

# ONLINE MARKETING AND CUSTOMER REACTION IN A SECOND TIER CITY WITH SPECIAL REFERENCE TO COIMBATORE CITY

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## ABSTRACT

The company's has entered into the latest technology on online marketing which is growing in ubiquity. Customers go for online for various activities such as net banking, trading auction, find job, chatting, bill payment, ticket booking etc. The percentage growth of customers in using online marketing is enhanced year by year. The leading industrial city Coimbatore has more export opportunities. The customers of the city are selected for the study as internet usages high. The data collected from 100 respondents were processed by using simple percentage and chi-square analysis to find out relationship between the personal factors and impact or perception of online marketing. The study revealed the problems and offered suggestions to improve the benefits derived by the customers of the online marketing in Coimbatore city.

**Key words :** Online Marketing, Opinion Survey

## INTRODUCTION

Internet as a skin of networks, which is growing in ubiquity is seen as a 'weapon of mass communication'. It is used as a market space where buyers and sellers exchange information, goods and services. These marketing functions are performed under a computer mediated environment which has greatly reduced the distance between the marketer and customer.

The World Trade Organization (WTO) defines on-

line marketing as "Commercial process that includes production, distribution, marketing, sales or delivery of goods through electronic means". Though internet had its birth in the sixties, it gained momentum only in the late nineties bringing in e-revolution. Increasingly, a company's web presence is becoming one of the most prominent and important element of business strategies. Due to the enormous potential and hassle-free transactions, online marketing has become a buzzword in the business world. It is estimated that, by 2008, the total e-business in India would be around \$ 5700 billion (B2B - \$ 4600 billion; B2C - \$ 900 billion and Advertisement Revenues - \$ 200 billion) (Suresh Reddy, 2001).

Business houses are constantly looking at investing in the latest technology that gives them best return in the long run. According to the International Data Corporation (IDC), India is expected to see the highest growth rate in the regions of internet market in the next five years. In general, Indians go online for various activities such as net banking, trading auction, find job, chatting, bogging, bill payments, matrimonial search, ticket booking etc.

## Some facts related to online shopping:

- \* Percentage of internet users who buy train ticket online: almost 30%. (DNA; July' 06)
- \* Most common payment method for online shopper: 38% credit card, 32% cash on delivery. (DNA; July' 06)

Though the trend of internet shopping is growing, the Indian online business transactions is fraught with the several issues such as

- \* Poor PC penetration which is attributed to the affordability and desirability issues.
- \* Dearth of suitable content and application.
- \* Substandard quality of service delivery.
- \* Certain policy bottle necks with respect to connectivity and accessibility
- \* Non availability of cost effective spectrum of wireless technology and
- \* Issues related to data and process security.

### **LOOKING INTO THE FUTURE**

Vinton Cerf, widely recognized as "the Father of the Internet" has made a note that "Forget personal computers and the future of Internet and its related processes lies in the hands of mobile phone users". Similarly, Bill Gates has made a similar note stating that "the key information appliances of this century would be something people carried with them for work and play".

Declaring the year 2008 as "Broad Band Year", the Government of India is taking measured steps to enhance the opportunity to leverage internet access and related services across the country.

The availability of broad band connection has already made its fingerprints in many areas of interest like e-governance, e-commerce, e-education etc. Broad band access enables current activities to be carried out in an entirely new environment. Thus, the broad band reach and penetration needs to be increased manifold to reap the benefits of e-governance, e-commerce and the like.

As per the broad band policy 2006 released by the Government of India, the estimated growth for broadband and internet subscribers in the country envisaged through various technologies were announced with time bound targets. Some of the highlights are:

- \* The year 2007 is declared the "Year of Broad Band".
- \* 250 million connections by the year 2007 and 500 million by 2010.
- \* Broad band connectivity to all Public Health Care Centres by 2007 (about 25,000).
- \* Broad band connectivity to all Gram Panchayats by 2010.
- \* State Wide Area Networks (SWAN) in all States by 2007.
- \* Under rural telephony, all the 41,000 uncovered eligible villages, to get Village Public Telephone (VPT) by March 2007 and

- \* 50 million rural connections (one phone per 3 households) by 2007 and 80 million rural connections (one phone per 2 households).

