

Understanding e-Marketing Mix Models

عرض نماذج المزيج التسويقي الإلكتروني

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Abstract: The development of Internet has drastically changed the marketing activities, mainly the traditional marketing mix referred to as 4Ps (Product, Price, Promotion and Place) which does not possess elements of interactivity that allow companies to build a relationship with customers. Thus, a series of specific and relational functions have been added to form the e-marketing mix models.

The main purpose of this paper is to present the two models of e-marketing mix: 7Ps Model and 4Ps + 2P2C3S Model, as well as presenting the different tools and options provided in the online environment to facilitate transactions and enhance customer service.

Keywords: E-marketing Mix ; Personalization ; Privacy ; Site ; Customer Service..

I- Introduction :

With the development of the Internet and the expansion of many new digital communication tools, online transactions have significantly increased, bringing many opportunities for companies on one hand, and intensifying competition on the other hand. Thus, companies are continuously seeking new tools and models to distinguish themselves and achieve competitive advantage in the online environment. Therefore many new models are developed to replace the classical or traditional model of the marketing mix, the 4 P's (Product, Price, Promotion and Place)

This paper aims at highlighting the impact of the Internet on the traditional marketing mix, and presenting two models of e-marketing mix, in addition to the different tools and options that are provided in the online environment to facilitate transactions and enhance customer service.

To achieve this goal, the remainder of this paper is structured as follows: Section (2) presents the 7Ps Model of e-Marketing Mix. Section (3) defines the

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new e-marketing Mix Model: 4Ps + 2P2C3S and the last section presents some conclusions.

II- E-Marketing Mix : The 7Ps Model

E-marketing has affected all aspects of the traditional and services marketing mix referred to as the 7Ps: Product, Promotion, Price, Place, People, Process and Physical evidence.

II. 1. Product

The product element of the marketing mix refers to characteristics of a product, service or brand. Product decisions are informed by market research where customers' needs are assessed and the feedback is used to modify existing products or develop new products (Chaffey et al., 2006, p. 217). Product policy occupies a central place in the marketing mix because it constitutes the support of the other three components of the mix.

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 (Talpai, 2014, p. 54)

From the supply side, product policies can gain great benefits from the capability of Internet to engage the consumer in long term relationships that lead to the development of new products. The interactive and connective potential of Internet leads to a new product concept: the “**virtual or digital product**”. The virtual product is seen as the union of tangible and intangible aspects, which is adapted and personalized according to the variety and variability of individuals' preferences by customizing the product with the active help of consumers (Dominici, 2009, p. 19).

Two categories of digital products are **content** and **technology**. **Digital content** consists of information in digital format including video, audio, text, and graphics. The content is converted to business and consumer products such as newspapers, magazines, online games, photos, graphics, and videos. **Digital technology** is the equipment used by businesses and consumers to develop, store, distribute, and use digital content. The technology ranges from digital video and audio equipment to cellular telephones, personal digital assistants, and computer software. (Nezamabad, 2011, p. 1785)

II. 2. Price

The price variable of the marketing mix refers to an organisation's pricing policies which are used to define pricing models and, of course, to set prices for products and services (Chaffey et al., 2006, p. 231).

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 (Talpau, 2014, p. 54). From the consumer's perspective, the main benefits of the Web concern the reduction of information asymmetries that allow the consumer to compare prices in real time and gain more transparency (Dominici, 2009, p. 20). Actually, Internet allows the consumers to buy and acquire the necessary goods at the best price by one click on the website. Because of the transparency of the online market, e-sellers need to be more aware of price comparisons by consumers among different web shops (Stojkovic, Stoykova & Geurts, 2016, p. 19).

Furthermore, 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) (Talpau, 2014, p. 55). Thus, the price in e-business is highly dynamic and depends on market conditions and the pricing strategies can have an individual character for each user, and it is possible due to BigData technologies (Pogorelova & al., 2016, p. 6748).

II. 3. Promotion

The promotion includes all methods of communication used by the marketing manager to provide information about a particular product or service (Stojkovic, Stoykova & Geurts, 2016, p. 22).

Online environment complements traditional methods of promotion with a series of instant communication methods at low cost and with a very precise market segmentation (Talpau, 2014, pp. 57, 58). The aim of online communication is not just to advertise a product, but to build a purchase relation and create a perception of trust in the customer. Interaction, multimedia and relationship should be included as elements of the P of promotion (Dominici, 2009, p. 20).

