online advertising" comprises all sorts of banner, e-mail, in-game, and keyword advertising, on platforms such as Facebook, Twitter, or Myspace has received increased relevance. Web-87related advertising has a variety of sites to publicize and reach a niche audience to focus its attention to a specific group. Research has

proven that online advertising has given results and is a growing business revenue. For the year 2012, Jupiter research predicted \$34.5 billion in US online advertising spending.

User-generated content

User-generated content is omnipresent in e-commerce today, and its rapid growth has created some of the most successful digital brands, such as YouTube and Wikipedia. It also is quickly becoming a viable electronic medium as massive numbers of Internet users flock to UGC Web sites to consume content generated by "ordinary" people.

Defining and Classifying UGC

In the UGC media environment, consumers produce, design, publish, or edit content that makes this medium vibrant and attractive.

Consumers thus sit at the center of a UGC advertiser's strategy planning process, because the media would be a barren land for advertising without the active participation of consumers.

classify user motives into two broad categories:

rational (e.g., information, transactions) and

emotional (e.g., relationships, fantasy).

Rational motivations may include sharing knowledge with the world (knowledge sharing) and advocating a particular stand toward an issue (advocacy);

emotional motivations may include building social connections with friends, relatives, or other Internet users (social connections) or entertainment (self-expression).

Stakeholders in the UGC Advertising Environment

We therefore examine the interrelationships among the major stakeholders in the UGC advertising environment, including advertisers, media owners, and users.

An advertiser has two options when it comes to employing advertising in the UGC environment: It could provide professionally created advertising alongside content created by UGC users, or it could ask users of the UGC environment to create advertisements for the firm's brand. If it chooses the second option, the advertiser and UGC users must interact in the advertising development process. The role of the UGC media owner (i.e., the Web site that hosts the UGC) is less visible than that of owners of traditional media. Although the UGC advertiser still pays the UGC media owner advertising revenue (sometimes even lending a sense of legitimacy if the advertiser is a famous brand), the UGC media owner may have little to do (except serving as a platform) when the advertiser seeks advertising created by UGC users.

Finally, the roles of advertising users are more prominent and sometimes more complex than those in other media advertising

Advertiser's Acceptance of UGC Advertising

For advertisers to embrace the potential of UGC advertising fully, they must analyze key underlying factors of their perceptions of UGC media. Preliminary evidence from industry suggests that the biggest stumbling block remains the perceived appropriateness of UGC for advertising (Traymore 2008), either as a standalone medium or a platform to enlist advertising from UGC users.

The concern seems to stem from several related factors: the level of trust the advertiser puts in this brand new advertising medium, the level of risk tolerance the advertiser has in displaying ads next to potentially unsavory content and receiving candid advertising entries from UGC users, and the advertiser's experience with this new medium (Holahan 2007). Although lacking quantifiable evidence, we believe that these three factors may jointly determine how willingly the advertiser embraces this new medium for advertising purposes.

Challenges and Opportunities

Today, brands of all sizes are eager to jump into the UGC/social networking environment. But doing so blindly—without clear objectives in mind—can lead to an unsatisfying experience. As with any new environment, it's important first to understand where you want to go and how you can get there before diving in.

UGC/social networking offers brand-building opportunities far beyond what's available through traditional advertising, but taking advantage of those opportunities means first grasping some basics.

Evolution of Advertising

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 Advertising operated on mass advertising 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. Advertising is especially tied to communication and transportation revolution. As the tools and reach of Advertising increase, the job and responsibilities of advertisers have evolved with them.

Kotler formalized this evolution with his book "Advertising 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 Advertising 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. In the near future, it wouldn't be surprising to see that there are companies that 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 Advertising 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.

Growth of Internet usage and E-commerce

According to the research report of Goldman Sachs, India has emerged as the second largest Internet market in Asia after China with 100 million users in 2005. It estimates that Indian Internet Users will increase by 130% compounded annual growth rate (CAGR) from 0.5 million users recorded at end of 1998. Also the figures of the number of Internet Service Providers (ISPs) is expected to increase by leaps and bounds and March 2006 sees at least 30 private international gateways. As per preliminary findings of the NASSCOM survey, the total volume of E-commerce transactions in India was about Rs.131 crore in the year 1998-99. Out of this volume, about Rs.12 crore were contributed by retail Internet or Business-to-Consumer transactions, and about Rs.119 crore were contributed by Business-to-Business transactions. The survey also revealed that E-Business transactions in India are expected to exceed Rs.300 crore during 1999-2000. Out of this, about Rs.50 crore could comprise of retail transactions.

For Business-to-Business transactions, Indian industries are expected to reach online penetration of 2% by 2003 and 8% by 2008.

Which products are likely beneficiaries of the Internet?

Given that the usage of the Internet is highest amongst young, male audiences belonging to the larger towns and who belong to higher SEC groups, for this medium to be cost-effective, products having similar target groups would benefit the most from this medium.

The most likely examples that come to mind include telecom, financial products and services, products related to entertainment like movies (promotions and tickets), plays, contests etc, FMCG products where the core target audience is younger (deodorants, soft drinks), consumer durables to some extent and high-end services like tour operators, airline services, hotels etc.

7 P's of Marketing on the Internet Advertising

The four P's - Product, Price, Place and Promotion have long been associated with Advertising, 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 advertiser.

1. **The 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. The example of the above can be seen at dell.com where the company offers the user to virtually feel every aspect of their product before they go into a buy decision. *Content* and *software* are two avatars of digitized products that can be even distributed over the Internet. On the Internet, E-Advertising 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. **The 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. A website named Priceline.com is extremely popular as its compares the price of many airlines and offers the least price to the buyer. The very famous bazee.com now known as ebay.in follows the same principles. Pricing is dynamic over the Internet.
3. **The Place** revolves around setting up of a Advertising channel to reach the customer. Internet serves as a direct Advertising 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. Dell Computers have used this strategy very effectively and hence they have been able to reduce their prices of their laptops drastically and reaped huge profits.
4. **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 Advertising, strategic partnership and affiliate Advertising. 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. Email campaigns and spamming the Chat rooms on almost every server has been exploited to the maximum for the cause of promoting their website.

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. The principle of K.I.S.S (Keep it simple stupid) is the most important factor that has to be considered while presenting the online business
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. For e.g. FedEx (www.fedex.com), the overnight Courier Company allows its customers to keep track of the parcel and they are well informed about the present whereabouts of their package. Similar variants have been used by the Govt of India for its Speed post and Registered Ad services where you can keep a track of your post by entering the code that has been issued to you.
7. **Personalization** Using the latest software from Broad-Vision and others, 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. For e.g. Yahoo! (www.yahoo.co.in) entered the Indian cyberspace and started its personalized services. A registered user of Yahoo can now personalize the front page with all the information he needs. He can read the news of the world, add a tax calculator, see the weather forecasts of his city and listen to his favorite songs and all this simultaneously.

Internet Advertising Tactics

There are many different technologies to facilitate your Internet Advertising strategy. Some of the most common and effective tools are:

Search Engines and Directories: Search engines are one of the most popular means of finding web sites, second only to following links on web pages.

