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## THE INTERNET AS PART OF MARKETING

## LA INTERNET COMO PARTE DEL MARKETING

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### Abstract

The investigation of market in international level, competitive conditions, small relatively cycle of products, more increased requirements of clients, political and economic developments and continuous technological development consist samples of the influential agents in taking decisions marketing as a result the development of science information with equipment level but also software so the changing conditions of business environment give new dimensions in operation of taking decisions in marketing. The use of internet offers an essential help in the direction of a better understanding and successful management of dangers that the professional engagement in enterprises that maintain or intend to transfer a part or the total of their activities to internet buying sites involves. The specific article in order to investigate of factors influence internet in environment of marketing, the causes of activity internet in markets based on method of secondary research which used for the collection data which collected from libraries, sources and data from the same enterprises for the creation of basis bibliographic review. Followed the content analysis, export conclusions for the use products from consumers and understanding results of the actions marketing. The main target of article is researching the influence of internet in action of entrepreneurship.

### Keywords

Electronic marketing – Internet – Electronic markets – Communication

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## Introduction

The exercise of policy marketing has a target the successful guidance of business activity an enterprise in selected markets-targets. For this reason, is given great importance in concentration, analysis and evaluation of data following the making decision in topics marketing.

The department marketing an enterprise is usually found faced with timeless and increased data which should apply to end up in decisions. The information technology and using personal computer can help the marketers in following steps for the taking decisions in problems marketing, starting from the correct structure and organization of marketing information system advancing in application suitable decision support systems for the marketing and ending up in using experience and knowledge of special branch. The consolidation of above systems, in a completed system supported from the information consists the pursuit of department marketing an enterprise and how the internet acts in electronic markets.

## Factors of environmental marketing

Kotler<sup>1</sup> notes that those factors influence totally the global economy, the globalization, the technology and the procedures of the overhaul of markets. Specifically, the factors that form the influence of the internet, the environment of marketing, refer to the abilities named **connectivity** and **digitalization** which are related to saving information in digital media and its transportation through informational and telecommunication networks.

The activity of many enterprises in electronic markets caused shocks in various members of the distribution chain for **disintermediation** due to using of the internet. The **disintermediation** of intermediaries refers exactly to the phenomenon of featuring new forms of intermediaries fully active in an electronic environment with the main business interest in the management of informational flows between clients and electronic commercial enterprises. The factors of internet in environment of marketing are:

## The opportunities for improvement of product solutions

The environment of conventional economy revolves around enterprises that put a lot of effort to automating the production procedures and the offered type of products. Contrarily, the environment of the new economy is supported by enterprises of information intensity. These enterprises maintain advantages of easy differentiation, adaptation, personalization, and dispersion on the internet at a fast speed. The adaptation refers to the possibility of the entrepreneurship to offer different products, specialized in the needs of every client. An internet entrepreneurship has the possibility to interact with every client and in this way, it personalizes the messages and the offered services in relation to them.

The using of the internet, M. Porter claims that “The key–question is not if the enterprises will use the internet – the enterprises have no other choice if they want to stay competitive – but how they will use it”<sup>2</sup>.

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<sup>1</sup> Ph. Kotler, Marketing management, 11<sup>th</sup> International edition (Prentice Hall. 2003).

<sup>2</sup> M. E. Porter, “Strategy and the Internet”, Harvard business review (2001).

## The expected benefits

In their research, Poon and Swatman<sup>3</sup> tried to divide one more factor, the factor of the **expected benefits**, in direct and indirect ones, but also in short-term and long-term ones. The direct expected benefits are those that can directly be quantified, while the indirect ones are not easy to quantify and foresee. On the other hand, the short-term expected benefits are perceived in some months, while the long-term ones require more time.

In their research Poon and Swatman<sup>4</sup> researched the conditions-factors for successful adaptation of internet from the media but also the strategic influences that issued from their use. The writers used the method of case study. The sample was 23 small enterprises and the method was interviews of executives. The results of interviews drove in recognition of factors successful use of internet that are: a) the way of use internet, b) the enthusiasm of management, c) the expected benefits and d) the industrial branch.

Nance<sup>5</sup> in a him research tried to verify the role that plays the internet in exports and marketing, used the method of study cases having for sample 16 export entrepreneurs with the method of structured phone interviews. Among the results Nance<sup>6</sup> declares that there are four important internet factors which influence the environment of export marketing: a) *the time of activation of the entrepreneurship in the market*, b) *the size of the industrial sector to which the entrepreneurship belongs*, c) *the structure of every sector* and d) *the experience of export executives*.

