

Challenges for Online Marketing in India

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Abstract:

There are problems in online trading from the point of view of providers and consumers. The biggest problem is cybercrime and absence of protection of personal data. The online retail companies have problem of profitability and absence of sustainable development. Information technology has transformed the way people work. Electronic commerce has unleashed yet another revolution, which is changing the way businesses buy and sell products and services. The internet gave another boost to e-commerce. Internet marketing or online marketing refers to advertising and marketing efforts that use the Web and email to drive direct sales via electronic commerce. The aim of the paper is to study the challenges for online marketing in India.

Keywords

Electronic Commerce, Online Market, Social Media Marketing.

1. Introduction

Information technology has transformed the way people work. Electronic commerce has unleashed yet another revolution, which is changing the way businesses buy and sell products and services. After the e-commerce, Framework was announced by the U.S. government in 1997- at the time when internet was allowed to be used by commercial organizations. It was the US Government's announcement that all federal purchases would be made paperless that gave an impetus to this new way of conducting trade and commerce. The internet gave another boost to e-commerce.

Internet marketing or online marketing refers to advertising and marketing efforts that use the Web and email to drive direct sales via electronic commerce, in addition to sales leads from Web sites or emails. Internet marketing and online advertising efforts are typically used in conjunction with traditional types of advertising like radio, television, newspapers, and magazines. Specialized Areas of Internet Marketing are as follows:

· Internet marketing can also be broken down into more specialized areas such as Web marketing, email marketing and social media marketing: Web marketing includes e-commerce Web sites, affiliate marketing Web sites, promotional or informative Web sites, online advertising on search engines, and organic search engine results via search engine optimization (SEO)

· Email marketing involves both advertising and promotional marketing efforts via e-mail messages to current and prospective customers

· Social media marketing involves both advertising and marketing (including viral marketing) efforts via social networking sites like Facebook, Twitter, YouTube and Digg.

· Online marketing is growing rapidly in international and local market in India. The Indian ecommerce market is seeing a surge in the growth

2. Objectives Of The Study

- To review the present status of online trading in retailing in India.
- To identify the problems in online trading in retailing from the point of view of providers and consumers.
- To provide suggestions to popularize online trading and increase the profitability of online retail companies in India.

3. Indian Scenario

Leading Indian online retailers including Snapdeal and Fashion portal Myntra, expect to turn profitable in next two years signaling a seismic shift in an industry where so far growth has been pursued at the expense of the bottom line. Snapdeal, an online market place wants to be India's first profitable e-commerce company and its largest mobile commerce company. This suggests that mobile will be a big driver in future. This company expects to reach about Rs 6220 cr. in gross merchandise sales by the next financial year.

· Flipkart is an Indian e-commerce company founded in 2007. It is considered as an e-commerce company that made online shopping popular in India. It deals with selling of variety of items, started with books and now home and kitchen appliances, mobile phones, digital cameras, watches, clothing, and others. Flipkart India, the wholesale cash-and-carry entity of the online retail firm reported a loss. However, the company claims that their business is growing at 100% annually. The sales target for 2015 is to reach \$ 1 billion or about Rs. 6200 cr.

Now, it is making good business and sees \$1 billion sales. It is a reply to U.S. online giant Amazon. It is really an achievement in country's exploding e-commerce market. It is expected to reach the e-merchandise retailing sale at \$14 billion by 2018 and \$60 billion by 2023.

4. Global Scenario

Amazon, the world's largest online retailer has never been profitable since its inception. The mission was to use the internet to transform book buying into the fastest, easiest and the most enjoyable shopping experience possible.

The eBay website proclaims that it is the world's online marketplace enabling trade on a local, national, and international basis with a diverse and passionate community of individual and small businesses. It offers an online platform where millions of items are traded each day. These are few examples of emerging online marketing companies.

5. Problems in Online Trading with View Point of Companies

Following are the problems faced by companies adopting online trading in retailing. The world is used to conducting business and commerce on signed paper documents. Electronic documents and messages, without familiar signatures and marks have changed the scene and trade wants to be assured that the electronic world is safe. The e-commerce system must therefore offer at least the same level of reliability as that which obtains in the paper world. Thus, the companies should work with maximum reliability.

