A STUDY ON MARKETING MIX IN DIGITAL ENVIRONMENT

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Abstract:

The introduction of the Internet into our lives has brought many opportunities that affected also marketing. With the development of the Internet, online sales (e-sales) have become more common in every day society and in certain extend even replaced components of the traditional environment. The Internet is a new channel of communication which brings new opportunities in marketing. Nowadays, online marketing has taken over more and more of the budgets allocated for marketing, increasingly diminishing traditional marketing in favour of online promotion activities. The marketing mix was created in the early days of the marketing concept when physical products, physical distribution and mass communication were dominant. This paper will present how the marketing mix adapts to the online environment the two different approaches to marketing mix evolution regarding e-marketing mix and its constituents which provides an up gradation to the existing elements of marketing mix as well as focusing on the development of marketing mix theory for the digital context. The research emphasizes on the variables which creates an affinity in the minds of the customers towards digital shopping.

Key words: Marketing mix, Placement Policy, Product policy, Price policy, Promotion Policy

Introduction

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Marketing is considered to be a process of exploration, creation and delivery of value to meet the needs and desires of the target market. When Neil Borden introduced the concept of the "4 Ps", also called the marketing mix (product, price, place and promotion), marketers were given the opportunity to explore every aspect of these elements to meet customer needs and desires.

Marketing remained, in some extend, the same for many years, but together with the technological progress, there was a visible impact on the market and on marketing. In the following, there will be a presentation of the marketing mix tailored to the online market, highlighting the particularities of the 4 Ps in this environment.

In McCarthy's version, the marketing mix is composed of : Product, Price, Place and Promotion. The validity or the exclusion of the traditional mix in the digital context is a matter of if and how it is possible and convenient to extend the number of elements it includes or to dismiss it and create a new one.

The main reasons the marketing mix is a powerful concept are: It makes marketing seem easy to handle, allows the separation of marketing from other activities of the firm and thedelegation of marketing tasks to specialists; and – The components of the marketing mix can change a firm's competitive position.

In the online world, even a simple banner advertisement can be both an advertisement and a direct marketing service. The banner raises the passive consumer's awareness of a product. Yet it also encourages the consumer to pursue action by clicking on it. E-marketing must be defined to include the management of the consumer's online experience of the product, from first encounter through purchase to delivery and beyond. Digital marketers should care about the consumer's online experiences for the simple reason that all of them -- good, bad, or indifferent -- influence consumer perceptions of a product or a brand. The web offers companies' ownership and control of all interactions with customers and thus creates both the ability and the need to improve their overall experience.

Product	**Place**
Product Planning Branding Packaging Servicing	Channels of Distribution Display Physical Handling Fact Finding and Analysis
Price Pricing	**Promotion** Personal Selling Advertising Promotions

Marketing Mix has the laid the foundation of any mixes in today's era whether in digital context or physical world itself.

Elements of E- Marketing mix

E-Marketing enables "relational exchanges in digitally networked and Interactive (DNI) environments." There is a wide range of studies and research which stems from the need to find a new paradigm for operative marketing which, surpassing the 4 Ps, can define more specifically the marketing levers.

In the web-based environment, customers can initiate an interaction at any time and from anywhere, as well as before, during, or after the exchange,making the exchange paradigm very limiting when thinking about E-Marketing. E-marketing must be defined to include the management of the consumer's online experience of the product, from first encounter through purchase to delivery and beyond. The web offers companies' ownership and control of all interactions with customers and thus creates both the ability and the need to improve their overall experience.

