

Effectiveness of the Internet in Reaching Out to the Masses

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EXECUTIVE SUMMARY

A unique platform that connects people worldwide and at the same time brings truck loads of information on almost anything you can imagine. Internet is the new age tool for marketers to optimize their businesses. There has been a huge growth in the internet usage in the last decade. For instance, India jumped from 5 million users to 81 million users in the last 9 years. There are various things that people can do on the internet. People can interact with each other, see videos, share stuff, news, research, play games, shop and a lot other activities. Internet is a new world altogether. People make sites to find their lost love and end up connecting millions (heard of Orkut?), brand owners can listen to thousands of customers from around the globe without moving from their chair (seen Twitter?), NGO's run campaigns to motivate people to vote (Jagore.com)... these are just a few examples of internet's growing reality in today's world. The cost effective reach and huge growth combined makes Internet marketing a great avenue for any business. The good thing about the internet marketing is that it's very dynamic. You can access everything with just a simple click sitting at your homes. It has made the whole world as one market by getting people to connect. You can market a wide range of products on the internet right from a matchstick to an aeroplane (yeah they sell on eBay). Also one key aspect people don't know is that internet not only markets physical goods or services, it also markets content in the form of blogs, forums, eBooks etc and many services (for both consumers and enterprises).

With the masses clinging on to the web, innovative companies have created businesses around it that were unheard of until the last decade. 97% of Google's revenue comes from Online Advertising. Leveraging its massive reach to the internet audience, Google serves majority of the AD banners you see while surfing the internet. With such a huge number of users the internet has established a market of its own and therefore studying and understanding tools and techniques regarding internet marketing has become essential for marketers.



Evolution of Marketing

At the beginning of the 19th century, social life was mostly local. It was followed by a period in which commodities were produced on a mass scale. Consumer Marketing operated on mass marketing 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. Marketing is especially tied to communication and transportation revolution. As the tools and reach of marketing increase, the job and responsibilities of marketers have evolved with them. Kotler formalized this evolution with his book "Marketing 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 marketing 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 marketing 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 Globally and India

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 estimated 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) increased by leaps and bounds and March 2006 saw 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 to \$ 100 billion i.e. around Rs.4500 billion by end of 2008 which includes both b2b and b2c transactions. However, Business to business deals constitutes the majority of e-commerce transactions in India.

The Figure below gives us a fairer idea of the current world internet usage.

Diagram 1.1

WORLD INTERNET USAGE AND POPULATION STATISTICS						
World Regions	Population (2009 Est.)	Internet Users Dec. 31, 2000	Internet Users Latest Data	Penetration (% Population)	Growth 2000-2009	Users % of Table
Africa	991,002,342	4,514,400	65,903,900	6.7 %	1,359.9 %	3.9 %
Asia	3,808,070,503	114,304,000	704,213,930	18.5 %	516.1 %	42.2 %
Europe	803,850,858	105,096,093	402,380,474	50.1 %	282.9 %	24.2 %
Middle East	202,687,005	3,284,800	47,964,146	23.7 %	1,360.2 %	2.9 %
North America	340,831,831	108,096,800	251,735,500	73.9 %	132.9 %	15.1 %
Latin America/Caribbean	586,662,468	18,068,919	175,834,439	30.0 %	873.1 %	10.5 %
Oceania / Australia	34,700,201	7,620,480	20,838,019	60.1 %	173.4 %	1.2 %
WORLD TOTAL	6,767,805,208	360,985,492	1,668,870,408	24.7 %	362.3 %	100.0 %

Diagram 1.2

TOP 5 COUNTRIES WITH HIGHEST NUMBER OF INTERNET USERS						
#	Country or Region	Population, 2009 Est	Users Latest Data	% Population (Penetration)	Growth 2000-2009	% of World Users
1	China	1,338,612,968	338,000,000	25.3 %	1,402.2 %	20.3 %
2	United States	307,212,123	227,636,000	74.1 %	138.7 %	13.6 %
3	Japan	127,078,679	94,000,000	74.0 %	99.7 %	5.6 %
4	India	1,156,897,766	81,000,000	7.0 %	1,520.0 %	4.9 %
5	Brazil	198,739,269	67,510,400	34.0 %	1,250.2 %	4.0 %

So as the stats read internet usage has increased tremendously all over the world including India with a global growth of 362 % and India with a growth of more than 1500 %. However, the penetration of internet is still low globally as well as in India with 25 % and 7% respectively. So still there is a lot of scope in Internet usage and it will only grow more from here.

WHAT DO PEOPLE DO ON THE INTERNET?

A unique platform that connects people worldwide and at the same time brings truck loads of information on almost anything you can imagine. Internet is the new age tool for marketers to optimize their businesses. People can interact with each other, see videos, share stuff, read news, research, play games, shop, search jobs, banking and a lot of other activities. Internet is a new world altogether.

However, if we go by statistics most of the people use the internet for purposes like emailing and search information and news. However, now with the growth of internet usage among age group of 16-34 and also social media coming into the picture with sites like facebook, twitter and orkut even, social networking and IM on the internet has also grown. But people just don't stick to one task at a time, they do multi-tasking.

Effectiveness of the Internet in Reaching Out to the Masses

The reach of Internet may not yet be as wide as that of other mass media, but given the increasing number of internet users in the world and its unique advantages it is undoubtedly the communication medium of the future. Marketers around the world have from time to time tried to reach their target audiences through various media. Scientific and technological advances have and will continue to create newer media to improve communication, and marketers will try to use the same to effectively address their audiences. Internet is one of the latest to join the list of such media inventions.