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 (Talpau, 2014, pp. 57, 58):

2.3.1 Paid advertising

It 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 Search Engine Optimization (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.

2.3.2 Optimizing a site

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.

2.3.3 Social marketing

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.

2.3.4 Online partners

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.

2.3.5 Affiliate marketing

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 commission . Sources of traffic and visitor behavior are

monitored with the help of special monitoring software.

The most prominent affiliate marketing program was that of Amazon which was launched in July 1996. This program is known till date as the most famous associate program done on a global scale for an online company. In this program, Amazon's affiliates place banner or link on the personal sites and also on their individual books which connect to the prospect directly to the Amazon website. When the consumer reaches the Amazon webpage from associates' links, the associates gets a percentage of commissions (Kaur & Wadera, 2017, p. 35).

2.3.6 Newsletters

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.

II. 4. Place

The place element of the marketing mix refers to how the product is distributed to customers (Chaffey et al., 2006, p. 237). In other words, Place describes the location where the product is seen, sold or distributed to the customers (Feras, et al., 2017, p. 21).

Typically, for offline channels, the aim of Place is to maximise the reach of distribution to achieve widespread availability of products while minimising the costs of inventory, transport and storage (Chaffey et al., 2006, p. 237).

The place of sale in e-commerce is a site or a marketplace in the social network. The latter, being the primary point of the contact with the target audience, also performs the promotion functions. In today's business the place of sale may be a collective platform for a group or for many individual sellers, providing goods at fixed prices (aliexpress.com) or through an auction (ebay.com). An important feature of the place in this case is the maximum availability of sales channels for both buyers and sellers (Pogorelova & al., 2016, p. 6748).

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 (Talpa, 2014, p. 56).

Distribution is a vital decision area for the e-business for three reasons. First, relatively small local companies can widen their market and even export. Second, many e-businesses aim to gain competitive advantage by using e-systems to delay the distribution chain. For example, Dell supplies customers directly, rather than through distributors, wholesalers or retailers. Third, distribution is an area where some e-businesses have been severely criticized for failing to deliver customer service (Nezamabad, 2011, p. 1787).

Furthermore, The Internet offers companies 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 and 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 (Talpa, 2014, p. 56).

II. 5. People, Process, Physical Evidence

The classical model of the marketing mix, the 4 P's, became not sufficient in terms of strategies for a company to distinguish itself and achieve competitive advantage. Therefore, new elements, service elements, have been added to complete the marketing mix. The service elements of the marketing mix are as important in the virtual world as they are in the physical world (Otlacan, <https://www.peoi.org/Courses/Coursesen/emarket/emarket2.html>).

2.5.1 People

The people element of the marketing mix refers to how an organisation's staff interact with customers and other stakeholders during sales and pre- and post-sales communications with them (Chaffey et al., 2006, p. 245). In the digital environment this element is replaced by technology, which is implemented in the company's virtual representation of the interface (for example, the site), and by aligned service business processes. The human factor in the process of maintenance is reduced to zero. On the one hand, it may have a positive impact on the quality of service, as the technology is based on algorithms, which are not characterized by excessive emotionality, fatigue and negligence, etc. On the other hand, the technology is limited in creativity; it does not have such important human qualities that form the customer loyalty, as empathy, charisma and so on (Pogorelova & al., 2016, p. 6750). It is to be noted that the main aspect of the people element in an online market, is the degree in which the staff can be replaced with automation capabilities of the internet. There are several ways to do that (Otlacan, <https://www.peoi.org/Courses/Coursesen/emarket/emarket2.html>) :

- **Autoresponders:** automatically generated response when a company e-mails an organisation, or submits an online form.
- **E-mail notification**, generated by a company's system, with the purpose of updating customers on the status of their order.
- **Call-back facility** offers customers the opportunity to fill in their phone number on a form and specify a convenient time to be contacted.
- **Frequently Asked Questions (FAQs)**. For these, the art is in compiling and categorising the questions so customers can easily find the question and a helpful answer with a possible solution.
- **On-site search engines**, to help customers find what they're looking for. Site maps are sometimes used with the same purpose.