## Causes of internet activity

Connor and Keefe<sup>7</sup> in their research examined the pros and cons of internet activity which are:

1.- The **financial justification** that refers to the reduction of the operation cost. A lot of enterprises handle the internet as a method of reducing the operation cost, as for example the cost of communicational material and the cost of the extension to a new market. The cost of services per client is much less than the development of multiple alternative communication solutions with conventional means for every department of the market. While Hanson notes that the reduction of the cost offers an effective logistic argument in favor of the internet presence.

O Connor and O Keefe held a primary and secondary research. The procedure of primary research marketing is the structured approach that help to ensure that the efforts of researchers will drive in a use information especially when the research becomes for product online.

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<sup>3</sup> Poon and Swatman, "Small Business use of the Internet: Findings from Australian case studies", *International Marketing Review*, Vol: 14 num 5 (1997).

<sup>4</sup> Poon and Swatman, "Small Business use of the Internet..."

<sup>5</sup> B. Nance, "The Internet and international exporting: A study of Internet use among Exploring Manufactures" Independent Study". Final paper, MBA program Ohio University. 2000.

<sup>6</sup> B. Nance, "The Internet and international exporting..."

<sup>7</sup> G. G. O' Connor and O'. Keefe, "Viewing the web as a marketplace: the case of small companies" *Decision support systems*", Vol: 21 num 3 (1997).

The secondary research marketing is the search of researchers in bibliography for previous researchers and results that could use in their research. The sources of secondary research are: a) the governmental publications, b) the general type, c) magazines industries, d) web sites companies researches, e) web sites competitors and case study.

The main reasons that O' Connor and O' Keefe<sup>8</sup> held the research were the activation in internet but also the speed conduct and acquirement of results.

An indicative result of the reduced operation cost is a study of the USA Department of Commerce according to which in the bank industry the money transaction from one bill to another has a cost for the bank:

- \$ 1.07 if the transaction is made through an employee
- \$ 0.27 if the transaction is made through an atm.
- \$ 0.01 if the transaction is made through an electronic bank

2. **Increase in efficiency:** Another cause of internet activity is the increase in efficiency which due to the internet presence has two main dimensions. The first one is related to the dramatic increase of the available informational material and the reduction of the search cost due to computer technologies. The second one is related to the improvement of the competition of all the members of the supplies chain. Consequently, the improvement of competition is reflected both in a level of relations of the entrepreneurship and in that of the entrepreneurship procurement. The above cases are related to aspects of e-business.

3. The **open access:** is a cause of internet activity. The internet changed the dynamic of markets and the place of distribution channels. Specifically, it reduced importantly the need for dependence on a lot of intermediaries' levels and on complicated distribution channels that were essential in order for a product to be available in the market. Certainly, the changes that the internet brought on were very dramatic so a lot of industrial analysts referred to removing intermediaries. In substance, the internet reformed the structure leading to removing some intermediaries of information a lot of times and helping to create a new type of intermediaries.

The internet and especially the worldwide web offers a unique chance for communication in enterprises regarding the values, structure, culture, qualitative solutions and their story with the public, and the users. The unique chance is inferred by the massiveness that characterizes the internet, by the variety that characterizes the efficiency of the content and the low implementation cost in relation to using other conventional means.

Nanson<sup>9</sup> adds two more benefits that ensue from the communication chances, the creation of category building and the creation of commercial signals on the internet (online brand building). The creation and development of product categories are realized via the architectonic plan of the internet application. Specifically, the entrepreneurship creates sub-areas dedicated to information, education and supporting of users about a productive category or possibility inside the internet application.

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<sup>8</sup> G. O' Connor and O'. Keefe, "Viewing the web as a marketplace..."

<sup>9</sup> W. Nanson, Principles of Internet Marketing, South-West College Publishing. Thomson Learning. 2000.

On the other hand, the creation of commercial signals on the internet has a meaning mainly to enterprises that are activated only in it. Generally, the creation of commercial signals is one of the most complicated projects that the marketers encounter.