Search engines help people find relevant information on the Internet. Major search engines maintain huge databases of web sites that users can search by typing in keywords or phrases.

Advertise your message. Web directories/search engines are information, gateways that have high traffic and are good for displaying advertisement banners. They are used to find Internet information and for this reason, appeal to broad target groups.

E-zines (Online magazines): These publications are focused on specific topics and may be a way to reach a target audience interested in that subject. Some companies have gathered the e-mail addresses of potential customers and used these lists to send out product information specific to client interests.

Seven good reasons to establish an E-Zine

1. Establishes Trust
2. Brings Visitors Back
3. Establishes You as an Expert
4. Keeps Current & Potential Customers Up to Date on New Products & Services
5. Builds Relationships

6. Allows You to Build an Opt-In Email Advertising List

7. Keeps Your Website Fresh in Visitors' Minds

E-mail: Ethical methods of gathering e-mail addresses are through on-line registration built into your corporate Web sites, or requests for information forms that request submission to your opt-in lists.

An alternative is to purchase lists of customer e-mail addresses indexed by special interests from a private company such as 'Postmaster Direct'.

Online customers are becoming increasingly selective about their relationships, the brands they trust, and what they consider relevant. While most advertisers are aware of privacy issues and the risks of Spam, there is still need for improvement. Email Advertising campaign management is still fairly unsophisticated even at the largest of organizations.

Advertisers have to think about the drivers of customer response and purchase. Over time, as more is learned about your customer buying behavior, you can will isolate campaign and program characteristics that drive your customer or visitor response and action. Isolating the behavior of high value customers, business customers, or the minority of customers who prefer to buy online will be critical. For example, new online buyers get referrals when shopping online, while experienced frequent buyers prefer search engines.

Affiliate Advertising: Affiliate Advertising enables you to increase online sales by promoting your products and services through a network of Affiliate sites on a payment-by-results basis.

It also provides the opportunity to generate additional revenue by exploiting your site's own content to promote the products and services of other online Merchants.

A Merchant recruits content sites to partner with them as Affiliates in exchange for commissions. A common third party provider such as Commission Junction can be used.

The Merchant provides their advertising banners and links to their Affiliates and assigns a commission for each click-through to their site, subscription to their service, or purchase of their products that is generated from those links.

Affiliates place the tracking code for these ads and links on their Web sites. This allows clickthrough's to be tracked online and commissions to be calculated. If a product or service is purchased, the customer pays the Merchant directly and the Affiliate is paid a commission for that transaction. The dating giant adultfriendfinder.com has used this strategy to the maximum and has earned millions of dollars by proper implementation of this strategy.

Banner Advertising: Banner advertising can play an extremely important role within your website strategy. One can use banner advertising as a means of promoting it's own products and services, raising awareness, or as a way of generating revenue by selling advertising space on your own website.

□□

Purchasing Advertising: There are currently two widely recognized methods of purchasing banner advertising. The rates for these are usually quoted on a cost per thousand basis or (CPM). The rates you pay can vary tremendously as there is currently no standard price model - so be prepared to negotiate!

- **Pay-Per-Impression:** This method of purchasing banner advertising is based on a charge for the number of times someone sees your banner. There are no guarantees as to how many visitors will come to your site as a result of seeing your banner; you are simply paying for the number of times your banner is displayed. Websites that offer such programs include paypopup.com and adclicksor.com
- **Pay-Per-Visitor:** This method of purchasing banner advertising is based on a charge for the number of times someone visits your site as a result of clicking on your banner. This is a better method of purchasing banner advertising as you are only paying for results, although expect to pay a premium.
- **Pay-Per-Click :** The revenue model of the Internet giant google.com has its very own service which offers certain share of the profit that it makes by the click-thru that a website generates from its adsense codes. The revenue model is known as google adsense and

almost every successful website uses this model to make profits. The Google adsense ads can be seen on websites like Times of India, Moneycontrol.com, ManagementParadise.com and a lot many other reputed websites.

- **Branding.** While CTR and cost per sale relate to direct Advertising objectives, another way of looking at banner ads is as "branding" tools. They create brand awareness, and a brand image in the viewer's mind, whether or not the viewer clicks on the ad. Branding is very difficult to measure, but can be very powerful.

The average click through ratio on banners is just under 1%, although with a well planned and executed advertising campaign using effective banners you can increase this to as much as 15%, but be prepared to work at it.

It is a good idea to have a number of different banner ideas so that you can carry out small test Advertising campaigns with each one until you find those that work best.

There are a number of key issues that must be considered when designing a successful banner:

- It must have an attention-grabbing headline.
- It must be simple and get your point across.
- It must invoke action (i.e.: "Click here")
- It must download quickly.
- It must be placed effectively on a web site, Location, Location, Location

Any campaign is limited by the amount of advertising you can do depending on the size of your budget. Therefore it is important that you target your market carefully so as to maximize advertising spend on effective banner campaigns.

Rich Media Advertising: Looking for ways to make online advertising more compelling, and hopefully thereby more acceptable, advertisers have increasingly been turning to streaming advertising.

In effect another kind of rich media advertising, streaming advertising comes in two basic forms.

First, it can either be part of a streaming audio or video program on the web. With many people now listening to web radio or watching web broadcasts, this makes perfect sense. After all, everyone is accustomed to getting commercials on their TV or car radio.

The other channel for streaming advertising is essentially an infomercial. Consumers can download a streaming clip for a product or service from a advertiser's website.

Two new studies recently released suggest that the streaming advertising market is going to boom now and in the years to come. The giant ad selling company mediaturf uses this method for providing content to advertisers

Conferences: By their nature conferences are organized for special interests. Advertising in conference literature, print and electronic, is an excellent way to contact target markets.

Collaborative Advertising: Team up with other business to:

- Cross-promote - e.g. setting up links from one corporate Web site to another or offering special promotions in partnership with complementary goods or services.
- Advertise - share advertising.
- Participate in joint sponsorship of events, initiatives, informational Web sites, mailing lists, bulletin board systems, directories, etc.

- Link exchange with trade/professionals associations to support credibility of firm, provide further market information to customers, build their awareness and prepare them for the action of purchasing.

Sales Promotion: Employing methods to stimulate sales through immediate or delayed incentives to the customer. If the incentive is attractive, the price: value ratio is adjusted favourably enough to affect a sale. This strategy should integrate with the overall Advertising mix to balance extra sales with long-term profit motives. Examples of sales promotion strategies are:

- **Sampling** - offering product samples, electronically.
- **Bonus offers** - offering additional goods or services when making single purchases (e.g. buy-one-get-one-free).

- **Limited time offers** - attracting visitors to return to a Web site.
- **Games with prizes:** Useful to keep people coming back to Web sites.
- **Cross-product sampling:** When a customer makes a purchase they have an opportunity to try out another company's product/service. Also, the customer may have the opportunity to try out more than one company's product/service while testing another. Useful for complementary products/services.
- **Feature pricing:** providing special pricing to those that order electronically.
- **Cross-promotions with other companies' products/services** - Buy a company's product/service and get a coupon for another company's product/service.

