



# EMERGING MARKETS JOURNAL

ISSN 2159-242X (print) ISSN 2158-8708 (online)

## DEVELOPING MARKETING STRATEGY FOR ELECTRONIC BUSINESS BY USING MCCARTHY'S FOUR MARKETING MIX MODEL AND PORTER'S FIVE COMPETITIVE FORCES

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Volume 2 (2012) | ISSN 2158-8708 (online) | DOI 10.5195/emaj.2012.25 | <http://emaj.pitt.edu>

### Abstract

E-commerce is growing worldwide and is considered one of the modes and methods of business. This initiative led to the creation of new firms has several advantages over using benefits and this is the motivation for this phenomenon. While e-commerce success in attracting customers for their goods and services, due to systematic scientific principles and techniques that utilize the marketing strategies say .

Marketing strategies in electronic markets, it is one of the important issues in the field of new market research has been discussed. But in this very diverse field of view is presented. On the other hand, given that little research has been done in this area , So consider this strategy has increased the importance of, Entering the world of electronic commerce and the use of modern tools and technology in new areas of business, firms will be forced to employ new business strategies, to prepare for their new competitive pressures. The results show that in the domain of e-commerce, two PORTER 'S FIVE COMPETITIVE FORCES AND MCCARTHY 'S FOUR MARKETING MIX MODEL been instrumental in the formulation and development of marketing strategies. And variables used in the model to identify and prioritize and execute marketing strategies in the field of e-commerce is essential.

**Keywords :** marketing, strategies, e-commerce, porter's five competitive forces ,mccarthy's four marketing mix model



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## **Developing Marketing Strategy for Electronic Business by Using McCarty's Four Marketing Mix Model and Porter's Five Competitive Forces**

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### **I. Introduction**

Marketing and marketing strategy in the history of his own times, heavily influenced by technology and technology has been. With the advent of the printing press and radio and television and computer and etc. Marketing has played its own role and try to use these technological tools, so in order to achieve their goals.

Innovative use of technology has had a significant impact on trade. Using innovative technology, the kind of change that affect the processes and components of commercial systems generally have positive effects on leave. The innovative use of the Internet and electronic devices, especially in the trading system . E-business innovation and change is that the organization has several advantages , This is why many companies are willing to use it . On the other hand, as Porter says, now an e-commerce application form is mandatory and not optional firms are forced to employ the . (10 )

Today, the emergence and rapid growth of information technology has transformed its entire marketing strategy. Many service organizations and etc. Under these technologies make marketing strategies in a way designed to make optimal use of its competitive advantage from it. Markets and market today as Internet markets virtual considered that these markets are quite different in nature from the physical markets and electronic markets, it requires an understanding of their style is. This could be the best strategy to gain competitive advantage in these markets will develop. On the other hand highly efficient and low-cost tool for e-marketing strategies for entering new markets has been and easy entry of low-cost, low-risk and at the same time to provide foreign markets.

Unprecedented changes in trading conditions and competition in the world competing in the new global business landscape that Companies are forced to think back on their marketing strategies. Developments in world trade had a major role in creating this change.

Thus, the authors try to investigate the role of marketing strategies (with different aspects of Porter's Five Forces and marketing mix McCarthy) to examine the development of e-commerce.

The next part of this paper is devoted to theoretical research in the first part of this section, the interpretation of Porter's competitive forces and The second part of the marketing mix McCarthy's commentary and the third part deals with the definition of e-commerce.

The next section of the paper examines the role and impact of each variable on the two models of research in the field of e-commerce has the right

strategy. Finally the conclusion to the discussions of the role models for the electronic commerce has focused on the development of marketing strategies.

## II. Theoretical research

### Porter Rivalry Powers

The environmental key aspects of a company are a kind of industry in which companies compete there. The foundation of a company has a significant role in understanding the rules of competition. Competition in every industry seeks its root not only in rival's performance, but also in basic economic foundation of industry (9). Researches have shown that there is a direct relation between environmental considerations and the company's profit (1). The environment of every industry consists of many challenges that lead to acquire sufficient resources to obtain profit (1) . so there are different forces that form the competition in industry. Every industry has a rudimentary foundation that forms the rivalry forces (8). Porter describes the rivalry forces in an industry in which the whole power of these forces determine the amount of profit that an industry can make (9).

#### 1- The competition among industrial companies:

This factor is also considered as a race among rivalry companies (3). It has the most powerful influence among other elements. The most prevailing elements that increase the sense of rivalry among companies of an industry are as follow: slow growth of industry, high fixed costs, lack of diversity in productions, the large number of rivals and the risk of impediments to exit(1).