Thus, both public and private sectors are taking the initiatives to enhance and create "Connect India", more effectively and efficiently by introducing various available technologies such as DSL, Cable network, GSM / GPRS, CDMA, 802.11B / Proprietary systems in 2.4 GHz band frequency and also Satellite and Wireless Broad band technology (WIMAX) based on 802.16 standard.

Coimbatore, the Manchester of South India has many leading industries with high export opportunities. Residents in Coimbatore city are casual users of internet because of many internet café available in the city. The individual users of internet are also high in Coimbatore city. Hence, these present opportunities have enhanced the residents to access the internet related activities. So, the present study is carried out to answer the following questions.

- \* Impact of online marketing on its customers.
- \* What is the extend of benefits, derived by the customers on online marketing in Coimbatore city.
- \* What is the opinion of the customers of online marketing in Coimbatore City regarding various benefits of online marketing.

### **OBJECTIVES OF THE STUDY**

The following are the specific objectives of the study.

1. To analyze the various factors influencing benefits to the consumers of goods and services through online marketing.
2. To study the opinion of the customers of online marketing.
3. To identify the problems of the customers of online marketing and
4. To provide recommendations for improving the same.

### **METHODOLOGY**

To find out the impact and perception of on-line marketing, information / data were collected from 100 individuals who are engaged in on-line usage in and around Coimbatore during June 2009 to September 2009 through a structured questionnaire, which was validated by a pilot study. The data collected on a Likert type 5-point scale were processed and interpreted. Chi-square analysis was used to find out the relationship, if any, between the personal factors and impact / perception of on-line marketing.

## RESULTS AND DISCUSSION

The demographic and physiological composition of the data obtained from the survey regarding the respondents is thus presented in the Table - 1.

### TABLE - 1

Socio-economic profile of the respondents is of utmost importance in determining the psychographic and demographic features of the respondents. Age and gender wise distribution, area of residence, mode of payment, monthly income and the occupation level depicts the role of socio-economic variables in determining their living standards, their awareness level about the online marketing and the impact of all these factors on behaviour and preferences of the online marketing.

The opinion of the respondents on various parameters of on-line marketing is indicated in Table - 2.

### TABLE - 2

The survey reveals that the customers drawn into on-line marketing were satisfied to a greater extent (> 80% agreeableness) with respect to the availability of information, 24 x 7 services and saving of time and energy. They were only moderately satisfied (60 - 80% agreeableness) with the parameters related to global coverage, provision of privacy and security, legal enforceability, easy comparisons of products, immediate accessibility to new products and the quick and economic transactions. The respondents appear to be dissatisfied with after-sales service, CRM, opportunity of improved relationship with the company, identification of the right seller, payment system and on receiving the right products.

### TABLE - 3

The Table - 3 indicates the percentage of less satisfied respondents is the lowest and percentage of highly satisfied respondents is the highest among the customers of online marketing with the gender group of male. It indicates that the male respondents derive more satisfaction than the female respondents. The relationship between gender and customer benefit was further probed with the help of chi-square test. The result of chi-square test reveals that the calculated chi-square value (3.1702) is less than the table value (5.991) at 5% level of significance for 2 degrees of freedom and therefore, the relationship between gender groups and customers benefit is not signified. Thus, the hypothesis that the gender group of the respondent influences the customer benefit does not hold good.

The Table - 4 refers to the area of residence and impact on customer benefits in online marketing.

### TABLE - 4

The above Table - 4 indicates that the percentage of less satisfied respondents is the lowest and the percentage of highly satisfied respondents is the highest among the respondents living in the urban area. It indicates that the respondents who are the customers of online marketing residing in urban area derive more customer benefit than the respondents residing in rural and sub-urban areas. The relationship between the area of residence and customer benefit was further probed with the help of chi-square test.

The result of chi-square test reveals that the calculated Chi-square value (0.7548) is less than the table value (9.488) at 5% level of significance for 4 degrees of freedom and therefore, the relationship between the area of residence and customer benefit is not significant. Thus, the hypothesis that the area of residence influences customer benefit does not hold good.

The Table - 5 refers to the occupation of the respondents and impact on the customer benefit in online marketing.

