

E-MARKETING: THE SAVING GRACE OF E-COMMERCE

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INTRODUCTION

Information communication technology (ICT) has made the lives of most Filipinos easier. With more and more Filipinos seeking better livelihood overseas, ICT brings together families of Overseas Filipino workers closer through faster and clearer long distance phone connections, emails and short message service (SMS). It has paved the way for local companies/organizations to get in touch with the global community through the worldwide web. It has opened the gateway to abundant information for more Filipinos in a single click of a mouse.

The new Internet-based media allow for more, faster, diverse, two-way communications between users who have both more control and more choice.

Online communities are formed when individuals interact with one another on the web. One of the most surprising discoveries concerning Internet marketing is that virtually anything can be, and is being, sold on the web. (Richardson, 2001)

The advancements in ICT have made the exchange of communication between two individuals faster. Such development though comes with both

boons and banes. Often times, the argument in such a case is how can a society keep its individualism once it opens its doors to a world of diversity?

In many Southeast Asian countries, there is fear that the openness of the Internet would create damage to their rich oriental culture. However, more countries are adapting to the fast-growing technology, which would mean opening doors to better opportunities and allowing themselves to be globally competitive.

THE LOCAL ICT CONNECTION

Wired Philippines

In most countries, especially the First World, Internet is one of the more popular tools these days with most of its population having access to a personal computer. In the Philippines on the other hand, such occurrence is uncommon. Out of those few numbers who have access to a computer, a far lesser number has access to the Internet. Only 1 percent of the over 75 million Filipinos have PCs that have Internet connection as of 2000 (Oliva 2000).

In an article written by Joel D. Pinaroc (Philippine Daily Inquirer, 2000), he describes how the term “digital divide” affects society. “This digital divide – or that invisible, virtual line that separates those who have information and those who don’t – proves to be the biggest headache a country has to cure and overcome in its bid to make the digital leap. For Third World countries, the digital divide is more than a line separating those who have access to the Internet and those who do not. This digital divide reflects the virtual but very distinct line between the affluent and the indigent. For, if information is power, those who have the

means to buy information naturally have the edge over those who cannot afford it.”

In a study conducted by AC Nielsen (2000), an estimated 6% of the total urban population of the Philippines goes online. Half of which, around 900,000, are based in Metro Manila. Most of the respondents are under 29 years of age and more than half come from the upper and middle economic classes.

Bing Van Tooren, management information systems director of AC Nielsen Philippines, says that “Information access has also been made easier and more convenient through the Internet. Among students, Internet research is a fun way to study, and news and public affairs information is easily accessible.” (AC Nielsen report, 2000)

Internet is accessed through schools, offices and libraries. The proliferation of Internet cafes in the country also attributes to the increase in Internet usage.

Though Internet is slowly gaining its ground, it is still evident that only those who come from affluent background can afford such wired connection.

Another challenge in bridging the digital divide is the inadequate infrastructure, especially in electricity and telecommunications facilities. Data from the National Electrification Administration showed that only 80 percent of all Philippine barangays are energized (Labor Marketing Intelligence Report, Issue No. 19). Clearly, it would be difficult to get the country online if the basic facilities such as electricity and telecommunications are insufficient.

A Philippine portal: Something to say Yehey! About

Perhaps coined as a local moniker for a more popular international search engine, www.yehey.com is Philippine's most successful search engine. Yehey! offers a wide selection of services and can be categorized into six: the search engine, news, lifestyle, finance, entertainment and specials.

It is one of the very few Filipino sites that offer these services catering to the needs of Filipino users. Yehey! Has stock market, is up-to-date with the latest in Philippine politics, entertainment, finance, etc. The lifestyle and entertainment channels of the site let you in on the latest in Philippine culture. This section proves how much Filipinos love to be entertained, with its vast information on music, movies, downloadables, latest restaurants, etc. Yehey! allows its users to get in touch with other individuals through its chat and forum sections. It also offers online shopping. Security in the Internet is a very relevant issue that most users are quite concerned with. Yehey! wants to assure its users that they can safely transact with them without the fear of getting your credit card number hacked (Garcia, 2002). However, internet is still a big issue among Filipinos. Only five to six million of the population has credit cards because the risk of lending and issuing credit cards for financial institutions is very high. Because of this, Yehey! has leveraged on the larger base of automated teller machines card users in the Philippines.

Users of Yehey! currently range from 21-29 years of age, male and female, with an average monthly income of P15,000 – P30,000. Ninety five percent (95%) are college graduates and 3% in their MBA program. Ninety

percent own cellphones. Most of the Yehey! users are from the Philippines, US and the Middle East (Garcia, 2002).