Overview of the Indian Internet Users.

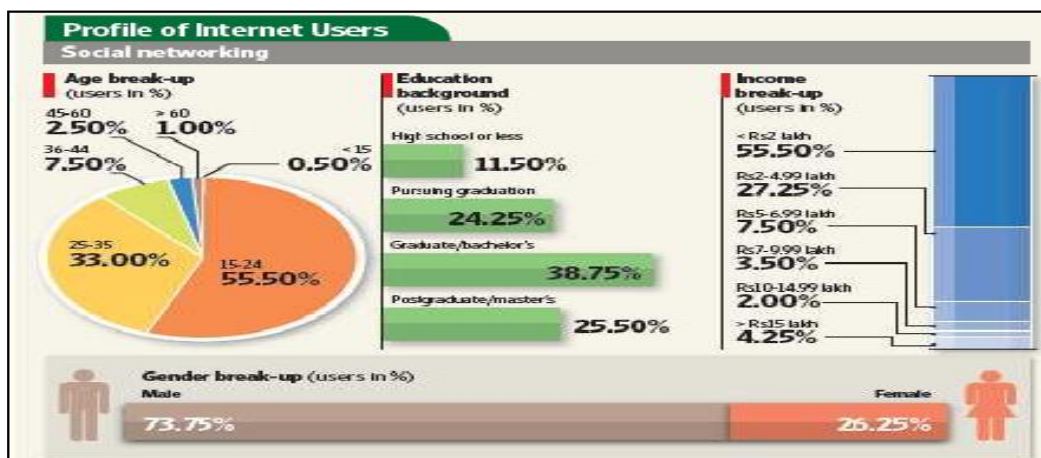


Diagram 3.1

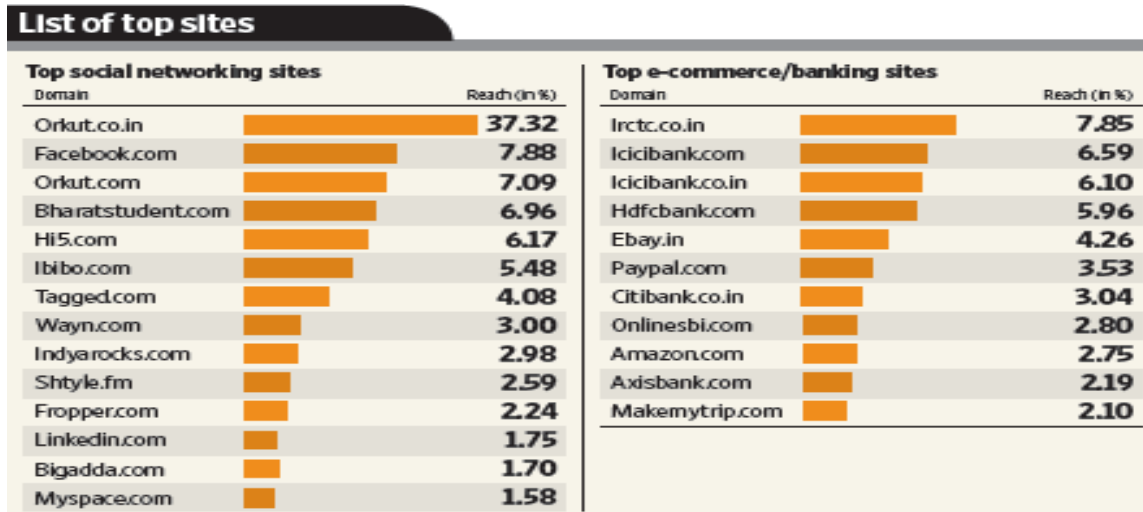


Diagram 3.2

With **81 million Internet users** India is at the 4th place globally in internet usage. The statistic is for Internet users and not for Internet connections. When it comes to **broadband connections** India does not feature in the top 10. Which means, the users are possibly using Internet centres or office to access the Internet.

Internet subscribers in India are 13.5 million and broadband subscribers are 5 million. US has about 73 million broadband users, which is about 15x of India's broadband users in 2008, which is less than 10% penetration of the internet population compared to the US broadband penetration of the internet users, which is 30%. An estimated 4.6 million Indian Internet users are Banking Online today. Only 37% of Indian Internet users come from Top 10 cities. 51% of users accessed dating / friendship sites. Most popular search engine is Google and major activities are social networking & IM, job search, online banking and shopping, matrimonial search, watching videos and downloading songsets.

Male online users increased in absolute numbers but dipped from 72% (2004-05) to 68% (2005-06). Women numbers increased from 28% in 2004-05 to 32% in 2005-06 [12.32 million]. The estimate for the male female ratio in the next 2 years is that it will be closer to the 60:40.

According to industry estimates, there will be 80 million (already crossed that figure) Internet users in India by 2010 and 100 million by 2012. Mobile Internet Browsing is said expected to grow to 400 million (a figure that I strongly doubt) as 3G is set to come up in the next year and mobile usage difficult that any legal issue will threaten it.



Conclusion

On the whole, I feel internet marketing definitely has huge potential and in the coming years it will be of great importance due to the growing number of users. However, you cannot ignore the fact that traditional marketing is here to stay for some more time. It would take a while for the new media to sink in and penetrate into the vast sphere of traditional marketing. The need of the hour is to educate business owners about the growing importance of Internet Marketing.

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