### TABLE - 5

The above Table - 5 indicates that the percentage of less satisfied is the lowest respondents in lowest and percentage of highly satisfied respondents is the lowest and percentage of highly satisfied respondents in highest among the respondents who are the customers of online marketing with business as their occupation. It indicates that the respondents who are the customers of online marketing with business as their occupation derive more benefits than the respondents who are Employed, House wife, Professional and Student. The relationship between the occupation and customer benefit was further probed with the help of Chi-square test.

The result of chi-square test reveals that the calculated chi-square value (14.39) is more than the table value (15.507) at 5% level of significance for 8 degrees of freedom and therefore, the relationship between occupation of the respondents and customer benefits is not significant. Thus, the hypothesis that the occupation of the respondents influences the customer benefit does not hold good.

The Table - 6 refers to the mode of payment of respondents and impact on customers benefits in online marketing.

### TABLE - 6

The relationship between the mode of payment of the respondents and the customer benefit was further probed with the help of chi-square test. The result of

chi-square test reveals that the calculated chi-square value (1.7538) is less than the table value (12.592) of Chi-square at 5% level of significance for 6 degrees of freedom and therefore, the relationship between the mode of payment of the respondents and customer benefit is not significant. Thus, the hypothesis that the mode of payment of the respondents influences the customer benefit does not hold good.

### **PROBLEMS**

The study reveals that the following are the common problems faced by the customers of online marketing.

1. 25 per cent of the respondents feels that high dial-up charges charged by the ISP is one of the problems faced by the customers of online marketing.
2. 12 per cent are of the opinion that online buying and selling process is still under-developed and is costly and complicated.
3. There are complaints that obtaining phone lines and sufficient bandwidth from telecom providers quite slow and difficult to access.
4. Most of the respondents (78 per cent) feel that India, a growing economic engine of the world requires a stronger and active monitoring system to take net related crimes and frauds.
5. Lack of privacy and security issues. More than 50% of the internet users are reluctant to give credit card information over the internet due to the misuse and lack of security and privacy problems. Regular theft of user names and passwords erodes confidence related to the security standard of the web sites.
6. Customers (nearly 36 per cent) do not trust an unknown faceless seller, paperless transaction and electronic money. So switching from physical to virtual stores is found to be difficult.
7. Lack of computer literacy among the rural and sub-urban people is another problem which affects the utilization of internet accessing.

### **SUGGESTIONS**

The following are the suggestions offered by the researchers to overcome these problems and to improve the benefits derived by the customers of the online marketing in Coimbatore City.

1. Dial-up charges should be reduced.
2. Dual tariff system for phone use in an internet or E-commerce environment should be introduced and special packages should be provided to attract the customers.
3. A realistic attempt should be made by the Government to provide subsidies to computers,

gadgets and internet connectivity.

4. A higher bandwidth for data communication should be made available for speedy accessibility.
5. Regulatory frame work and grievance redressal mechanism should be made available for the easy availability of internet connection to common man to access.
6. Comprehensive security guide lines and an institutional frame work to see that the safe guards are adhered to.
7. Severe action should be taken by the Government against those who are using personal information. A specially trained cyber police force to tackle net crimes, should be created.
8. The Government should try to impart the compute literacy among the people especially the people living in rural area in order to raise the standard of living and to bring innovations in their life.

### **CONCLUSION**

Online marketing is one of the modern concepts in the marketing field. As it is in the developing stage, online marketing should ensure the quality of service to the customer. Despite, the rosy predictions and increased corporate activity, the Indian internet marketing system is facing many hurdles. However, the companies are working towards addressing the problems of security. The security issues can be tackled by having the company system technologically equipped to evade various operational and security risks. Reputational risks can be prevented by testing of the system before implementation and by developing contingency plans, thus creating back-up facilities. Legal and cross border risks can be avoided through proper customer identification devices, information screening techniques, periodic reviews on compliance with various laws and by gaining knowledge about various national laws of other countries put into practice. This will help the customers in cross border dealings. The study reveals that the majority of the respondents agree with the benefits provided by online marketing and are willing to continue the purchase through online marketing. The study also specifies about the pros and cons of online marketing. However, the customers face some problems. But, if the recommendations are implemented properly, the online marketing would be a success story and may provide major benefits to the customers of online marketing and improve

the businesses manifold.

