



**T.C**

**BİNGÖL UNIVERSITY**

**SOCIAL SCIENCES INSTITUTE**

**BUSINESS ADMINISTRATION DEPARTMENT**

**RISING USE OF INTERNET AND ITS IMPACT ON  
IRAQ - ERBIL MARKETING INDUSTRY**

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**MASTER THESIS**

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**T.C.**

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SOSYAL BİLİMLER ENSTİTÜSÜ  
İŞLETME ANABİLİM DALI**

**İNTERNETİN KULLANIMININ ARTMASI VE IRAK -  
ERBİL PAZARLAMA ENDÜSTRİSİ ÜZERİNDEKİ  
ETKİSİ**

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## BİLİMSEL ETİK BİLDİRİMİ

Yüksek Lisans tezi olarak hazırladığım RISING USE OF INTERNET AND ITS IMPACT ON IRAQ - ERBIL MARKETING INDUSTRY adlı çalışmanın öneri aşamasından sonuçlanmasına kadar geçen süreçte bilimsel etiğe ve akademik kurallara özenle uyduğumu, tez içindeki tüm bilgileri bilimsel ahlak ve gelenek çerçevesinde elde ettiğimi, tez yazım kurallarına uygun olarak hazırladığım bu çalışmamda doğrudan veya dolaylı olarak yaptığım her alıntıya kaynak gösterdiğimi ve yararlandığım eserlerin kaynakçada gösterilenlerden oluştuğunu beyan ederim.

... / ... / 2018

İmza

Bestoon Omer MOHIALDEEN

**BİNGÖL ÜNİVERSİTESİ**  
**SOSYAL BİLİMLER ENSTİTÜSÜ MÜDÜRLÜĞÜNE**

Bestoon Omer MOHIALDEEN tarafından hazırlanan RISING USE OF INTERNET AND ITS IMPACT ON IRAQ - ERBIL MARKETING INDUSTRY başlıklı bu çalışma, ..../..../..... tarihinde yapılan tez savunma sınavı sonucunda ..... başarılı bulunarak jürimiz tarafından *İşletme* Anabilim Dalı'nda Yüksek Lisans tezi olarak kabul edilmiştir.

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**ONAY**

Bu Tez, Bingöl Üniversitesi Sosyal Bilimler Enstitüsü Yönetim Kurulunun ..../..../201.. tarih ve ..... sayılı oturumunda belirlenen jüri tarafından kabul edilmiştir.

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## ABSTRACT

Bingol University, Institute of Social Sciences, Abstract of Master's Thesis

<b>Title of the thesis:</b> RISING USE OF INTERNET AND ITS IMPACT ON IRAQ - ERBIL MARKETING INDUSTRY
<b>Author:</b> Bestoon Omer MOHIALDEEN
<b>Supervisor:</b> Ass. Prof. Dr. Nazif DEMIR
<b>Department:</b> Business Administration
<b>Sub-field:</b> -
<b>Date:</b>
<p>Marketing and advertising industry has changed with the appearance of the Internet. Traditional marketing tools are aimed at the broad audience who watch TV, read newspapers, magazines and listen to the radio. Internet has attracted a growing number of people who are becoming targets of advertising agencies.</p> <p>The goal of the study is to evaluate the impact of growth of Internet users on the revenue for the big marketing companies in the Iraq - Erbil of. Furthermore; to assess whether this new marketing tool will have a crowding out effect on the traditional instruments of advertising.</p> <p>This goal has been achieved by using statistical and primary data collection methods of regression analysis. In this research study the empirical investigation has shown that online advertising also stands out among traditional marketing tools such as Broadcast TV and magazines in terms of faster growth of spending.</p> <p>However, no crowding out effect has been found since the spending on online advertising predominantly had positive correlation with spending on other marketing tools. Recommendations are made to marketers use the statistics of Internet users to plan online advertising expenditures</p>
<b>Key words:</b> Marketing, Industry, Internet.

## ÖZET

### Bingöl Üniversitesi Sosyal Bilimler Enstitüsü Yüksek Lisans Tez Özeti

**Tezin Başlığı:** İNTERNETİN KULLANIMININ ARTMASI VE IRAK - ERBİL PAZARLAMA ENDÜSTRİSİ ÜZERİNDEKİ ETKİSİ

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**Anabilim Dalı:** İşletme

**Bilim Dalı:** -

**Kabul Tarihi:**

İnternetin ortaya çıkışı ile birlikte pazarlama ve reklam endüstrisinde değişiklikler meydana gelmiştir. Geleneksel pazarlama araçları, TV izleyen, gazete, dergi okuyan ve radyo dinleyen geniş kitleye yöneliktir. İnternet, reklam ajanslarının hedefi haline gelen insan sayısında büyük bir artış gerçekleştirmiştir.

Bu çalışmanın amacı, İnternet kullanıcısı sayısındaki artışın Irak - Erbil Bölgesi'ndeki büyük pazarlama şirketlerinin gelirleri üzerindeki etkisini değerlendirmektir. Bunun yanı sıra; bu yeni pazarlama aracının geleneksel reklam araçları üzerinde bir etkiye sahip olup olmadığını değerlendirmek de bu çalışmanın amaçları arasında yer almaktadır.

Bu amaca, regresyon analizinin istatistiksel ve birincil veri toplama yöntemleri kullanılarak ulaşılmıştır. Bu araştırma çalışmasında ampirik araştırma, çevrimiçi reklamcılığın TV yayıncılığı ve dergiler gibi geleneksel pazarlama araçları arasında harcamaların daha hızlı büyümesi açısından ön plana çıktığını göstermiştir.

Bununla birlikte, çevrimiçi reklam harcamalarının ağırlıklı olarak diğer pazarlama araçlarına yapılan harcamalarla pozitif korelasyon içerisinde olduğundan, herhangi bir kalabalık yaratma etkisi bulunmamıştır. Pazarlamacılara, çevrimiçi reklam harcamalarını planlamak için İnternet kullanıcılarının istatistiklerini kullanmaları tavsiye edilir.

**Anahtar Kelimeler:** Pazarlama, Sanayi, İnternet.

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# **CHAPTER ONE**

## **INTRODUCTION**

In the two past decades the world we live in has undergone a lot of changes. The emergence of digital technology has permitted our lives to become easier and safer while also innovation in medicine has allowed people to live longer.

The development of new channels of communication, social networking and online media has revolutionized our understanding of our own identity and the way we evaluate the outside world. The internet created new channels of digital communication, such as e-mail, instant messaging, chat rooms, forums, blogs, real-time video communication (Mitchell, 2007).

These changes were all part of the advancement globalization, but also speeded up the globalization at the same time. This piece of research investigates the rising use of the Internet and questions its impact on the marketing industry. More and more each day we hear about the powers of mass media being weakened by the growing force of social media (Chaffey, 2006).

### **1.1. Background**

Everybody is now capable of generating content through blogging, forums and social networks (Wathieu, 2002) (magazine, 2008). Every member of the society with Internet access can influence the minds of others.

Therefore, the face of the marketing industry is quickly changing to be able to strive in this volatile environment that evolves on a daily basis. Marketers today have to think in terms of technologies that will only become available tomorrow so as not to miss out on the opportunities they offer.

The number of Iraq - Erbil Internet users has almost reached 500,000 thousand, according to ministry of (X, 2011). This stands for 20-25% of the country's population. An increasing number of transactions take place online and the online expenditure grows as a consequence. These and other changes significantly affect the

marketing industry and the need to adapt to this changing environment is vital for the survival of the whole industry (Chaffey, 2006).

Iraq - Erbil is one of the developing regions that have commenced to enter the e-world in the last decade. After the Iraq - Erbil government issued the law of investment, special for the Iraq - Erbil, a new era of internet utilization has begun. Along with the rapid growth of information technology in the world and the advantages of the internet usage became apparent to the e-world community.

Marketing industry has always been a complex field, that integrated marketers, distributors, advertisers, salespeople, PR-agents, marketing researchers, media and many more branches and professions (Kotler, 2003). The Internet has added new marketing possibilities and with them new professions, such as online marketers, search engine optimization specialists, online advertising specialists, programmers, e-commerce and m-commerce marketers and advertisers.

In this study the question of the recent changes in marketing industry will be addressed. The various changes that took place due to the advancement of Internet technology will be considered and discussed. The study will show the new and evolved tools that emerged with the development of online and how they shape the new modernized marketing industry.

The research describes the changes of the communication channels, the changes in the value chain and in many other industry specific factors. The consequences of the growth of numbers of the Internet users is the main focus of this study and the findings of this study could be beneficial for marketers, advertisers, PR professionals and many more representatives of the marketing industry.

## **1.2. Research objectives**

The major aim of this research project is to evaluate the impact of growth of the number of Internet users on the marketing industry. The research problem described above has led the researcher to the formulation of the research objectives that can be presented in several points. The research objectives represent

the major goals that the researcher aims to achieve by carrying out the research project. The objectives of this study are:

- ✓ Objective 1: discover how the number of Internet users changed and how this affected the marketing industry in the Iraq - Erbil.
- ✓ Objective 2: explore how the marketing tools evolved and what new tools emerged in the marketing industry as a consequence of high Internet usage rates.
- ✓ Objective 3: collect and analyses statistical data to provide real-life insight into the evolution of marketing tools used by the industry.
- ✓ Objective 4: analyses the data and discuss the implications for the marketing industry.
- ✓ Objective 5: formulate the recommendations for the marketing industry professionals.

Following these five objectives would lead the discussion from the formulation of the problems through to the resolution that would suggest the appropriate recommendations to the industry in general and marketing managers in particular.

### **1.3. Research Hypotheses**

The following two hypotheses will be tested in the study. Each will contain a null hypothesis and an alternative.

#### **Hypothesis 1:**

- ✓ Ho: The rising use of the Internet by the public has led to an increase in revenue of the largest marketing firms in the Iraq - Erbil.
- ✓ H1: The rising use of the Internet by the public has not led to an increase in revenue of the largest marketing firms in the Iraq - Erbil.



## **Hypothesis 2:**

- ✓ Ho: Online advertising as one of the marketing tools has had a crowding out effect on traditional advertising instruments e.g. newspapers, magazines, broadcast TV and direct mail;
- ✓ H2: Online advertising has not had a crowding out effect on traditional advertising instruments e.g. newspapers, magazines, broadcast TV and direct mail.

## **1.4. Research Structure and Overview**

This piece of research consists of five chapters. Each chapter has its specific purpose of describing and analyzing the research findings. The first chapter is the Introduction to this research project. Its main purpose is to introduce the reader to the topic, outlining the subjects of interest and explaining the focus of this piece of research.

Chapter two is the literature review. The literature review is concerned with presenting the existing knowledge about the chosen topic. In this research project, the major topics include the growth of Internet usage, the changes in the marketing industry and the development of new marketing tools. The literature review

Is based on the ideas and opinions sourced from literature publications, interviews and other accessible information sources. The main objective of the next chapter is to describe the methodology applied to this particular case. It describes the data collection methods, the sources of data used, the research method, design and approach among other issues.

