CHAPTER 2

REVIEW OF LITERATURE

2.1 Introduction

This chapter consists of review of literature related with influence of online marketing on consumers and also deals with business perspective. Then it reviews the current issues in online marketing and factors affecting adoption of online marketing. Further it provides a critique review of miscellaneous studies related with online marketing. This is followed by highlighting the research gaps and contribution of the present study.

2.2 Influence of online marketing on consumers

2.2.1 Major Characteristics of Online Consumers –

The typical Internet user of the twentieth century is young, professional, and affluent with higher levels of income and higher education (Palumbo and Herbig, 1998). They value time more than money which automatically makes the working population and dual-income or single-parent households with time constraints better candidates to be targeted by non-store retailers (Burke, 1997). Actually, both demographics and personality variables such as opinion leadership or risk evasiveness are very important factors that are considered in studies trying to determine the antecedents of Internet purchases (Kwak et al., 2002). Confirmatory work shows that income and purchasing power have consistently been found to affect consumers' propensity to shift from brick-and-mortar to virtual shops (Co-mor, 2000).

Internet usage history and intensity also affect online shopping potential. Consumers with longer histories of Internet usage, educated and equipped with better skills and perceptions of the Web environment have significantly higher intensities of online shopping experiences and are better candidates to be captured in the well-known concept of flow in the cyber world (Sisk, 2000; Hoffman and Novak, 1996; Liao and Cheung, 2001). Those consumers using the Internet for a

longer time from various locations and for a higher variety of ser-vices are considered to be more active users (Emmanouilides and Hammond, 2000).

As Bellman et al. (1999) mention, demographics are not so important in determining online purchasing potential. Whether the consumer has a wired lifestyle and the time constraints the person has are much more influential. Risk taking propensity is also a powerful factor. E-shoppers have higher risk taking tendencies. Consumers with high levels of privacy and security concerns have lower purchasing rates in online markets but they balance this characteristic with their quest for making use of the information advantage of the environment (Kwak et al., 2002; Miyazaki and Fernandez, 2001). These educated individuals, as more confident decision makers, are much more demanding and have greater control over the purchasing process from initiation to completion (Rao et al., 1998).

2.2.2 Online Shopping Behavior - Identifying pre-purchase intentions of consumers is the key to understand why they ultimately do or do not shop from the Web market. One stream of research under online consumer behavior consists of studies that handle the variables influencing these intentions. A compilation of some of the determinants researchers have examined are: transaction security, vendor quality, price considerations, information and service quality, system quality, privacy and security risks, trust, shopping enjoyment, valence of online shopping experience, and perceived product quality. (Liao and Cheung, 2001; Saeed et al., 2003; Miyazaki and Fernandez, 2001; Chen and Dubinsky, 2003).

The lists of factors having a positive or negative impact on consumers' propensity to shop do not seem to be very different from the considerations encountered in offline environments. However, the sensitivities individuals display for each variable might be very different in online marketplaces. Factors like price sensitivity, importance attributed to brands or the choice sets considered in online and offline environments can be significantly different from each other (Andrews and Currim, 2004). Uncertainties about products and shopping processes, trustworthiness of the online seller, or the convenience and economic utility they wish to derive from electronic shopping determine the costs versus the benefits of this environment for consumers (Teo et al., 2004). Further studies aiming to

complete the full set of factors influencing consumers' prepurchase intentions are still much awaited.

2.2.3 The Online Purchasing Process - Many studies frequently mention that there is a vast amount of window shopping taking place online but the number or the rate of surfers who turn into purchasers or regular buyers are very low (Mayer, 2002; Betts, 2001 ; Oliver, 1999). This might happen because of the lack of consumer intention to purchase an offering from the online environment at the outset. It might also happen because of various problems that arise during online shopping driving the consumer to abandon the task in the middle. Therefore, while one stream of research should identify the reasons behind the purchase reluctance of consumers, another area of concentration should be why people abandon their shopping carts and stop the purchasing process in the middle. Such attempts can help to understand how to turn surfers into interactors, purchasers, and finally, repeat purchases by making them enter into continuous interaction with this environment (Berthon, 1996).

Common reasons for purchase reluctance are the difficulties and costs of distance shipping, inadequate amount of purchase related information, troubles experienced after the purchase such as delivery or refund problems, general security fear, and various perceived risks such as financial, product-related or psychological risks (Mayer, 2002; Chen and He, 2003). On the other hand, the reasons of abandoning purchases are much more technical such as unexpected shipping costs or transaction complexity (*Harvard Business Review*, 2000). In other words, some consumers accept to shop from the Internet in principle but technical complexities or ineffective systems discourage them.

Regardless of the pessimistic state of events, marketers should not be hopeless about the future. Once the risks consumers perceive about shopping through the Web are reduced, the environment still promises a high potential for selected consumer segments. Studies show that consumers who search for product related information through the Web have stronger intentions to make purchases

online (Shim et al., 2001). Therefore, building on the information advantage can be expected to pay off in the future. Constructing effective decision support systems and assisting consumers with interactive decision tools are also successful attempts that need to be developed further (O'Keefe and McEachern, 1998; Barber, 2001). However, investing on the pre-purchase stages of the decision making process is not adequate. Developing and testing the effectiveness of specific "selling" strategies and tactics for the cyber market are also crucial. Studies that focus on currently unavailable but possible tools of cyber shopping in the future, such as the use of artificial shopping agents that work on behalf of consumers in the online market (Redmond, 2002), are also very valuable efforts enlightening the road for future studies.

2.2.4 Consumer Satisfaction and Loyalty in the Online Market - Investing in consumer satisfaction from the online experience and creating brand or site loyalty are critically important for companies that want to have a long run presence on the Web. There are two approaches taken to induce loyalty into consumers in an online context. One approach is to focus on concrete factors. For example, creating a convenient and well-designed online store and offering secure transactions are the keystones of satisfying e-consumers (Szymanski and Hise, 2000). However, all satisfied consumers do not become loyal. Personalization attempts and increasing the social value of online experiences are very important to make consumers build strong brand relationships in the cyber world. Although Nunes and Kambil (2001) argue the opposite, some studies find that personalized Web sites and customer communities are highly influential on the consumer brand relationship especially for experienced Internet consumers (Thorbjornsen, 2002). Besides, businesses that can create trust and increase the perceived value of online shopping can turn their satisfied consumers into loyal ones in the e-marketing environment, too (Anderson and Srinivasan, 2003). The online environment accommodates so many opportunities for creating loyalty that even offline offerings can be effectively facilitated with supporting after sale services provided through the Web (van Riel et al., 2004).

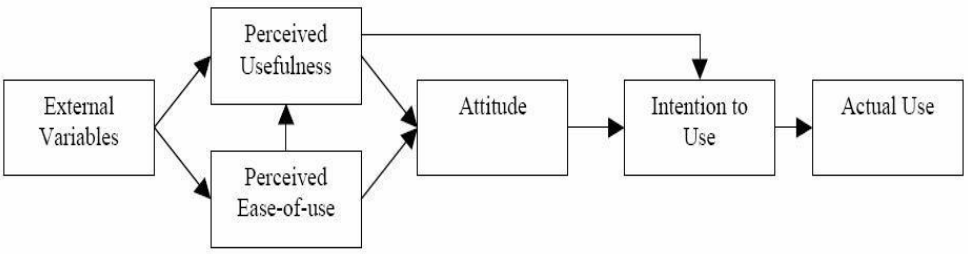
2.2.5 Models and Theory - There are certain attempts to adopt classical attitude behavior models to explain online consumer behavior. Theory of reasoned action and, consequently, theory of planned behavior are the most commonly used models aiming to determine the impact of beliefs, attitudes, and social factors on online purchase intentions. Yoh et al.'s (2003) attempt to apply theory of reasoned action (TRA) for apparel shopping on the Internet is one such successful example. Some of the other models used in similar studies include the Technology Acceptance Model (TAM) and Flow Theory which are integrated in Koufaris's (2002) study, and Social Cognitive Theory (LaRose and Eastin, 2002). Gentry and Calantone (2002) compare theory of reasoned action (TRA), theory of planned behavior (TPB) and technology acceptance model (TAM) with respect to their effectiveness in explaining consumers' shop bot use on the Web and find technology acceptance model (TAM) to be superior to others.

TAM (Technology Acceptance Model)

TAM was derived from the theory of reasoned action (TRA) (Fishbein and Ajzen 1975) while TRA is a general theory of human behavior; TAM is specific to IS usage.

Figure 2-9 shows TAM.