2.5.2 Process

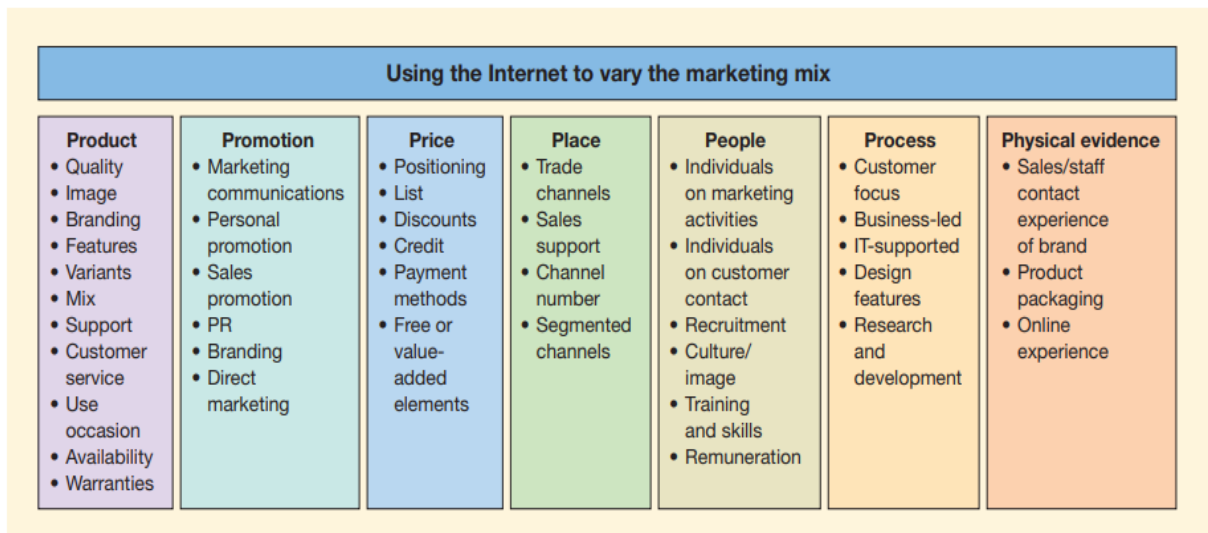
The process element of the marketing mix refers to the various stages and activities involved in delivering a product and service to the customers (Feras et al., 2017, p. 22). Or as defined by Chaffey, this element refers to the methods and procedures companies use to achieve all marketing functions such as new product development, promotion, sales and customer service (Chaffey et al., 2006, p. 248). The process must be smooth and easy, while building relations with customers at the same time. Bhatt & Emdad (2001) underline that the main contribution of Internet to business is not the mere possibility of selling products online, rather its capability of building relations with customers. The interactive capabilities of Internet allow the implementation of more efficient and effective systems of digital Customer Relationship Management (e-CRM). Internet enables to obtain information which can be used to manage customers, thanks to the data gathered through the registration of users to the company's Web page and the online purchase data for each customer. This helps to maintain the service level and improve the management of the customer portfolio (Dominici, 2009, p. 20).

2.5.3 Physical evidence

The Physical evidence element of the marketing mix refers to the tangible expression of a product and how it is purchased and used. In an online context, 'physical evidence' refers to the customers' experience of the company through the web site. It includes issues such as site ease of use or navigation, availability and performance (Chaffey et al., 2006, p. 248). The physical evidence in e-business is divided into two components: the traditional **physical** and **virtual**. The **physical environment** is represented by delivery points, off-line shops and offices of the company, but the **virtual environment** gains a special significance in the electronic environment due to the accessibility and convenience of a purchase. To virtual environments the scientists include: a website and community

pages in social networks, mobile applications (Pogorelova & a.l, 2016, p. 6751). **Figure (1)**. summarises the 7 elements of the marketing mix and the different options.