The following chapter then describes the research findings and provides the analysis of the findings in terms of the research objectives. Then, in the final chapter the conclusions are provided together with the recommendations to the managers and to the researchers. It also discusses the limitations of this study and the opportunities for further in-depth study of the topic.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.1. Introduction**

The literature review presents and discusses the sum of existing knowledge that has been accumulated to the date by other researchers (Saunders, 2008) Its main objective is to outline the context of the problem and to critically discuss all the existing opinions. The main source the researcher is usually using is books and articles about a particular topic. Since the Internet is constantly changing and there is not so much available information on the recent happenings the researcher tried to find the most recent analysis of the current situation in interviews with industry experts and the very recent analytical articles by both the researchers and the representatives of marketing businesses.

In the Iraq - Erbil, this part of the research study has always been a very difficult section of structuring the research. Lack of primary and secondary data, books, surveys reports, up-to-date libraries and online data bases offered by academic institution in the Iraq - Erbil are all major obstacle on the path of conducting an academic research. Moreover, the prospective respondent each study conducted in the region is not as helpful as in the developed countries.

Generally, in Iraq - Erbil, people do lack understanding the advantages of conducting a research. The majority of the local company's managers have not realized that implementing studies to promote and develop executing business using e-marketing will benefit them, Furthermore, being very reluctant in responding to the researcher are also among the reason behind having so little data available and researchers carries out in the developing counties.

#### **2.2. Defining Marketing Paper**

Marketing an important part of the business organization, it is more than promoting and selling a product. Marketing is satisfying the changing needs of the customer. This can be best summed up by the very successful businessman Bill

Gates when he said, "Your unhappiest customers are your greatest source of learning".

The purpose of this paper is define marketing from at least two different sources, based on these definitions explain the importance of marketing in organizational success. Also, provide at least three examples from the business world of the importance of marketing to the organizational success.

According to the American Marketing Association marketing is defined as: An organizational function and a set of processes for creating, communicating, and delivering value to customers and for managing customer relationships in ways that benefit the organization and its stakeholders.

Marketing is more than selling and promotion, the primary concern or objective of marketing is to identify and satisfy, or exceed the changing needs of customers. In view of this broad concern of marketing, it can be seen that the concept of marketing summarizes many activities in a business.

Marketing, in fact, refers to any activity undertaken by a firm that has been designed to plan, price, promote and distribute ideas, goods and services to target markets. These marketing activities were executed in order to create an exchange and sales that will result in the achievement of the proprietors' individual goals and the firm's goals, both in the short-term and the long-term. It is then obvious that marketing forms an integral component of organizational strategies.

The Webster's definition of marketing is " (1) the act or process of buying and selling in a market. (2) The commercial functions involved in transferring goods from producer to consumer."

The comprehension of the functionality and need for marketing is a good starting point in understanding what's the purpose and how it interrelates in an economy and enhances consumer awareness. If one has a good understanding of future trends, then a person should be able to have better knowledge (than the competitor) about customer wants and needs, one can develop a new and better way to approach the market.

As one can see the modern day definitions of marketing encompass more than promoting and selling a product. They could be compared with the four P's (product, place, promotion and price), which are normally used to describe the process of marketing. But the concepts of marketing, production, product, selling and society marketing give another view into the difficult and never ending process of marketing.

### **2.3. Comparison of Traditional and Online Shopping**

The Internet has changed consumer shopping style; however, the foundations that cause the common shopping habits have not changed. Online and traditional shopping both have to deal with issues that relate to security, advertisement, and providing a better service through convenience. The security issue comes up for both business sites. Online, people are concerned about revealing their credit card information over the web due to information theft and hacking.

When it comes to advertisement; businesses use the Web and Television, so as to reach a large pool of shoppers and target the kind of shoppers they want. Besides advertisement, convenience has always been an added incentive that makes the shopper's experience pleasant. The web offers a greater selection at person's fingertips and no waiting in lines, however; the stores in the mall offers shoppers a chance to view and try the product.

Shopping affects consumer choice between competing alternatives, that is, online and traditional shopping. The two mediums of shopping can be compared in terms of shopping experiences, dynamic interaction with customers, and customer behavior.

### **2.4. Facts and statistics about Iraq - Erbil**

According to (sanati, 2007) the Iraq - Erbil enjoys some facts, and below are a few of them:

The Iraq - Erbil Government is a progressive, conscientious, working democracy. It is a logistical hub for traffic of goods and people from Turkey, Iran and Syria. Boasting 4 border crossing and two major road arteries.

- ✓ It has an economic growth rate in excess of 6% and over one thousand 'dollar millionaires'.

- ✓ It has the 6th largest oil reserves in the world (estimate 45 billion barrels).
- ✓ Erbil with a population of over 1 million and Sulaimanyah ranks in the top 10 largest cities in Iraq.
- ✓ The region has 12 universities and more than 3,500 functioning schools.
- ✓ With an independent judiciary, the region has a very low crime rate with a prison population of fewer than 1,000.

## **2.5. Background**

The development of technologies has pushed the boundaries of the way people communicate, the way the transactions occur and the way the advertising and promotion happen (Fill, 1999). The biggest technological shift of the recent past was the development and rapid growth of the Internet.

The Internet has been one of the major innovations that created a paradigm shift in many industries (Latin, 2001) (Tapscott, 1993). Among the ones most affected were the retailing and the marketing. The Internet also became the source of many new instruments that marketers can adopt for the promotion of goods and services. Internet offers space to voice all kinds of information, news and updates thus opening new possibilities to the businesses to grow.

The Internet gives the businesses the unique ability to address the global market, and the businesses are no longer expected to be local (Chaffey, 2006). They are now expected to adapt to the needs of consumers around the world and to be able to cater for them.

Since the environment and instruments are changing radically the marketing industry also needs to change. It has been noted by the researchers that the development of Internet technologies pushed for the evolution of marketing management. (Brannack, 1997) discussed how the internet was changing the general logic marketing, while (Latin R. a., 2001) stipulated that the rising presence and use of the internet has changed the dynamics of various industries, including marketing, having both positive and negative effects on them.

The literature review follows the simple logic of the change. First of all, it describes how the Internet has grown in the past decades and how it has altered the

communication between consumers and businesses. Secondly, it describes what its effects on marketing industry were.

## **2.6. The Consumer Society: Advertising and Online Shopping**

This literature wishes to discuss the changes in advertising scopes, spaces of consumption and its activities that have been adopted by the generic culture with the presence of technology under the context of retail online shopping. The existence of digital science has definitely penetrated the scopes of advertising and the spaces of consumption practices in ways that we as millennial shoppers might or may not be aware of.

The concurrent development of science, media and capital under the aegis of digital technology produces a kind of fast forward effect in which everything appears to take place at an accelerated rate and to produce a dramatic change in a very short time. It began with the dawn of Web 1.0 as an instance to receive information or a “read-only” web with minimal user interaction and content contribution, according to Berners-Lee, a British inventor of the World Wide Web (Naik & Shivalingaiah, 2008).

Based on the statement we can derive an understanding that Web 1.0 leaves no room for online business or user interaction to take place. This definitely leads us to peruse the changes that were brought by the concept of Web 2.0. The freshly introduced ability to contribute content and interact with other users alters the landscape of the web in short time.

Web 2.0 does its justice in putting the “I” in user interface, and the “we” into web of social participation (Naik et al, 2013). Core technologies that secure the presence of Web 2.0 today would be social media networks such as Facebook, Twitter, LinkedIn, Wikipedia, blogs, and podcasts and not to be missed online shops.

## **2.7. Internet and 3Ws**

(ISO, 1997) has referred to the Internet as millions small network units of computers connected together in a worldwide network system. The World Wide Web is an internet operating system where we can obtain and recover information. The advancement of the Internet has enabled companies to offer end quality information

to a bigger market segment in a way that was incredible in the past (ISO, 1997). This cancels the geographical barriers of doing business of the old days.

Surveys denoted that the number of personal computers and internet users are doubling for the last few years now, since the Internet has proven to be among the very best technological innovations that affected markets and forced business organizations to reengineer plan and strategies (Patridge, 1991).

The propose scenario of Internet growth should be supported by considerable infrastructure investment plus generating new verities of high bandwidth access and the development of alternative Internet-access devices (Garven, 2000).

According to Internet World Statistics, 605, 60 million people were online worldwide, only 5.12 million were from Middle East (Internet Worls Stats, 2011) Nevertheless, the fact that numbers of computers and Internet users are tremendously increasing in the Middle East, Iraq - Erbil would make a good market for investment using e-tools to carry out e-market.

## **2.8. Growth of Internet usage**

As every new innovation the Internet took some time to become widely accepted and once it has become a major part of people's everyday life. Internet is now part people's most basic needs, since it provides access to communication and formation. According to the latest data of ministry (X., 2017) and there are 500,000 Internet users in Iraq - Erbil as of 2017, which represents 20-25% of the Iraq - Erbil population.

According to (Internet Worlds Stats, 2017), the number of Internet users has been continuously growing. In 2000 about 15,400,000 people used the Internet, which was a 26% share of the population. Later on in 2005 already 35,807,407 people were actively using the Internet or a 59% share of the population.

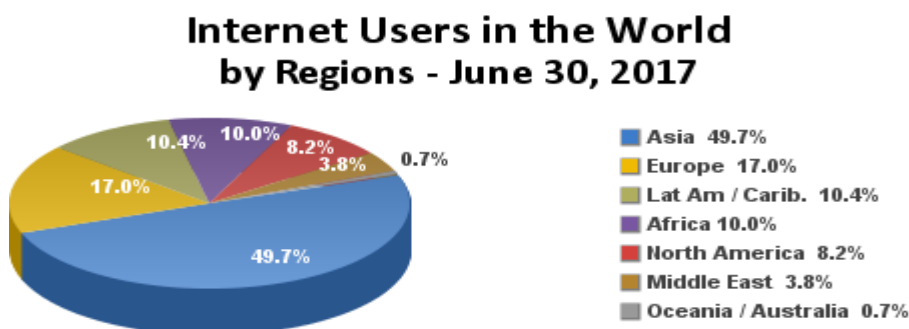
The latest data of (Internet Worlds Stats, 2017) shows that on June 30, 2017 saw a growth to (3,885,567,619) man people using the Internet. Since the number of the Internet keeps dramatically increasing every year it obviously affects all of the industries (Latin R. a., 2001) in different ways. Retailing industry quickly adapted to

the change in consumer needs by also establishing online presence. Now most of the High Street brands can be found both online and offline.

Furthermore, there are now purely online retailers who never used to sell offline, like amazon.com. The growth of amazon.com business has been so overwhelming that many more businesses tried to follow that path. The industry of leisure and travelling changed with the growing usage of the Internet.