Figure 2.1 TAM (Davis 1989)



Davis asserted that perceived usefulness and ease of use represent the beliefs that lead to such acceptance. Perceived usefulness is the degree to which a person believes that a particular system would enhance his or her job performance (i.e., by reducing the time to accomplish a task or providing timely information). Perceived ease of use is the degree to which a person believes that using a particular system would be free of effort. (Davis 1989)

Two other constructs in TAM are attitude towards use and behavioral intention to use. Attitude towards use is the user's evaluation of the desirability of employing a particular information system mis application. Behavioral intention to use is a measure of the likelihood a person will employ the application (Ajzen and Fishbein 1980 Empirical tests suggest that TAM predicts intention and use. (Davis 1989) found that TAM successfully predicted use of a word processing package. He reports that EOU (Ease of use) and U (usefulness) were significantly correlated with use of an office automation package, a text editor, and two graphics packages

A limitation of TAM is that it assumes usage is volitional, that is, there are no barriers that would prevent an individual from using an IS if he or she chose to do so, Although there many factors preventing a person from using an application such as perceived user resources (Kieran Mathieson, Eileen Peacock et al. 2001) and perceived behavior control (Ajzen 2002).

2.3 The Business Perspective: Important Issues about Firms

Just as much as the effort spent to understand the consumer perspective, significant level of attention has been directed toward the firm side of the online marketing world. The most conspicuous subtitles about the firm-perspective of the topic are handled in this section.

2.3.1 Scope and Type of Activities Firms Can Perform in the Virtual Environment – Making use of the information based advantages of the Web is one major transactional area. Companies can communicate continuously with their business partners and consumers, get and disseminate information, and solve business problems immediately and effectively through the use of advanced information technologies; thus exchanging sectorial information so easily becomes an important source of efficiency for any online company (Emerick, 1996; Eder and Darter, 1998).

The Web can also be used for communicating company image and philosophy. Firms can establish an online presence, give information about themselves and their offerings and promote their philosophies very effectively through the Web (Palmer and Griffith, 1998; Palumbo and Herbig, 1998).

Companies can perform almost anything they do in the offline market in an online context. A compilation of the commonly mentioned activities include taking and placing orders, following new business opportunities, B2B marketing, consumer research, promoting and advertising offerings, increasing brand awareness, communicating with other firms, bypassing traditional channels and augmenting traditional markets, boosting service and auctions (Palmer and Griffith, 1998; Palumbo and Herbig, 1998; Senn, 1996; Emer-ick, 1996).

2.3.2 The Strategic Value of Online Marketing – As Kline and Mehta (2001) creatively state, there is a shift in the current online vision of firms from "how to get in the game" to "how to play the game". However, many studies emphasize what firms can do online and the advantages and disadvantages they will experience, adequate effort has still not been shown toward formulating a strategic perspective of the online marketing environment.

2.3.3 Advantages and Disadvantages of Going Online – The excitement created by the unique and innovative characteristics of the Web created a tendency to focus on the advantages created by the medium at first. However, contrary points also emerged rapidly and the pros and cons of going online began to be discussed simultaneously. The operational advantages of being online mentioned by many studies create an extensive list: becoming easily accessible from different parts and time zones of the world, being introduced to global business opportunities, decreased red tape in international operations, possibility to conduct personalized, effective and interactive advertising, the availability of marketing research and analysis tools, lower capital and overhead costs, lower operating costs, decreasing cost of capital, tax advantages, increased efficiency in business-to-business transactions, flexible ordering, better order tracking, leveling the playing field with other firms, enhancing the firm's image by appearing to be on the cutting edge of technology, and reaching a larger audience of prospective clients (Paul, 1996; Rosen and Howard, 2000; Rozgus, 2000; Elfrink et al., 1997).

However, the disadvantages of going online are just as prevalent and, therefore, the authors of studies that discuss the pros of e-business have shown an equal effort

to note the negative sides of going cyber. Privacy and security problems, various operational, strategic and cost-based disadvantages, the difficulty of controlling online transactions and measuring outcomes, high costs of entering e-business, the difficulty of setting prices at an international level, intensified competition, cultural differences, differences in international trade laws, changes between the telecommunication infrastructure and technical standards of different countries, high costs of individual delivery, the difficulty of dealing with virtual transactions, problems about disintermediation, the fear of technology most consumers experience, the lack of socialization and tactility are only some of the most commonly encountered disadvantages of becoming an online business (Paul, 1996; Rosen and Howard, 2000). Therefore, companies need to implement a strict structure to determine the costs and the financial outcomes of going online in order to be sure that the pros exceed the cons for their business and firm (Zeller and Kublank, 2002).

The list of the advantages and disadvantages of becoming an online business is quite long. For many companies, Internet based plans are not yet a priority because of costs, system incapability and the fact that their external partners cannot participate in the e-business environment yet (Roth, 2000). In other words, e-commerce is the sweet spot but transforming into a real electronic business is the critical and difficult part of all this excitement (Higgins, 1999).

2.4 Current Issues in Online Marketing

As the discussions until this point clearly show, online marketing has become a new avenue for examining many of the traditional principles, models and theories of marketing with a different perspective. However, there are many studies that tackle more current issues in an online context and cannot be grouped under the other major headings in the framework. Therefore, they are compiled in this section as hot topics receiving research attention in recent years and deserving further contributions.

2.4.1 e-CRM: Building Successful Customer Relationships Online

The Web market possesses the potential to collect personal information about consumers and respond to them in an individualized manner, which is the most fundamental requirement of any CRM plan. This opportunity has triggered the need to explore how customer relationships can be built and maintained in the online environment. Adopting and implementing online CRM systems have innumerable advantages. Reduction in customer service costs, tightened customer relationships, personalized marketing messages, and mass customization opportunities are some of the benefits offered to customers through e-CRM applications (Johnson, 2002). Research findings shows that customers attribute great importance to being satisfied during and after the sales process compared to the importance they attach to satisfaction from the purchased offering (Khalifa et al., 2002). This heightens the criticality of investing in e-CRM and managing the experience of the customer successfully (Seybold, 2000).

2.4.2 The Anti-Socialization Debate

One of the major paradoxes of technology is that major technological advancements create isolation while assimilating people with a totally new and different world (Mick and Fournier, 1998). This is exactly what happened with the diffusion of the Internet phenomenon into the lives of consumers. Past research about automated retailing systems show that, this kind of shopping is a depersonalized experience and that consumers have a negative attitude toward this effect (Forman and Sriram, 1991). Besides, this problem cannot be limited to shopping experiences. At a broader level, it is also about the weakening of social bonds because of the loyalty individual's transfer to the communities in the virtual environment (Gray, 1996).

There are counter views that find this effect minor and argue that most individuals will slowly abandon "hanging out with virtual souls" in the Web environment

(McLaughlin, 2000). Thus, it is possible to claim that the Web has absorbed some of the social value of shopping experiences but has successfully replaced them with "techno-social" ones. Companies can make attempts to build relationships

and create online communities to replace the social exchange consumers make in real life shopping scenarios (McWilliam, 2000). The ease of building strong relationships between consumers and companies can be attributed to the customized communication between the parties which cannot be achieved with mass media (Chiagouris, 2000). However, this still does not resolve the question about whether the Web can fully replace the social value of online shopping. Meanwhile, it is important to remember that marketers are just as threatened from the loss of social interactivity as consumers. The benefits companies might lose as a result of less social shopping could be another very interesting issue to work on.

2.4.3 Ethical Issues, Privacy and Security Concerns

The Internet was originally designed to be an environment accommodating a free flow of communications (Paul, 1996), thus, the legal framework for Web-based transactions are incomplete, unclear or contradictory (Wijnholds and Little, 2001). There is no governing body in this platform and handshake standards are used, which can work only as long as users have an implicit agreement to cooperate and show respect for one an-other (Umbaugh, 1996). Although there are many governmental and non-governmental units working to develop generally applicable legal impositions and rules for the cyber market, ethical concerns and the perceived risks about privacy and security problems remain as the single most important factor deterring consumers from engaging in commercial transactions in the online market without hesitation.

Privacy – One of the most commonly mentioned problems about online markets is the intrusion of privacy, which refers to the improper access, collection, monitoring, analysis, transfer and storage of confidential consumer information (Bloom et al., 1994) . The power of technology might be intentionally abused by marketers for the purpose of improving their market knowledge and response mechanisms. Thus balancing beneficial use of data sources with the privacy rights of individuals is one of the most challenging public policy issues of the information age (Wang et al., 1998) since consumers have to give up some privacy in exchange for the benefits of the Web (Robertson and Sarathy, 2002).