There are two reasons for building the concept of e-marketing mix around consumer experiences. First, this approach forces marketers to adopt the consumer's point of view. Second, it forces managers to pay attention to all aspects of their digital brand's interactions with the consumer,

from the design of the product or service to the marketing message, the sales and fulfillment processes, and the after-sales customer service effort. With the advent of new

models of E-marketing mix there has been many significant changes to the consumers as well as to the society as a whole they are:

- Exploiting more than one channel to close the transaction
- Controlling customer data
- Integrating on and off-line orders
- Delivering the goods cost-effectively
- Handling returns
- Channel supporter
- Advisory and information service providers

The mix of E-marketing ranges from –

- **Precision :** refers to the increased accuracy of the selection process of the target segment and to market positioning in digital contexts, thanks principally to database management systems;
- **Payment :** systems must be secure and easy for customers to use;
- **Personalization :** concerns the possibility to create a flexible interface, which is able to adapt to customers' needs and wills;
- **Process :** it involves the way in which the transactions are performed in the digital world.
- **Privacy :** providing secrecy to the transactions of the parties in terms of exchange
- **Push and Pull :** regards the choice of trade-off among active communication policies (push) and communication on users' demand (pull).
- **Projection :** It gives wider aspect of knowledge, details and ideas.
- **Policies :** The guidelines on which the effectiveness and efficiency of the digital world is based.
- **Promptness :** the speed and quick actions of the digital world has laid the foundation of digital marketing.

The functioning of major 4 P's of Marketing mix in digital environment are as follows:

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Product Policy in the online environment

Product policy occupies a central place in the marketing mix because it constitutes the support of the other three components of the mix. Any organization must aim to produce only goods and services desired by the public to which it is addressed, both in terms of tangible features (color, size, functionality etc.), as well as in terms of the intangible ones (transport, after-sales services). According to the explanatory dictionary of marketing, product policy refers to "the manner that a manufacturing or commercial enterprise adopts, related to the size, structure and evolution of the range of goods and services that are subject to its own activities, through permanent reporting to the ongoing requirements of the market environment in which it operates".

The product, as part of the marketing mix, comprises the combination of goods and services that a company offers the targeted market. The product is a key element of the marketing offer, including both tangible goods as well as intangible ones (services). Product policy is closely related to the other three components of the marketing mix, forming together the basic marketing tools .

Knowing the difference between perceived attributes for physical products and those presented in the virtual environment is essential. Depending on the specifics of each product, the marketing of products such as clothes, books and electronics can be accomplished with greater ease, while the marketing of products such as perfumes will be accomplished with greater difficulty, because the client cannot smell perfumes in order to choose.

On the internet products lose some important features such as tangibility, taste, smell. In order to mitigate this disadvantage, online stores must provide complex information to the potential clients, attractive pictures with very good resolution showing the product from as many angles possible, with the option to zoom in or out on the product and see all its existing varieties. The technology allows the consumer to see the product in different ways.

Currently the online environment offers the possibility to purchase any products and services. These products and services are divided into three main categories, namely:

• Physical or tangible products such as clothing, books, electronics, furniture.

• Intangible Products/Services, such as tickets, travel insurances, holidays.

• Digitized products such as electronic books, software products etc.

Through the Internet, the purchase of these products is just a click away, without requiring time consuming trips and other inconveniences.

The fact that products cannot be touched and tested in the digital environment provides an even more important role for branding and building a high level of customer confidence in the companies' online presence. Also, consumer loyalty in the online environment plays an important role and is based more on building a relationship of trust than on the product itself.

Price Policy in the online environment

The second component of the marketing mix is the price policy. Due to the low cost of storage, advertising, not needing to rent a central location and other, the online environment often allows lower pricing.

Thus, in many cases, the price is one of the main advantages in the online environment. In a traditional environment, prices were established by calculating costs and finding the amount of money that those targeted were willing to pay for a particular good/service. The Internet has allowed the establishment of more competitive prices because costs such as storage, staff and locations have disappeared or diminished significantly, in the case of online shops.

When it comes to traditional shops, about 10-15% of the price is the cost of storage, stock control and delivery. In the online environment, this cost is present as delivery cost. The existence and development of courier companies allow online retailers to practice low delivery costs for a significantly lower delivery time, generally between 1 and 3 days. The Internet allows the buyer instant access to a large amount of information on offer price, delivery terms, return policy, consumer reviews made by other retailers who sell the same product and others.