More and more Internet users flock to travel websites such as expedia.com in search of tickets, bookings and reservations instead of going to the next door travel agents. This has led to closing down of many travel agencies and the establishment of more travel websites. One more example to mention is the banking industry. Since the number of users was growing and the consumers' requirements for faster and more individual service were developing a whole new online banking industry emerged. In a couple clicks the users can now check their bank accounts, transfer money, buy products and services, find timetables, prices and all other information relevant to their needs.

Since the selling has changed dramatically, and having more users search a buy online lead to the development of online advertising, search engine marketing and more new instruments and tools, the marketing industry had to change. According to (Latin R. a., 2001) 'dot.com' evolution of the late 90's reaching into 2008, has made a significant economic impact on the industry. The impact will be discussed further next.



Source: Internet World Stats - [www.internetworldstats.com/stats.htm](http://www.internetworldstats.com/stats.htm)  
Basis: 3,885,567,619 Internet users in June 30, 2017  
Copyright © 2017, Miniwatts Marketing Group

**Figure 1: Internet Users in the World**

Source: Internet World Stats - [www.internetworldstats.com/stats.htm](http://www.internetworldstats.com/stats.htm)



The marketing industry is a complex mechanism that facilitates the communication of the businesses with their customers. The various elements of the mechanism constitute the major elements of the marketing management.

As suggested by (Bauer, 2001), (Chaffey, 2006) and (Mitchell, 2007) among others the Internet has changed business relationships with consumers and the conventional arms-length relationships have been transformed into interactive forms of communication between marketers and customers (Fill, 1999). The following discussion critically analyses the changes that took place in the marketing industry due to the rise in the Internet usage.

### **2.8.1. Changes in the Value Chain**

The marketing value chain as it was before the emergence of Internet technologies had a linear model. Within this model, every element was adding value and all of the elements were joined together. The model included the staff of the organization, the distribution channels, sales force, advertising agencies and marketing researchers (Kotler, 2003).

The efforts of the participants of this model resulted in the growth of the numbers of customers and in growth of sales. However, all the activities would be joined in a seemingly linear way, in which everybody's input generated revenue for the company.

The Internet changed this model shifting it from a linear layout to a network system. The Internet permitted to use new technologies, new more varied distribution channels, include new CRM systems, and adopt new communication models (Greenberg, 2001). It added to the value chain the complexity of the proliferated channels that the businesses could now use.

One business can now have established presences on High Street, on its own website, on Amazon marketplace and on eBay as well. The marketing for such company would therefore include a mass of instruments to be used both online and offline. It would no longer be limited to one particular type of advertising and the

consumers would be targeted in a much more effective way than before (Chaffey, 2006).

Another option granted by the Internet advancement is virtualization of the organizations and services (Chaffey, 2006). The networks organized by such giants as Dell and Amazon, allow different companies to offer services together under one recognized brand name. This offers the cost-reduction in terms of marketing expenses as well as lets the companies collaborate together in offering the products and services to the consumers (Kotler, 2003).

### **2.8.2. Changes in Customer Information Collection**

Every marketing strategy is based on marketing research that is carried out to establish the needs of the target customer groups (Kotler, 2003). Therefore, one of the major aims of the marketing industry is to collect as much information as possible about the consumer. Before the active use of the Internet technologies the marketers followed the rule by building large data-bases about consumers including their demographics, product purchase and usage behavior, geographic location and used it for direct targeting (Wyner, 2008).

Wyner (2008) suggest that instead of being static the information about customers has now become much more dynamic. The dynamic aspect relates to the events of exposure to advertising, word of mouth or other marketing stimuli (Kotler, 2003).

The internet allows the marketers not only to affect consumer behavior by attracting and persuading potential buyers, it also allows to measure the effect of marketing campaigns, based on the clicks for advertising and banners, search and registration statistics and dynamics. So the innovation in internet technologies and the rise of its usage by consumers has lead to the whole concept of customer information to be broadened and deepened (Greenberg, 2001).

### **2.8.3. Changes in Communication Channels**

The communication channels evolved significantly as many researchers and business people have noticed, As Wyner (2008) suggests: "The generation and

control of information, in many ways the lifeblood of marketing, is changing in important ways" (Wyner, 2000, p. 0). The mass media traditionally used for advertising have now partly lost their appeal to the marketers since the consumers spend more and more time online.

The problem definition, search and evaluation of alternative stages in consumers' decision making (Kotler, 2003) now increasingly happens online. As suggested in the article by (Kimberely, 2006). "The Internet is killing off responsive press ads for retail brands, according to John Clare, chief executive of the Dixons Store Group, who says consumers now go online to gather price and product information" (Kimberely, 2006).

It is therefore becoming increasingly accepted that much of the marketing and advertising should be switching to the online environment, as that is where the consumers now look for information before making a purchase.

Since the emergence of Internet technologies the whole concept and understanding of customer information and information addressed at the customers has evolved as well (Wyner, 2000) Modern marketers see every encounter with the customer as being potentially marketing relevant (Wyner, 2008), they now happen increasingly in an online environment. According to (Kimberely, 2006) the Dixons representative stated in his speech delivered at the IPA'e annual meeting:

"The combined effect of digital - the Internet, mobile phones, email and interactive TV - represents the most fundamental shift in the marketing industry since the launch of commercial television. Agencies must ensure they can translate their creative skills for this new era" (Kimberely, 2006).

The message of this business representative suggests that modern consumers need the information to be available online and that is why the marketing paradigm should be shifting (Tapscott, 1003) (Mitchel, 200) However, as mentioned before the Internet is much more interactive than the mass media.

If mass media offered a one-way mode of communicating with the consumers, the Internet is a more interactive two-way communication channel. It

allows consumers to express their own opinion, approval or disapproval of products and services by posting their own content on blogs, forums and social networking websites (Wathieu, 2002).

(Wedgbury, 2008) and (Mitchell, 2007) express the opinion that the definition of media" has changed dramatically in the recent years and will continue to do so. YouTube and Face book are increasingly becoming marketing tools alongside their initial goals of creating communication channels between users. (Wedgbury, 2008) argues that media will no longer be as local and well-defined as it used to be.

According to (Wedgbury, 2008) and (Andelman, 1995) it will become less driven by the companies' agenda and increasingly by the consumers and their need to create communities with common interests and shared likes and dislikes. Media will continue to be fragmented; however, with more effective targeting involved it will be much more powerful in delivering its messages (Wedgbury, 2008) (Kimberely, 2006).

Also in terms of communication, the Internet allows businesses to interact with many more potential customers than ever before. (Andelman, 1995) suggested that "the Internet creates a tidal wave of sales opportunity" (Andelman, 1995).

This is related to the understanding of the Internet as a global space that addresses everybody who is connected to it. The businesses have never been exposed to such an enormous audience as they became with the development of the Internet. The rise of Internet usage only stimulates this global exposure, providing businesses with more and more consumers. (Wedgbury, 2008) emphasizes that the consumer needs changed together with the rise in Internet usage. Modern consumers are looking to engage in ongoing communications with brands rather than simply making a purchase (Wathieu, 2002).

As (Wedgbury, 2008) suggests the consumers want to be listened to and want to get engaged in communication with the companies, whose products they purchase and use. The consumers also got their share of control of marketing activity by posting their own opinions and expressing likes and dislikes of brands and products

(Wyner, 2008). (Wedgbury, 2008) and Wyner (2008) agree that the marketers are only starting to capitalize on the power of Internet technologies and social media.

## **2.9. Change In Marketing Industry**

The marketing industry dynamics largely depend on a variety of factors. The distribution and communication channels are of utmost importance when it comes to marketing planning, strategy and management. Having discussed how the Internet changed the marketing value chain and the distribution and collection of marketing information, there is now enough grounding to discuss the changes that are currently taking in place, in the industry itself. Marketing Magazine published a series of interviews with marketing and advertising industry professionals from several marketing companies in 2008.

They all suggested that there were many changes taking place in the industry due to the technological progress. The insight provided by those interviews and the information sourced from other publications were the basis for this discussion. (Viner, 2008), the president and CEO of Roger Media, suggested that the digitalization is the recent development that will shape the industry's future. His opinion is widely supported in other interview; he says:

“Digital is pointing to a brave new world on the web and on mobile. The vision is that of a mobile device enabling us to navigate a wondrous world of on-demand content. While traditional media is still very strong -and the most active web users are among the biggest consumers of traditional media – the digital universe has changed our industry forever. Media companies have to be agnostic about platform while building audiences" (Viner, 2008).

In the opinion of many of the industry's representatives it is the change in the media that will engender the most significant change in marketing practice. (Viner, 2008) and (Wathieu, 2002) note that consumption of content and advertising will become more personal than ever; clear, unequivocal presentation of content and advertising will become essential. According to (Viner, 2008) strong media brands will become the guide spots for navigating the emerging on-demand world.

As Wyner (2008), (Mitchell, 2007) and (Chaffey, 2006) suggest the growth in the numbers of players in the industry has increased significantly in the past years, which lead to the fact that it is now not obvious who is in position of control today. Marketers work together with retailers and advertisers, which is why it is difficult to exert control over one or another.

The question of added value becomes increasingly important in the changing marketing industry. The main question that is being asked is how exactly each of the actors of the marketing chain creates value for the business. The answer to this question needs to be consistent with the company's marketing strategy and marketing investment intentions (Wyner, 2008) (Whitewell, 2003).

Wyner (2008) also suggests that the actors should be providing a basis for evaluating the yield of having these different actors and players involved. The worth of each of the factors actors of should therefore be measured in terms of the contribution to revenue generation so that the effective decision making takes place.

Even though together with (Wedgbury, 2008), Wyner (2008) accepts the unarguable benefits of the change he also raises an important question of accountability. In the modern marketing industry, a large number of teams and companies is responsible for the promotion of a product or service. Their efforts usually provide a combined effect and it is increasingly difficult for the company employing those teams to see the effect of their services (Wyner, 2008) Wyner (2008) stipulates:

“As complexity in the marketing process diffuses responsibility over more teams, it highlights a need to bring all the pieces together and maintain accountability" (Wyner, 2008, p.9). (Wedgbury, 2008), the president of High Road Communication, suggests that the advertising and PR industries will be changing significantly in present and in future. With the mass media losing to social media, the consumer becomes increasingly in charge of the advertising's power of persuasion.

The consumers are now more likely to ignore the advertising messages and look for information elsewhere, including the opinions of their relatives and friends, the word of mouth on the Internet, the information posted by other users online

(Wathieu, 2002). This change affects the role of the advertising agencies and creates an increasing need in social media marketing specialists capable of managing the brand identity through social networks (Mitchell, 2007).

The advertising agencies will increasingly have to accommodate for online marketing departments, hiring professionals with online experience. As the marketing shifts online, the same would apply to PR professionals, who would have to establish brand presences and raise brand awareness both in the online and offline environments. Promotional activities would now have to take place in more than one dimension and a higher degree of creativity and innovation will be required to attract the attention of the increasingly demanding audience.

## **2.10. New Marketing Tools**

The changes in marketing industry brought about by the rise of Internet usage therefore lead to the evolution of traditional marketing instruments and the development of new tools. Among the evolved tools the experts quoted above suggested the move of advertising into the online environment, the changes in branding strategies and changes in PR practices (McCracken, 2008) (Viner, 2008) (Wedgbury, 2008).