This created a tendency to discuss how consumers could be protected as well as how firms could reduce privacy and security concerns of individuals. There are many studies offering guidelines to win the trust of consumers, discussing the

importance of applying FTC principles or evaluating the current technologies that can protect people from privacy and security concerns (Kiely, 1997; Gregoire, 2002; Robertson and Sarathy, 2002). The frequently mentioned FTC principles are about forewarning consumers about information collection practices, giving them the chance to decide how their data should be used, giving them access or correction choices to make them feel more secure. Gauzente and Ranchhod (2001) add the length of time for which companies can access consumers' information and the degree of intrusiveness as additional factors. It is true that there is a long list of technological tools and methods mentioned in various studies like anonymizers and crowds giving consumers the power to disguise themselves, 22ncryption technologies for coding confidential information, digital signatures ensuring authorship, or firewalls that prevent outsiders from tapping into unauthorized areas (Cranor, 1999; Reiter and Rubin, 1999; Gray, 1996; Meeks, 1999; Cooper et al., 1996; Paul, 1996). However, most online consumers do not have the technical knowledge to understand how these tools protect them. Therefore, it is essential to communicate this information to the consumer and educate and encourage them about using these tools to protect themselves. In this respect, research that could clarify the state of consumer knowledge and the level of voluntary usage of protection mechanisms by online consumers could be very enlightening.

Some studies mention the importance of self-regulation and transparency policies that can be used to supplement technology-based tools of protection. Companies can emphasize the importance they give to doing ethical business, subscribe to regulation programs, abandon collecting unnecessary information, state all terms of contract and let the benefit go to the customer in case of doubt, provide all contact information, answer questions fast and personally, and stick to the basic privacy principles of FTC but, ideally, self-regulation is preferred since universal legal control is not practical (Peeples, 2002).

These principles are impressive but adherence to them is not an adequate condition; they must be supported with the suitable technology. However, some firms are still not adopting new protection technologies since effective security

products are so costly and hard-to-use (Lunt, 1996) regardless of how many consumers they might be losing through this ignorance.

A more current approach raises a lot of hopes in terms of securing Web sites and consumers: seals of approval. Although certifying companies with respect to how much they adhere to certain security standards seems to be a very effective solution, one interesting finding about this subject is quite disappointing. While seals of approval affect consumers positively in terms of disclosing more information, they do not significantly increase firms' adherence to privacy policy standards (Miyazaki and Krishnamurthy, 2002). Thus, seals reduce some of the concerns consumers have about online purchases, especially if the assurance company is recognized by the consumer, but they do not solve the security problem radically on the consumer's mind (Odom et al., 2002).

It is left to the shoulders of marketers to make consumers understand that too much fear of privacy and security problems makes it impossible to engage in any commercial activity online. If marketers do not use any tracking mechanism to record information about consumers such as cookies, it will be impossible to offer personalized offerings or services to them and the Web market will be stripped off its major advantages (Phillips, 2002; Cunningham, 2002). Though there is plenty of evidence showing that consumers with higher levels of Internet experience have less privacy and security concerns about online shopping (Miyazaki and Fernandez, 2001), novel or amateur users can also be triggered by communicating this understanding to them.

2.4.4 Trust – Trust is a highly contextual construct, therefore, identifying its antecedents for different environments is a challenging task. Various attempts have been made to uncover the factors determining consumer trust in Internet shopping, characteristics of trustworthy online transactions, and external manifestations of trust in offline environments that can be used to build trust in an online context (Cheung and Lee, 2001; Friedman et al., 2000; Cassell and Bickmore, 2000). However, some studies still argue the importance of one-to-one inter-action to build trust among transacting parties since general wisdom is that

trust needs touch (Olson and Ol-son, 2000) . Conflicting views about how to ensure and measure trust in an online context generates a valuable research area. Studies that develop scales or sub-constructs that can be used specifically to measure trust for Web-based relationships and transactions would contribute greatly to the e-marketing literature.

2.4.5 Counterfeiting / Protection of Digital Property – Another threat hosted by the Internet is its vulnerability to counterfeiting especially through the choice of domain names that should be trademarked by an institution closely affiliated with that name (Stimson, 1998). The difficulty of applying trademark law in the online environment contributes to this problem (Simons, 2000). Similarly, the lack of copyright rules makes it difficult for companies to protect their Web site. Experience modification technologies which enable consumers to view those parts of Web sites they want and to ignore those they do not want to see is a simple example of how copyright rules and laws can be violated through such technologies (Rubin, 2001).

2.4.6 Security Threats Firms Face – There is a general tendency to think that legal, ethical, and security-related threats are directed by companies toward customers. In reality, firms are being exposed to just as many dangers as consumers by transacting with their customers online. The list of risks marketers take on by engaging in online commerce is extensive: transaction security, illegal activity, privacy, the difficulty of achieving the fundamental requirements of a safe electronic payment system, denial of service attacks, viruses and worms, eavesdropping on e-commerce communications by unauthorized persons, hackers, identity theft, repudiation (denial of electronic agreements), phantom transactions, content alteration by crackers, privacy leaks, pirating, setting up “look alike” Web sites, cookies and Web bugs, cyber terrorism, natural disasters, and counterfeiting are only the most commonly encountered ones (Bush et al., 2000; Glassman, 1996; Bertsch and Flaherty, 2002). Few organizations have a full-fledged network security plan that can protect them against possible risks (Maloff, 1999). Therefore, it is essential that effective protection technologies are developed for

firms. Both consumers and companies need to implement all available systems to protect themselves and each other from unwanted consequences.

2.4.7 Online Marketing Research

The global and continuously interactive nature of the Internet makes it a very fertile platform for performing worldwide online marketing research and both primary and secondary research can easily be conducted through this environment (Karakaya and Karakaya, 1998; Kannan et al., 1998). It can be used for capturing personal, environmental, consumer and competitive intelligence through various online data collection techniques as well as applying more current and hi-tech methods such as virtual shop simulations (Bradley, 1999; Burke, 1996). Past research about multimedia computer representations shows that these techniques can realistically represent people, products, and situations (Urban et al., 1997) and that dynamic consumer behavior can be tracked just as successfully through computer-simulated environments as real research platforms (Burke et al., 1992), thus, increasing the confidence that can be built in collected data through the online environment.

2.5 Factors Affecting Adoption of Online Marketing by Consumers

Adoption of online marketing which has been offered by manufacturers or service providers is not easy. In fact adoption of online marketing is based on the rate of customer internet adoption instead of traditional channels which is mainly based on customer personal characteristics website properties and service properties. It means that basic factors which affect on online marketing adoption will be the same as internet adoption and also e-commerce adoption which focuses on the customers' willingness to use internet instead of traditional channels in order to purchase a product, searching for information and using a service.

2.5.1 Customer personal characteristics

Sohn and Ahn (1999) showed that consumers' knowledge affects their adoption of ecommerce. Liang and Huang (1998) Found that customer's experience an important factor in online purchasing. Kim and Kwon (1999) contended that a consumer whose lifestyle is more progressive and assertive in leisure activities use

the internet more frequently and searches information through the internet more often. Limayem, Khalifa et al. (2003) added personal innovativeness as another personal characteristic in order to online shopping. Yang and Cho (1999) examined the impact of consumers' need for cognition, and search objectives on consumer information search through the internet.

2.5.2 Website

Another group of factors that seems to be important for adoption is website related factors. The KNP Report on the Internet User (Research 1999) published by IMResearch showed that user satisfaction with the website is decided by information quantity, design, transmission speed, user-friendliness of search structure, and update pace. It suggests that website characteristics are likely to influence consumer information search through the internet.

2.5.3 Perceived risk

Besides there are several academic studies working on perceived risk. According to Koller (1988), the degree of importance of the situation determines the potential effect of risk. Customers unwillingness toward to complete online Consumers have shown reluctance to complete online transactions (Hoffman, Novak et al. 1999), primarily due to risk concerns. Therefore, perceived risk is posited as a prominent barrier of consumer acceptance of online services in an e-commerce environment. Consumer perceptions of risks inherent in product adoption and usage have been studied for many years by Bauer and Cox (1967); Dowling and Staelin (1994). This immense literature on perceived risk however has not been applied to the relatively new e-services context in an attempt to better predict evaluation and adoption.

Recent research explores the issue of perceived risk in the context of the unfairness of price by Wirtz, Kimes et al. (2003). They found perceived unfairness of pricing generates perceptions of financial risk. Other researchers Kolsaker, Kelley et al. (2004) found that perceptions of risk and convenience are strongly associated with a reluctant to purchase airline services online. Also the authenticity of the company or product is not under question; therefore, it is likely that risk

assessments of the medium rather than the product are under evaluation. Of course this research shows that cultural factors are important to using e-ticket too

F.Cunningham, H.Gerlach et al. (2005) found perceived risk is present at each stage of the consumer buying process. Their findings show the introduction of financial risk and the continued significance of performance risk at purchase stage. Previous analyses of risk types suggest that financial risk is the most important contributor to perceived risk. However, performance risk seems more important in the case of internet airline reservation services.

