

Investigating the effect and role of internet marketing on customers' decision to purchase

¹Leila Pourdasht, ²Mahmud Hasani

¹ Department of Management, Islamic Azad University, Tehran Center Branch, Tehran, Iran

² M.A., Instructor of Management Dep., of Payame Noor University, Tehran, Iran

Abstract

The objective of the present study is to investigate the effect of internet marketing on the decision of customers of Aras Khodro Diesel. The present study is an applied one in terms of objective and a descriptive-survey study in terms of method and data collection method (field study). For this research, 3 secondary hypotheses and a main hypothesis was developed. The population of the research are those customers who referred to the agencies of Aras Khodro Diesel in the City of Tabriz during one month for purchase and after sales services of business machines and motorcycles. They were estimated as 88 individuals. To collect data, a questionnaire was used and to analyze data, Pearson correlation coefficient and regression tests as well as the SPSS software were used. The results indicate that internet marketing techniques (websites, Banner ads, and social networks) have positive effects on the customers' purchase from Aras Khodro Diesel. The findings also indicate that Aras Khodro Diesel can influence positively on its customers using internet marketing and results in increasing the purchase of products and customers' satisfaction.

Keywords: internet marketing and purchase decision, customers, Aras Khodro Diesel

Introduction

Internet has been considered as the biggest center for online sales of a lot of industries and businesses all over the world. It is predicted that in Canada, in 5 to 8 next years, individuals do their tasks outside the home online. In addition, now in Canada and Toronto, only 3% of newspapers are printed in paper and traditionally for printing, distributing and doing all affairs (Barnes, 2010) [3]. In recent years, in Iran the number of internet users is significantly increasing. Iran is advancing in terms of digital marketing. If managers do not use these chances appropriately, they lose a lot of opportunities and therefore, will be defeated by their competitors (Eftekhari Manavi *et al.* 2013) [4]. Kotler and Armstrong state that designing and implementing strategies of internet marketing is very important. Managers and experts should be familiar with marketing issues and know how customers' behaviors change (Kotler and Armstrong, 2013) [8]. On the other hand, attaining customers' satisfaction is the main factor of attaining competitive advantage of organizations. The necessity of attracting customers' satisfaction is to realize their needs fully and to identify their wants, expectations, desires, abilities, and limitations attentively in purchasing products. By access to such information, factors affecting customers' behaviors can be appropriately identified and they can be used in adopting marketing decision making in companies. Therefore, companies' products should be compatible with customers' expectations. In this line, identifying different dimension of purchaser's decisions and determining the relationship of elements intertwined with marketing are necessary (Sharif Sharifi, Cherakh, 2013) [15]. In addition, industrial companies, in the past, emphasized more on traditional marketing. Increasing industrial companies and the existence of competitive market and using marketing techniques and internet marketing for industrial companies such as service organization seem necessary. Aras Khodro Diesel includes a set of industrial companies which can use

internet marketing for attracting their specific customers. The use of internet capabilities particularly the characteristics of designing products and communicative interactions of appropriate competitive instruments for motivating potential customers to purchase products and surviving and developing in the industry of business machines, motorcycles and parts manufacturing of Iran Electronics Industries of the market. Therefore, designing is the internet marketing mix design for enhancing current condition seems necessary.

Statement of the problem

The present age has been along with characteristics such as frequency of supply, competition development, technological upheavals and globalization, which has resulted in a lot of benefits for customers such as choice, increase in bargaining power and achievement of greater values for customers and more reasons for customers to purchase them and create long-term relationship with companies. Nowadays, customers want products with higher quality, more services, quicker supply, and with more appropriate prices appropriate with their own needs. Companies which have accepted the marketing philosophy, i.e. they have emphasized customers and the society as the axes of their operations, are consistently exert their efforts for creating and increasing value for their customers (Kotler and Armstrong, 2011).

Nowadays, the success of companies and institutions depends on the identification of customers, competitors, and other factors affecting the market. Regarding the fact that needs and demands of customers have always been changing, only it is in case of identifying these changes that a company can be successful. On the one hand, to attract customers, they do their best and on the other hand, the changes in market's conditions and rules governing it such as changes in technology and rules and regulations can influence the success of institutions in a market (Rusta *et al.* 2004) [13].