Among the new tools that are now being used the industry experts name website search engine optimization, website search engine marketing, peer-recommendation in social networks and online communities, web word-of-mouth marketing and more (Mitchell, 2007) (McCracken, 2008) (Viner, 2008) (Wedgbury, 2008).

Credit Union Executive Newsletter (Newsletter, 2008) suggested that in addition to the established online tools (e-mail, information-rich websites, display advertising) survey respondents demonstrated more interest in the more interactive online marketing tools for advertising, product development and customer service.

The development of the marketing industry pushed by the growth in the numbers of the Internet users is very obvious, and the emergence of new tools and the development of existing tools are the signs of the industry's adaptation to the process. The evolved marketing industry now includes a growing number of Internet-

specialized agencies who recruit the search engine marketing and optimization specialists, online advertising experts, email marketing professionals and social networking experts (Wathieu, 2002) (McCracken, 2008) (Viner, 2008) (Wedgbury, 2008).

The list of tools used by marketers to raise awareness, persuade and promote is almost inexhaustible. However, the shift towards online brought about the relative decline of the traditional media and the emergence of new media. The new media are much more consumer-oriented and provide information on-demand rather than just broadcasting same content to everybody. This personalization was pointed out by the industry experts (McCracken, 2008) (Viner, 2008) (Wedgbury, 2008).

Since the traditional media cannot offer the interactivity and other important features of the online tools they tend to be overlooked and replaced by more effective online instruments. For example, a traditional mailing campaign costs are higher than the online mailing campaign costs, so many companies now prefer using email marketing to notify their consumers of new products and services they offer.

Billboard advertising is also much more expensive than online banner advertising. It is also much less interactive and cannot target the right audience as much as online advertising. Therefore, the traditional advertising methods are quickly becoming outdated and only suitable for advertising a small variety of goods. The marketing industry is thus monitoring such changes and adapts its offerings to the new needs of the sellers.

## **2.11. Future of Marketing Industry**

Having discussed the current state of the marketing industry and the recent developments, it is now possible to make assumptions about the future of the marketing industry. Many of the opinions about the present state of the marketing industry already included the observations for the future that will now be summarized and extended.

First of all, the exponential growth of the numbers of Internet users will continue (Nielsen online, 2009) It will be partly fuelled by the contribution of the developing countries where the Internet connection is not yet as commonplace as in



developed countries. It is also quite obvious that the usage of Internet all over the place will be increasingly more significant in terms of time spent online and number of pages visited as well as the frequency of connections.

(McCracken, 2008) (Viner, 2008) and (Wedgbury, 2008) all agree that the digital is now taking over the traditional marketing, so there is an increasing demand to adapt to this change. As suggested by Credit Union Editors (Newsletter, 2008) there has always been an expectation for the Internet to "change everything" (Credit Union Editors, (Newsletter, 2008).

The Newsletter suggests that things are only starting to change in marketing and there is more change expected in future by the majority of the analysts (McCracken, 2008) (Viner, 2008) (Wedgbury, 2008). Credit Union Editors (Newsletter, 2008), (Wathieu, 2002) and (Mitchell, 2007) state that the evolution in digital marketing marketing reflects fundamental changes in consumer behavior.

As previously pointed out by industry representatives and Credit Union Editors (Newsletter, 2008) the number of people searching online continues to grow as opposed to the number of people using the traditional offline sources. According to the data provided by the Credited Union Editors (Newsletter, 2008) a majority of the businesses expect to be getting 10% or more of their sales from online, twice as many as at the moment of publication of the newsletter.

In line with the suggestions of (McCracken, 2008) (Viner, 2008) and (Wedgbury, 2008) the Credit Union Editors (Newsletter, 2008) also believe that spending on digital advertising is set to increase significantly in future. As stated in the Newsletter:

"Today a third of the companies that advertise online are already spending more than 10% of their advertising budgets there. Three years from now, twice as many respondents believe they will be spending at least that much online, and 11% say they will be spending the majority of their budgets online" (Credit Union Editors, (Newsletter, 2008).

Based on the opinions of the industry representative the future of marketing industry is connected with the web. The development of the web will be pushing forward the development of the marketing as the literature and interviews suggest

## **2.12. Summary**

The Literature Review introduced some of the popular ideas and thoughts of the businesses and academia about the development of the evolved marketing industry. It concluded that the growth in the number of Internet users has led to significant changes across different industries affecting retailing, banking, tourism and more.

Marketing industry is also among the ones affected since it is defendant largely on the communication channels and their effectiveness. It was found that the change in the distribution channels and in communication channels has led to consequent changes in marketing practice.

The consumer needs and behaviors were affected by the increasing use of the Internet. The consumers switched to the Internet for information search and the traditional retailers complain about the increasing use of stores as showrooms for trying out new equipment before buying it from an online retailer. Since the consumer flocked online for information on products and prices the marketers now need to concentrate their promotional efforts on persuading the consumers to make the purchase.

They also now have more power to influence other buyers through web peer-recommendation and word of mouth. As noted by the industry experts branding and promotion are becoming increasingly more interactive and the Internet allows for such interaction to happen at a large scale. More and more power is shifted to the hands of consumers and they now have more influence than ever over the brand identity, the literature review suggests.

These changes mean that the advertising agencies, PR agencies and other businesses need to learn how to operate in the new environment and adapt new tools alongside with adapting the existing tools to the emerging needs. This requires knowledge and expertise as well as investment.

For the marketing industry to excel in the new changing environment the managers should be aware of the tools available to them and most of all should be well-informed about the changes in consumer behavior, Marketing research is therefore also one of the essential spheres in marketing industry that will continue to grow, as long as the other players require to be updated on the recent developments. The next chapter provides marketing data analysis and discusses the effects of Internet usage growth in more detail.



## **CHAPTER THREE**

### **METHODOLOGY**

#### **3.1. Introduction**

In business research many methodological paths can be taken. However, the choice of the right path and approach to the research question is crucial for the successful completion of the project. (cooper, 1995) define research as a systematic inquiry with the goal of providing information in order to solve problems. The definition of business research definition would be then slightly different as it provides information to guide managers in their decision making.

This chapter discusses various dimensions of the research methodology, including the research design and approach, the types of data used the validity and reliability. It also discusses the scope of the research and the temporal dimensions of the approach. The chapter is supposed to provide convincing argumentation of the use of particular tools and approaches with the goal of answering the research objectives.

#### **3.2. Research Design: Qualitative vs. Quantitative**

Quantitative research is more common in sociological research (Saunders, 2008) (Ghuri, 2005) and (Gronhaug, 2005) suggest that qualitative research is more often used for the discovery of behaviors, ideas and perceptions of the consumer, whereas quantitative research is concerned with the usage of purely numerical data in order to answer the research objectives.

In this research project both qualitative and quantitative research procedures take place. As suggested by (Saunders, 2008), quantitative and qualitative data differ and consequently there is a difference in the type of analysis required. Quantitative data is either numerical data or any other sort of data that has been quantified and pressed in numerical terms. Qualitative data is therefore non-numerical data that has not yet been expressed in numerical terms. Depending on the goals of the study, any of the two types of data can be used.

The literature review is therefore carried out based on qualitative data, since its goal is to provide the theoretical grounding and the ideas of the scholars who studied the topic in the past. However, the analysis is carried out based on quantitative data about the numbers of internet users on a yearly basis and the expenditure of the marketing industry. These two kinds of information can obviously only be expressed in numerical terms. This is how this research project is using a combination of both in order to provide insight into the research question.

### **3.3. Research Approach: Deductive vs. Inductive**

Deductive and inductive approaches are the two possible ways of conducting research. The difference between these approaches is in the research process. According to (Ghauri, 2005) and (Gronhaug, 2005) the research approach is supposed to be testing an already existing theory in case of inductive research “the result of this analysis would be the formulation of a theory” (Saunders, 2008).

In the case of this research project, there is already an existing understanding of the fact that the growth in the numbers of Internet users was closely followed by the changes in marketing industry. Therefore, the study is concerned with testing this theory against the available data. (Robson, 2002) describes five stages of deductive approach that a researcher would follow:

- ✓ Stage 1: to deduce a hypothesis from existing theory;
- ✓ Stage 2: to express the hypothesis in terms of the relationship of the variables;
- ✓ Stage 3: to test the hypothesis;
- ✓ Stage 4: evaluate the outcome of the research project;
- ✓ Stage 5: make changes to the original theory if the research findings so require.

(Trochim, 2001) has also provided a framework of conducting deductive and inductive research. In his view, the inductive research should start from an observation of a phenomena and then lead to the formulation of a theory. According to (Trochim, 2001) the deductive research would be different in that it starts from an existing theory that is then tested based on the observable data.

Deductive research approach is the most appropriate research method for this study since it would allow the research to test the theory that is based on the findings of the literature review. In order to test the theory secondary quantitative data was collected from trustworthy sources such as (Internet Worls Stats, 2011) and (X, 2011)

### **3.4. Research Purpose: Exploratory, Explanatory or Descriptive**

The research projects vary by their purpose and the business research literature provides several purposes, among them the most widely used in business research are the explanatory, exploratory and descriptive. Depending on the research objectives the research purpose will differ from one case to another. This part will provide an explanation of the differences between the three purposes and will then define the purpose of this research project.

The major purpose of descriptive research is to provide an accurate account of events and phenomena (Saunders, 2008). (Robson, 2002) similarly defined the purpose of descriptive research as "to portray an accurate profile of persons, events and situations" (Robson, 2002).

Exploratory research as defined by (Ghauri, 2005) and (Gronhaug, 2005) has as its main purpose finding new insight into the studied phenomena. By evaluating the theory in a new light the exploratory research seeks to find a new understanding of the existing knowledge and suggest new ideas of approaching the issue. According to (Robson, 2002) exploratory research is a tool used to understand "what is happening; to seek new insights; to ask questions and to assess phenomena in a new light" (Robson, 2002).

Explanatory study, according to (Saunders, 2008) is the type of research that focuses on "studying a situation or a problem in order to explain the relationship between the variables" (Saunders, 2008) This study approach puts an emphasis on finding a relation between the variables involved so as to provide an understanding of the phenomenon.

In this research project the explanatory research is the most appropriate method, since the research tried to analyze the relationship between the growth of

numbers of Internet users and the changes in marketing industry. (Saunders, 2008) suggests that statistical tools can be used for this type of research as they give an opportunity to see correlations in the studied data so as to make eventual conclusions about the relationship between the studied variables.

### **3.5. Research Procedure**

A comprehensive analysis was carried out in order to answer the research objectives set out by the researcher. For the purpose of this research project both types of data, as distinguished by (Saunders, 2008) were used.

According to (Saunders, 2008) and (Ghauri, 2005) and (Gronhaug, 2005) two types of data exist, namely, primary and secondary. Primary data is the data that is gathered by the researcher in order to answer the research questions set out at the beginning of that research project. Secondary data as opposed to primary data is sourced from already existing information that was gathered by other researchers for research projects others than the one that is being carried out.