Although sometimes factors affecting on risk are the same as trust with negative affect on customer adoption, but there are different researches worked in trust as independent factors affecting on customer to use an online store(Lee, J.Kim et al. 2000; Ceaparu, Demner et al. 2002) as a part of third step of adoption .Some of these factors found by J.Lee et al shows that comprehensive information about products, values shared with other customers and divers means of communication can effectively increase trust, which in turn can increase customers loyalty(Lee, J.Kim et al. 2000). These factors will be important even for post-purchase adoption or at the first stages of adoption for customers who receive information about launching new service or product and step of interest which customer try to find more information about .

2.5.4 Trustworthiness

Moreover Eggers research (2000) shows that trustworthiness often depends on strength of brand name which is its reputation customer awareness of firm's privacy policy which ensure him/her about what firm is going to do with private information. Also there are factors that affect customer's judgments about trustworthiness such as website certificates provided by third parties or legal framework that support transaction in the website. Cheksin (1999) found six fundamental forms for communicating trust are: brand, navigation, fulfillment, presentation, up-to-date technology and seals of approval. And also there is a research by Ceaparu, Demner et al. (2002) which shows that there are three important features for customers in order to trust a website which are customer service (Contact number available, clearly state return policy, possibility of

returning a purchase at the nearby store) , testimonial and security feature representation such as text and graphic.

Based on McIvor, O'Reilly et al. (2003) research, it's possible to find important factors which affect on customers in order to use airlines' website for buying e-ticket. These factors can be clustered as bellow:

Real-time decision-making mechanisms

(Reduction of information asymmetry helps customer to make a decision)

Up-to-date information for customers

All the websites evaluated contained up-to date information on flights, schedules, promotions and complementary services. This will help the customer to make a best decision by comparison different website. Also this way is better than old brochure which airlines provide in order to provide information for their customers)

Reductions in customers' search and transaction costs

On-line buyers benefit from better selection in terms of choice (of airlines, flights, schedules, destinations, levels of service and complementary services); speed (time convenience of access capabilities on the Internet); and reduced transaction costs

(monetary, effort, mistakes)) McIvor, O'Reilly et al. (2003)

Bundling products and services

Offering additional services not directly related to the core travel offering

Receiving low prices/discounted fares

Customizing offerings to suit individual customer needs

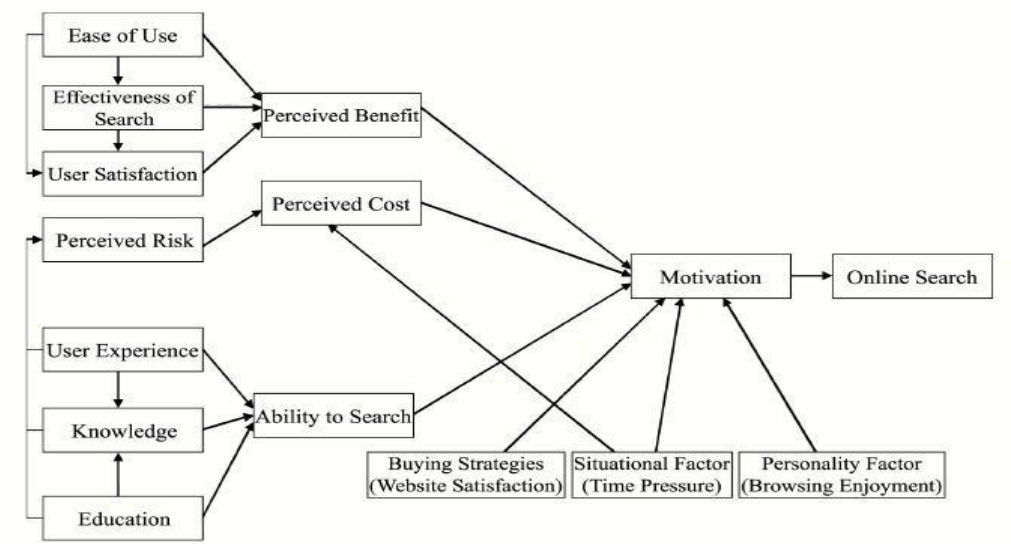
New transaction structures play integral role in lowering transaction costs for customers

2.6 Factors Influencing the Consumers' Online Information Search

The Web allows for the amassing, analysis, and control of large quantities of specialized data, which enables comparison shopping and speeds the process of finding items. The Web also facilitates trials and can provide instant gratification; customers can test products online, which may stimulate purchase. Ease of use of

technology, effectiveness of online search, and user satisfaction are antecedents of the perceived benefits of information search (Kulviwat *et al.*, 2004). Each of these factors is shown in Figure 2.1 and discussed next.

Figure 2.2: An Online Information Search Model



Source: Kulviwat et al., 2004, p. 248

2.6.1 Ease of Use

Ease of use in the context of online search includes Web design, format, template, and user- friendly program. One key feature is interactivity, which allows consumers to personalize their information search, thereby increasing the perceived benefits of a search.

2.6.2 Effectiveness of Search

Effectiveness of search can be defined as the consumer's ability to acquire and utilize relevant information from the external environment (Punj & Staelin, 1983). Interactive decision aids on the Internet (e.g. a wide variety of software tools including search engines), help consumers locate useful information (Bradlow & Schmittlein, 2000 ; Haubl & Trifts, 2000), such as screening alternatives and organizing pieces of messages to form a viable consideration set (Alba et al, 1997).

2.6.3 User Satisfaction

User satisfaction can be defined as an individual's positive and/or negative reactions to the use of information or computer technology (Bailey and Pearson, 1983). Information search requires less effort online than offline. Alba *et al.*

(1997) contends that a significant benefit of online search and shopping is the vast number of alternatives accessible to consumers without physical strain in a brickand-mortar retail environment. For example, it takes far less time and effort to visit a virtual store than a local retail outlet. This great flexibility, in the electronic shopping environment, increases consumers' satisfaction (Ariely, 1999). (Kulviwat *al.* 2004)

2.6.4 Perceived Cost of Information Search

Perceived costs consist of monetary, temporal (time), mental, psychological, and behavioral (physical) effort required in a search process. Studies (Punj & Staelin, 1983; Srinivasan, 1990) found that search costs negatively affected search activity as predicted by theory (Stigler, 1961). After all, online search is not effortless. In fact, it can be stressful as some may experience information overload. (Kulviwat et al. 2004) Bhatnagar et al. (2000) suggest that shopping online is perceived to be quite risky. Perceived risk includes fear of technology use and information overload, feeling of uncertainty and confusion, feeling of insecurity when engaging in online transactions (e.g. credit card fraud). Because technology for secure transactions (e.g. online payment) is not yet mature, security and privacy are major issues that should be addressed satisfactorily in this medium. Hence, perceived risk will induce a perception of increased cost in searching online that discourages motivation to search information online (Klein and Quelch, 1997). (Ibid)

2.6.5 Ability to Search

In addition to perceived benefit and cost, ability to search is a major determinant of information search online. Capability to search is related to ***knowledge education*** and ***experience*** (Schmidt & Spreng, 1996).

2.6.6 Buying Strategies

Buying strategies can be conceptualized as either simplifying or optimizing in information gathering. Kiel and Layton (1981) found that consumers satisfied with their previous purchases searched less information for the next purchase. Also, people seem to visit fewer stores online despite the fact that they are "just a mouse click away" from other stores. This is consistent with the idea that consumers are

limiting their search to just a few of the most popular sites. Johnson *et al.* (2000) found that the top 1 percent of Web sites captures 50 percent of all visits to the Web. (Ibid)

2.6.7 Situational Factor

Urgency and time pressure are situational variables. An immediate need shortens purchase decision time and therefore reduces information seeking. Time pressure reflects the consumer's perception of time availability and sacrifice (e.g. ability to do something else or delayed use of the product).

2.6.8 Personal Factor

Research (Hoffman & Novak, 1996) found that information search is positively related to enjoyment of shopping. In the Internet environment, the extent to which potential goal-directed shoppers can find relevant and reliable information with ease should be a key determinant in their repeated use of the Web. Those browsing for fun (intrinsic enjoyment), without any shopping purpose, will be less concerned with ease of access or with reliable information. However, they may be more concerned with whether the process gives them sufficient stimulation, new interests and fun to keep them coming back.