Publicity: The goal of publicity is to have others talk about the small business or its products. It can be inexpensive or even free and it may have the potential to generate far more in sales than even a well executed advertising plan.

Promotional Publications: Facilitate customer education, with the intention of building corporate image and even brand awareness, the small business may sponsor and/or publish its own electronic magazine on the Web, e-mail, etc. These are useful in fields

where the customer needs information to develop sufficient knowledge for movement through the first three stages of the sales process of awareness, interest, and desire. Although time consuming, they replace or complement the print versions of newsletters/corporate magazines/flyers.

Subscriptions: Business advertisers may use their Web sites to encourage visitors to subscribe to receive regular email messages from the company. These messages are called digests or newsletters, and are a clever way for advertisers to push product news to willing customers.

Controlled-access Web pages: Clever business advertisers may use their Web site to attract new customers.

They might publish a Web page that allows customers to download a free trial version of a software application that expires after a time if not paid for. Or, customers might receive an e-mail message inviting them to visit a private Web page on the company's intranet, and giving them a password. The company, as a way of encouraging a sale, offers customers who visit the page a prize or enticement of some sort.

Public Forums: These are often community-based or interest-based sites that allow visitors to communicate with one another. An opportunity for small businesses to reach to their intended target group via these forums is by posting messages or by sponsoring such a forum. E-mail based forums appeal to a wider audience due to the greater use of this application over Web-based forums. Web based forums are advantageous for their superior display of advertising images/messages

Resellers: Some sites will remarket other companies' products as intermediaries. The companies that host these sites may have invested significant resources in making them attractive to the target audience a small business is interested in attracted. By piggybacking on another company's efforts, cost-efficiencies may be realized by engaging in a reselling arrangement.

E-mail Links: Visitors to a site should have the opportunity to correspond with the host of that site, especially if out of the telephone area or time zone. E-mail links may be strategically placed throughout the site to elicit response from visitors for at various points. These are also useful for feedback on site maintenance problems.

On-line Surveys: Information may be collected on the visitors to a Web site through registration forms, on-line surveys, or through tracking of areas of site they visit. These websites also offer referrals wherein if you refer someone to their site and the person becomes a member then you are paid commission on that.

Virtual Malls: Web based sites that allow companies to post their products or services for sale along with other companies. These may be product specific, may be arranged by complementary products, or may have products that are not related except by their companies' desire to attract a similar target audience.

Measurement: The Internet has the unique ability to provide advertisers with detailed information about the success of their Web Advertising programs. Companies can track visitors to their site and collect information about them from their “cookies,” then process this information using Web site analysis software.

Cookies are a type of digital identification, which is read every time the user connects to a public Web site. The Web site can collect some very basic information about the user (e-mail address, time of day the site was accessed, which pages were visited) and use it to create visitor profiles. Visitors can then be identified as “old” or “new” when they visit the site.

Cookies are an essential part of many companies' business strategies. The information collected from them is used to measure site visitors, develop user profiles, and target advertising — in much the same way that television allows advertisers to target their message to a certain demographic.

Advertising on the Internet: emerging issues

Internet might be a catchy advertising medium. But, there are quite a few issues that need to be sorted out.

Advertising on the Net is slowly catching on. In developed economies, advertising on the Net accounts for anything between seven and 7.5 per cent of the total advertising cake. Fine, how large is online advertising in India?

Various estimates put the size of online advertising in India between Rs 24 crore and Rs 29 crore, which is much less than one per cent of the total advertising cake. Why is online advertising so small in India? Why aren't the advertisers putting their money on Net advertising? For instance, Hindustan Lever's advertising budget is upwards of Rs 700 crore and out of this; the company spends not more than Rs 25 lakh on online advertising. Is this because Net penetration in India is not deeper? Yes, to an extent.

The cost factor

Absence of a monitoring mechanism apart, online advertising has to live with another hurdle. Many advertisers are not aware of the benefits online advertising can offer over the traditional media. What needs to be done? The advertising industry should take efforts to educate potential Net advertisers about the advantages of advertising on the Net.

Some steps have already been taken in this direction. For instance, advertising networks such as Media2Net, Right serve and Media turf are doing their bid to fuel online advertising in India. Right serve of Hughes Software is said to be spending nearly Rs two crore on seminars, advertisements and road shows for creating awareness about the online advertising concept.

There is another reason why advertising on the Net has not really picked up. And that is the perception that advertising on the Net is expensive. Is this perception right?

Compare the cost of a banner advertisement on the Net with a television commercial. Though the cost of an advertising campaign on the Net could be anywhere between Rs 15,000 and Rs 1.5 lakh, advertising in the press or television will cost upwards of Rs 50 lakh. Does this not make advertising on the Net cheap? No. For, whether advertising on the Net is cost-effective or not depends on the value per advertising Rupee.

That means, it is essential to express advertising costs on the Net in terms of cost per thousand (CPT). "A thirty- second television commercial will cost between Rs 250 and Rs 300 per thousand, while a ten-second banner on a reputed site such as Rediff.com will cost as much as Rs 500 to Rs 1,000 per thousand."

The implication: value per Rupee spent on advertising is higher in the case of television. That is efficiency is higher in the case of television advertising, while in absolute terms advertising costs are lower as far as the Net is concerned.

Fine, but how are rates fixed for advertising on the Net? It is a difficult poser considering the fact that rates for advertising on the Net have no rationale behind them. For instance, Rediff.com just adopted the international rate charged by Yahoo.com. Other websites in India just took the Rediff.com's rate as a benchmark and adjusted their rates accordingly. But, the issue here is this: since the number of Net users in India is limited now, these Indian rates are not justified.

What are the emerging trends as far as cost of online advertising is concerned? Currently, rates for a simple banner advertisement on the Net need to come down. Already, Media turf is working in this direction. It wants to bring down the cost of Net advertising at least by 50 per cent. Media turf believes that when the rates come down, volumes should go up.

And that has been the international experience. In the USA, when the rate for a full banner advertisement fell from US \$33.22 to US \$30.52 per thousand impressions, online advertising outlays too rose during the same period.

The wastage factor

There are other reasons why advertising on the Net is not currently seen by advertisers as cost-effective. One of them is the quality of desired responses. In many cases, sums spent on advertising on the Net have not been deployed properly. There are instances where advertisements have just been lifted and put on the banner. Though there are many early adapters in India, there is a big gap between these adapters and the mainstream users. And most advertisers have too small budgets for advertising on the Net to be bothered about wastages.

There could be wastages in online advertising, but one should not forget that interactivity is the hallmark of online advertising and here it is possible to target the audience by demography, psychography and technography. So, advertising agencies need to take into account these factors while developing strategies.