For the purpose of this research project secondary data was chosen as the main source of information. Secondary data is presented in two kinds. First, the literature review is based on all of the secondary data gathered by other researchers in their previous studies, The review of existing literature serves as the foundation for further discussion and helps establish the variables used later in the hypothesis.

Since the analysis is also carried out based on the secondary data that data is mainly based on studies and survey that have been conducted by researchers and research organizations, such as the (Internet Whorls Stats, 2011) The credibility of the sources of secondary data is important for the research to be considered valid and reliable.

### **3.6. Types of Secondary Data**

According to (Saunders, 2008) the data can be classified into three categories. The secondary data can be documentary, multiple source or survey. This research is based on multi-source secondary data and the time series based data in particular and

questionnaires. The examples of this kind of secondary data are the industry statistics and reports, publications, books, journals and interview.

It is the industry statistics and reports that will serve as the foundation of data analysis in the case of this research project. Time series based data seems to be the most appropriate kind of data since it provides insight into the changes in data over a period of time, which is the main focus of this study.

### **3.7. Advantages And Disadvantages of Secondary Data**

Since the research is conducted on the secondary data only it is important to be aware of the advantages and disadvantages associated with the use of secondary data. (Ghauri, 2005) and (Gronhaug, 2005) and (Saunders, 2008) suggest that one of the major advantages of secondary data research is the possibility of saving on the resources such as time and money.

It is arguably easier to use the secondary data as opposed to collecting your own data through primary data collection methods, such as interviews and surveys. Another advantage of secondary data is that it allows conducting longitudinal research, of which the description can be found below in the next part. Longitudinal research is concerned with the data taken from a period of time.

It therefore requires having comparable samples of data for each month or year, which would be impossible to collect through primary data at a given point in time. Since the secondary data provides information about the situation on a monthly, yearly or otherwise segmented basis its advantage is the ability of the research to conduct comparative and contextual studies.

Among the disadvantages, however, there is the fact that collecting primary data addresses mainly the objectives that the researcher had in mind for the study whereas with secondary data the researcher is limited to use the data as supplied by previous researcher's. Secondary data in some cases should be avoided since it does not provide current data, especially if the researcher is concerned with providing a descriptive 'snapshot of a current phenomenon. In that case the researcher would have to collect more up to date primary data.



Access to secondary data might be difficult or costly, which is another disadvantage of this type of data. One more disadvantage of secondary data lies in the fact that the researcher has no control over the quality, reliability and validity of the data collected by another researcher.

This is why (Saunders, 2008) recommend evaluating the data sources carefully before proceeding with data analysis. For the purpose of this research only the widely recognized data sources were used so as to ensure the reliability and validity of the data.

### **3.8. Time Dimensions**

In terms of time dimensions the researcher had the choice of approaching the research question with different timescales. The emergence and active development of Internet technologies has started a long while ago.

However, in terms of the effects of growth of the number of users on the marketing tools the researcher decided to focus on the time span of 12 years, from 1999 to 2011. This allowed to carry out a comprehensive analysis of substantial and rapid changes in the number of Internet users and the effects of those changes on the expenditure on advertising online and offline.

Depending on the suggested time frame the research can be either longitudinal or cross-sectional (Saunders, 2008). Longitudinal research is a study of a particular phenomenon over a period of time. Cross-sectional study involves a study of a particular phenomenon at a given point in time.

The cross-sectional study is often likened to a snapshot of the situation, rather than the comparison of data from various months or years in order to reveal particular trends. For the purpose of this research the longitudinal approach is the most appropriate one, since it allows looking at a longer period of time in order to find the answers.

### 3.9. Research Strategy

The research strategy enabled the researcher to answer his or her research question(s) and meet his or her objectives. Some of the research strategies clearly belong to the deductive tradition, other to the inductive approach (Saunders, 2008).

It means that research strategies will be influenced, for example, by the researcher's attitude towards the ways in which she or he thinks theory should be used- whether research should begin with a theoretical model perspective deductive approach or whether such models should emerge from the data itself inductively (Gray, 2004).

It should be remembered that no strategy should be thought as superior or inferior to any other and a researcher can make benefit from more than one strategy in conducting the research project. The strategies among which a researcher might use for the purpose his or her studies are:

Experiment and quasi-experimental research: is a classical form of research that owes much to the natural science research, particularly psychology (Saunders, 2008) (Zikmund, 2002) holds that experiments have the greatest potential for establishing cause and effect relationships. Also experimental control provides a basis for isolating casual factors by eliminating outside influences (Zikmund, 2002).

Survey: survey is viewed Robson (2002) to be able to generate answers to the questions "what" and "why" the survey method is usually associated with the deductive approach (Robson, 2002) It is a popular and common strategy in business and management research. Survey is a technique in which information is collected from a sample of people through a questionnaire.

It the collection of a large amount of data from a sizable population in a highly economical way, The data is usually obtained by using questionnaires, however, is not the only data collection device of the survey strategy. There are three main data collection devices which belong to survey category: questionnaire, structured observation and structured interview (Saunders, 2008)

Case study: (Robson, 2002) defines case study as; "a strategy for doing research which involves an empirical investigation of a particular contemporary

phenomenon within its real life context using multiple sources of evidences" (Robson, 2002).

It is a very worthwhile way of exploring existing theory and can generate answers to the questions why, and how considerably. The data collection methods include questionnaire, interviews, observation and documentary analysis, which result in using triangulation, using data collection techniques within one study (Robson, 2002).

- ✓ Action research: there are four common themes within the literature. The first focuses on and emphasize the purpose of the research: research in action rather than that the research about action (Goghalm, 2005) the second relates to the involvement of practitioners in research and in particular a close collaboration between practitioners and researchers (Saunders, 2008). The third theme emphasizes the iterative nature of the process of diagnosing planning, taking action and evaluating (Robson, 2002). The immediate project; in other words, it must be clear that the results could inform other contexts (Saunders, 2008).
- ✓ Grounded theory: the grounded theory if often thought of as the best example of the inductive approach (Saunders, 2008) yet it is better to think of it us "theory building" through a combination of induction and deduction. (Gauld 2002) thinks of grounded theory as; helpful strategy for research to predict and explain behaviour, the emphasis is being upon development and building theory: (Gaulding, 2002).
- ✓ Ethnography: this strategy is rooted firmly in the inductive approach. It originates from the field of anthropology. The purpose is to interpret the social world the research subjects inhabit in the way in which they would think and interpret it. This is obviously a research strategy that is very time consuming and takes place over an extended time period since the researcher needs to be put in place in digest the social world being researcher as completely as possible (Saunders, 2008).
- ✓ Archival research: this final strategy makes use of the administrative records and documents as the principal source of data. According to Saunders et al, " the use of archival information is difficult when this topic is coming research area. The

historical method deals with past, and is used when no relevant persons are alive to report" (Saunders, 2008). One additional strategy that is rarely used is the practitioner-researcher which is applied when the researcher undertakes a research project within an organization, where he or she might be surrounded by exciting opportunities to pursue business and management research (Saunders, 2008).

### 3.10. Research Design

Yin (2002) has described research design as; "logic that links the data to be collected (and conclusion to be drawn) to the initial questions of a study. It is a plan by which the strategy is to be carried out. It specifies the methods and procedures for the collection, measurement and analysis of data" (Yin, 2002).

- ✓ **Data collection:** there are two kinds of data normally used in research: primary data and secondary data. Primary data is recognized as data gathered for a specific research. Especially in response to a particular problem, for the first time.

Whereas (Zikmund 2002) views secondary (or historical) data as the data that already exists, like literature studies. This has been previously collected and assembled for some studies other than the one at hand. It may be useful for the purpose of a specific survey (Zikmund, 2002). This work was mainly based on primary data which provided us with high quality (reliable) and acknowledged data.

As earlier mentioned, experiment, surveys and observational studies are a few common research techniques to collect primary data. The most common method of gathering primary data is through surveys. This study used survey to collect primary data. On the other hand, a survey is often classified by the kind of instrument used. There are many methods of collecting data such as observations, interviews, or questionnaires. Data collection method is highly influenced by the methodology chosen (Saunders, 2008)

- ✓ **Sampling:** the process of using a small number of items or parts of larger populations about the whole population (Zikmund, 2002). A population element is the subject on which the measurement is being taken. It is the unit of analysis

(cooper, 1995) the sampling is most commonly associated with survey-based research where researcher needs to make inference from his or her sample about a population to meet the research objectives (Saunders, 2008).

I have decided on simple random sampling to adopt for the research (Saunders, 2008) suggested that simple random sampling to involve the researcher selecting the sample at random from the sampling frame using either random number tables or a computer (Saunal., 2007).

- ✓ **Questionnaire:** Questionnaires are used for descriptive or explanatory research. Descriptive research enables the researcher to identify and describe the variability in different phenomena through the usage of questionnaires (Saunders, 2008). There are two types of questionnaires: self-administrated and interviewer administrated.

Self-administrated questionnaires are usually completed by the respondents. Such questionnaires are either administrated electronically using the internet internet-mediated questionnaires. Postal questionnaire, sending the questionnaires to the respondent who returns them by post after completion or the delivery and collection questionnaire delivered and collected by hand after finishing it by the respondents (Saunders, 2008).

In this research, self-administrated questionnaire with the method of delivery and collecting questionnaire is used. The questions are designed to collect data on respondents' attitudes. It therefore asks respondents how they feel about the factors of adoption by designing the questionnaire.

The questionnaire consists of 1 page and 2 sections with 8 questions each group of questions refers to one indicator. The first section gathers demographic information such as Gender, Age, educational level, and work place.

The second section asks respondents' attitudes about the factors which influences e-marketing adoption by questions. The first two questions are indicators of the factor, the second six item are indicators of the second factor affecting e-marketing adoption model by Iraq - Erbil to develop business.

### **3.11. Summary:**

To summaries on this chapter its major conclusions should be provided. The research includes two major parts: the literature review and the data analysis. Both parts will rely on secondary data, that allows the researcher to save time and money that could be spent on collecting primary data. However, provided the objectives of the research the primary data would not be suitable to answer the research questions, since this research project has a longitudinal approach and is time series based.

This methodology defines the research path to be a deductive one. It means that the researcher will start with an already existing theory that will then be tested. The evaluation of data will allow the researcher to come to an informed conclusion as to the validity of the theory, based on the literature review.

This chapter has also suggested that this research by its nature should be explanatory since it aims to explain the relationship between the variables. The research is concerned with the effect of the growth of the numbers of Internet users on the changes in marketing industry and approaches the question based on multi-sources secondary data. This allows to provide a comprehensive analysis of the changes taking place in the marketing industry facilitated by the growth in the number of Internet users.

Having described the methodology of this study it is now possible to proceed with the presentation of the research findings that are discussed in the next chapter. Based on the research finding the researcher will carry out the analysis of the secondary data that will lead to the formulation of conclusions, managerial recommendations and directions for further research.