2.6.9 Motivation to Search

Schmidt and Spreng (1996) define motivation as the desire to expend effort in gathering and processing information, which is characterized by both direction (which pieces of information are collected and processed) and intensity of the effort (the level of goal-directed arousal). Internet users appear to be primarily motivated by communication/ information needs, but do not necessarily feel shortage of time compared to non-users. Perceived cost and perceived benefit of have an impact on information search by influencing motivation to search (Moorthy et al 1997). That is, lower (higher) search costs and higher (lower) search benefits can increase (decrease) motivation to search. As discussed earlier, the ability to search seems to have a positive effect on the motivation to search. Consequently, the effects of perceived benefit, perceived cost, and ability to search should be mediated by motivation to search. (Kulviwat et al., 2004)

Early e-shoppers were largely bargain hunters, expecting the lowest prices as a reward for their risk taking. Amazon and other early e-businesses used the lure of cheaper prices to attract the shoppers online. Things have now moved on and, according to the

Goldfish e-Tail Price Index, online prices rose by 4 percent in the year up to February 2002(Goldfish.com, 2002). (Jayawardhena *et al.*, 2003)

The Internet has unique features for the communication of promotionally priced fares to both business and general travelers. The use of the Internet by airlines to communicate information is becoming prevalent, from relatively slow beginnings in the middle years of the decade. This relates both to hard information, in the form of schedules and the availability of fare information, and to the softer areas of more general company information. Web presence is itself significant but the design of the site even more important. From a consumer perspective it must be relevant and useful, with easy navigation features so that the time spent on a visit is fruitful. Moreover, the site should invite revisiting is a critical difference in the initial motivation to visit and to contact again. In principle, the site offers a one-to-one relationship to the visitor and should have immediately communicable positive features. (Driver, 1999)

2.7 Main potential drivers for consumer adoption of online marketing

2.7.1 Accessibility and convenience

The possibility to shop anytime, from anywhere is the most obvious and most commonly cited advantage of online marketing, and was found to be the most important perceived consumer benefit of internet shopping in empirical studies by Jarvenpaa and Todd (1996-1997) and Kangis and Rankin (1996).

2.7.2 Global choice

Since the boundaries of online marketing are not defined by geography or national borders, consumer will benefit from a wide selection of vendors and products – including a wider availability of hard-to-find products (Benjamin & Wigand 1995. Hoffman et al. 1995. Alba et al 1997).

2.7.3 Online delivery

For digital products, the whole commercial cycle, including distribution, can be conducted via a network, providing instant access to products immediately when a need arises.

2.7.4 Test and trial online

Digital products can be tested over the internet prior to making purchase decisions, reducing uncertainty.

2.7.5 The real time nature of the medium

The internet can provide consumers with up-to-the minute information on prices; availability, etc. (cf. Franz 2000)

2.7.6 Time savings

Consumers may benefit from the shopping process being faster in the market space than in the market place as a result of the rapidity of the search process and the transactions (Wigand & Benjamin 1995, Krause 1998).

2.7.7 Possibilities for comparison shopping

By allowing consumers to shop in many places and conduct quick comparisons of offerings and prices (Hoffman et. Al. 1995, Hart et al. 2000), Internet market places have the ability to reduce search costs for price and product information (Bakos 1998, Strader & Shaw 1999, Rowley 2000, Bhatt & Emdad 2001).

2.7.8 Access to extensive information

An important consumer benefit is the access to greater amounts of dynamic information to support queries for consumer decision-making (Hoffman et. Al. 1995 Alba et al 1997).

2.7.9 Privacy and anonymity

The internet has the potential to offer consumers benefits with respect to a partial, or even a total privacy and anonymity/pseudonymity (Parsons 2002) throughout the purchasing process.

2.7.10 Competitive prices

By embracing online marketing consumers may benefit from price reductions as a result of increased competition as more suppliers are able to compete in an electronically open market place (Turban et al. 1999), as a result of reduced selling prices due to reduction in operational/transaction costs (Brynjolfsson & Smith 2000), and manufacturers internalizing activities traditionally performed by intermediaries (Benjamin & Wigand 1995).

2.7.11 Availability of personalized offers

Consumers can benefit from IT enabled opportunities for personalized interactions and one-to-one relationships with companies, which allow for products, services and web content to be, customized more easily (cf. Peppers & Rogers 1999, Brown 2000).

2.7.12 The social nature of purchasing process

Since consumers differ in their social disposition, Many customers may find an impersonal purchasing situation desirable for social reasons or simply because they find the verbal contact with a seller time-consuming. Moreover, the lack of physical sellers creates sales setting where there is virtually no pressure to buy (Zellweger 1997).

2.8 Main potential inhibitors for consumer adoption of online marketing

2.8.1 Quality evaluation

On the internet, it is more or less impossible to make sure, beyond doubt, that (tangible) products have the desired features (e.g. design, material, color, fit), giving rise to a quality evaluation barriers to online marketing. Empirical findings by Kangis and Rankin (1996) showed that the need to feel a touch was the dominating disadvantage for all home-shopping services.

2.8.2 Security risks

It has been suggested that transaction security (such as the credit Card number being picked up by the third party hackers) is mostly a perceptual problem in online marketing (Rose et al. 1999). Nevertheless, the fact remains that it may be one of the more complex barriers to be overcome (Zwass 1996. Alridge et al. 1999,

Reddy et al 2000). As studies show that adopters as well as non-adopters of internet shopping have security worries (Furnell & Karweni 1999. Udo 2001. Fenech & O'Cass 2001).

2.8.3 Lack of trust in virtual sellers

The fear of fraud and risk of loss has commonly been cited as a significant barrier to B2C e-commerce, with empirical research findings supporting this assumption (Jarvenpaa and Todd (1996-1997), Furnell & Karweni 1999. Hoffman et. Al. 1999, Vijayasarathy & Jones 2000).

2.8.4 Delivery times

In tangible product categories, any home-shopping method involves a delivery time which means that the internet is a disadvantage to physical stores as it fails to meet the customers need for instant gratification (Vassos 1996). Consumers may thus be reluctant to wait for the delivery of ordered goods for days/weeks if the same product can be collected immediately in physical outlets.

2.8.5 Lack of personal service

While online marketing offers great opportunities for one-to-one marketing, it significantly reduces, or even puts an end to the personal service (human-to-human contact) characterizing traditional commerce. This may, as suggested by research by Kangis & Rankin (1996), be an impediment to e-commerce for many consumers.

2.8.6 Lack of enjoyment in shopping

Many consumers find the shopping experience-looking, feeling, comparing- in retail stores relaxing and enjoyable Jones (1999). As the feeling of amusement and relaxation is unlikely to be as marked in electronic settings, e-shopping can hardly be seen as a substitute for the leisure experience associated with conventional shopping (Phan & Poon 2000).

2.8.7 Hard to find what you are looking for

The difficulty to locate stores/products/information on the web (cf.Jarvenpaa and Todd 1996-1997, Rose et al. 1999) emerges from limitations of the user, search engines used, or poor site usability.

2.8.8 Time-consuming nature

As noted online marketing may offer consumers savings in time. In practice, however, using the internet for commercial purposes may prove to be too time consuming for many users (Anckar & Walden 2002). There are multiple reasons for this: (i) difficulties in locating websites/products/services (Hofacker 2001): (ii) registration procedures required to access services; and (iii) making price comparisons (cf. Reddy et al. 2000) **2.8.9 Cost of entry**

Cost of acquiring a computer etc.

2.8.10 Cost of use

Internet access fees

2.8.11 Limited internet/computer experience

Reluctance/difficulties in operating computers and/or browsing the web.

2.8.12 Poor connection speed

Due to low bandwidth connections, using the internet may be time consuming and thus frustrating.

2.9 Benefits of online marketing for travel agencies

1. Providing easy access to information on tourism products and services.
2. Providing better information on tourism products and services.
3. Providing convenience for customers.
4. Expanding choices for customers
5. Creating new markets
6. Establishing interactive relationship with customers
7. Improving customer service
8. Improving image and public recognition of the agency
9. Saving time for providing tourism services
10. Providing customized & specialized tourism products and services
11. Reducing operating costs
12. Simplifying the business process
13. Interacting with business partners
14. Founding new business partnership

2.10 Barriers of online marketing for travel agencies

1. Limited knowledge of available technology
2. Lack of awareness of online marketing
3. Cost of initial investment
4. Lack of confidence in the benefits of e-commerce
5. Cost of system maintenance
6. Cost securing skilled human resources
7. Shortage of skilled human resources
8. Difficulty with integrating online marketing and existing system
9. Cost of training human resources for online marketing
10. Insufficient infrastructure
11. Lack of government support
12. Relatively small online market size
13. Fear of changes in corporate culture
14. Resistance to adoption of online marketing