E-Commerce vis a vis E-Marketing

E-Commerce is the integration of electronic mail, electronic funds transfer, electronic data exchange and similar techniques into an automated electronics-based system that encompasses business functions such as procurement, payment, supply management, transportation and facility operations. On the other hand, E-Marketing is the application of electronic or digital technology to support activities in line with an organization's core marketing strategies. A comparative analysis of E-Commerce and E-Marketing indicates the following:

In the area of advertising, E-Commerce just describes the features and benefits of the product. On the other hand, E-Marketing provides information and details to answer the inquiries of the customer.

On target market, there is no specific target for E-Commerce, while E-Marketing knows target market well. Products are needed/wanted by the target market.

On promotions and discounts, E-Commerce is standard for all customers; while in E-Marketing, it is individually tailored to customer.

On pricing of products, E-Commerce is set by seller without taking into consideration of the customer. On E-marketing, it is based on the ability of the customer to buy and examine the worth of the product.

On the development of new products, E-Commerce is based on research and development while E-Marketing is created to cater to the needs and wants of the customer.

On distribution, E-Commerce is standard distribution determined by the intermediaries of the seller's choice. E-Marketing is through direct channels or intermediaries depending on the customer preference.

Finally on relationship with the customer, E-Commerce hardly builds long-term customer relationship and is not that important. Immediate profit is what counts. On the other hand, E-Marketing continues to maintain and enhance long-term customer relationship.

From this comparative analysis, it seems that E-Marketing is the answer to the sustained growth of E-Commerce and internet technology. In other words, it is the saving grace of E-Commerce.

But is this really so? What empirical data can prove that E-Marketing has taken its successful entry in the Philippines?

With this observed notion, a study was conducted to measure the impact of E-Marketing and how it has penetrated the internet market in the country.

A random survey among internet users in Metro Manila was conducted. The survey probes on the extent of internet usage and access to E-Marketing activities. A total of 472 respondents were provided a structured questionnaire and were further stratified into age brackets of below 20, 21-30, 31-40, 41-50, and over 50. The age variable was a primary consideration to be able to identify

which age bracket has extensively used E-Marketing. The following areas were probed:

- Location of internet access
- Frequency of internet usage and reason for use
- Perceptions on on-line ads and frequency of access
- On-line buying and reasons for purchase and non-purchase
- Types of products purchased and frequency of purchase
- Repurchase intentions

From this survey, the top line findings are as follows:

1. Location of internet access is mostly at work for all age brackets, followed by home, then internet cafes. Exceptions are those below 20 whose access is at home, followed by internet cafes.
2. On the reason for internet usage, e-mail is the primary reason for using the internet across all groups, with research coming in second.
3. On frequency of internet usage, across all age groups, majority of the internet users claim that they use the internet many times a day.
4. On on-line ads perceptions, majority of the age groups—below 20, 21-30, and 51 and above view on-line ads as annoying. The rest of the age groups see them as informative, although still, many see on-line ads as annoying.

5. On reading frequency, respondents sometimes read the ad. They belong to the 21-30 age group, followed by the 31-40 group. In other words, not too many read on-line ads.
6. On responding to on-line ads, most of those who responded to on-line ads came from 21-30 age group, followed by 31-40 age group level.
7. The reasons for non-response to on-line ads are as follows: across all age groups, they do not respond to on-line ads since they use the internet as a tool for accessing personal e-mails only, followed by research.
8. On on-line purchase, the 31-40 age group made the most on-line purchases, followed by 21-30 group.
9. On reason for non-purchase, all age groups consider security as the primary reason for not purchasing on-line, followed by limitation of the shopping experience.
10. On the reason for purchase, all age groups consider convenience and time efficiency as the primary reasons for purchasing online.
11. The types of products purchased show that the 21-30 age group's purchases comprise mostly of shopping goods and movie reservations; the 31-40 use the net to buy shopping goods, with computer and airline tickets a close second and third.
12. On frequency of purchase, all age groups seldom buy online.
13. On repurchase intention, majority of the 21-30 and 31-40 groups intend to buy online again.

From the results of the survey, they show that the internet is primarily used for e-mails and not for on-line purchasing. The ads which should have been the come-ons for on-line buying are found to be annoying by most internet users. They don't buy since they are worried of security and the limitation of the shopping experience. On the other hand, there is light at the end of the tunnel if one takes a look on the younger age bracket like the 21-30 age bracket who sometimes read on-line ads and buy on-line. They deliver some positive scores in the areas of on-line buying as convenient and time efficient which on the other hand, is also recognized by all other age sectors but are not quite into on-line buying. They buy shopping goods and make reservations for movies. They also intend to buy on-line again.