But, wastages can be eliminated and online advertising can be made more effective through various strategies. Some of them are: strategic tie-ups, sponsorships and banner exchanges. For instance, the FMCG major Colgate-Palmolive has entered into a strategic tie-up with the Calcutta-based FirstNet Solutions' portal Yantram.com for promoting its Fresh Energy Gel toothpaste on the portal. And Coca-Cola has appointed Hungama.com, an Indian portal for promotions and contests, as its e-Advertising partner. Coca-Cola has gone ahead and launched a new Web promotion dubbed Maaza Puzzle to promote its popular brand Maaza and has also kicked off a series of e-promotions for the Hindi film "Hum To Mohabbat Karega".

Meanwhile, tie-ups for banner exchanges are also taking place. For instance, Bidorbuy.com has tied up with Indiacar.com and Intel has sponsored a festival section on Satyam Online.

Targeting imperatives

Accurate targeting is another strategy to eliminate wastages in online advertising. Currently, such targeting based on parameters such as geographic location and search keywords is possible.

Yes, Satyam Online is offering customised solutions here and portals such as Indiainfo.com and Rediff.com offer keyword targeting. It is possible now to measure campaign performances on a real-time basis and make necessary changes. Ad networks such as Rightserve are offering such services based on their continuous online reports.

Moreover, targeted advertisements based on the profile of users are also possible. To make this possible, it is essential to have lists such as registered e-mail users and such lists can offer profiles of users.

But the question is how many sites in India have a large base of registered users? Perhaps Rediff.com has a base of eight lakh registered users and Jobsahead.com has a base of about 1.50 lakh users.

Another way wastages can be eliminated is by having advertisements based on the content of the site. Consider the example of an advertisement from Toyota Motor Sales on the weather site Intellicast.com. This website for outdoor recreation enthusiasts has been running a campaign for Toyota Motor Sales and this campaign depends on the weather. If the weather is sunny, the solara is shown with the top down, and if it is cloudy or raining, the top is shown up. How many such ads are visible on Indian websites?

Profiling tools too should help in cutting down wastages in online advertising. Mediaturf has gone a step further by beta-testing an advertisement in a bid to gauge an user's

behaviour, the number of times he views an advertisement and his preferences in terms of content when he is surfing on a site. Other waste-eliminating strategies for online advertising are: contextual selling using demographic and psychographic data to match ads with content that fits and dynamic customization or click stream analysis that helps to modify advertisements in real-time.

Online Constraints

As efforts to eliminate wastages in online advertising take off, efforts are also needed to eliminate the attendant constraints. In online advertising, one can stream audio and video technologies together with faster bandwidths and delivery channels in a bid to present the same idea with the use of sound, music and visual imagery and make interactions with the banner possible.

But, this is not possible in India, thanks to the existing bandwidth problems. However, soon bandwidth will cease to be an issue.

Despite the bandwidth constraint, the Coco-Cola television commercial is being aired in Zeenext.com. This initiative has been taken by Mediaturf and a Bangalore-based software programmer, who have found a way to use the Net to air commercials with the dial-up mode and thus overcoming the bandwidth constraint. Anyway, with massive investments coming in bandwidth, there could be a glut soon.

Sure, India has an advantage in online advertising, thanks to the fact that online advertising depends so much on technology and software programming.

So, the days of innovative banners and convergence of real-time advertising are not far. But, effective online advertising calls for skills in consumer and relationship management.

The prospects are of course bright for online advertising. E-commerce will only help the spread of online advertising. Estimates are that in a couple of years online advertising

could touch Rs 300 crore, two per cent of the total adspend in the country. And Nasscom's estimates are that online advertising could touch Rs 750 crore by 2002.

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) on-line 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. For e.g. On Nike's site (www.nike.com), the customer can

become a registered user and customize the shoe of his choice. The customization highlights the value-for-money aspect and induces the consumer to buy a product that meets his own requirement.

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 Advertising practices to the Internet, the advertiser 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 kind. 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.

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 advertiser 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 Advertising, 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. Because 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 from transaction supporters to customer relationship managers.

Critical Success factors in E-Advertising

Having observed the evolving paradigms of business in the Internet era, there are five critical success factors that the E-Advertiser has to keep in mind.

→ **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 Advertising 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 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. The retail financial services industry, for example, is changing rapidly with multiple players jockeying for position. Product innovation serves as a key tool to attract new customers.

Priceline.com, for example, has revolutionized the travel and related services business by letting in a form of "buyer driven commerce"---- Customers specify their desired prices and competing companies then bid for customer requirements. Delivering proper content to make existing customers in the traditional "brick" business switch to Web-enabled transactions makes a lot of sense because in every conceivable case, the cost of Web-Based transactions is an order of magnitude less than the traditional ways and is decreasing at a faster rate. The cost of an Internet based banking transaction is less than one-tenth the cost of a human teller transaction. It is keeping this aspect in mind that Indian Banks have started toying with the idea of setting up Internet kiosks to let their low-value customers settle their banking transactions at the kiosk nearest to their place.

→ **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** with customers has been the biggest contribution of the Web to the Advertising strategists. Customers in traditional bricks-and-mortar stores leave no record of their behavior unless they buy something—and even then the date might be sketchy. 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 Advertising 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 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.

Changing patterns of Advertising

Traditional Advertising V/s Internet Advertising

Advertising 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. Here, I would attempt to compare Internet Advertising with Traditional Advertising:

Let's have a look:

Traditional Advertising:

- Traditional advertising is static.
- Space is not a restricting factor
- The proportion of advertising to editorial is high sometimes 50:50.
- Does not evoke immediate action.
- Response to the action is not immediate.
- Advertisements are passively received.
- Advertising does not always target a much focused audience.
- Advertisements are ubiquitous.

Whereas Internet Advertising :

- It is dynamic with multimedia- supporting text and graphics video sound all together.
- Space is a problem, as regards size of the banners etc.
- A web page would be 91% editorial and 9% advertising.
- Invokes immediate action as you at-least need to click on the ad.

- First response is immediate as when the user clicks, the person is directed to other web page with more details.
- The user has high attention level and concentration while using the net, and hence they notice the ad. (please refer the chapter)
- This can be much focused.
- 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.

Thus we see that advertising is changing and so are the rules for advertising on the internet. So while designing or formulating any advertising strategy for a brand on the internet a manager has to take in to account factors like: -

1. The Internet has made a huge impact on advertising. Companies should be careful as regards joining the IT bandwagon. They should not advertise on the net just to project themselves as a techno savvy company or maybe because their competitor is doing the same thing. It should be a well-planned campaign full of specific information and attention catching.
2. The 'net' charges are on the higher side (though there has been a steep decrease in the rates in the last few months). Hence people would be wary of the fact that ads consume a lot of online web time and hence they avoid clicking on average ads. Therefore, advertises should be designed in such a fashion that they attract attention and induce people to click on the net.
3. One more thing would be to generate 'search' specific advertising. This would mean that if I give a search for books on the search engine, the ads displayed would be related to the books.
4. Generally, people perceive the ads to be time consuming and full of unwanted information. Care should be taken to design the ads in such a way that the information they provide or the hyperlinks they provide to a site gives adequate and specific information.