2.11 Online marketing and disintermediation of travel agencies

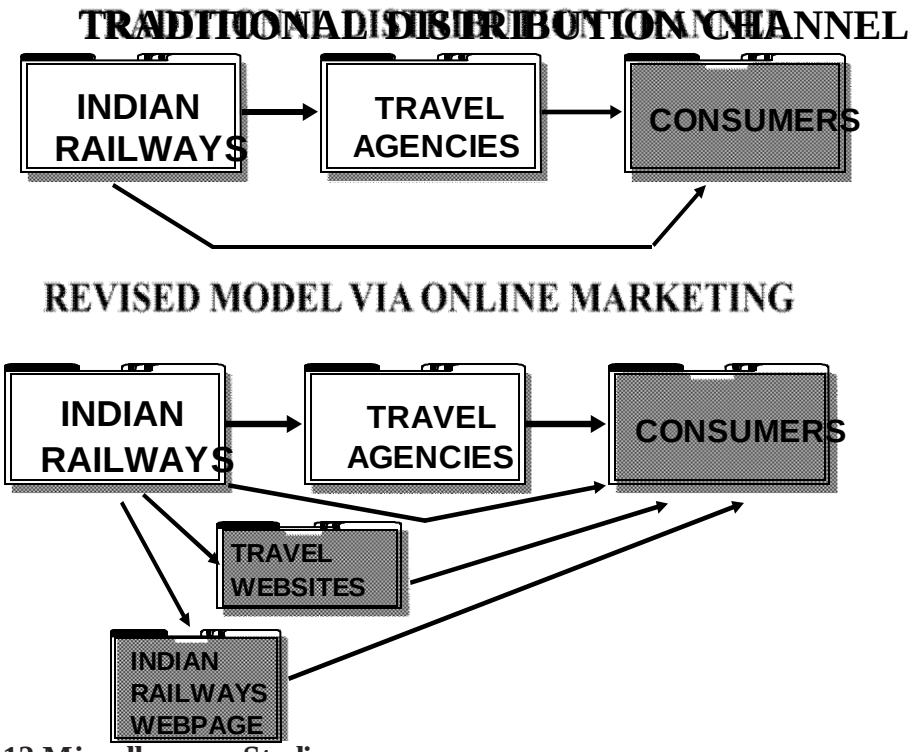
Various studies have shown the direct fit of the Internet and travel and tourism products (Buhalis and Licata 2002; Christian 2001; Poon 2001). With the emergence of the internet, the process of fast information transmission can be addressed effectively at a low cost. In other words, tourists can now receive comprehensive, timely and relevant information in a virtual environment to assist their decision-making process. This, in turn, necessitates the balancing of perishable tourism industry is diversified, with a plethora of different suppliers that operate independently, even as tourists expect travelling to be a complete experience. To resolve this mismatch, the internet offers an effective means for developing a single and sustainable electronic infrastructure for information gathering and business transactions for both travelers and suppliers. A natural outcome of this is that the suppliers can carry out one-to-one marketing and mass customization. In other words travel suppliers can now understand each customer's needs, and therefore target each customer individually and deliver tailor-made products. More importantly, travel suppliers can understand how to

deliver information and sell their products and services to customers directly through their websites.

As a consequence of the online travel developments, business competition for traditional travel agencies has increased. Poon (2001) argues that relying more heavily on the internet gives suppliers a new independence that will gradually decrease their dependence on, and their commission payable to, travel agencies. Similarly, travelers may buy more directly from suppliers, thus bypassing travel agencies. Inevitably, travel agencies traditional intermediary role as a distribution channel has changed (Buhalis, 1998), leading to the possible ultimate disintermediation of travel agencies. In the past, whenever someone wanted to plan a trip or vacation, they would probably contact a traditional travel agent. As shown in the figure, the travel agent was the one who held the necessary knowledge and could provide a complete package service for the consuming public through personalized, one-to-one interaction with the customer. This process usually took place over the phone, or in person. Customer's wants tailored service and contact the necessary brokers to obtain the desired products. Travel agents generally use global distribution system (GDS) to search for tickets. Although travel agents could also contact suppliers directly to procure tickets, typically agents are especially helpful with complex travel needs (Lewis et al. 1998; Patrick et al. 2001).

However, with the advent of e-commerce and the rampant growth of online marketing, many traditional travel agents are forced to either change their methods of business or simply close down their businesses. With the recent trend towards internet related travel sites, many travel agencies are consolidating to adapt to the changing landscape of e-travel realities.

Figure 2.3 Distribution Channel



2.12 Miscellaneous Studies

A research conducted by shwu-Ing (2001), used benefit needs to segment the online marketing market. Focus groups and a random sample survey were used to search for consumer benefit needs. The online marketing market was then segmented using the benefits sought by consumers. The results showed that the different segments have significant differences in the benefits sought, lifestyles and demographics etc. Thus the benefits sought is an effective segmentation variable for the online marketing market. Based on the benefit segmentation results, marketing managers can focus on one or a few segments that show salient consumer preferences for the benefits provided by their products or services. Satisfying the consumer's needs produces company success.

A study on "Internet user's intention to purchase air travel online: an empirical investigation" (2002) by Adee Athiyaman recognized in marketing that study of behavior includes analysis of instrumental acts; that is, acts necessary in obtaining the goal object and the acts involved in consuming it. A technology that eases the difficulty level of instrumental acts such as visiting a purchase outlet to purchase

a product is the internet. Technically, the internet minimizes customer's transaction costs such as time spent traveling to a store to purchase a product. Yet, in spite of its benefits, only one-in-four internet users shop online. An empirical analysis of survey beliefs, attitudes and intentions regarding internet purchase of air tickets revealed that security concerns about the internet make consumers avoid online purchase of air tickets. It is suggested that internet marketers focus on modifying the attitudinal structure of consumers.

A study on "Electronic Marketing in India: A Study on Opportunities and Challenges" (2003) by Reddy concluded that the major factors attributing to the imminent success of e-marketing are, the high level of interactivity, the 24 hours/7days/365(a year) functionality, and the unconfined boundaries. However, there are certain hurdles to overcome before e-marketing becomes a viable business model in India. First and foremost is building trust and loyalty, rather than promoting it as a cost effective option. People go to a dot.com for convenience, comfort, trust, safety and savings. With the gaining prominence of e-marketing – management and execution of strategic marketing programs for customer acquisition, customer retention and cross selling will come into play. This will require a tactically defined and developed eCRM strategy, to optimize consumer buying habits and increase the net conversion ratio of 'prospects' to 'advocates'. It is believed that the intrinsic strength of the medium and its unique advantage will make e-marketing a big reality in India very soon.

Chary and Christopher (2003) stated that e-commerce is today providing the infrastructure to communicate and share information between the buyers and sellers. But the main drawback in India is that most of the Indian consumers are from the rural, backward areas and they are not aware of the electronic transactions. Also in the urban areas most of the consumers are not aware of this. So, in the light of these facts which constitute the emotional factors, can we think that e-commerce in India is going to affect the beliefs, values, culture, preferences and fashions of the consumers? The major challenges are technology component, internet infrastructure and payment related issues. The answer to the challenges posed by the Indian market essentially lies in cyber retail networks (networks of

retail outlets on the net) connected through the very small aperture terminals (VSATs). The three big advantages of e-commerce vast choice, economy in transactions and a wealth of information tend to set the mind of consumer to move into electronic market and so the excitement of e-commerce will be building up away from the metros moving towards rural India.

Reddy (2003) examined the impact of e-commerce on marketing. It has shifted the traditional marketing.

MARKET TRANSFORMATION:

SHIFT FROM	TO
Mass marketing and advertisement	Target one-to one interactive marketing and advertisement Mass customization
Mass production	Dialogue
Monologue	Electronic catalogues
Paper catalogue	Many-to-many communication
One-to-many communication	Demand side thinking
Supply side thinking	Digital products and services
Physical products and services	Disintermediation
Intermediation	

Main limitations of e-commerce are cost, security, privacy, lack of trust, user resistance, legal issues and breakdown of human relations.

A study conducted by Kimiloglu (2004) has a macro perspective and provides a bird's eye view of the Internet marketing literature. First, the general impact of technological advancements on the marketing discipline is analyzed. This discussion is extended with an examination of the studies that compare conventional marketing practices with the principles and rules of the e-marketing world. A deeper understanding is developed by reviewing the inventory of studies handling the four major components of the traditional marketing mix in an online context.

In order to capture a full understanding of the online marketing environment, studies approaching various topics about Internet marketing from the perspective of two major players in the field are examined. One group displays the consumer perspective and includes many valuable studies about individuals' buying behavior. On the complementary side, the business perspective has also

been investigated so that the discussions about the current state of online marketing are not limited to a consumer-oriented approach.

Finally, studies about popular fields of e-marketing research are investigated under the title of current issues in Internet marketing. These include ethical issues, privacy and security concerns, online marketing research, e-CRM, the competitive environment on the Internet and the anti-socializing impact of the online shopping environment.