Having all this information just a click away, the buyer will choose the best deal for him. Internet Pricing benefits end customer because in the online environment, he is the one who decides the price. There is a continuous adjustment between supply and demand, on the internet prices being

generally dynamic and varying from one date to another. Specific examples are booking flights and restricted stock promotions (such as those made by consumer electronics stores on the occasion of Black Friday).

Peak Prices

Peak prices refer to the high prices charged for new and innovative products that benefit from technological advantage and a good staff training, allowing the company to charge higher prices. These products are intended for fans of innovations, and their price will be reduced over time to meet the next segment of consumers.

For this method to be effective, the product must enjoy competitive advantage and be of a high quality. These peak rates will remain high as long as competitors don't place on the market a similar product. Regarding online marketing services, such prices are currently charged for applications and contests approved by Facebook, and there are currently more and more such applications starting from a price of $40/month. Development companies can charge an additional cost if the contest requires storing videos, photos or have a large number of applicants.

Penetration Prices

Penetration prices are those through which companies are trying to exploit the long term potential of a market. They use a low price to penetrate the market and to attract a baseline of clients. This was the method used in the early stage of the Internet. Yahoo started paid advertising services (ads and banners) by first offering them, even for free, to large companies.
In general it is quite difficult to maintain such a policy in the medium term unless the purchasing policy is extremely effective.

Psychological Prices

Psychological prices are based on the consumer's emotional and subjective response and are used where buyers rather feel the need to buy without analysing rationally or through an economic perspective the process. Sometimes the ethics of pricing on this basis is questionable because there were cases in which the initial price was set at a very high level in order to give a huge discount. Electronics online stores use this type of pricing.

Prestige Prices

Prestige prices are based on psychological and emotional responses to justify the high level that is seen as an indication of product quality. This price is successfully used by online retailers of luxury goods.

Magic Prices

Magic prices – are the prices that try to create the feeling that a product is cheaper than in reality. However studies have shown that sales are higher for a product with a price of 97 than for a product with a price of 99.99.

Differentiated Prices

Differentiated prices involve the use of different prices for the same product for buyers from different locations or when buying different amounts. A concrete example of this is the price of a click on Google AdWords, which varies significantly for different sites bidding on the same keywords, taking into account a number of criteria of differentiation.

Placement Policy in the online environment

The Internet, in general, significantly reduces office costs and distribution costs, thus allowing significant price reductions. Companies in this environment need to understand the power that price comparing websites give to customers (as Price.ro, Ebay.com, Amazon.com, etc.). Besides these aspects, the major advantages are the possibility of rapidly changing prices to take advantage of certain opportunities in the environment.

For many organizations, the Internet is just another distribution channel. For others it is a business model that allows servicing customers on a much larger area in a more efficient manner. For companies that sell products online physical distribution, channel management and logistics are essential to customer satisfaction by delivering products on time. In this case, Internet users enjoy the convenience and speed but requires the existence of a physical distribution.

Internet protocols ensure a very good exchange of information in real time. Buyers can use the Internet to obtain information about their account and track orders. The Internet offers companies

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the opportunity to reach consumers directly and eliminate intermediaries. This is possible only to the extent that they are able to take over their role, to gather information necessary to market an develop their experience interacting with customers. So, before the decision to establish the composition of the distribution channel this information should be analyzed and also the opportunity to introduce some intermediaries that have emerged due to the development of the Internet.

Glazer argues that by increase in information value, supporting role traditionally played by intermediaries becomes more important. Distribution activities, logistics and purchasing benefited enormously from the emergence and development of the Internet. One of the tasks of marketing is to lead products at the right place and time. Decisions about distribution channels are related to the other elements of the mix. They have a major impact on the availability and storage of products, total cost, retail price and promotion activity.

Furthermore they can provide an important competitive advantage and significant cost reduction opportunities. The need for product customization influenced production and caused the shift from mass production, which included a reduced term for customized production involving a longer period of time. Under these conditions the pressure in reducing time has moved on supply and distribution, and there was now an increased need and opportunity to integrate the three types of information flows described above.