#### 2- The threat of new rivals:

The more new rivals can enter in an industry, more easily prices and profits decrease. Forces that stop entering of new rivals and retain the current rivals are called entering problems. They

are saving standards, high level of investments on equipment, high level of diversities in productions, the high cost to exit, limited access to distribution channels, governmental rules and lack of threat (1).

#### 3- The threat of productions and replacement services:

This threat is also called indirect rivals(1). In many industries, companies compete with producers of replacement productions (which belong to other industries). If the price ratio of replacement productions and costs decrease , Wherever replacement productions are, the competition is more challenging and as a result there will be more pressure (3). So it is obvious that close replacement productions can be used to determine the price (1).

#### 4- Providers bargaining ability:

If providers have more power, they can affect industrial profit in a way that the industry can't compensate the increase of costs by increasing prices. The power of every provider depends on the conditions of market and its trade with industry depends on its activities (8) . The bargaining ability of providers can be increased by factors such as limited number of providers, limited similar products and services, independence of providers from the increase of sale, assurance of providers that producers need them, and the excellent performance of providers can improve the bargaining ability in an industrial environment (1).

#### 5- Buyers bargaining ability:

Another environmental force in industry is buyers bargaining ability. It refers to any situation that customer has more power than seller. In the following situations customers have more power to bargain: limited number of customers, large volume of purchase, quick access to information about the amount of demand and cost of sale in industry, the power of buyer to choose or change the provider, the existence of standard products and large number of providers (1).

### **McCarthy's marketing mix:**

Years ago, Harvard Business School Professor Neil Borden the group's activities to identify any products that may affect the buyer. Borden says that these "marketing mix" to make. Companies need the right combination of factors in the market in terms of cost savings and profitability are maximized. Marketing mix is like a box of tools at our place and we'll find it easier.

The marketing mix is a collection of tools that can be controlled by combining them, there is the possibility of responding to the target market and audience. (6) In other words, the marketing mix includes all product manufacturer or service provider typically do measures to systematically affect the market demand for a product or service.

4P marketing mix is also referred to as the equivalent English words beginning product, price, place and promotion have been.

#### **1- product**

The production of goods( and palpable physical phenomenon) or services( or the idea of a non-touch) which is supplied to the market to meet the needs and demands of their customers (6). The product is a set of facilities that benefit the customer is presented. Audiences should be aware that there is a problem with goods or service is the right solution for the problem Then use it to modify their behavior in order to walk.

#### **2- price**

What the customer pays to obtain the desired product, the price is called (7). Price may be money or a waste of time and energy, anxiety and worry or lose her pleasure shows(6).For the customer to buy a product or service should benefit from lower product prices. If the price of the product or service and the customer's income level is low, low product demand will come (4) . Sometimes the low price ( such as providing certain services and products free of charge) in the

customer's mind is associated with poor quality of products in order to reduce the interest rate.(7)

#### **3- place**

Where information and education about the ideas or behavior of their customers are, where they are included(7). In the case of tangible products, where the distribution system for non-tangible goods, but where it is possible to obtain customers for the product , the location is considered.

#### **4- promotion**

The use of advertising, public relations, media support, and individual and similar activities that are central to creating and sustaining demand for the product or service received by the customer, including the extension(7).In other words, activities that the service provider or the manufacturer of the goods does that In order to provide useful information to customers and to encourage customer to buy the product (11). To promote a product suitable information channels should be selected (2).

#### **E-commerce:**

Do all e-commerce businesses with a master of computer networks, particularly the Internet. E-commerce is a kind of paperless trading. ECommerce by buying and selling exchange data and information necessary for the transportation of goods, with less effort and more momentum will perform banking transactions. Companies will have to communicate with each other and their relationship to the current constraints together easier and faster done. Customers can also contact the vendor to be one with each customer. In other words, the general name for a range of e-commerce software and systems that provide services such as information search, mobility management, account status, credit, payment for on-line reporting and billing management in the Internet . These systems provide the basic infrastructure for Internet-based

activities. The use of e-commerce, is offering a new way of doing business. By this method, traders are able to shape their products and services all the time and all the buyers around the world - regardless of geographic boundaries and nations - to offer. Many people, unique e-business buying and selling over the internet know, but it makes up only a small part of e-commerce and This concept is now a wide range of commercial and economic aspects is taken.

Easily to any business and international financial institutions and individuals in the area of embedded electronics (5).

Another way to exchange information and conduct e-commerce business transactions is an electronic bridge between business centers are created. Electronic commerce with less volume of information that is not necessarily the same as the general population to be exchanged, deals. Electronic commerce in its beginnings, the business was nothing more than a simple notification, and everyone could have their own products to advertise on the Internet using Web pages. Figures show that about 34 percent of the 500 companies in 1995 and 80 percent in 1996, the technique has been used to advertise their products. The end of 2010 more than 220 billion dollars in financial transactions conducted over the Internet by hundreds of commercial sites (5).