This review serves two purposes. It identifies the major scope and content of the studies about Internet marketing and displays the current state of the discipline. It also enlightens the main avenues or niche routes for future research by clarifying under investigated or unsettled areas. The framework of this literature review can serve as a skeleton explaining the accumulated state of knowledge about Internet marketing and can be a useful starting point for studies aiming to expand the views about this area further.

Irissappane (2004) has identified the main customer activities in B2C e-commerce which are product search, comparison shopping, product selection, negotiation of terms, placement of orders, payment authorization and finally receipt of product and after sales customer support. Main e-service tools that can be applied in innovative ways to offer online services to customers in e-commerce are personalized web pages, FAQs, chat room, e-mail and automated response and help desks and call centers. According to Venkatesh and Balachandran (2004) quality internet marketing can result in reduced advertising cost, attract qualified traffic to website, increase global brand exposure, growing customer base, increase sales, improved product branding, more customer to the business and increase branding of company and customers.

There are just a few techniques that can help to retain customers:

x Regular updates x Trade

news feeds x E-mail

newsletters x E-advice x Free

software x Free electronic

greeting cards x Free articles

and reports x Chat rooms

According to Guda (2005) following are some of the important benefits which could accrue for an organization due to the deployment of e-business initiatives:

x Improved customer service x

Improved customer retention rates

x Slash operating costs x Enhance

product/service quality x Improve

business efficiency x Improve

competitiveness x Improve

business intelligence x Extend

market coverage x Slash

administrative errors

Sheth (2005) examined two issues e-marketing in an international context and develop a framework that will allow researchers and managers to understand the impact of country level effects on e-marketing strategies. It proposes that the evolution of e-marketing strategies is based on the countries infrastructure and marketing institutional development. It is found that international e-marketing strategies are fundamentally changing, and will continue to change, marketing thought and practice in international markets. It suggests that the e-markets of tomorrow may have little resemblance to the markets of today. It is suggested that firms need to better monitor their international environments to determine the type of strategy that they need to follow. The proposed strategies are – brick and click strategies, digitization, disintermediation, buying groups and alternative infrastructure, firm driven e-marketing strategies, and corporate exchanges.

As examined by Sumanjeet (2006) e-marketing has power to expand any product or service of a company beyond the global boundaries and gives them competitive advantage in the global market place. It gives the business new strategy to conduct market research, product planning, promotion, marketing mix and pricing etc.

emarketing allowing companies to get closer to customers through customer relationship management. (CRM)

Though e-marketing offers a lot of opportunities, alongside there are number of problems, which need to be tackled. These hurdles are more difficult and herculean in country like India where computing itself is taking roots gradually. India's legal system is also vary archaic for the growth of e-marketing. There are many issues like online payment system, consumer protection, e-taxation and Intellectual Property Rights (IPRs), which are not covered by IT Act, 2000. Among all these, the most important issue of concern is providing a safe, secure and reliable mode of payment. Unless all these issues and problems are dealt with, strategies of e-marketing cannot be successfully implemented in the business.

According to Badnjevic et. al. (2006) the boom of information and communication technology (ICT) in India is a well-known phenomenon with a positive impact on the economy. As tourism industry and small companies are of big importance for India's economy, this study examines the ICT awareness in small travel agents and tour operators, in terms of ICT awareness definition, its level, and the affecting factors. A seven weeks long field study was made in 4 large Indian cities. The awareness was defined in terms of consciousness about ICT benefits and barriers, and technological and strategic issues. The ICT level was found to be relatively high for a developing country but low when considering the opportunities in India. The factors with a positive effect on the ICT awareness level were the national economic and technological development trends, and the positive attitude towards ICT. The negative factors were the lack of education within the companies, bureaucracy, physical infrastructure problems and the cultural and social norms. The level could be raised by acting on business and governmental levels.

Jenson (2006) addresses the issue of whether there is a need for better online marketing communication planning and prioritization methods, particularly for B2B companies. It describes the result of an empirical study among larger Danish companies. The work looks at differences between B2C and B2B companies, regarding the importance of Offline and online marcom disciplines, online spending and usage of methods for online communication prioritization. It

concludes that due to high online spending, a less specialized priority of online disciplines and very limited usage of existing methods, B2B companies need to be on the lookout for new systematic methods for online communication planning. Even though a clear overall discrimination between B2B and B2C companies attitudes towards the importance of marcom disviplines could not be established, significant differences in individual disciplines were found. Where B2C companies find offline advertising significantly more important, B2B companies prefer targeted and personalized disciplines like events and exhibitions, relationship marketing and sales support activities. Regarding online communication, B2C companies also put significantly more focus on mass communication disciplines like display advertising, sales promotion and games (advergaming). However, B2B companies only put significantly more focus on online events such as product demonstrations. Personal and targeted disciplines like eLearning, mobile location-based services, communities and personalization did not show significant differences between B2C and B2B.

A study on Factors Influencing Adoption of Online Ticketing by Mitra Karami attempts to analyze the factors that affect the intention to purchase train tickets through internet. Technology acceptance model was chosen as the basis of framework of this study to explain passenger's acceptance through their intentions to buy tickets online and to rationalize their intentions in terms of attitude, perceived usefulness, and perceived ease of use, subjective norms, perceived behavioral control and trust. Survey was conducted to gather the data. The measures and hypotheses were analyzed using partial least square technique. Results show that social factors, perceived behavioral control, attitude and trust significantly influence passenger's intention towards adopting internet ticketing.

Parker (2007) examines the online marketing practices of provincial and territorial tourism authorities within Canada. Rather than examining ways in which the federal Canadian government promotes the country, this study examines the tourism website homepages of the provinces and territories. Attention is paid to homepage design, layout and information provided to potential visitors of an area within Canada. In a cursory examination of the websites 12 items were selected as important for identification and information provision to visitors. These items

were: languages, photos, intro page, survey, hyperlinks, travel services, second official site, cultural info, nature info, search engine, map and flag. While noticeable differences exist regionally within Canada, are those differences translatable to the internet? The cultural and highlights of Canada, as borne out in each province and territory, are translatable insofar as symbols allow them to be. Images and words are the symbols by which culture is translated over the medium known as the internet. Sounds and moving pictures are also transmitted symbols of culture, yet none of the homepages examined included sound and very rarely did images change. Only through the use of photographs and words will the Canada's diverse culture be brought to the world via the internet. The attempt to separate Canada from its natural environment will not work in the promotion of tourism. Canada's environment is invariably linked to the culture and character of the nation.

For the most part the provinces appear to be reflecting their own character rather than an overall Canadian character. This is most noticeably reflected in the fact that only two of Canada's 10 provinces and none of the three territories actually feature the national flag on their tourism homepages. The Maritime Provinces of Atlantic Canada seem to have a firm grasp of culture as transmitted in photographs and hyperlinks, as does the new territory of Nunavut. A wealth of information exists in the provincial and territorial tourism websites.

The purpose of a study conducted by Gilmore et.al (2007) is to report on a study that re-examines the impact of the internet on small to medium-sized enterprise marketing activities, following a similar study four years earlier (2000) in order to see what, if any, changes have occurred. A qualitative research approach was adopted using one to-one, in-depth semi-structured interviews with the marketing managers or IT professionals of ten small and medium sized enterprises (SMEs) who were directly involved in introducing the internet and e-marketing activities within their respective company. The all-encompassing role of the internet in today's business world and the findings of this study raise some serious issues for the future of SMEs operating in a peripheral location and their e-marketing provisions. It is still very much in its infancy for some SMEs although its use has generally continued since 2000. SMEs still do not use it to its full scope and

potential. The outcomes of the study illustrate the specific barriers and implementation issues encountered by SMEs, identify the consequences of implementing e-marketing on the SME businesses, and identify how SMEs within regional economies could better use e-marketing and facilitate better implementation in the future. Generic characteristics limitations like limited time, people, expertise exist, but are not insurmountable. These could be overcome by: Staff sharing knowledge and willing to learn, using "technology minded" staff, employing a fulltime IT professional and staff training. Practical/implementation issues like cost of creation and maintenance of web site are not off-putting, but necessary lack of professionalism in web site design. All had experienced inappropriate web design and web sites had been redesigned recently. Still there is a lack of multi-lingual features. If they create webpage in-house then they face a problem of lack of time to update regularly. In case they use external expertise then they find difficulty in keeping updated, interesting, offering added value and good design. There are some organizational obstacles like no systems in place to measure effectiveness of emarketing, not sophisticated enough to identify if sales derived from web site. SMEs frustrated that many customers, suppliers, partners still lacked skills in electronic business activities. Increase in spam and junk-mail effect staff attitude to e-marketing. Haque et. al. (2007) in a study tried to establish relationship between the potential sales and consumer attitude towards online shopping, product characteristics, and familiarity and confidence as objective of the study. Six attributes considered in this study to construct overall consumer attitudes toward online shopping. The results revealed a positive relationship between potential of online sales and consumer attitudes and familiarity and confidence based on the positive coefficient values. In addition, results also showed the measuring overall consumer attitude toward online shopping and highlighted the target customers who have higher attitudes towards online shopping; selling online is more likely to be succeeded. The negative value of the product type indicated that more the dependency of a product on human senses, then involvement in physical examination causes to lower potential for online sales of that product.

