

### Internet Marketing

#### Benefits of marketing via an internet website:

- ✓ **Widens potential market** – could lead to increased sales and profits.
- ✓ **More and more people shop on the Internet** – 'most buying decisions start at a keyboard' – an increasingly important factor for many businesses.
- ✓ **Raises awareness** of the existence of a business – gives businesses a competitive edge.
- ✓ A well constructed and up to date website can **improve the image** of the business.
- ✓ For some businesses, it is their core marketing tool, e.g. Amazon.
- ✓ Open 24/7.

#### Drawbacks:

- ✗ **Can be expensive** to set up – £10,000 plus is a significant investment for a small business, especially in a recession.
- ✗ **May not be cost-effective** – has to generate enough profit to justify the initial expenditure. Does the business have the capacity for increased orders?
- ✗ A poorly constructed or out of date website **can project a negative image** of the business and sales may be lost to competitors.
- ✗ Not particularly useful where personal service is the key to sales.
- ✗ Not all have the Internet.
- ✗ Technical problems on website can result in loss of reputation and sales.

Whether a business advertises on the internet will to some extent depend on the nature and size of the business concerned. In a competitive market, where rivals have set up websites, can a business afford not to have a presence on the web?

Few businesses rely solely on their internet website and tend to combine their website with the more traditional market mix.

### Effect of the Internet on Business

#### Benefits:

- ✓ Selling via the Internet can **eliminate or reduce the need for expensive high-street premises**, although it would appear that consumers want both.
- ✓ **Costs can be lowered** by moving to places where rent and wages are considerably lower.
- ✓ It can **reduce the need to employ staff**. Organisations such as banks have closed many of their branches as people have moved to Internet banking.
- ✓ It **adds flexibility** to business operations and businesses can reach their customers 24 hours a day.
- ✓ **Data on customers can be cheaply stored and easily accessed**, enabling businesses to target their customers more effectively.
- ✓ They can **reach a world-wide audience**, which may not have been possible for small to medium sized businesses in the past.

#### Drawbacks:

- ✗ **Maintaining quality websites is costly** and businesses have little choice but to offer products on-line if they wish to remain competitive.
- ✗ Most businesses today are customer-orientated and they are, in effect, **responding to the wishes of their customers by facilitating on-line shopping**. Those who have to maintain a high-street presence will find it particularly costly, especially if their outlets are increasingly used as showrooms.



### Effect of the Internet on Customers

#### Benefits:

- ✓ **Convenience** – it is often easier to shop from home rather than physically visit the shops!
- ✓ **Home delivery** – even groceries can now be delivered, saving busy people time to do other things.
- ✓ Orders can be placed anytime day or night – **24 hour shopping** for those who want it.
- ✓ Customers **do not have to travel or pay parking fees**.
- ✓ Customers can view a **huge range of products** which might otherwise take a considerable time to do so on a conventional shopping trip.
- ✓ It is possible to **buy products from other countries** and pay using services such as PayPal to pay in relative safety.
- ✓ **Compare prices and read reviews** in order to inform their choices more effectively.

#### Drawbacks:

- ✗ **Delay in delivery** – the item ordered may arrive to late.
- ✗ **Fraud/security** – there is always a risk when paying online that security details may get stolen or that the site you are purchasing from is indeed a fake.
- ✗ **Unable to try** – there is then the hassle of returning the item and awaiting for a refund.
- ✗ **Lack of access** – in some parts of the country access to the internet is still limited. There is also the issue that some internet company will not deliver to certain parts of the UK, e.g. Shetland Isles.