Figure (1): The elements of the marketing mix

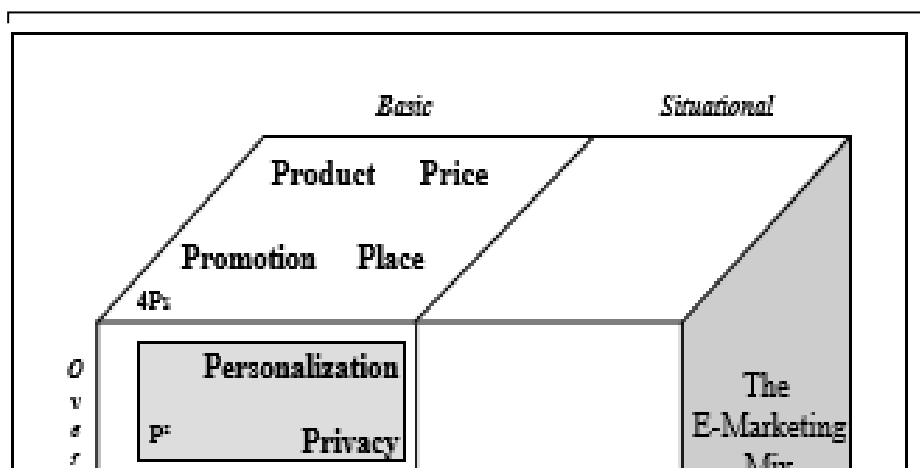


Source: Chaffey et al., (2006), **Internet Marketing Strategy, Implementation and Practice**, Third Edition, Pearson Education, London, p. 215.

3. E-Marketing Mix Model: 4Ps + 2P2C3S

In addition to the 4 Ps; Product, Price, Promotion and Place, Kalyanam & McIntyre created a new E-marketing mix model including five further elements which consist of the relational functions of Personalization, Security, Privacy, Site, and Customer Service (Kalyanam & McIntyre, 2012, pp. 3, 4), as illustrated in **Figure (2)**.

Figure (2): The The E-Marketing Mix Model: 4Ps + 2P2C3S



Source: Kalyanam K. & McIntyre S. (2002), **The E-Marketing Mix: A Contribution of the E-Tailing Wars**, E-business Research Center Working Paper, Santa Clara University, p. 4.

III. 1. Site

The site is a digital media based relationship requires an anytime, anywhere digital access point. A customer can obtain product information, pricing, access the latest sales promotion or request customer support. The site moderates all e-marketing functions, and is considered an overlapping function.

For a site to be successful, the user tasks or actions need to be completed (Chaffey et al., 2006, p. 248):

- **Effectively – web usability:** specialists measure task completion, for example, only 3 out of 10 visitors to a web site may be able to find a telephone number or other piece of information.
- **Efficiently – web usability:** specialists also measure how long it takes to complete a task on-site, or the number of clicks it takes.

III. 2. Personalization

Once building a relationship is a main marketing goal, an important step is to identify individual customers and to gather information about them, which is the foundational concept of Personalization. Personalization, then, is defined to be any form of customization that occurs because of specific recognition of a given

customer. For example, a cookie placed on the visitors computer can allow a site to deliver a home page low in graphical content if the user appears to be on a slow dial-up modem. Such personalization is a matter of degree. Personalization can be applied across any aspect of the e-marketing mix and is, therefore, overlapping and moderating with regard to the effect those other functions have on the customer experience.

III. 3. Privacy

Privacy refers to a moral right of individuals to avoid intrusion into their personal affairs by third parties. Privacy of personal data such as our identities, likes and dislikes is a major concern to consumers, particularly with the dramatic increase in identity theft (Chaffey et al., 2006, p. 101).

The collection of information for personalization forces upon the marketer a decision about how this information is to be used, and particularly with regard for access to it; thus the basic decision about Privacy. It should be noted that Privacy related decisions are inescapable once the marketer collects information about individuals and stores it.

III. 4. Security

Security is another “essential” function of e-marketing. There are at least *two aspects* to Security, the *first* being *Security during the transaction*. As an example, ensuring that a third party is not hijacking aspects of the transaction. The need for credit card numbers and other critical information on the internet exposes the customer to risks beyond just the current transaction and, therefore, involves a trust in the marketer that goes well beyond just the probity and punctuality of the current transaction and heightens the relationship nature of these digital interactions. This trust now encompasses beliefs about the Security-related diligence of the marketer. The *second* aspect of *Security is regarding the data that is being recorded* about the individual (e.g., providing adequate security to the consumer that a third party cannot break into the database). There is a constant battle between methods of Security (encryption, for instance) and the sophistication of hackers. It is the marketers responsibility and competitive necessity to keep ahead in this technological race. A lapse in the Security domain could easily be the end of a company.

III. 5. Customer Service

Customer services are all what company does for satisfaction of its customers. They help to gain higher profit from sold products. According to Bovée and Thill (1992) quality and customer services present strong barrier against the competition, ensure customer loyalty, help to differentiate product,

decrease marketing cost and increase marketing profit (Kanovska, 2010, p. 562).