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**TABLE - 1**  
**COMPOSITION OF THE SAMPLE OF RESPONDENTS**

| Sl. No. | PROFILE OF THE RESPONDENTS                    | NUMBER OF RESPONDENTS | PERCENTAGE |
|---------|---|-----------------------|------------|
| 1.      | <b><u>GENDER</u></b>                          |                       |            |
|         | Male  | 64                    | 64         |
|         | Female  | 36                    | 36         |
| 2.      | <b><u>AGE</u></b>                             |                       |            |
|         | < 20  | 33                    | 33         |
|         | 21 - 45                                       | 54                    | 54         |
|         | > 45  | 13                    | 13         |
| 3.      | <b><u>AREA OF RESIDENCE</u></b>               |                       |            |
|         | Urban   | 49                    | 49         |
|         | Sub-urban                                     | 27                    | 27         |
|         | Rural   | 24                    | 24         |
| 4.      | <b><u>OCCUPATION</u></b>                      |                       |            |
|         | Business                                      | 24                    | 24         |
|         | Salaried (Both Government and Private)        | 27                    | 27         |
|         | Professionals (Doctors, Engineers, CA's etc.) | 12                    | 12         |
|         | Home Making (Housewives)                      | 11                    | 11         |
|         | Academics (Students)                          | 26                    | 26         |
| 5.      | <b><u>MONTHLY INCOME (Rs.)</u></b>            |                       |            |
|         | < 10,000                                      | 66                    | 66         |
|         | 10,001 – 20,000                               | 26                    | 26         |
|         | > 20,000                                      | 8                     | 8          |
| 6.      | <b><u>MODE OF PAYMENT</u></b>                 |                       |            |
|         | Credit Card / Debit Card                      | 43                    | 43         |
|         | VPP   | 8                     | 8          |
|         | Cheque / DD                                   | 40                    | 40         |
|         | Others  | 9                     | 9          |

**TABLE - 2**  
**RESPONDENTS' OPINION ON ON-LINE MARKETING**

| Sl. No. | PARAMETERS  | OPINION    |            |            |
|---------|---|------------|------------|------------|
|         |   | Agree      | No Idea    | Disagree   |
| 1.      | Enormous information in online marketing            | 84<br>(84) | 9<br>(9)   | 7<br>(7)   |
| 2.      | Availability of 24 x 7 online marketing             | 83<br>(83) | 10<br>(10) | 7<br>(7)   |
| 3.      | Global coverage                                     | 74<br>(74) | 15<br>(15) | 11<br>(11) |
| 4.      | Saving of time and energy                           | 82<br>(82) | 11<br>(11) | 7<br>(7)   |
| 5.      | Ensures privacy and security                        | 65<br>(65) | 17<br>(17) | 18<br>(18) |
| 6.      | Availability of after-sales service                 | 43<br>(43) | 24<br>(24) | 33<br>(33) |
| 7.      | Legal enforceability                                | 14<br>(14) | 24<br>(24) | 62<br>(62) |
| 8.      | Easy comparison of products                         | 70<br>(70) | 17<br>(17) | 13<br>(13) |
| 9.      | Benefit of CRM                                      | 57<br>(57) | 23<br>(23) | 10<br>(10) |
| 10.     | Improved relationship between company and customers | 55<br>(55) | 24<br>(24) | 21<br>(21) |
| 11.     | Benefit of identification of right seller           | 60<br>(60) | 17<br>(17) | 23<br>(23) |
| 12.     | Immediate accessibility to new products             | 74<br>(74) | 12<br>(12) | 14<br>(14) |
| 13.     | Payment system is simple and easy                   | 54<br>(54) | 25<br>(25) | 21<br>(21) |
| 14.     | Transaction is quick and economic                   | 64<br>(64) | 18<br>(18) | 18<br>(18) |
| 15.     | Only the ordered products are delivered             | 48<br>(48) | 14<br>(14) | 38<br>(38) |