### Unique characteristics of internet

Regarding the Unique characteristics of internet Dann and Dann<sup>10</sup> mention that the efficient electronic marketing requires from the enterprises and organizations the exploitation of all the characteristics of the internet and their integration in marketing strategies, given that the electronic marketing continuously evolves and it is developed and adapted in order to exploit efficiently all the unique characteristics of the internet that are:

- The possibility of interactivity is the degree to which the user can interact with the internet applications.
- Variety and customization are all the change, interaction and adapted content levels that are located on internet applications.
- Global access. It is the global nature of the internet i.e. the internet applications are everywhere accessed in the same way and have a similar depiction.
- Time independence. Most data/applications of the internet are always accessed without the requirement of physical presence to operate.
- Interest-driven. The internet experiences of the user are a result of their navigation and search choices instead of being a result of a passive acceptance of information by some source. Opposite to the massive communications where the transmitter sends a common signal to all the receivers-users, in the place of the internet an active participation is required from the user because the possibility of selecting a lot of different transmitters is provided to them.

### Influence of the internet in markets

Regarding the influence of the internet in markets, Bakos<sup>11</sup> mentions that the markets have a basic role in the economy as they limit the framework of its development and are distinguished by three identifying operations. A) The **matching** of clients with the suppliers. The procedure of matching of clients is related to the product offers and consists of the determination of productive offers, the search, and verification of prices. B) The **facilitating of exchanging information** for products, services and payments that are related to the transactions in markets and C) the provision of regulatory and legal framework operation that allows the normal operation of the market, in substance, is related to the laws and rules of commercial law.

In modern economies, the first two operations are offered by intermediaries while the third one is offered by governmental organizations.

### The influence of internet in level of productive offers

The influence of the internet in the level of productive offers is related to the electronic markets or the electronic buyer systems which are inter-company informational

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<sup>10</sup> S. Dann and S. Dann, Strategic Internet Marketing, John Wiley & Sons Inc: 2001.

<sup>11</sup> Y. Bakos, "Towards friction-free markets: The emerging role of the Electronic marketplaces on the Internet", Communications of the ACM, Vol: 41 num 8 (1998).

systems and allow the information exchange between suppliers and buyers. The electronic markets require important original investments during their development. Nevertheless, with their operation, they decrease the inter-company marginal coordination cost and the effective management of more transactions with a better timing of operations before entering their maturation phase.

The trends that differentiate the product offers in electronic markets from the product offers in conventional markets are two<sup>12</sup>:

- The possibility of increased personalization and customization of productive solutions and
- The aggregation of informational departments of productive offers in order to match the consumer needs with product offers and support new pricing practices.

At this point, it should be noted that the enterprises should always decide which the product characteristics and the operative specifications of the offer will be. This decision is related to and guided by the relative cost of every different bundle of products that includes the production cost and the transaction and delivery cost. One of the results of the internet is the reduction of transaction cost or improvement of the market efficiency. The theory that rules the transaction cost is named “coasian economy” and maintains a central position in e-business.

### **The influence of the internet in the level of search cost**

Regarding the influence of the internet in the level of search cost, it should be noted that the electronic markets decrease drastically the information search cost for the consumer. The information search is related to the detection of different productive offers and their comparative evaluation. Moreover, the electronic markets decrease drastically the communication cost of information regarding the product characteristics and their prices for the supplier.

The decrease in search cost in electronic markets improves the efficiency of the cost for the enterprises that are activated in them. The clients-users do not benefit only from the decreased search cost because they collect information about the different product offers but also benefit from the choice chance and purchase of productive solutions which serve better their own needs.

There are some computer technologies that help the clients in the search. These are the **search engines** that are separated in a) hierarchical directories e.g. google.com, b) generic tools as the first form of altavista.com and c) specialized tools that operate in a specific framework of markets as the pricewatch.com. Another technology is the intelligent agents that are a logistic entity that finishes whole projects for the user or another program with some degree of freedom and autonomy. Essentially, the intelligent agents are internet applications that have been developed in order to explore the internet and proceed in comparisons based on criteria and choices that the user sets<sup>13</sup>.

These technologies maintain the search cost for the client at a low level and facilitate the emerging of new markets but also influence the competitive place. The

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<sup>12</sup> G. Siomkos, Strategic electronic marketing. Editions Stamouli. 2004.

