



## MAKING MARKETS ONLINE AND DATABASE MARKETING

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**ABSTRACT**

The Internet is a worldwide network of computer networks and the World Wide Web is one of the Internet's most popular services, providing access to over two billion web pages. The twenty-first century will be the age of a digitally enabled social and commercial life. It appears likely that e-commerce will eventually impact nearly all commerce, or that all commerce will be e-commerce by the year 2050. E-Commerce is the use of the Internet and Web to transact business. In E-Commerce the focus is on digitally enabled commercial transactions between and among organizations and individuals. Digital enabled transactions include all transactions mediated by digital technology. This means transactions that occur over the Internet and the Web. Commercial transactions involve the exchange of value (e.g. money) across organizational or individual boundaries in return for products and services. Market makers are companies that create place, rules and infrastructure for trading. Market-makers provide value by way of supply chain integration, transaction cost savings and offering a payment gateway. They earn revenue from transaction fees, mark-ups, subscription, data sales and system integration consulting. On the Internet, we find similar companies like eBay.

**KEYWORDS :** E-Commerce, Market Maker, Database Marketing, Rural Marketing, Urban Marketing, Advertising, Product Positioning.

**INTRODUCTION**

The success of companies like eBay and amazon has baffled many experts. In the wake of dotcom bust, most analysts predicted doom for online businesses. Looking at the large number of companies that bit the dust at the turn of the century, it was expected that the e-commerce was also destined to follow the path of other fads like business process engineering. However, some companies have survived the crash, with profits. Many have changed their business models, including Amazon. A proper study of what we call as 'market-making' may help the new entrants to understand the dynamics of this business space. Market makers like Amazon or eBay differ significantly from online retailers like walmart.com in their nature and function.

E-business describes the use of electronic means and platforms to conduct a company's business. E-commerce means that the company or site offers to transact or facilitate the selling of products and services online. E-marketing describes company efforts to inform buyers, communicate, promote and sell its products and services over the internet.

**Research Objectives:**

1. The objective of the paper is to study the impact of e-commerce and making markets online on marketing strategy and consumption pattern of fast moving consumer goods in the rural and urban market of India.
2. The objective of the paper is to understand rural and urban consumers and their consumption behavior.

**Literature Review:**

1. The marketing strategies designed for urban markets cannot be directly scaled down and applied in rural markets. A thorough understanding of the social, cultural and economic factors specific to rural markets will go a long way in formulating strategies that are tailor made for rural consumers. Hindustan Petroleum Corporation Limited overcame the problems of logistics and pricing by setting up the rasoil ghar (community kitchen). The paper attempts to identify the prospects, challenges and innovative solutions of service marketing in rural India. (Shailendra Dasari, 2010).

2. Database marketing plays an important role in the modern business world. As market changes accelerate and the cost of technology declines, more industries and companies are adopting database marketing. Database marketing helps to

effectively use data about consumers to sell one's products and also maintain continuous relationship with them. Many marketers outsource the collection of consumer data and also carry out data marketing activities. Several service providers have emerged to meet this requirement. Leading database service providers in India are Way2SMS.com, 160by2.com and SMS Integracom. (G.Vani et al, 2010)

3. Market-makers are companies that create place, rules, and infrastructure for trading. Stock exchanges and auction houses are examples. On the Internet, we find similar companies like eBay. Market-makers provide value by way of supply chain integration, transaction cost savings and offering a payment gateway. They earn revenue from transaction fees, mark-ups and subscription, data sales and system integration consulting. In order to become successful market-makers, Indian companies have to match the value created with the revenue generated. Companies venturing into the e-commerce market space need to understand their role in the market. They could be an e-retailer or a market maker. As market-makers, their value creation and revenue generation modes are significantly different from online retailers. It may be possible that while the market benefits from the values, the market-maker fails to make profits. (Subhasis Ray, 2008)

**Research Methodology:**

- Data type: Secondary data.
- Scope of Study: Indian rural market
- Research Type: Descriptive

**Seven Unique Features of E-Commerce Technology**

1. Ubiquity: E-Commerce is ubiquitous, meaning that it is available just about everywhere, at all times. It liberates the market from being restricted to a physical space and makes it possible to shop from desktop, at home, at work, even car using e-commerce and mobile commerce.