Identifying different dimensions of marketing management in

industries among which the competition is very severe and customers have different needs and wants, is very important (Wang and Kototorakes, 2011) ^[18] because in competitive industries, due to increase in the number of competitors which reduces the volume of purchase and the technological differences are gradually removed among commercial names, companies either should be in search of parts of new markets or take the share of competitors' market via reducing prices of their product, provide better services or intangible benefits whose their competitors are not able to provide them. By technological advancement in machine-manufacturing industries and the emergent of economic crises, the increase in the purchase and stability of a competitive market and the penetration into new markets have make the need to use modern marketing techniques such as internet marketing inevitable. In the present study, the researcher is to answer this question whether in the industry of manufacturing diesel cars and motorcycles, internet marketing techniques based on marketing principles are effective on the degree of decisions to purchase because the development of market share and increase in productivity of companies depend attracting customers and increasing the purchase of companies' products.

Theoretical framework

Internet marketing

Kotler and Armstrong (2013) ^[8] states that internet marketing is the process of constructing and keeping relations with customers in online activities. This process includes seven stages:

1. developing a company's macro strategies
2. identifying market opportunities
3. formulizing marketing strategies
4. designing customers' experiences
5. designing marketing planning
6. creating customers' skills
7. evaluating the results of marketing programs (Kotler and Armstrong, 2013) ^[8]

Sum Siu (2002) ^[16] states that in internet markets, customers are equal and a real customers equal to a virtual one, and internet marketing is founded on this principle (Sum Siu, 2002) ^[16].

Internet marketing techniques

Internet marketing techniques and methods are diverse. As follows, the most important methods are briefly discussed.

Advertising banners

In this method, banners with other sites are exchanged and relationships, attract a lot of customers and visitors to the website of a company. Banner advertisement are rectangular advertisements which usually are observed at the top part of websites. It should be noticed that if banner advertisements are not attractive enough, they cannot guide and attract customers to websites (Mirzaei and Mohebbi, 2014: 36) ^[10].

Websites

Basically websites are powerful instruments which the communication path between business of companies and customers are transformed via unbound suggestions. Nowadays, companies, due to competition in the global world, increasingly develop their own activities in line with

this communication channel. The direct result of e-commerce is appearance of a new type of customers called electronic customers, those who use the Internet for purchasing products and services (Mark, 2011: 12) ^[11]. Summarily, the characteristics of websites can be presented as follows:

1. attractive and beautiful design appropriate to customers' taste in each website
2. easy access to available information in websites
3. attentive classification with scientific method of information
4. low volume of graphic programming increasing load speed
5. avoiding any repeated and extra information
6. the possibility of searching in websites
7. important engine search should be introduced
8. the possibility of updating information should be feasible
9. the security of information should be guaranteed
10. the view of builders and owners of websites should be functionalist (Hooper, 2013) ^[16].

Social networks

An internet social network is a website or a set of websites which allows its own users to share their interests, thoughts, and activities with each other. A social network also can be used for identifying geographical positions of each individual. Social networks, in spite of being virtual in order for individuals to find new friends or make their old friends aware of the trend of changes, are places for exchanging information and ideas particularly for the youth and sharing ideas and beliefs (Khatami, 2010) ^[7]. Accordingly, Twitter, Facebook, Stumble Upon, Digg, +Google, Reddit, LinkedIn, DZone, are among the most famous social network which can be considered as instruments for sending information in social networks and attract frequent traffics and visitors towards companies' websites (Saman, 2013) ^[14].

Advantages of marketing with social networks can be summarized as follows

1. Approximately all layers of the society can be found in these networks;
2. The popularity of companies can respond users' question and make close relationship with them
3. Activity in social networks causes that a lot of individuals can see the link of companies' products in their own profiles;
4. Marketers can attract thousands of fans to companies by releasing images, videos, or interesting texts. (Alipour Marzangu and Ghorbani, 2013).

Customers' decision making

Wang *et al.* and also Wilson *et al.* define decision making as a process in which the superior alternatives or the better executive paths, by considering criteria and specific strategies are selected from among a set of alternatives (Hosseini and Talaei, 2011) ^[5].

Scholars believe that customers use the problem-solving process for selecting products and services. They believe that the process of purchasing starts with identifying needs. After identifying a need, searching for information about products and services which may realize needs is to be conducted. After collecting information, evaluating alternatives and purchase decision are to be conducted. Figure 1-2 indicate the decision making process towards purchases.