5. The ads and the subsequent information on the web site should be constantly updated and highlighted in the ads and thus induce repeated clicks on the ad.
6. Last but not the least; the ads should be designed so as to attract attention of maximum number of people and inducing them to click, failing to do so the advertiser ends up defeating his own purpose.

The Channel Strategies for delivering Digital Value to customers

The Internet era has shown that companies have risked damaging relationships in their physical chain to compete in the electronic channel. The ubiquity of the Internet the fact that cross-linkages are possible to any degree, has meant that companies have usurped the role of other value providers in the value chain to gain competitive advantage. When companies pirate the value chain of the industry they are essentially eliminating layers of costs that are build into the current distribution system. However pirating the value chain does not mean that the number of intermediaries in the whole process would necessarily decrease. The emerging economic structure of Electronic Commerce would mean that profits would lie in the intermediate transactions rather than in the final sale of the good. Companies would aim at cutting down their traditional margins (give up the cost plus pricing structure) and aim at high inventory turnover. In retailing profitability is primarily.

The challenge will lie in managing these multiple channels of experience

It is likely that most companies will find that they will have to integrate several distribution channels to provide the customer with a seamless purchase process. The key challenge is thus to ensure that the personalized nature of the experience is not much different across channels. Can an Internet bookseller allow its customers to experience the same ambience on the net as it does in the bookstore or vice-versa? If it cannot then companies will face friction among the alternative distribution channels and the already established physical channel might complain about its profitability being affected by digital purchases. This may be typified by friction between vehicle dealers and the company over orders trough an auto company's Web site. Complementary to the problem of managing multiple channels of distribution is the development

of infrastructure needed to support such a distribution network. The billing system and pricing strategies have to be properly frames and executed

Building Brands Online

Online has always taken a back seat to offline in brand building. Yet online offers the best options for building a meaningful brand, options that didn't exist only a few years ago. Companies without a solid digital brand strategy are literally being left behind as leaders build new digital brands.

Reflecting on the current state of online advertising, the majority of online advertisers are doing a terrible job of building their digital brands. Advertisers are fighting tooth and nail to produce the world's worst advertising, actually destroying their existing offline brands in the digital realm.

For the most part, if one looks at ads that run during top TV programs or that appear in top magazines, one will find quality in the advertising (even if the ads are a bit dry and boring). But if one looks at a top web site and views a few dozen ads, it will be very difficult to find quality advertising. In effect, the bulk of the ads online do more harm than good to the brands they are trying to build.

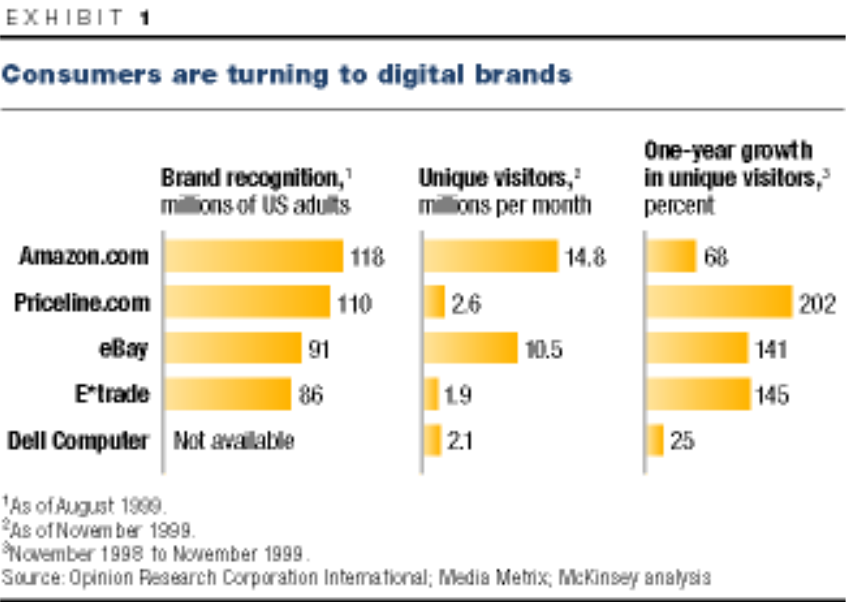
In one industry after another, aggressive Internet upstarts are putting established brands at risk, creating very strong brand recognition and enjoying explosive visitor growth. The reason may have less to do with the established brands themselves than with their managers. Advertisers know what a brand is in the physical world: the sum, in the consumer's mind, of the personality, presence, and performance of a given product or service. These "3 Ps" are also essential on the World Wide Web. In addition, digital brand builders must manage the consumer's on-line experience of the product, from first encounter through purchase to delivery and beyond. Digital brand builders should care about the consumer's on-line experiences for the simple reason that all of them—good, bad, or indifferent—influence consumer perceptions of a product's brand. To put it differently, on the Web, the experience *is* the brand.

Consider an example. If a consumer buys lipstick from a retailer in the physical world and has an unpleasant in-store experience, she is more

likely to blame the retailer than the manufacturer. But if the consumer purchases that same product from Procter & Gamble's Reflect.com Web site, her wrath is more likely to be directed at P&G. Thus the on-line advertiser's objective shifts from creating brands—at least as defined in the off-line world—to creating Internet businesses that can deliver complete, and completely satisfying, experiences.

Yet many advertisers, particularly those whose experience is limited to the off-line world, lack a coherent framework and concrete methods for achieving the broader objectives of on-line brand building. These advertisers need an approach for aligning the promises they make to consumers, the Web design necessary to deliver those promises on-line, and the economic model required to turn a profit. These three elements—the promise, the design, and the economic model—together form the inseparable components of a successful Internet business, or what might be called a digital brand.

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Consumers Turning to Digital Brands

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Building Trust

Bringing the six elements of trust to your Internet value proposition, though, does not automatically lead to deep, trusting relationships. That comes through a step-by-step process in which the consumer and advertiser exchange value. Each time the consumer volunteers some personal information, the advertiser rewards the consumer with a more personalized service. This mutual give-and-take eventually leads to an advanced collaboration based on trust.

The research has identified four stages of trust building:

Attraction

At the first stage, the consumer browses the site and even makes a transaction. No real relationship exists between the advertiser and the consumer, and none may be warranted. The best strategy is to provide the consumer with information, without demanding any in return. At first blush, this may seem like an imbalance between what advertisers give and what they get back. But what the consumer is giving the advertiser is something quite valuable: time and attention, along with a view of how the site is traversed.

The time and attention translates into the "mind share" needed to create a brand preference. The average consumer on Ralston Purina's Dog Chow Web site, which offers no product for sale, spends more than six minutes per session learning how to care for pets. That's far more time—and concentration—than consumers devote to a 30-second TV ad.

User-Driven Personalization

At the second stage, consumers start shaping Web pages to their specific tastes. For example, CDnow customers can personalize their home pages with favorite artists and wish lists. The company shows that it is willing to deliver some value to the consumer before gaining financially. Charles Schwab now invites users to set up a personal page through the MySchwab service, where users can not only track stocks but also get customized sports news, weather information, and even cartoons. Users aren't required to open a Schwab account to do so.