A study on ‘‘Information search and evaluation of alternatives in online airline ticket purchase’’ (2007) by Yasir Kazmi and Abdul rehman examined various factors effecting consumer decision making process. With the basis of analysis and findings for research; the following conclusions have been identified:

- Ease of use of websites and User satisfaction were seen as a matter of concern in online airline information search.
- The ability to search factors (knowledge, education and experience) are interrelated and with increasing of knowledge and education and experience, ability to perform effective search increase, and it also led to increased motivation to use online medium.
- The situational factors reduce online airline tickets information search time and led to quicker decision.

Evoked set (importance of brands and prominent products) and role of the internet as compare of price and price itself are important factors for evaluation of alternatives in online airline ticket purchase as compare to customer interaction.

A study on “Consumers Attitude towards Online Shopping for clothing” (2007) by Sita Mishra examines the demographic characteristics of online consumers and their attitude towards online shopping behavior for clothing. This study is based on a sample of 200 internet users in NCR Delhi. The findings show that consumers have positive attitude towards online shopping but low attitude towards online purchase of clothes. The analysis shows that city and sex do not affect consumer’s attitude but age and income indicates a significant association. The issue of trust, enjoy ability and trial policy seems to be major concerns for the consumers but convenience and technological advancement play a major role in online shopping.

A study on ‘‘Electronic Customer Relationship Management (eCRM)’’ (2008) examined customers’ perception of value from eCRM features on airline e-ticketing Websites by Iftikhar Ahmad and Aatur Rahman Chowdhary. Findings of the study shows that all the features were not important for customer satisfaction, at the same time, websites were not providing all the features discussed by theory whereas customers’ showed their willingness to use those features if provided. To

sum up according to customers, 'site customization', 'site information' features were most disliked features, whereas customers are in the favor reading 'online forums', 'complaining ability', 'email', 'loyalty programs' and 'feedback channels' . Customers presently were experiencing the benefits from only one feature FAQs. Study also shows that there is a great competition online among travel companies because for the customers presence of eCRM features is the same on each website and they are searching for cheaper tickets. But on the other hand when customers could not solve their problems after purchasing tickets they become dissatisfied and this dissatisfaction can cause customer defection. Therefore after sale services, which can cause customer retention, were not provided efficiently.

A study by Sulaiman et. al. on ''E-Ticketing as a New Way of Buying Tickets: Malaysian Perceptions" (2008) investigates the usage trends and patterns of eticketing. The study found that e-ticketing is not a new phenomenon as nearly fifty percent of the respondents have been buying tickets online for the past two years and purchasing airline tickets seems to dominate the online ticketing services. It was also discovered that convenience and ease of use are among the factors that motivated the respondents to purchase tickets online. The study also revealed that online ticket purchasers are the young, educated and with higher income bracket.

A study by Shengliang Deng on "Travel Agents' Attitudes Towards Automation and the Delivery of Service" shows that there are four distinct groups of agents whose attitudes towards automation differ quite substantially, and these attitudes are related not so much to current use of technology but more to perceived future usage. Overall most agents are positive about automation of their systems and the resultant contributions to their service offering and business development but they also perceive it as a threat in the form of direct selling and vertical control. The travel industry is essentially an information-based industry and information technology has become such an integral part of the communications process that it is practically impossible to survive and attain a sustained competitive advantage as principal, carrier or agent without investing in automation.

A study by Mohsen Manzari on, "Intention to Use Internet Reservation Systems by Iranian Airline Passengers" (2008) used an adoption model to assess Iranian airline passenger's intention to use an online reservation system. This study integrates constructs from the United Theory of Acceptance and Use of Technology model, Transaction Cost Saving, Perceived Risk and Perceived Enjoyment. A survey is administered to 186 Iranian airline passengers in Mehrabad airport which were inexperienced with such systems. The data is analyzed using Structural Equation Model. Results indicate that performance expectancy, effort expectancy, social influences, perceived enjoyment, perceived support and transaction cost saving have a significant affect, where perceived risk did not have any significant effect on intention. Jha (2008) stated that in India, internet usage growth rate is very high but the penetration level is very low. Similar is the case in one of the Northeastern states of India, where number of internet users is increasing day by day. This study employs Uses and Gratification Theory to find out the Internet usage among the students. Data are collected from 200 samples which consist of almost equal number of male and female students. The findings of the study reveal that gender, monthly household income, and education determine the usage pattern for several purposes on the Internet. Identification of these variables among the Internet users provides opportunities for the advancement of the business of internet access services in India.
Moreover, better understanding of the uses and gratifications from the Internet usage can help the ISPs to customize their offerings.

According to Rishi (2008) the use of Internet is catching up and online shopping is considered as a relevant alternative channel for retailing in India, and it is now important part of the retail experience. He has conducted an empirical study basically based on the primary data but secondary data have also been collected from various sources (published and unpublished) including websites. The sample was selected from the National Capital Region as this region is among the first regions of India where large number of buyers buy online (ASSOCHAM, 2005). The sample has been selected from youth population as this group of people actually use internet to buy online. The study highlights that Convenience, Accessibility, Scope, Attraction, Reliability, Experience and Clarity are the

important factors considered by the online shoppers. In comparison to existing literature the factors affecting the online shopping in India are similar to those of worldwide but some of them are specific as the penetration of IT and its adoption in India have been slow such as scope and accessibility. It is recommended that marketers must give a thought to these factors when they design their online strategy. Even the marketers may think of combining both the online and offline.

Ramalingam (2008) has made an attempt to study the behavior of buyers towards online shopping. The sample of 150 respondents was selected from various centres in around Madurai. It was found that majority of respondents interested in online shopping fall in the age group of 25-40. Male respondents dominated in online shopping while comparing with females. The predominant buyers are having monthly income of less than Rs. 10000. Majority of respondents purchases are for their own use. CD/DVD is the frequently purchased by most of the respondents. Occasional shoppers are more in the numbers. Time saving is the main reason for purchasing through online. The most influencing peer group for online shopping is the 'friend'. Most of the respondents utilized the yahoo website in the study. The level of satisfaction of most of the respondents is neither satisfied nor dissatisfied. There are certain issues such as security of data transmission, privacy protection, and to improve the legal infrastructure in the country. If solutions are found out for these issues, then there is the possibility of carrying out heavy volume in the Indian e-commerce market especially in online shopping.

Tandon (2008) attempted to critically review the status of B2C offerings in India. The idea was to elucidate the origins of such offerings; and juxtapose them with key ground variables in order to properly evaluate their economic and consumer worth. The paper draws on researcher's interviews with key middle and senior level executives in Indian businesses as well as Industry groups and lawyers to properly cover these issues. The approach is qualitative in nature as an earlier quantitative study with similar objectives met with a very cautious and incomplete response from the industry. It was concluded that the Indian B2C offerings still have a long way to go, however, the future does look better, with an increasing middle-class with rising salaries and the lowering PC prices could only take this segment into better days. The local language content however would be the key

area for getting the Non-English speaking user to go online. The future of Mobile–Internet access with the introduction of high-end mobile handsets has opened up a new avenue wherein the access to Internet would not be dependent only on the PC. The Indian market offers a unique mix of (latent) demand for phone based information needs, like the updates on Cricket Score(Indian being the hub of the Cricket world) and examination results for students, etc. The key, however, is the identification of the segments and addressing them as this mobile-internet and SMS based information subscription depends upon the 'criticality' or importance for the individual consumer, hence the customization and personalization would play a major role in development of such offerings.

2.13 Research gaps

Review of literature reveals that a number of studies (Ghamatrasa, 2006; Karami, 2006; Denbashi, 2007; Safavi, 2007; Manzari, 2008; Yahyapour, 2008; Park, 2009 and Babaee, 2010 ;) have been conducted in recent years concerning internet and ecommerce adoption. However, most of these studies focused on airline e-ticketing in foreign countries.

Indian railways online ticketing reservation staff reported that up till now no study has been carried out on internet adoption of Indian Railways. The present study has focused on untouched aspects of online marketing in Indian Railways. There was a dearth of research work in the area as there were no studies being carried out to elicit opinions of consumers and travel agents on online marketing provided by Indian Railways thus in the wake of apparent research gaps an attempt has been made to derive their attitude towards the online services.