- The legal issues of e-commerce have generated tremendous interest among technologists, traders, and legal experts. The Indian parliament passed the Information Technology Act in 2000. The legal requirement is to establish the authenticity of an electronic document or message. This includes integrity, confidentiality, and non-repudiation of origin and receipt of electronic document in case of dispute.
- In e-commerce, there is a concern that in the absence of proper controls, it is relatively easy to change the electronic record. Proper controls need to be enforced in e-commerce transactions.
- Major legal issues for e-commerce are raised through the provision of services like Online Marketing, Online retailing e.g. ordering of products and services, financial services such as banking and trading of services, Online publishing, Exchange of electronic messages and documents EDI, electronic filing, remote employee access, electronic transactions and Online contract formation. The common problems are legal problems in trademarks and domain names. The company takes a domain name from the registry in its name. Unlike the traditional commercial world where different companies may have the same trademark in different products and services,

in cyberspace, only one name can be assigned as Name.com. Thus, the company, which registers its name for the domain name, eliminates all others from using that name in the cyberspace. The other issue is copyrights. Copyright was developed in the printed world to protect the economic interests of the creative writers.

- However, the copyright law protects only the expression of an idea and not the idea itself. Another issue is jurisdiction. The term jurisdiction refers to court's ability to hear to a particular case. Internet communications know no geographical boundaries, whereas jurisdiction under traditional legislation incorporates a notion of territoriality. Different laws are applicable under different jurisdictions. A number of questions, which are vital to the legality of commerce in cyberspace, have arisen.
- Similarly, the issue of service provider liability cannot be ignored. Many ISPs provide user access to shared websites. Commonly the concerns include libel and defamation, liability for infringement of third party rights, and the liability for hosting of unlawful materials. The growth of e-commerce on the internet depends to the large extent on the confidence of traders in forming legally enforceable contracts online. However, there are problems associated with jurisdiction of the parties and that of the website, since it is the jurisdiction, which determines the laws that would be applicable in case of a dispute. Then there are issues related with the identity of parties and role of digital structures on the internet.
- Leading Indian online retailers feel the pressure from risk capital investors and growing consolidation in an industry where the leaders are outpacing the laggards is forcing online retailers to identify newer revenue streams and cut down on costs.
- Most of these retailers feel that the profitability depends on the scale of operations. They also feel that they have to make a choice between sales at any cost or sustainable growth. The break-even period is more up to 6-7 years.

6. Problems with Point of View of Consumers

With the internet making inroads into almost all facets of everyday life, not only business information, but a large amount of personal information too is now digitized and stored on computers connected to the internet. Systems connected to internet are potential targets for destruction or tampering of data stored in them.

There is a danger of cyber-attacks.

- There are challenges of hacking which means hackers can deface websites and steal valuable data from systems. Phishing is another challenge, which refers to creation of e-mail messages referencing web pages that are replicas of existing sites to make users believe that they are authentic sites.
- Internet users are likely to face more privacy threats as marketers aggressively employ invasive tools to collect information. Marketers who were earlier scratching the surface of social media marketing are now peeling back the layers for understanding people and their behaviour on the internet.

7. Suggestions

Small e-commerce companies should look towards marketing activities in malls and initiatives on the digital media, which can be done for prolonged duration and is more sustainable.

- Marketers should be smart enough to draw a line between mapping and stalking which can turn away a consumer forever.
- Opting for cheaper and measurable digital campaigns instead of expensive traditional advertisements.
- Increasing viability of e-commerce.
- Online retailers have to build large volume of business to ensure profitability. It will also help them to amortize technology and marketing cost. Consumer education and protection of their privacy.
- Efficient services like in time delivery and convenient payment.
- Several online retailers are hawking a range of personal accessories, home decor, and utility items that are branded with images and logos of mainline political parties. E.g. NaMo and Aam Admi. They should grab the opportunities like election to promote their products. Online cash back websites like cashkaro, plentiful are becoming popular among online shoppers. There is a big scope but customers should be careful about website's authenticity.

8. Conclusions

Online trading is here to stay and will be extensively used in future. Leading online retail traders are finding out the ways to retain profitability and long term sustainable development. Globally also the challenges are similar in nature.

Indian entrepreneurs said this latest focus on business fundamentals points to growing maturity of the local market.

In past, everyone was looking at who the leaders will be. Now the market leaders are emerging and no one doubts the viability of e-commerce.

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