The survey shows that E-Marketing has invaded the paradigm of the young sector and as they grow older and become internet savvy, they will be prone to buying on-line. Those below 20 are now accessing the internet at home and upon joining the workforce, this is a formidable group that would make use of E-Marketing and buy online.

The tradition of shopping in the supermarket and department stores is here to stay especially so that malling has been a way of life for most Filipinos. However, there is a greater challenge for internet service providers to continuously educate more and more internet users to shop online and avail of the considerable amenities of on-line purchase. As more and more people access the internet, there is a corresponding exposure to on-line marketing. But

the tool of e-marketing should be maximized since there is a customer relationship approach in e-marketing than the more formal tools of e-commerce. Recommendations in this regard are complementing on-line shopping with some traditional marketing tools like ordering on line and picking up the orders at the supermarket or convenience store as in the case of Rustan's. Aside of the credit card, which seems to be the worry of the Filipinos, G-cash could be another payment option. Also, as shown by the survey, convenience goods and shopping goods seem to be the more popular purchases, E-Marketing could therefore capitalize on types of goods and show them in on-line ads.

Based on the research, we can conclude that e-marketing has the potentials of being the saving grace of e-commerce. However, internet technology has to invade the Philippine environment for this scenario to transpire. The onslaught of M-Marketing or mobile marketing is revolutionizing the Philippines as more and more Filipinos buy cell phones which are cheaper than a personal computer.

Philippine Internet and Mobile Culture: The Good and the Bad

Perhaps, more than any other Southeast Asian country, the Philippines is the one most likely to adapt well into the developments of ICT. For one the Philippine language does not utilize special characters such as that of its neighboring countries. The Philippines also posts a high English literacy rate.

Although recently, international search engine Google has accommodated a Filipino version of its website.

Second, Filipinos have always been accepting of trends in the Western culture, from fashion, entertainment, and technology.

Filipinos usually use the Internet for instant messaging services such as Yahoo! and msn messenger. To date, more than 1.6 million Filipinos a month use Yahoo! messenger. (Manila Bulletin, May 10, 2004) This lets individuals communicate to each other, whether in different parts of the globe or just across each other in an instant. It actually saves on the costs of long-distance calls and lets a person do other things while communicating.

Since Filipinos are text-crazy, chikka.com allows individuals to send messages through their PCs to mobile phones. This service is free and is taken advantage by many Filipinos. Recently, Yahoo added this service to Yahoo!messenger. In just over three months (with period covering December 2003 to March 2003), usage of Yahoo! Messenger for SMS among local users have nearly doubled with more than 8 million messages a month being exchanged between mobile phones in the Philippines and Yahoo! Messenger. (Manila Bulletin, May 10, 2004)

Improvements in technology have also made the communication for most Filipinos more convenient. The advent of mobile technology has proven to be a blessing to Filipinos, since access to basic telephone landlines have become insufficient. Going to the remotest barrios, one would probably find stronger cell sites than telephone lines.

As in most cases, there are two sides of the coin. As technology can bring convenience and opportunity to a society, so can it bring drawbacks. For one, the Philippines still falls short in terms of PC-connectivity as compared to most countries in the world. As the current state of economy and political woes affects the country, there is a continuing shortage of PC-access among most Filipinos. This disables a huge part of the Filipino public a chance to participate in the global village.

In the Philippines, it's been said that access to information and the digital divide is fueled by the fact that those who have access to it are those who are better off.

Cell phones have also become status symbols of sort for Filipinos. Depending on the brand and the model, would one's social status be. Filipinos are basically aspirational in nature, the better their gadgets are, the better they disposition in life is.

It has also been observed that the text language that has been used by many affects the grammar of Filipinos. Instead of spelling out in full the words, texters tend to shorten them.

Conclusion

Technology is a great deal in the improvement of a society. In the Philippines, technology has provided convenience and opportunities for majority of Filipinos. Catching up with the global trends, Filipinos have easily adjusted to the demands of technology, using it to the fullest that their resources can. The Technology Acceptance Model of Davis (Davis, 1989) seems to work since there

is perceived usefulness, perceived ease of use, and acceptance of information technology here in the country. However, the issue of trust should still be enhanced by ICT and E-Commerce since this is an important element in consumer behavior.

The digital age has opened the doors for individuals to get in touch from different parts of the globe instantly and with ease. Though some may say that this occurrence would hamper the growth of a society according to its local culture, it would be safe to say that technology is still necessary. It is up to that society to make the parameters as up to how much it would let technology take over its local culture.

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