Peat of e-commerce is the buying and selling of goods, services and information via computer networks including the Internet. ECommerce Chafy different views are expressed as follows:

Community Perspective: transmissions of information goods, services or payment by electronic means.

Perspective when buying and selling goods in a timely

Service perspective tool to simultaneously increase the speed and quality is made.

Business process perspective: the buying and selling of goods and timely manner.

Organization for Economic Cooperation and Development (OECD) has defined e-commerce: Trade in goods and services via the World Wide Web (WWW) or those offering goods and services that are delivered via the World Wide Web, and whether those features are not there. The EC is Javsky and Ryprot and technological exchanges between sectors (individuals or organizations) and inter-organizational and inter-organizational electronic exchange that would facilitate(5).

### **Examine the role and impact of competitive factors in the business and marketing strategies in the field of e-commerce using PORTER'S FIVE COMPETITIVE FORCES:**

#### **The first factor (competition among firms in the industry):**

The area, like other areas of commerce and industry is essential to assess competition in the target market. The output of the analysis can lead to the selection of relevant business models in e-commerce and select the appropriate marketing strategies.

#### **The second factor (the threat of new competitors entering):**

Ease of entry into the industry by new entrants, it is considered a serious threat to the current owners and can adversely impact the performance of their businesses in different sectors affect. Type in e-commerce business model determines the intensity, or weakness of the Due to the easy accessibility for customers in the field of e-commerce It seems that in this area (compared to a traditional business), the sensitivity and the impact of these factors on the business further.

#### **The third factor (threat of substitute products or services):**

The quantitative and qualitative factors in determining the competitiveness of e-commerce is very effective. Indirect competitors Customers can choose to reasons such as lower prices or better terms, they refer to themselves. Ease of access to sensitive information in e-commerce has this factor more than any other area.

**The fourth factor (the bargaining power of suppliers):**

Increase the bargaining power of suppliers is a serious threat to any business. In the field of e-commerce, but also that there seems to be an easy relationship with suppliers in the virtual space, reduced power suppliers and the exclusive nature of some of them can be adjusted.

**The fifth factor (the bargaining power of buyers):**

No more purchasing power in determining prices and conditions of the manufacturer of the initiative will reduce the sales process. Factors such as ease of access, high-level information in virtual spaces and increasing in cyberspace suppliers, customers in the area of e-commerce has led to increased power Appropriate strategies for dealing with it must be made in advance .

**The role and influence of marketing mix based on four factors MCCARTHY'S FOUR MARKETING MIX MODEL:**

Using the four elements of marketing (MCCARTHY'S FOUR MARKETING MIX MODEL) in the field of e-commerce marketing strategies is very important and in fact inevitable.

**Product components:**

Due to this element in the development of e-commerce marketing strategy will determine the business focus is on what product or products communities .In fact, the element type, and how much product diversity (homogeneous or

heterogeneous) strategies and establishes priorities in this regard.

**Price components:**

Determine the characteristics of the e-business revenue models, methods, policies and product pricing policies related promotional products, including the results of the element in the formulation of marketing strategies in the area of electronic commerce.

**Place components:**

This element of the e-commerce business, and how to transport the product to the customer defines. Using appropriate strategies regarding product distribution and support of appropriate policies in this regard, the role of marketing strategies is essential.

**Promotion components:**

How to promote appropriate strategies for product introduction and adoption of e-commerce is the result of the element. Great variety of possible strategies for the promotion of e-commerce, the need for attention to this element and all factors in determining the proper strategy in the field of electronic commerce, more than any other basin is necessary to dispose.

### III.Result

Every business needs to survive and develop appropriate strategies to implementing them. In the field of e-commerce in developing the current competitive climate requires more appropriate strategies (preferably in Marketing) is to develop and promote. PORTER'S FIVE COMPETITIVE FORCES MODEL as a tool for making decisions about entering or not entering certain areas of e-commerce and marketing strategies are very useful in business. This model is relatively comprehensive assessment of the status of

the business and a good measure for choosing a marketing strategy is possible.

MCCARTHY'S FOUR MARKETING MIX MODEL is also a good tool for formulating marketing strategies and efficiency at the operational level (marketing mix) is. The four main elements of this model enables the formulation of marketing strategies in the areas of marketing (product, price, place and promotion) provide.

Meanwhile, according to what was said in the previous sections, two models of the nature of the businesses in the area of electronic commerce, in the formulation and development of marketing strategies will be most effective.

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