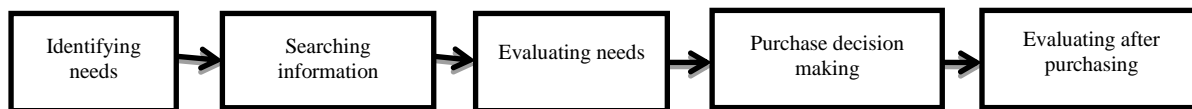


Fig 1: The purchase process of a customer (Perkash, 2002) [12]

Research hypotheses

Main hypotheses

Internet marketing dimensions are positively effective on the purchase decision making of customers of Aras Khodro Diesel.

Secondary hypotheses

Marketing via internet advertising banners is positively effective on the purchase decision making of customers of Aras Khodro Diesel.

Marketing via websites is positively effective on the purchase decision making of customers of Aras Khodro Diesel.

Marketing via social networks banners is positively effective on the purchase decision making of customers of Aras Khodro Diesel.

Research method

The present study is an applied research in terms of objective and in terms of method, on the one hand, in terms of statement of the current status of research variables, it is a descriptive-survey research and on the other hand, in terms of the researcher’s intention to investigate and illustrate the cause-effect relationship in his research, it is considered as a causal research.

The population of the research includes all customers who referred to the agencies of Aras Khodro Diesel for purchasing or using after sales services of business machines and motorcycles during one months. They were 88 individuals. The data were collected via a researcher made questionnaire designed for internet marketing dimensions (including 15 questions) and for purchase decision making (10 questions) in a five point Liker scale. The reliability was obtained as 0.823 using the Chronbach’s alpha coefficient for the internet marking questionnaire. In addition, the reliability of the purchase decision making questionnaire was obtained as 0.792. These values indicate that firstly, the questions of the questionnaire enjoy high correlation with each other and secondly, the questionnaire enjoys high reliability. To determine the validity of the research instrument, form validity was used. Accordingly, the initial questionnaire was designed and were submitted to two professors and experts of marketing in order to comment about the issue whether these questions measure what is to measure or not? Then, the ideas of professors and experts about the questionnaire were considered and necessary amendments were adopted.

The research data were analyzed at two descriptive and analytical levels. At the descriptive statistical level, the table of frequency and mean scores were used; but at the inferential level, Pearson correlation and regression were employed.

Testing hypothesis

Testing secondary hypothesis

- Marketing via internet advertising banners is positively effective on the purchase decision making of customers of Aras Khodro Diesel.

Table 1: the results of ANOVA of hypothesis 1 related to the regression of the effect of internet advertising banners on customers’ purchase decision making

R ² AdjR ²	R	P-Value	F-value	Total regression model
R ² =0.395 0.392= AdjR ²	0.629	0.000	122.97	
P-Value	t-value	Beta coefficient	Symbol	Variable name
0.000	26.559		α	Fixed value
0.000	11.089	0.629	β ₁	Advertising banners

Regarding the results of hypothesis 1 indicated in table 1, the coefficient of determination is 0.395, i.e. 39.5% of observed dispersion in the dependent variable cannot be justified by the independent variable. In addition, the significance level of the f-value (0.000) is less than the acceptable error value (5%) and the total regression model is significant and indicates the goodness of fit of the model. Regarding the lower the probability level (p-value) of the t-value than the acceptable error value for β₁ coefficient, the results of the test indicated that marketing via internet advertising banners is positively effective on the purchase decision making of customers of Aras Khodro Diesel. Therefore, hypothesis 1 can be confirmed at the significance level 95%.

- Marketing via websites is positively effective on the purchase decision making of customers of Aras Khodro Diesel.

Table 2: the results of ANOVA of hypothesis 2 related to the regression of the effect of website on customers’ purchase decision making

R ² AdjR ²	R	P-Value	F-value	Total regression model
R ² =0.378 0.143= AdjR ²	0.378	0.000	31.392	
P-Value	t-value	Beta coefficient	Symbol	Variable name
0.000	33.765		α	Fixed value
0.000	5.603	0.378	β ₁	Advertising banners

Regarding the results of hypothesis 2 indicated in table 2, the coefficient of determination is 0.378, i.e. 38.8% of observed dispersion in the dependent variable cannot be justified by the independent variable. In addition, the significance level of the f-value (0.000) is less than the acceptable error value (5%) and the total regression model is significant and indicates the goodness of fit of the model. Regarding the lower the probability level (p-value) of the t-value than the acceptable error value for β₁ coefficient, the results of the test indicated that marketing via website is positively effective on the purchase decision making of customers of Aras Khodro Diesel. Therefore, hypothesis 2 can be confirmed at the significance level 95%.