Source: Primary Data

**TABLE - 3**  
**GENDER OF THE RESPONDENTS AND IMPACT ON THE CUSTOMER BENEFITS**

| Sl. No. | GENDER       | BENEFITS    |               |               | TOTAL      |
|---------|--------------|-------------|---------------|---------------|------------|
|         |              | LOW         | MEDIUM        | HIGH          |            |
| 1.      | Male         | 3<br>(1.92) | 25<br>(28.8)  | 36<br>(33.28) | <b>64</b>  |
| 2.      | Female       | 0<br>(1.02) | 20<br>(16.56) | 16<br>(17.34) | <b>36</b>  |
|         | <b>TOTAL</b> | <b>3</b>    | <b>45</b>     | <b>52</b>     | <b>100</b> |

Source: Primary Data

(Figures in brackets are shown expected frequencies)

**TABLE - 4**  
**AREA OF RESIDENCE AND IMPACT ON CUSTOMER BENEFITS - TWO WAY TABLE**

| Sl. No. | AREA OF RESIDENCE | BENEFITS    |               |               | TOTAL      |
|---------|-------------------|-------------|---------------|---------------|------------|
|         |                   | LOW         | MEDIUM        | HIGH          |            |
| 1.      | Urban             | 1<br>(1.47) | 21<br>(22.05) | 27<br>(25.48) | <b>49</b>  |
| 2.      | Sub-Urban         | 1<br>(0.81) | 12<br>(12.15) | 14<br>(14.04) | <b>27</b>  |
| 3.      | Rural             | 1<br>(0.72) | 12<br>(10.80) | 11<br>(12.48) | <b>24</b>  |
|         | <b>TOTAL</b>      | <b>3</b>    | <b>45</b>     | <b>52</b>     | <b>100</b> |

Source: Primary Data  
(Figures in brackets are shown expected frequencies)

**TABLE - 5**  
**OCCUPATION OF THE RESPONDENTS AND IMPACT ON THE CUSTOMER BENEFITS - TWO WAY TABLE**

| Sl. No. | OCCUPATION   | BENEFITS    |               |               | TOTAL      |
|---------|--------------|-------------|---------------|---------------|------------|
|         |              | LOW         | MEDIUM        | HIGH          |            |
| 1.      | Employed     | 1<br>(0.81) | 15<br>(12.15) | 11<br>(14.04) | <b>27</b>  |
| 2.      | House wife   | 0<br>(0.38) | 6<br>(3.96)   | 5<br>(5.72)   | <b>11</b>  |
| 3.      | Business     | 0<br>(0.72) | 9<br>(8.64)   | 15<br>(12.48) | <b>24</b>  |
| 4.      | Professional | 2<br>(0.36) | 5<br>(4.32)   | 5<br>(6.24)   | <b>12</b>  |
| 5.      | Student      | 0<br>(0.78) | 10<br>(11.7)  | 16<br>(13.52) | <b>26</b>  |
|         | <b>TOTAL</b> | <b>3</b>    | <b>45</b>     | <b>52</b>     | <b>100</b> |

Source: Primary Data  
(Figures in brackets are shown expected frequencies)

**TABLE - 6**  
**MODE OF PAYMENT OF RESPONDENTS AND IMPACT ON CUSTOMER BENEFITS - TWO WAY TABLE**

| Sl. No. | MODE OF PAYMENTS      | BENEFITS    |               |               | TOTAL      |
|---------|-----------------------|-------------|---------------|---------------|------------|
|         |                       | LOW         | MEDIUM        | HIGH          |            |
| 1.      | Cheque / Demand Draft | 1<br>(0.93) | 18<br>(14.26) | 17<br>(15.81) | <b>36</b>  |
| 2.      | VPP                   | 0<br>(0.3)  | 6<br>(5.06)   | 5<br>(5.61)   | <b>11</b>  |
| 3.      | Credit Card / Debit   | 1<br>(1.08) | 12<br>(16.56) | 18<br>(18.36) | <b>31</b>  |
| 4.      | Others                | 1<br>(0.66) | 9<br>(9.9)    | 12<br>(11.44) | <b>22</b>  |
|         | <b>TOTAL</b>          | <b>3</b>    | <b>45</b>     | <b>52</b>     | <b>100</b> |

Source: Primary Data  
(Figures in brackets are shown expected frequencies)