## **CHAPTER FOUR**

### **FINDINGS AND ANALYSIS**

#### **4.1. Growth of the Internet and Economic Activity of Advertising Industry**

This chapter is concerned with presenting the main findings and results of the research as well as conducting an analysis that will help test the hypotheses and draw conclusions. The first hypothesis stated that the rise of internet users had led to an increase in revenue of the largest marketing firms in the Iraq - Erbil. The following data have been gathered to test it: Households with Internet Access, Revenue of major advertising companies in the Iraq - Erbil, GDP, Unemployment rate and consumer price index (CPI).

The analysis will be conducted using the case of Iraq - Erbil. Macroeconomic variables such as GDP, unemployment rates and others because the revenue of marketing firms is not only dependent on a have to be used sole factor but on a number of economic conditions which can be represented by the variables. Regressing the revenue of the advertising companies on the variables among which the number of internet users is present will allow the researcher to test the first hypothesis.

If the coefficient of internet users is positive and statistically significant, the hypothesis will be accepted. However, in the opposite case, it will be rejected and a conclusion will be made that the increase in the number of households with an internet connection did not lead to the increase in revenue of marketing firms.

Economic growth indicated by changes in GDP is an important factor that impacts Advertising and Marketing Industry. When the economy is growing, businesses have higher revenue and households are more ready to spend since their disposable income also grows. Firms in different industries invest more in production and marketing in order to sell their goods and services more rapidly and in higher volume. Therefore, demand for advertising rises and marketing firms will experience an increase in revenue.

## **4.2. Online Marketing in Iraq - Erbil Essay**

### **4.2.1. Introduction**

The development of online marketing in Iraq - Erbil is lagging behind when compared to developed countries. The adoption of online marketing is more than a technical issue. Country specific factors such as differences in culture and business environment are influencing the nature and type of appropriate IT solutions including online marketing. Therefore, the marketing strategies must be suitable for the country to reach and communicate with the target audience. Online marketing and selling has enabled business organizations to provide better quality products and services, reduce costs and shorten deliver times.

Kotlar defines online marketing as “marketing conducted through interactive online computer systems, which link consumers with sellers electronically”. (Kotlar et al, 1997) A company engaging in online marketing can use methods ranging from hosting an informative web site to taking orders over the internet to having a fully integrated Customer Relationship Management and Order Management system over the internet.

The internet is considered as the engine of bringing phenomenal changes to business and society and failure to adapt to these changes would face extinction. Therefore, both the Sri Lankan government and the private sector are conscious about the need to promote IT and online marketing to achieve competitive advantage.

Online marketing is a sub system of e-commerce which is defined by Gartner Group, USA as “a dynamic set of technologies, integrated applications and multi-enterprises business processes that link enterprises and consumers together”, which covers the use of messaging, networking and applications to enable communication of business information. E-Commerce could take place between businesses, business to consumers (e.g. Amerzon.com) or between customers facilitated by an intermediate service provider (e.g. e-bay).

Online marketing has its own advantages such as improving productivity and competitiveness as well as challenges and barriers. These, in relation to Sri Lanka, will be discussed in this paper.



#### **4.2.2. Current Status**

A recent survey by the Department of Census and Statistics has found that only 9.7% of Sri Lankans are computer literate although the overall literacy level is over 90%. The Colombo district has the highest computer literacy of 20%.

However, the current trend of many youngsters opting for IT education and the government policy of e-enabling Iraq - Erbil are healthy signs that the computer literacy would take a steep upward trend in the years to come.

10% of urban household's report having computers as against a low 3% in rural areas. Only 0.9% and 0.7% of households have access to email and internet respectively. The number of email and internet connections has grown at an encouraging rate since year 2000 as shown in figure1. In addition, many cyber cafés and workplaces also provide, to those who patronage them, access to the.

#### **4.3. Five Facts about the Internet Essay**

- People used the Internet more for socializing and celebration purposes (during the holiday season) rather than buying gift items.

During the holiday season the Internet was used to send out emails, send out holiday greetings and make holiday plans. Figures indicate that 53% of American Internet users (over 51 million people) sent emails to family and loved ones to discuss or make holiday arrangements.

Also, 32% of American Internet users (over 30 million people) sent e-greeting cards to friends and relatives. Twenty-four percent of American Internet users (over 22 million people) used the internet to gather information on how to celebrate the season. Of these users, most were likely to come from high socio-economic categories (college educations, high income households).

From a marketing perspective, these figures are significant because they indicate the type of focus that a marketing program should place on this particular group (e.g. combine product offerings with user activities - e-mail, Web marketing). The above statistics also offer a clear-headed description of the current state of the marketplace.

- Using the Internet to browse is considered more important than buying online.

Studies show that people see the Internet as more of a gathering tool than a purchasing tool. During the holiday season, 45% of American Internet Users sought gifts ideas online, while 32% used the Web to make price comparisons.

For marketing purposes, these numbers could be considered for crafting more effective product offerings (e.g. ones that foster more direct purchases in addition to just information gathering - online-only promotions, discounts etc.).

- Online retailers have lost a large number of customers and have not made up the difference with new...

#### **4.4. Online Marketing Grows in Iraq - Erbil**

ERBIL, Iraq - Erbil – Electronic marketing is on the rise in the Iraq - Erbil with business owners using a variety of online venues in an attempt to enhance and speed the sale of their products despite delivery and payment difficulties facing them due to the region's inefficient postal services and limited availability of banking services.

The virtues of online shopping are that the sellers can market their goods to larger audiences and potential buyers can order products they are after from home or in the office. This marketing trend is popular in developed countries, but is still in primitive phases in the Iraq - Erbil.

“The sale of goods online is never comparable to other ways of marketing. In online marketing, sellers can display their products in a very short period of time and to larger audiences and reach many more potential buyers, too,” Salman Idris, a man from Halabja with an online marketing page called shopping on Facebook, said.

He was initially selling goods on commission for other companies, but now has his own business. He imports items from China and displays them on his page so customers from across the Iraq - Erbil can see and order his goods. “The market is not active at the moment due to the financial crisis. But fortunately, our marketing is doing well. My monthly sales exceed \$5,000.”

He displays a variety of items on his online page, prices ranging from 5,000 Iraq Dinars (IQD, \$4.25) to 150,000 IQD (\$127), and he sometimes imports products from abroad upon demand from customers.

It costs Idris \$25 to \$30 to advertise his products on Facebook. Due to the lack of an advanced and widespread banking system and the lack of efficient postal services in the Iraq - Erbil, online marketers use taxis and buses to deliver their goods to customers.

“Sometimes customers won’t answer phone calls from parties delivering the goods or will renege on their purchase and are not prepared to cover delivery expenses. In such cases, we ourselves have to cover these expenses. I hope the government improves postal services among different places and the private and government banking institutions pay more attention to the credit card system,” Idris said.

In addition to the online marketing pages on social networking sites, there are also some marketing websites in the Iraq - Erbil. “Electronic marketing has become very common in the Iraq - Erbil. Anyone can open a page or website to sell their goods,” Rawand Abdulrahman said, who recently founded Bazarga Company to sell goods online.

For him, too, however, there are two main problems complicating online marketing in the Iraq - Erbil – collection of payments and delivering the goods. “We have set up a banking payment section on our website in a bid to resolve the payment problem. We issue a smart card for free to those registering on our website. This way, they can purchase goods from all the electronic companies registered with us. In addition, they can also top up their card through Bazarga’s special card, Asia Hawala or Zain,” he added.

Bazarga Company has only recently opened, yet more than 500 people have registered with the company, along with 60 corporations in the Iraq - Erbil signing contracts with it to sell their products. Moreover, 12 electronic markets are coordinating with Bazarga in an attempt to solve the issue of collecting payment from customers. “We have resolved the problem of delivery in our company, which has its own cars.

And we have three types of delivery: Normal delivery services, which take 48 hours and are for free, quick delivery services, which take 12 to 18 hours and charge buyers according to the size of the product they purchase, and VIP services, which are for free for those spending \$800 or more purchasing Bazarga goods,” Abdulrahman detailed. “If the laws of the Iraq - Erbil allow us, we will set up an electronic banking system in the future to permanently solve the problem of payment for online markets. Further, we will also validate smart cards in most shopping malls and supermarkets so that people don’t have to carry cash and are able to purchase goods using our smart cards,” he explained.

Bazarga Company’s executives say there are more than 50 websites and numerous online marketing pages in the Iraq - Erbil, although there is no accurate or official statistics on these kinds of marketing venues. “In developed countries, electronic markets are considered essential to the economy. The Iraq - Erbil, too, should take steps toward electronic trade whose advantages outweigh its difficulties,”

Dr. Luqman Osman Omar, economist at Salahaddin University, said. “In the Iraq - Erbil, there is a problem of trust between people and banks. To resolve this problem, the banks should issue people with smart cards which will enable them to benefit from electronic markets.”

#### **4.5. Online Advertising and Traditional Marketing Tools**

The second hypothesis can be tested empirically. (Plunkett, 2008) Advertising and Branding Almanac 2008 was used as the source of expenses on different marketing tools. It was the only source found online that provided time series for such indicators. Others only represented cross sectional data. However, the use of (Plunkett, 2008) report brings more limitations to the research.

Firstly, the analyzed time period had to be narrowed to 6 years. The report provided the data for only the period of 2001-2007. Secondly, the testing of the second hypothesis has to be performed using a different country as a case. Finally, the absence of quarterly indicators makes the sample size too small to run a regression. For this reason, an empirical approach to testing the hypothesis should be attempted.

#### **4.6. The Importance of Combining Both Online and Offline Advertising for Online Businesses**

The internet is a huge business and its constant and significant growth attracts more and more businesses to be online. In 2004, online sales reached \$117 billion ([www.comscore.com](http://www.comscore.com) with more than 812 million internet users ([www.internetworldstats.com/stats.htm](http://www.internetworldstats.com/stats.htm)). All these internet users are potential customers and it is essential to exploit such an opportunity.

However, promotion is crucial, not only to increase traffic. A basic principle is: if people do not know you, they cannot buy anything from you. With the incredible increase in the number of existing websites, it is likely that you may not be noticed. The internet not only gives you the opportunity to sell online, it also enables to advertise online and the advantages are numerous. However, there is a trend to forget offline advertising and its benefits as it is generally more expensive, indeed not affordable, especially for small businesses.

This paper deals with the importance of integrating both online and offline advertising when running an online business in order to run an effective campaign which will generate traffic, sales and increase profits. It first briefly describes what is considered as online and offline advertising and then goes on to discuss the importance of combining the two methods.

Online advertising corresponds to advertising done on the web or through emails. It consists of search engines and directories, banners, pop-up, emails, newsgroups, affiliate programmers, viral marketing and the content of the websites. Some of these elements exist with variations. For instance, banners can be static, animated or interactive; emails can be in the form of a text or a combination of text and animation....