Many early marketing mix taxonomy specifications included Customer Service as a support function often needed to make a transaction happen. The introduction of “time” into the exchange paradigm (the driving factor in moving to a relationship perspective) means that the marketer is forced to considering providing support to the customer over time.

This necessitates consideration of Customer Service (in its broadest sense) as an ongoing and essential function. The service can be an issue about product availability, service plans, pricing or promotions. Hence Customer Support is an overlapping function.

III. 6. Community

Access to the internet also means access to other individuals that are a part of the network. Kalyanam & McIntyre define a Community as a set of interwoven relationships, built upon shared interests to satisfy members’ needs that would otherwise be unattainable individually. Customers are members within a Community who interact with one another over time (Kalyanam & McIntyre, 2012, p. 4).

The power of the virtual communities, according to Hagel (1997), is that they exhibit a number of positive-feedback loops (or ‘virtuous circles’). Focused content attracts new members, who in turn contribute to the quantity and quality of the community’s pooled knowledge (Chaffey et al., 2006, p. 288). If a company sets up a community facility on its site, it has the advantage that it can improve its brand by adding value to its products (Chaffey et al., 2006, p. 288).

The marketing tools to the new e-marketing mix model, as illustrated in **Table (1)**.

Table (1) : E-marketing tools mapped to the e-marketing mix model

E-marketing Mix Elements	Supporting E-Marketing Tools
Product	Assortment
	Configuration Engine – configure products

	Planning and Layout Tools
Promotion	Online Advertisements
	Outbound Email
	Viral Marketing
	Recommendation
place	Affiliates
	Remote Hosting
Price	Dynamic Pricing
	Forward Auctions
	Reverse Auctions
	Name your price
Personalization	Customization
	Individualization – send notice of individual preference
	Collaborative Filtering
Privacy	Privacy policy
Customer Service	FAQ & Help Desk
	Email Response Mgmt.
	Chat rooms between customers and supporting staff
	Order tracking
	Sales return policy
Community	Product discussions among customers
	User Ratings & Reviews
	Registries & Wish Lists
Site	Home Page
	Navigation & Search
	Design & Layout
Security	Security tool(s)
Sales Promotion	E-Coupons

Source: Meng S. K., & Chatwin C. (2012), **Measuring E-Marketing Mix Elements for Online Business**, International Journal of E-Entrepreneurship and Innovation (IJEEI),, Vol. 3(3), p.16.

It appears from the Marketing Mix Model: 4Ps + P2C2S3 developed by Kalyanam & McIntyre did not integrate the additional elements of the service marketing mix, namely: People, Process and Physical Evidence, as their model is based on the 4 Ps, and extended to the new model that integrated Personalization and Privacy (2P), Customer Service and Community (2C), and Site, Security and

Sales Promotion (3S), which may lead to further researches and thinking in modeling the marketing mix in the online environment.

IV- Conclusion:

This paper highlights the impact of the Internet on the traditional marketing mix, and presents two models of e-marketing mix, describes the ways that some marketing activities are performed in the online environment to facilitate transactions and enhance customer service.

As the classical model of the marketing mix, the 4 P's (Product, Price, Promotion and Place) became not sufficient in terms of strategies for a company to distinguish itself and achieve competitive advantage, many new models are developed, namely: The 7Ps Model, and 4Ps + 2P2C3S Model.

Actually, The Internet has had a significant impact on the traditional marketing mix, which does not possess elements of interactivity:

- Product policies can gain great benefits from the capability of Internet to engage the consumer in long term relationships;
- The internet creates price transparency for customers, thus companies need to be more aware of price comparisons by consumers in the online market;
- The Internet offers companies the opportunity to reach consumers directly through virtual sales channels, and eliminate intermediaries, which reduces distribution costs, and allows significant price reductions.
- Online environment complements traditional methods of promotion with a series of instant communication methods at low cost and with a very precise market segmentation.

In the 7Ps Model, service elements of the marketing mix: People, Process and Physical evidence have been added to complete the marketing mix, due to their importance in the virtual world as they are in the physical world.

The 4Ps + 2P2C3S Model created by Kalyanam & McIntyre integrated five further elements that consist of the relational functions of Personalization, Security, Privacy, Site, and Customer Service, in order to enhance quality and customer service, which present strong barrier against the competition and ensure customer loyalty.

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