Promotion Policy in the online environment

Promotion is the star component of the marketing mix and refers to the means of communication used to inform the target market and convince potential customers and other stakeholders, to choose a company and/or its products. The online communication is done through a number of channels, and promotion methods that are based on the same principles of marketing and communication, but with new functionality.

Online environment complements traditional methods of promotion with a series of instant communication methods at low cost and with a very precise market segmentation. There are a

number of online promotion methods: the site itself, paid advertising (text and image ads, banners, through videos), optimizing your site for search engines, promoting an organization through social networks, through partners and affiliates and through newsletters.

Paid advertising is a part of an actual online promotion method. By this practice the company will list ads in the paid section of search engine results or on the display network. Unlike the SEO that generates free organic traffic according to the popularity and authority of each website, paid advertising involves allocating budgets on an ongoing basis. For each click users give, the company will pay a certain price which can also vary from one minute to another depending on its intended competition and search volume.

Optimizing a site for search engines (like Google, Yahoo, Bing, etc.) play an important role because search engines are the most used method of searching for information in the online environment This activity requires time and effort and is structured on two main activities: optimizing the actual site (called "on site optimization") and growing the site's authority and popularity by achieving references from related high quality sites (called "off site optimization").

Social marketing is a key service that any company providing web services should use intensively. Social marketing campaigns imply creating active profiles that continuously distribute attractive information for its targeted audience, looking to maintain their attention. Along with distributing relevant information field, the firm must interact with its users requesting feedback on how they can improve their online and offline activity. From such interactions, the organization grows its online exposure and can therefore attract new customers.

Online partners represent another method to increase an organization's online presence extensively. Any company should be present in the online environment on as many virtual partner sites: directories, websites related to their business activity, media outlets etc.

Affiliate marketing is a form of promotion based strictly on results based on a Cost-Per-Action (CPA). In affiliate marketing, a merchant (called advertiser) pays the affiliate (called publisher) for each action (such as subscribing to a service, generating a sale, etc.) carried through its

website. Such systems are based on an affiliate network made up of several sites in which advertisements are posted, linking through the advertiser's website. Site visitors who click on such an announcement will be redirected to the website that is being promoted, and if this action entails a conversion (sale, registration or any desired objective), then the affiliate will receive a com-mission.

Newsletters represent a way of promoting an organization at a significantly lower cost than through the traditional mail (almost nonexistent), easily customizable, allowing a precise segmentation of the market and instant reference to the database.

Despite the fact that online marketing has different rules than the traditional marketing, the basic principles of both environments are the same: knowledge of the target market, understanding the demographic characteristics, targeting the right market segment, making the right strategic decisions and implementation etc. As a conclusion we can say that the Internet is a complementary medium of the offline environment.

Conclusions

The 4 Ps marketing mix was created in the early days of the marketing concept when physical products, physical distribution and mass communication were dominant. Today, with the new business environment created by the different and empowered capabilities of digital contexts, the marketing mix paradigm increasingly becomes object of criticisms.

The Internet has had a significant impact on the communication between buyers and sellers. In recent years, many new digital communication tools: email, banners, blogs, interactive television, search engines, the interstices (pop-ups), online communities, web conferencing etc.

The advantages achieved when promoting organizations through the online environment were presented to highlight the importance of this medium: lower cost, flexibility, speed, the high importance given to the client who ultimately has control in the online environment, increased interactivity and rich amount of information provided by this environment, overcoming

geographical boundaries and other possible barriers and permanent access, as this environment is accessible 24 hours a day and seven days a week. Currently, the Web is a great opportunity for any business, all industries facing dramatic changes. Web services have emerged as a natural need for expansion of information technology.

The dynamics of this development made the IT services industry to become a very widespread component in the strategy of any company, regardless of the activity. All these, together with the need of a high connectivity for any business, are the key factors that made web services become indispensable for any successful business.

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