- Marketing via social networks banners is positively effective on the purchase decision making of customers of Aras Khodro Diesel.

Table 3: the results of ANOVA of hypothesis 3 related to the regression of the effect of social networks on customers' purchase decision making

R ² AdjR ²	R	P-Value	F-value	Total regression model
R ² =0.314 0.311= AdjR ²	0.561	0.000	86.223	
P-Value	t-value	Beta coefficient	Symbol	Variable name
0.000	14.000		α	Fixed value
0.000	9.289	0.561	β_1	Advertising banners

Regarding the results of hypothesis 3 indicated in table 3, the coefficient of determination is 0.314, i.e. 31.4% of observed dispersion in the dependent variable cannot be justified by the independent variable. In addition, the significance level of the f-value (0.000) is less than the acceptable error value (5%) and the total regression model is significant and indicates the goodness of fit of the model. Regarding the lower the probability level (p-value) of the t-value than the acceptable error value for β_1 coefficient, the results of the test indicated that marketing via social networks is positively effective on the purchase decision making of customers of Aras Khodro Diesel. Therefore, hypothesis 3 can be confirmed at the significance level 95%.

Main hypothesis

Internet marketing dimensions are positively effective on the purchase decision making of customers of Aras Khodro Diesel.

Table 4: the results of ANOVA of the main hypothesis related to the regression of the effect of internet marketing dimensions on customers' purchase decision making

R ² AdjR ²	R	P-Value	F-value	Total regression model
0.615 = R ² 0.613 = AdjR ²	0.784	0.000	300.418	
P-Value	t-value	Beta coefficient	Symbol	Variable name
0.000	11.947		α	Fixed value
0.000	17.333	0.034	β_1	Advertising banners

Regarding the results of hypothesis 3 indicated in table 3, the coefficient of determination is 0.615, i.e. 61.5% of observed dispersion in the dependent variable cannot be justified by the independent variable. In addition, the significance level of the f-value (0.000) is less than the acceptable error value (5%) and the total regression model is significant and indicates the goodness of fit of the model. Regarding the lower the probability level (p-value) of the t-value than the acceptable error value for β_1 coefficient, the results of the test indicated that marketing via internet marketing dimensions is positively effective on the purchase decision making of customers of Aras Khodro Diesel. Therefore, hypothesis 3 can be confirmed at the significance level 95%.

Conclusion and suggestions

With the advent of modern marketing methods about 79 years ago, experts of this profession were noticed of its direct effects on the society; effects which images on newspapers all the time create in people's minds. Nowadays, these images can appear on the screen of a computer and even lively and dynamically can be illustrated with voice. The Internet as the biggest world network was created according to the tradition of free access to information, but rapidly it changed from a research instrument into one of the most expansive trade facilities in the world which requires its own particular marketing and advertising methods. As in the previous studies investigated, the results of the present study is consistent with the previous studies in different industries confirming the positive effect of internet marketing on customers' behavior and decision making.

In these studies, regarding the existence of different techniques on the positive effects of internet marketing on purchase decision making of customers of business machines and motorcycles of Aras Khodro Diesel, the following results are presented for managers of organization and marketers:

- Supporting agencies, motivating and encouraging them in attracting and training marketers, expanding the purchase network, agencies and creating branches in all regions of Iran for servicing and introducing companies to individuals in the society for creating and keeping relationship with customers are important factors.
- Enhancing the beauty of webpages related to companies: by managing webpages, a lot of values can be added to webpages.
- Posting regularly: providing updated information on the services provided by the company
- Creating posts with pictures and videos: image posts of companies' services, interviews of authorities and social activities of companies.
- Creating the grounds for free conversation and sharing users' ideas about services and products of companies.
- Designers of websites should instead of concentrations on the visual profile of websites, concentrate on the use of feasibility of purchase.
- Before purchasing goods or services of the process of ordering, purchasing goods in the image from and stage by stage, they will be illustrated for customers in order that they can purchase goods as easily as possible.
- It should be noted that current questions which customers' regularly ask, are prepared and are put in websites with answers.
- Beautifully designed and appropriate advertising banners store
- Using multi-dimensional moving images and advertising banners

Research limitations

- There are a lot of internet marketing techniques which in the present study regarding the population, internet marketing methods are limited to websites techniques, advertising banners, and social networks.
- The population of the case study includes those customers who referred to agencies of Aras Khodro Diesel in the City of Tabriz for purchasing or receiving business machines and motorcycles.
- Data collection instrument are limited to a questionnaire.

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