Advertiser-Driven Personalization

In the third stage, advertisers begin using insights provided by consumers to beam information back to them. Thus, CDnow uses its knowledge of consumers—developed at the earlier stages of trust—to suggest products they might like which consumers then rate as either on- or off-target. As the process continues, CDnow learns consumers' preferences and zeroes in on what they really like. It is worth emphasizing that advertisers should rein in their urge to make immediate use of data and personalization technologies. This approach takes

patience, a trait lacking at many Advertising organizations. Too often they bombard consumers with promotional offers as soon as they get their hands on an e-mail address. We suggest a gradual approach, as nothing aggravates many Internet users more than unsolicited e-mail.

A best practice is to let the user set the pace of personalization and contact from advertisers. User-driven personalization should precede advertiser-driven offers. Recent research by Professor Youngme Moon of the Harvard Business School has shown that premature personalization can backfire. Moon found that consumers were less likely to buy products pitched to them through messages if the messages were based on information they had not given to the advertiser themselves. According to "Is Your Web Site Socially Savvy?" a May–June 1999 Harvard Business Review article, consumers were more likely to buy when the message was personalized and based on information they had volunteered.

Trust-Based Collaboration

At the final stage, the advertiser and the consumer work together closely. The consumer gives the advertiser access to the most sensitive personal information (family, finances, or health) and in turn gains customized experiences and consultative problem-solving

assistance. In our view, very few on-line advertisers have reached this level of trust with their consumers.

The pace of value exchange varies by industry and situation. For example, mortgage shoppers may provide financial information in their very first interaction if they need a quick answer. In other situations, the process moves more slowly. And because costs rise as advertisers go up the trust staircase, they must decide just how far they need to go to create the most profitable relationships. Trust building at a basic level may be enough for some advertisers, particularly if greater trust does not bring greater spending by consumers.

Only by sustaining trust can advertisers expect to establish enduring relationships with consumers, and it is by keeping a central focus on that idea that advertisers build a value exchange that delivers consistent and progressive mutual benefits. With the six building blocks of trust in place, advertisers should be able to chart a course for building great on-line businesses.

Case: Nash Jewelers

1. Executive Summary

The problem that John Nash is faced with is the decision on whether or not he should create a website for his company, Nash Jewelers. The purpose of the website would be for Advertising purposes and/or a way to sell merchandise. The concerns that he has are will this website change the way customers view Nash Jewelers, which is known as a quality jewelry dealer. Selling merchandise online will open up a whole new market of competition. It will increase the competition from a local market to a worldwide market. Thus, making it tougher to come out and stay on top. A second problem is whether John should introduce a new computer system that would allow his customers to

design their own jewelry. It is a costly proposal, but would it be beneficial in the long run. A final problem John faces is how to go about advertising on the internet. There is a potential to earn a lot of money from online advertising, but the ads must be placed on the appropriate sites and the advertisements should reflect the style of the company so their image is not compromised.

Our recommended plan of action is have a company website up and running by the fall for Nash Jewelers. This site will give some information about the company and show what they have to offer. To help advertise the website to possible customers, they will be using banner advertisements on other websites that will help lead potential customers in Nash Jewelers direction. By having this website, it will prove to customers that the company is aware of all the technological advancements out there, and want to be a real competitor in Canada and around the world. We also plan on using the SWOT analysis during the planning of the website. This will help to analyze our competitors and show current trends in the jewelry industry.

2. Statement of the Problem

The main problem facing John Nash is to decide if the company website for Nash Jewellers should be used as Advertising tool, sell merchandise or do both. If John decides to go through with making a website he will have to decide what the website will look like and what information the site should contain. The look and feel of the site can make all the difference in how the customer perceives the business and whether or not they want to shop at Nash Jewellers. Some short term problems that may occur when starting up the website include how his staff hours are being affected by the website and how this will impact the sales on his existing retail stores. In the long run if John Nash allows for the merchandise to be sold on his website his competition will increase enormously, he now will be competing with competitors around the world instead of just in the small towns his shops are set up in. His business strategy has to be adjusted to compete with such a large number of companies and the competition is not only small chain jewelry stores now but also major chain jewelry stores that have an advantage in funding over his store. His operations of the company will also be different, adding an online store will add more operations to the company. E-commerce is an effective tool for escalating the infrastructure of a company by allowing for cheap and versatile means of expanding the business internationally. The role of e-commerce in a company is crucial because it provides an entryway to foreign markets without having the high costs and complications of establishing a physical distribution channel. E-marketplaces aid business transactions by connecting buyers and sellers regardless of geographical distances and also facilitate the comparison of prices for consumers. By providing

the convenience of online shopping, John Nash's company will benefit from the international market and reap the rewards from the influx of online shoppers (Crane, 155 – 156).

Jewelry stores compete by comparison shopping, by having the online website it will be easy for customers to compare with other jewelry stores. Since the World Wide Web has been established it is now used by around 1.6 billion people worldwide and 71% of the population in North America uses the internet (Miniwatts Advertising Group). Companies have grown to expanding their business by adding an online store creating more competition online and connecting stores from all around the world. Nash Jewellers will be mostly competing with the big chain stores since they are more established and have developed websites. The small chain stores do not have websites at all or are very under developed.

Nash Jewelers currently has a reputation for providing unique, quality jewelry and John Nash is concerned that selling his jewelry online might ruin his high class image.

Another problem that John has to deal with is whether or not to adopt a sophisticated computer system that will allow customers to design their own jewelry online (DJOL). This technology was originally to be incorporated into the Nash North store but the costs of hiring goldsmiths and running the system would not cover the revenue earned from these orders. Currently Nash Jewellers advertises through the local London newspaper and primarily focuses on the stores custom jewelry and its membership in the Canadian Jewelry association. With the decision to advertise online John will have to decide what type of online advertising Nash Jewelers should use if he is so concerned about compromising the stores image. He has several options available to him that include advertising on their own site only, advertising on other web sites through Banner Ads. Since Nash Jewellers does not do a lot of advertising in the first place having these online ads will be very costly for the company.

Overall the main decision facing John Nash is whether to use the website as a Advertising tool to expand his market and customer awareness or if he should attempt to sell jewelry online and compete with other jewelry stores that already have an online business or to do both. He is concerned about how his decision about the appearance, competition factors and costs of the site will affect the firm now and in the future.

3. Causes of the Problems

The business world is entering a cybernetic phase through which business transactions are gradually shifting from the traditional practice towards a binary marketplace. We are at the steps of an e-commerce revolution which is changing the way business is done, making it more efficient and ever more innovative (Shaik). A problem lies in John Nash's contemplation on whether the company website should be used as a Advertising tool or to sell merchandise. There is no reason that the company's website can not do both. With the release of Web 2.0, websites are becoming progressively innovative and interactive. By interacting with its clientele, John Nash can effectively advertise and at the same time sell merchandise to buyers. The internet has become a useful gateway to connecting sellers and buyers and from a business and profit stand point; it would make sense for John Nash to invest in e-commerce. Another considerable problem is the impact on the image of the company if it provides online retail. The trend in today's society, in regards to making purchases, again is shifting towards the internet. Shopping online is becoming more and more common due its convenience (Pastore). A problem that exists is establishing a reputation with online buyers. Online buyers are concerned with security issues for purchasing online items and for the reliability of the website to send the goods to the customers. Nash Jewellers is a small company and not very well known, therefore buyers may not be comfortable with buying from the website. Two thirds of Canadian online buyers prefer to buy directly from retail stores. Nash Jewellers needs to establish a good reputation with the online buying so that customers feel more secure with buying from the website.