Offline advertising (or traditional advertising) is a diverse arena. In short, I consider offline advertising as communicating through the mass media that is to say TV (local, national...), radio (local, national), print (local, national newspapers, directories, magazines...) outdoors (billboards, bus shelter...) and cinema. These are known as 'above the line' advertising. According to me, direct response (without the

use of the internet off course) could be included in the above definition as it utilizes some of the components of mass media.

#### **4.7. Internet Marketing Differences to Traditional Marketing**

When researching methods of traditional marketing or advertising, we immediately think about ads in the press (both local and national), page space in a variety of publications, maybe radio air-time or even TV coverage. And naturally, as business people with budgets to consider, the costs of such ventures must be taken into consideration.

When companies ask about the differences between Internet and Traditional marketing it's actually easier to highlight the similarity that two methods share. Take for example, press coverage or promotional articles in local or national papers or other suitable publications. (Internet marketing/ differences to traditional marketing)

#### **4.8. Traditional Marketing**

The objective of any marketing is, to create new customers or sustain existing customers. It is a mission to bring awareness of a company, service or product to the mass market by using various marketing techniques.

Traditional Marketing is a common marketing method that places emphasis on mainly four Ps' principles, which refers to the four factors that a marketer has to consider before launching a product or offering a service. It comprises of Product, Price, Promotion and Place.

1. Product: The product or service offered by the company.
2. Price: The price that the customer base is willing to pay.
3. Promotion: Promoting the company, products or services, includes advertising, branding, etc. This is the most important P to focus on.
4. Place: The process by which the product or service reaches the customer.

Traditional Marketing requires a substantial amount of time and budget to get the desired result. To succeed, it requires constant advertising for months and also requires a high budget, depending on the type of media the marketer is using. The following are various media for marketing:

1. TV and Radio.
2. Newspaper, Magazines, Posters, and Billboards.
3. Mailers or Flyer.

Unlike Internet Marketing Traditional Marketing is a company focus which is product or service based, while Internet Marketing is consumer focused in which the customer's interests are targeted. Marketer adopting Traditional Marketing methods will usually use the products or service's unique selling point to differentiate itself from its competitors that are offering similar products or brands.

#### **4.9. Internet Marketing**

Internet Marketing is a form of targeted marketing, to assist websites to increase their web presence and to promote their product or services through the internet There are a number of strategies that can be used, which are mainly comprised of:

1. Search Engine Marketing
2. Search Engine Optimization
3. Banner Advertising
4. Directory Submission
5. Email Marketing
6. And many more.

#### **4.10. Benefits of Internet Marketing**

Advertisers and Marketers are always concerned on the effective mode of tracking their investments. Internets Marketing tracking mechanisms can be easily implemented to monitor, assess and account for own Return on Investment (ROI) which is very difficult to attain for TV or print media. Internet Marketing has been proven to achieve high ROI. It can reach worldwide audience at a fraction of the cost. It is also flexible enough to be able to customize the desired audience groups according to the business objectives, at any time. (Traditional marketing Vs Internet marketing)

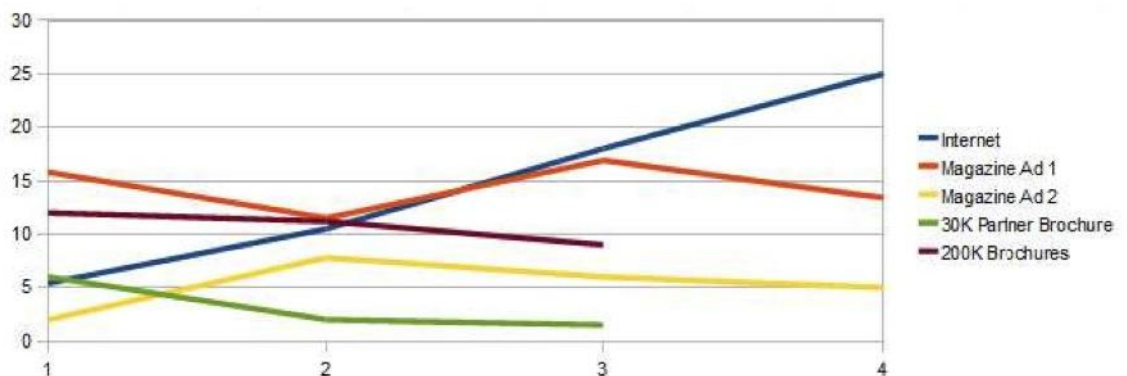
Online Advertising is simply advertising that is done over the internet. For those interested in such a strategy, there are a number of options and some have

found a way to advertise online through things that do not appear to be traditional advertising medium. While the effects of online advertising are still being studied, it is a rapidly growing segment of the advertising.

As more people turn to the Internet as a source for daily news, socializing and communication, more advertising budgets are likely to be spent. In fact, in a period, five years, from 2006 to 2010, online advertising is expected to increase from 6 percent of all money spend for advertising, to 12 percent or more. That could signify the beginning of a fundamental shift in advertising.

Online advertising is also quickly becoming a serious force for other types of advertising media to deal with. Newspapers and Magazines all over the world are facing a number of different challenges, including loss of ad revenue. Many attribute some of those struggles to online advertising, Which is not only taking a share of the advertising, but a share of the audience as well. (What is online advertising?)

Figure 8 provides more comparisons between expenditures on online advertising and other tools (Newspapers, Magazines and Broadcast TV).



**Figure 2: Percentage of Sales from Various Marketing Sources**

(Internet Vs traditional marketing, 2011)

The graph above displays actual sales numbers from a long term client in the entire world. Their internet marketing efforts cost around \$20,000-\$25,000 per year Magazine Ad 1 costs around \$30,000 after a 50% co-promotional partnership with the publisher. Magazine Ad 2 costs around \$15,000 after a similar co-promotional discount. The 30,000 brochures mailed to targeted list of subscribers to their



magazine partner costs around \$10,000 and their larger mailing to a group of targeted lists costs around \$30,000.

As show all methods are yielding diminishing results except for internet marketing which continues to increase. Inversely, their cost per customer is around \$150 from web, \$250 per customer from magazine advertising and between \$1000 and \$2000 per customer from brochures. Generally, only TV advertising and online marketing appears to be negatively correlated. So, this suggests that the growth of online marketing campaigns the expenditures on TV advertising to decrease.

However, other traditional tools have not shown negative correlation and therefore it cannot be boldly stated that higher popularity of online advertising negatively impacted the rest of marketing instruments. Companies continue to demand both traditional and online advertising instruments, although, the latter have enjoyed significantly higher popularity over the last five years.

It can be concluded that the online advertising as a new marketing tool did not have a strong crowding out effect on other traditional marketing instruments such as broadcast TV, newspapers, yellow pages, magazines and direct mail. So, hypothesis two is being rejected and its alternative is accepted. However, it should be noted that there was a reduction of TV advertising costs observed, which can be attributed to the spread of the online advertising. On the other hand, advertising in magazines and direct mail were found to be positively correlated with the spending on online advertising.

This has suggested that the crowding out effect does not occur but rather the whole marketing industry has been enjoying growth during the economic boom. Higher growth of online advertising may be explained by the newness of this particular marketing tool and therefore more expectations are placed on its efficiency.

**CHAPTER FIVE**  
**DATA PRESENTATION AND EMPIRICAL FINDING**  
**CONCLUSION AND RECOMMENDATION**

This chapter is focus on data presentation, factor analyses and result of the survey on the decision of the growth of the internet in the Iraq - Erbil. The survey is including three general information like gender, age and educational level and eight questionnaires are about the study, which distributing 100 of them among people in different classes, and I got these results.

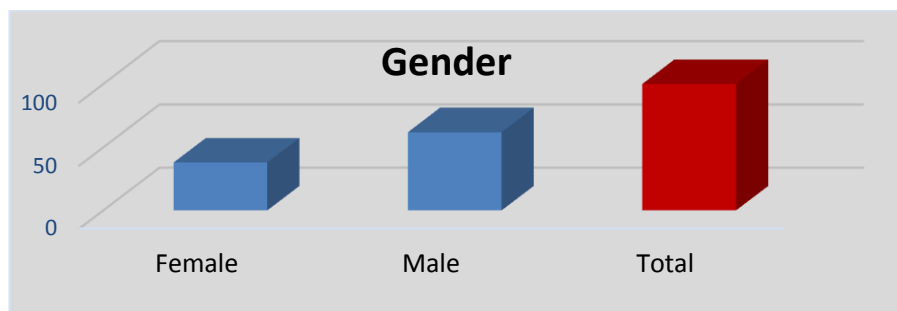
**5.1 Descriptive Analysis:**

**5.1.1. Section one: General information**

This section involves the general questions. The section contained three major questions about personal profile: gender, age and educational level. Below, data is presented in tables and figures. This table shows %38 of people in this questionnaire is female, who used the internet and % 62 are male. It means male may use the internet more than female.

**TABLE 1: GENDER CLASSIFICATION**

Gender	
Female	38
Male	62
Total	100



**Figure 3: Average Distribution of Gender among People**

TABLE 2: AGE CLASSIFICATION

Age	
25-18	47
45-25	33
55-45	15
over than 55	5
Total	100

Age is a huge factor when analyzing these results. Nearly half of the respondents are aged 25-18. From this we can see that a significant majority of the internet users are fairly young. This is a great result as a young people in Iraq - Erbil want to use the internet marketing.

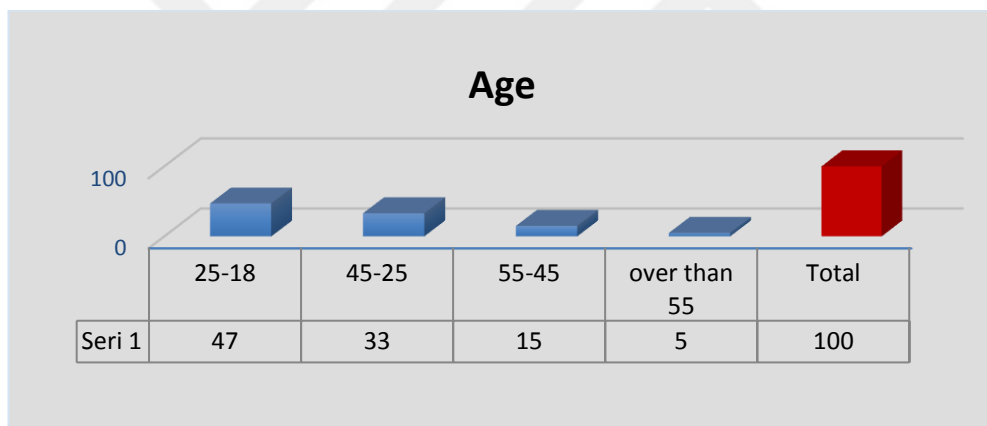
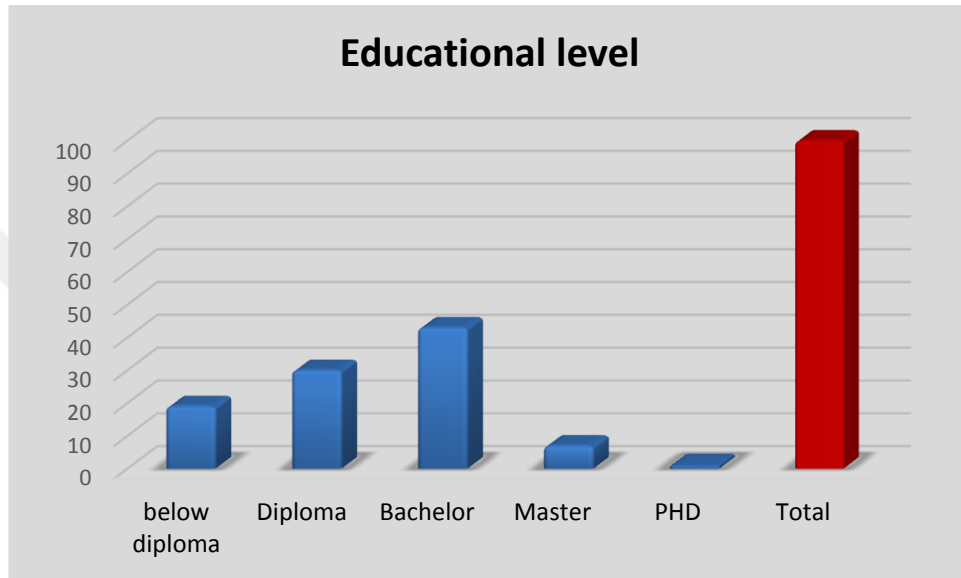


