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INTERNET MARKETING

The Internet has brought media to a global audience. The interactive nature of Internet marketing in terms of providing instant responses maintains the unique qualities. Internet marketing is sometimes considered to be almost boundless because it not only refers to marketing in the Internet, but also includes marketing by via e-mail and wireless media. Management of digital customer data and electronic customer relationship management (ECRM) systems are often unified in the Internet marketing.

Internet marketing combines creative and technical aspects of the Internet, including design, development, advertising and sales.

Internet marketing is associated with several **business models**:

• <u>E-commerce</u> – goods are sold directly to consumers/businesses/consumer to consumer

• <u>Lead</u>-based websites – an organization that generates value by acquiring sales leads from its website

• <u>Affiliate marketing</u> – the process in which a product or service developed by one entity (e-commerce business, single person, or a combination) is sold by other active sellers for a share of profits. The entity of the product may provide some marketing material (sales letter, affiliate link, tracking facility) However, the vast majority of affiliate marketing relationships come from e-commerce businesses that offer affiliate programs.

• Local internet marketing – through which a small company utilizes the Internet to find and nurture relationships, which are to be used for real-world advantage. Local internet marketing uses tools such as <u>social media marketing</u>, local directory listing and targeted online sales promotions.

• <u>Black marketing</u> – a form of internet marketing which employs deceptive, abusive, or less than truthful methods to drive web traffic to a website or affiliate marketing offer. This method sometimes includes spam, cloaking within search engine result pages, or routing users to pages they didn't initially request.

Internet marketing is relatively inexpensive as compared to the ratio of cost against the reach of the target audience. Companies can reach a wide audience for a small fraction of traditional advertising budgets. The nature of the medium allows consumers to research and purchase products and services at their own convenience. Therefore, businesses have the advantage of appealing to consumers in a medium that can bring results quickly. The strategy and overall effectiveness of marketing campaigns depend on business goals and <u>cost-volume-profit (CVP)</u> analysis.

Internet marketers also have the advantage of measuring statistics easily and inexpensively. Nearly all aspects of an Internet marketing campaign can be traced, measured, and tested. The advertisers can use a variety of methods: <u>pay per impression</u>, <u>pay per click</u>, <u>pay per play</u>, or <u>pay per action</u>. Therefore, marketers can determine which messages or offerings are more appealing to the audience. The results of campaigns can be measured and tracked immediately because online marketing initiatives usually require users to click on an advertisement, visit a website, and perform a targeted action. Such measurement cannot be achieved through billboard advertising, where an individual will at best be interested, then decide to obtain more information at a later time.

From the buyer's perspective, the inability of shoppers to touch, smell, taste or "try on" tangible goods before making their online purchase can be deterrent. However, there is an industry standard for e-commerce vendors to reassure customers by having liberal return policies as well as providing in-store pick-up services.

Integrity of information is important both for companies and consumers that participate in online business. Many consumers hesitate to purchase items over the Internet because they do not trust that their personal information will be kept private. Some companies that purchase customer information offer the option for individuals to have their information removed from the <u>database</u>, also known as <u>opting out</u>. However, many customers are unaware if and when their information is being shared, and they can not stop the transfer of their information to different companies if such activity occurs. Another major security concern that consumers have with e-commerce merchants is whether or not they will receive exactly the thing they have purchased. Online merchants have attempted to address this concern by investing in and building strong consumer brands (e.g., <u>Amazon.com</u>, <u>eBay</u>, <u>Overstock.com</u>), and by leveraging merchant/feedback rating systems and e-commerce bonding solutions. All these solutions attempt to assure consumers that their transactions will be trouble-free, and the merchants can be trusted to provide

reliable products and services. Additionally, the major online payment mechanisms (<u>credit cards</u>, <u>PayPal</u>, <u>Google Checkout</u>, etc.) have also provided <u>back-end</u> buyer protection systems to address problems if they actually do occur.