Another problem relates to the advertisement method incorporated by the company. "The internet has revolutionized advertising through the use of website Advertising, demographic Advertising, search keyword Advertising, linking strategy, email campaign and online advertising campaigns" (Advertisingology). By utilizing all available tools properly, online advertisement can significantly increase awareness to draw new customers and also maintain and improve customer relations with existing customers. As long as the advertisement is tastefully done, meaning that banners are only to be placed in significant and appropriate websites and other nuisances such as email spamming is avoided; internet Advertising will not impact the image of the store in a negative manner. It will involve lots of research to determine which sites Nash Jewellers should advertise on and the cost maybe significant.

Finally because of the increase in technology and the internet any company can start up a website and alter it to fit what they perceive the customer will find useful. There are hundreds of online jewelry sites that have many tools to interact with their customers. Many big chain jewelry stores have websites for instance Tiffany, Blue Nile and Park Ave. are some of the biggest United State jewelry chains and are well-

known all around the world. Nash Jewellers is independently owned and does not have the funds and wealth that some of the larger jewelry companies do to start up a website. It also is not as well-known as for instance Tiffany's is, not many customers are aware of the existence of Nash Jewellers. Nash Jewellers reputation is known for their custom-designed jewelry. In the past they might not have had direct competitors that offered the custom design as well but now because of the internet it has connected them with other jewelry stores that do provide custom-made jewelry; increasing their direct competition. Nash Jewelers will now have to change their business strategy so to compete with the numerous competitors they will have if they decide to provide an online purchasing website.

4. Decision Criteria and Alternative Solutions

Some alternatives that we believe that Nash Jewellers should explore to help solve some of their problems when they start up an online business are as follows. For the advertising of Nash Jewellers and the website we can have banner ads that are placed on popular websites that are used daily. We can find websites that relate to fine customer made jewelry to set up banner ads on. We can also buy keyword advertising on a search engine, so when jewelry is searched on Yahoo or Google banner ads of Nash Jewellers would appear as well as the Nash Jewelers website (Harris). We can also team up with Google and Yahoo and allow for them to advertise on our website as well; maybe if they advertise on our page and we advertise on there page the cost could be minimal. We also can get other companies to advertise on our page which will generate some revenue that will help pay for our advertising costs. Some advantages to banner advertising are it can be very effective when trying to get consumers to check out your page (Harris). You also have full control of what your ad looks like and it can be strategically placed so that they are effectively exposed to customers (Harris). They can also generate revenue by allowing other companies to advertise on our page. A disadvantage of banner advertising could be that they can be very expensive especially when you want to advertise on established and well-known websites. It can cost anywhere between five dollars to one hundred thousand dollars (Harris). If you want cheaper advertising you will have to go to smaller websites that are not as well-known. For Nash Jewellers to advertise on Google and Yahoo will be very costly because these are two very well-known sites.

Another problem that Nash Jewellers faces is the security issue that customers have with online buying. The solution that we propose is to team up with very reliable companies that can assure easy and safe payment and also delivery companies that are reliable and well

known. For instance PayPal is a well know payment program that is quick, convenient and a secure payment method that millions of online shoppers demand (PayPal). This payment method has proved to be very successful for many other websites such as eBay. We can also set up delivery services with FedEx which can ship packages all around the world. They are also very flexible and will advertise your business through their advertising (FedEx). The advantages for using such well-known companies are they help secure transactions and make the flow of transactions easy. They are also well-known and have established a customer history and are trusted by many customers already. They provide easy services that will be helpful with the operations of the company. PayPal and FedEx offer invoices of the activity of the account. They also provide online and toll free numbers that are always open if there are any problems. A disadvantage to using these services is that they can be very pricy. Depending on where the package is being shipped the cost of FedEx could be quite large, so customers may choose not to buy something from Nash Jewellers website because of the pricy shipping and handling costs. PayPal charges 2.2% + \$0.30 per transaction; this can be expensive if we have very few transactions when the website is starting up (PayPal).

Another alternative for the website could be to educate our customers about Nash Jewellers while also providing an online shop for them. John had made some “Gemtalk” videos that aired on the television; now because of the advances in technology he can use websites like Youtube to place those videos on his website. His customers can now virtually watch those videos whenever they want to and it is very convenient for them. They also get to learn more about gems and Nash Jewellers. Since the company still wants to be known for their custom-designed jewelry they can have an online simulation where people can create and purchase their own deigns. John can also create an online version of his program “Diamond Grading Clinic” which he used to educate customers about diamonds and gemstones. The advantages of doing this are it will allow for customers to become more educated with Nash Jewelers. It will also allow for Nash Jewellers to connect with their customers. Providing customers with these online tools will be helpful to the customers and add positive feedback from customers about their website. A disadvantage to the online programs is it is very timely to set up all the programs; downloading the videos and setting up the website in a professional manner. It also may add more to the costs of the website, and if these tools are not used then it could turn out to be wasted money.

Finally, another alternative that could be used to help improve Nash Jewellers is customer relationship management (CRM) and more specifically eCRM – a web-centric, personalized approach to managing long-term customer relationships electronically (Crane, 18). This

could prove to be beneficial to the company because it is a way for the buyer and seller to communicate and for the buyer to tell the seller what kind of information they would like to receive. This could be good for Nash Jewellers because it is a way for the customer to feel more involved in their online shopping experience and feel more connected with the business. Adversely, CRM can take a long time to set up and then develop with the customers and that it can be very hard to implement. The successes with CRM have been few and far between but if it is done properly then it could be a huge success and a great asset to the company (CRM, 18).

5. Recommended Solution and Implementation Plan and Justification

Our recommended plan of action is to introduce an interactive website for Nash Jewellers. One that shows the prospective customers what Nash Jewellers is about and what they have to offer. It will also educate the customers on gemstones and the company. This website will be used for advertising and purchasing and it will be up and running by September. We will advertise this website on other websites using banner ads that will hopefully attract other customers. There are many techniques that we plan to use to implement this new website and promote Nash Jewellers. One of them being eCRM, this will be used to keep a line of communication open between the buyers and the seller. This will allow for Nash Jewellers to see what needs to be improved and work to make the adjustments.

Having an up and running website can have a positive effect on the company because it can add a lot of value to it. By staying on top of the advances in technology it shows that you are a knowledgeable business and you know what is going on in the world. It also shows customers that you are a developed company. This technology could also include updated software in the store which at the moment could cost a lot but in the long run it will pay off if it is advertised the right way. This new technology could draw a lot of customers into the store because they want to be able to create their own jewelry and add that personal touch by doing it themselves.