<sup>13</sup> M. E. Porter, “Strategy and the Internet...”

electronic markets allow the development of new models **verification of price**. These are the discriminatory pricing policy and the enabling to clients to negotiate their purchasing via offers with the using of intelligent agents. The possibility of personalization of productive solutions in comparison to the possibility of collecting and processing essential information for the potential clients enhances the prospect modulation of pricing policy discrimination. In other words, it enhances the prospect of assignment of different prices to different categories of clients for the same or similar productive solutions.

Enabling clients to negotiate their markets via offers with the use of intelligent agents constitutes a relatively new business model. The new ways of verifying the price of the product that are offered by the internet change. The financial theory has shown that the changes in the microstructure of markets influence both efficiency and the negotiating power of participants in it. Moreover, the more the cost of categorization on the internet is reduced the more a stable pricing will give ground on that of negotiating.

### **The influence of the internet in the level of facilitation of transactions**

It is a certain fact that the electronic markets improve the exchange of information between clients and suppliers, a fact that reduces the cost of the supply chain because it operates in a meliorative way in the management of the warehouse and scheduling of transfers. The suppliers of electronic markets have the opportunity to manage directly the distribution of products to their clients selecting the most effective systems of natural distribution and decreasing the time of delivery.<sup>14</sup>

The assurance of electronic transactions constitutes one more critical factor in electronic markets. Also, technologies of encryption such as that of the public key offer security and authentication of internet-transactions. Thus, they allow information-intermediates to provide information to consumers about the reliability and reputation of suppliers.

### **The influence of e-business in marketing**

The field of marketing is in the epicenter of changes that take place due to the entrance of businesses in the digital environment. According to the research of the journal Information Week, the areas of business practice that encounter the most changes due to internet and technologies that support it are the traditional practices of marketing, the service of clients, the sales as a whole, and parts of business system marketing. The changes in IT technologies and their integration in business processes remodel the way in which the businesses develop and manage the relations with their clients.

The internet allows the client to come in contact with the business at any time and at any geographic location in order to collect information and do transactions. The information and also the environment of transactions can be adapted to the special needs of the client. The internet allows buyers to easily find information about the competitive products. Bakos<sup>15</sup> developed the theory of “drastic reduction of search cost” in the digital environment. One of the main conclusions of this theory is the increase of the negotiating

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<sup>14</sup> Marko Marisano, “The effects of digital marketing on customer relationships”, working paper. Helsinki school economics. 2003.

<sup>15</sup> Y. Bakos, “Reducing Buyer search costs implications for Electronic Marketplaces”, “Management Science”, Vol: 43 num 12 (1997).

power of the consumer over the business. Moreover, the most important electronic businesses use the information technologies that support the internet for the development of personalized communicative tactics and product offers. According to researches that have been conducted, competitive electronic buyer locations are developed on the internet where the technologies of information are used as a basic ingredient of marketing strategies and relations development environment. In addition to this, the information about consumers that is channeled inside various electronic markets contributes effectively to the appreciation of the life value of the client, which is related to the potential financial benefit that the business can draw upon the client. If the life value of a client is less than its maintaining cost, the business has two possibilities: either to increase the cost of the offered services or to choose not to serve them at least with the same care as its average client.

The technologies of information have changed dramatically the nature of marketing. Businesses use computer systems to collect data from the points of sale and systems of telecommunications to distribute the collected information to members of the supply network or supply chain and delivery network.

The internet allows businesses to aim at the global market and not restrict themselves to local and geographically determined markets. The information regarding the buying behavior of consumers is saved in databases which are dynamic systems that offer possibilities of information and completion of consumers' data, export of data as well as an extensive and unhampered disposal of these data to anyone and anywhere accordingly to the operative tactics of the business. Consequently, the databases allow the business to create dynamically adaptable profiles of departments of the market and consumers in order to collect information that will allow planning more adaptable and personalized productive solutions and better targeted communicative plans.

## **Conclusion**

In our days the competition of businesses is really strong. As a result, the use of the internet is necessary since it provides enormous benefits when it is used correctly via its potential applications. For this reason, the businesses observe continuously the developments in markets and try to follow the best strategy of electronic marketing so that they respond to new challenges but also to the requirements of consumers.

We can tell that this era of electronic marketing is an era of a rapid development at an international level. The electronic marketing is used more and more, the new techniques that are based on electronic marketing contribute to points that every business has to enhance but what will change the way in which businesses will use the internet is the needs of the consumers.

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