2. Global reach: E-commerce technology permits commercial transactions to cross cultural and national boundaries far more conveniently and cost effectively than is true in traditional commerce. As a result, the potential market share for e-commerce merchants is roughly equal to the size of the world's online population (over 400 million in 2001, and growing rapidly, according to the Computer Industry Almanac).

3. **Universal Standards:** One strikingly unusual feature of e-commerce technologies is that the technical standards of the Internet, and therefore the technical standards for conducting e-commerce, are universal standards—they are shared by all nations around the world. In contrast, most traditional commerce technologies differ from one nation to the next.

4. **Richness:** Traditional markets, national sales forces and small retail stores have great richness. They are able to provide personal, face to face service using aural and visual cues when making a sale. Prior to the development of the web, there was a tradeoff between richness and reach: the larger the audience reached the less rich the message.

5. **Interactivity:** E-commerce technologies are interactive, meaning they allow for two-way communication between merchant and consumer.

6. **Information Density:** The Internet and the Web vastly increase information density—the total amount and quality of information available to all market participants, consumers, and merchants alike. E-commerce technologies reduce information collection, storage, and processing and communication costs. These technologies increase greatly the currency, accuracy and timeliness of information-making information more useful and important.

7. **Personalization/Customization:** E-commerce technologies permit personalization. Merchants can target their marketing messages to specific individuals by adjusting the message to a person's name, interests and past purchases. The technology also permits customization—changing the delivered product or service based on a user's preferences or prior behavior. With the increase in information density, a great deal of information about the consumers past purchases and behavior can be stored and used by online merchants.

### Role of Market Maker

Market-makers can be seen as intermediaries who perform three things

1. Providing a place to trade: Today, the Internet is the new trading place and websites hosted by the market-makers enable people to browse and buy online.
2. Create rules that govern trading: The typical framework includes membership or registration as well as rules for trading. Market makers also create rules about the types of goods sold, nature or number of transactions and payment gateways.
3. Provide Supporting Infrastructure: Online market makers provide two types of infrastructure: commercial and technical. Payment gateways and logistics support (storage, delivery, returns) constitute the commercial infrastructure. Technical infrastructure includes the hardware, software, networks as well as any special integration support required.

The critical differentiator for a market maker is that it may not sell anything at all, but only act as an intermediary, e.g. eBay. Unlike e-retailers, their primary function is to organize the market.

A database is a collection of information that is organized so that it can easily be assessed, managed and updated. Data can be collected from both prospective and existing customers. Organizations of any size can use database marketing, depending upon their requirement. Database marketing is however more useful for larger companies with a wide base of customers and diversity of products. Database marketing is a powerful tool to gather, store and use customer information for marketing. Companies use software packages such as SQL and Excel for storing data. The available data is scrutinized and used for product positioning planning, planning advertising and sales promotions.

Database is therefore helpful for companies to save time and money, and plan out their promotional efforts for target customers. Relational Database can be used to store exhaustive information on customers in numerous databases. It is possible to retrieve data in a hundred different ways using relational database. Databases can be designed to calculate and update customer lifetime value. This can be useful in both B2B and B2C situations.

### CONCLUSION:

Companies venturing into the e-commerce market space need to understand their role in the market. They could be an e-retailer or a market maker. As market makers, their value creation and revenue generation modes are significantly different from online retailers. Value creation includes lower search cost, negotiating cost, lower cost of processing transactions and supply chain integration. Revenue model includes transaction fees, membership and subscription fees, mark ups and software sales and consultation. Database marketing helps to effectively use data about consumer's to sell one's products and also maintain continuous relationship with them as part of customer relationship management.

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