We plan to follow the SWOT analysis to help with the planning and developing of the website. This will help us to identify the trends in the jewelry industry, and also help analyze the competitors. This analysis will mostly help with the research for starting up the website (Crane, 37). The SWOT analysis will help the firm translate the results of the analysis into specific actions that will help the company grow and succeed (Crane, 38).

Another theory we will use is Porter's Competitive Advantage of Nations (Crane, 166). Using the factor conditions, demand conditions, company strategy, structure and rivalry, with the related and supporting industry diamonds John Nash can better position himself as a company. From this he can then find where both his company and competing companies stand in comparison to each other in terms of these four diamond elements (Crane, 166). Three of these factors are being affected by selling online. The first is the factor conditions. By educating the customers online the education and skill level of the customers thus increases giving the buyers a better idea of what to purchase. Next the demand conditions are affected as the size of the market has just increased dramatically. Finally the company strategy and structure are influenced as the intensity of competition as well as the number of companies in competition is increased.

Another analysis we will do is a Global Environmental Scan (Crane, 175). This will focus on the three kinds of uncontrollable environmental factors which are cultural, economic, and political-regulatory (Crane, 175). Cultural preferences are shifting to online shopping. The online community is continuing to grow and expand while retailers are taking advantage of this. This is the next step in growing the business and must be taken advantage of.

We will also use the Global Market-Entry Strategies (Crane, 183). Upon consideration of the four global entry strategies (exporting, licensing, joint venture, and direct investment) the obvious initial choice in this case is exporting. Direct exporting will be used to get the product to the customer as well as advertise other products available. This strategy holds the least profit potential but will add to the profits currently experienced by the store. This is just a starting point and can be expanded upon depending on the success of the web page. The next step would be a joint venture in which Nash's can sell their products in much of the same way that Progressive Casualty Insurance Company does.

Lastly we will be Charting the Organizational Buying Process (Crane, 152)

Stage in the Buying Process	Consumer Purchase: Jewelry
Problem Recognition	Customer wants a new piece of jewelry
Information Search	Can be done completely online at the web

	page or in the store
Alternative Evaluation	Can also be done online or visiting in store
Purchase Decision	Is completed quickly and easily online or in store with minimal effort and hassle
Post Purchase Behaviour	Should be the same as in store which was always positive

Upon analysis of this chart we can see that online purchasing is just as easy if not easier than in store purchasing. This supports our solution as Nash's jewelry has not taken anything away from the credibility or image of the store and has expanded its growth and sales potential.

An alternative that we suggest if our recommended plan of action can not be followed is along these lines. If the website isn't going to be ready by September 2000 or the costs are too high for Nash Jewellers to cover then the company will just invest in advertising for the company online. They can set up banner ads on small jewelry and women's and men's fashion websites. They can start with ads that will not cost them too much but will catch customer's attention and maybe gain customers for Nash Jewellers or at least allow customers to be aware for the existence of Nash Jewellers. The banners could link to the Nash Jewellers website which could contain a brief history about the company and an online jewelry catalog. The website can also contain a shop locator indicating the closest shops that are available for the customers visiting the website. Also a phone number and address of the stores will be provided, if the customers have any questions and inquiries that they are concerned with they can contact the company. If the online store is not set up by December then the company will advertise more heavily on websites that are geared towards men who are shopping for jewelry for their loved ones. This will be the same for February if the online shop is still not ready. To cover the funds of the website Nash Jewellers should allow for other companies to advertise on their website. With the money they generate from advertisers they will be able to update and expand their website or even advertise more on well-known websites.

CONCLUSION

Benefits of Internet Advertising

Internet advertising is a hot topic especially in these days of instant results. The reason why internet advertising has become so popular is because they provide three major benefits to potential buyers:

- 1. Convenience:** Customers can know about 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 Advertising also provides a number of benefits to advertisers:

- 1. Quick adjustments to market conditions:** Companies can quickly add products to their offering and change prices and descriptions.
- 2. Lower costs:** On-line advertisers 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 advertisers can dialogue with consumers and learn from them.
- 4. Audience sizing:** Advertisers 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, advertisers are adding on-line channels to find, reach, communicate, and sell. I-Advertising 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.

The Internet is a powerful tool for strengthening relationships. By offering customers content and time value, E-Advertising has opened new vistas for advertisers. The greatest feature of the digital economy is that it enables the E-Advertiser to eradicate many traditional barriers before entering new markets. These barriers include economies of scale and geographic positioning. The innate strength of an E-Market comes not from the seamless flows of goods and services from the producer to the customer but in the geometrically increasing returns from converging ideas and technological change. The strength of online communities has never been so great, and companies have used them to develop new markets. Notice how Linux distributed free on the Net has been able to build up a faithful customer base. Ultimately here also the advertiser has to realize that nothing sells as well as a good product. But the beauty of the Internet is that it offers constant opportunities for product enhancement based on continuous customer feedback. Companies who have tuned their business processes to incorporate these customer responses have been able to leverage the power of the Web to gain competitive advantage.

RECOMMENDATIONS

The following are a few things an internet advertiser can do to maximize the potential of his website:

- **Domain Fault Repair** – This function directs the web visitor to the right site after she/he potentially may have typed in the wrong Internet address.
- **Site Customization:** - One of the web-based CRM most important advantages is the volume of information available to the browsing customer. Unfortunately, the sheer volume of information can be one of the weaknesses of web-based CRM design. Sites that offer customization features allow user to filter the content they see. The future of truly web-based CRM will be the completely “one-to-one” web sites. When properly customizable on the first visit, the customer on a next entry can choose to see only his/her own preferences. (Example: yahoo.com; my yahoo)
- **Alternative Channels** – Different ways to contact the company are offered, for instance, Email, Fax toll-free numbers, Postal Address, Call back button and Voice over IP.
- **Local Search Engine** – Allows the visitor to search on key words to quickly locate specific answers on the website.

- **Membership** – The visitor can request a password. With this password he can continue surfing on password protected web pages within the website.
- **Mailing List** – To receive more information, the visitor can add his/her email address to a list to receive automated emails.
- **Site tour** – The visitor can follow a tour through the website.
- **Site Map** – This is a hierarchical diagram of the pages on the website, also called a site overview, site index, or site map.
- **Introduction for First-Time Users** – Visitors, who enter the site for the first time, can surf to an introduction page. This page contains information about “How to use the site most efficiently”
- **Chat** – A main advantage of the Internet is its self-generating advantage. By allowing visitors to interact with each other and with the site, they create content for the site.

All this will help build a relationship with the customer and it will ultimately help the advertiser to achieve his objectives.

Internet has opened up new avenues for reaching the consumer. It is true that there is never a fixed way or strategy that a advertiser can use to market its products and services on the internet but it is still very much an arena where creative thinking can take the company reach new heights. Thus we can say that Advertising has not changed its shape. It is the same, unpredictable, unusual and creative field that needs constant change and open inputs that can work wonders for the company.

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