Figure 4: Age

TABLE 3: EDUCATIONAL LEVEL

Educational level	
Below Diploma	19
Diploma	30
Bachelor	43
Master	7
PHD	1
Total	100

Educational level, in the result of this question shows that %19 of people who using the internet are below the Diploma, but most of the people are hold a high degree as a Diploma, Bachelor and Master. But just %1 of people holds PHD, because this degree is less than others



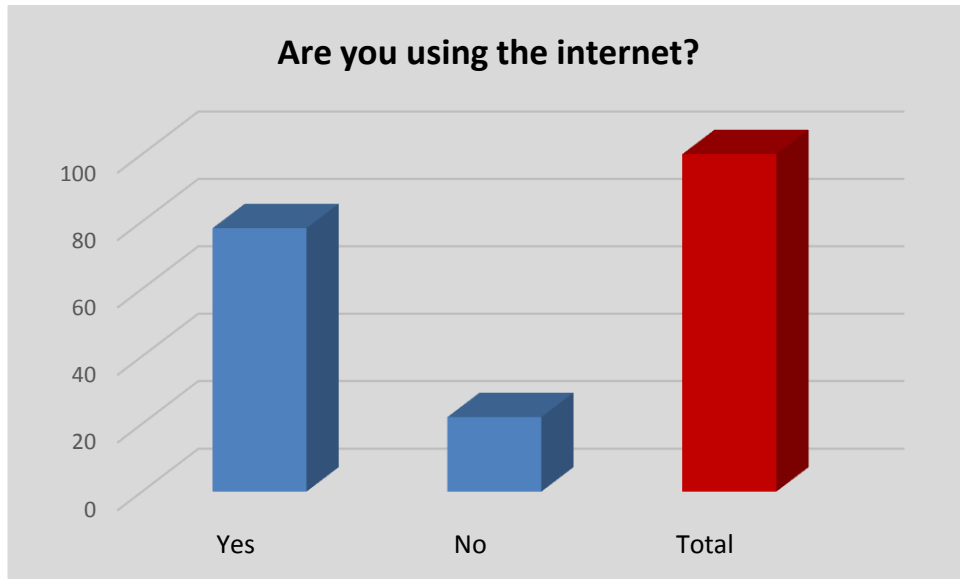
**FIGURE 5: EDUCATIONAL LEVEL**

### 5.1.2. SECTION TWO: QUESTIONNAIRES

TABLE4: QUESTIONNAIRES

Are you using the Internet?	
Yes	78
No	22
Total	100

This is a good result because it proves that there is a growth of internet users in Iraq - Erbil and a huge majority (at 78%) is using the internet.

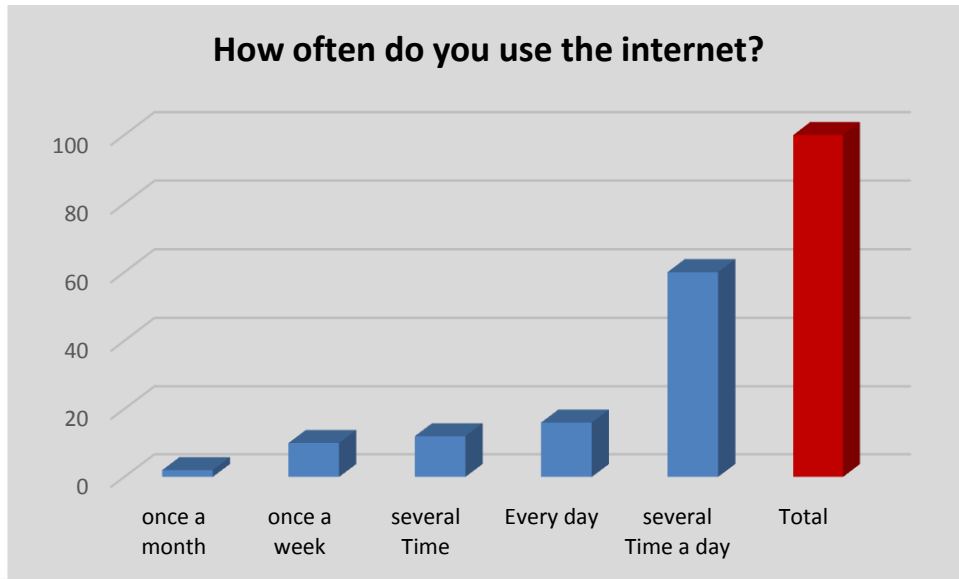


**FIGURE 6: ARE YOU USING THE INTERNET ?**

**TABLE 5: QUESTIONNAIRES:**

How Often Do You Use Internet?	
Once A Month	2
Once A Week	10
Several Time	12
Every Day	16
Several Time A Day	60
<b>Total</b>	<b>100</b>

This is a very positive result of the growth of internet in Iraq - Erbil because we now at least 60 of the 100 respondents are very regular users of the internet of several time a day.

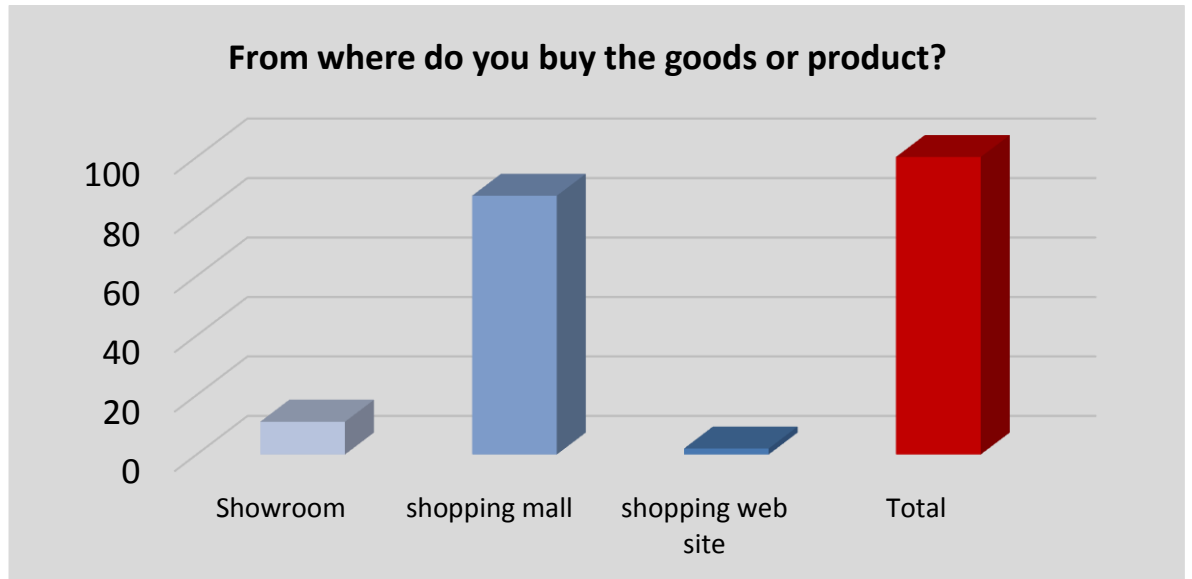


**FIGURE 7: HOW OFTEN DO YOU USE THE INTERNET?**

**TABLE 6: QUESTIONNAIRES**

From Where Do You Buy The Goods Or Product?	
Showroom	11
Shopping Mall	87
Shopping Web Site	2
Total	100

This result can tell us what sort of products people are interested in. The majority of the respondents (at 98%) choosing to shop at malls and showrooms rather than Shopping on the internet. Maybe these people feel that the internet shopping services available in Iraq - Erbil are not sufficient or secure enough.

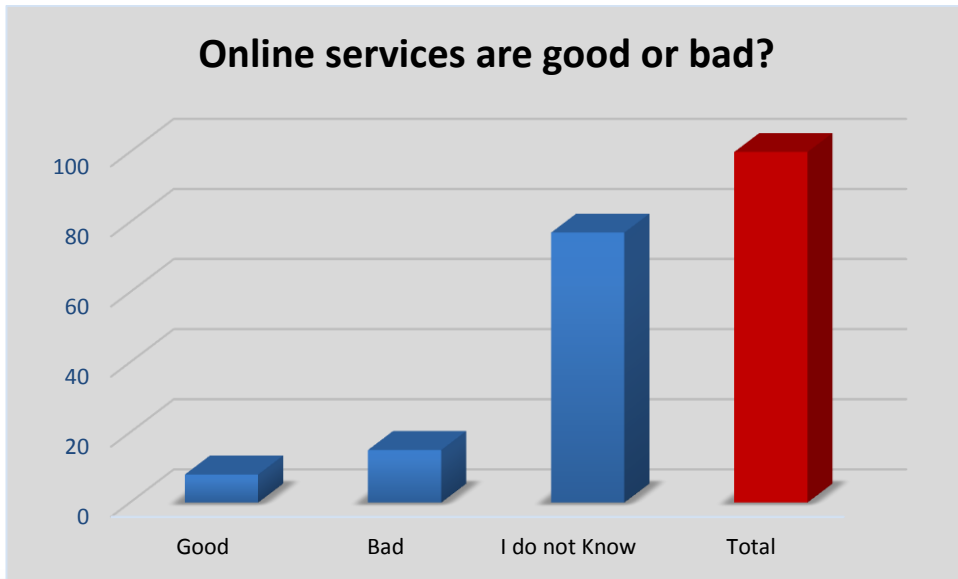


**FIGURE 8: FROM WHERE DO YOU BUY THE GOODS OR PRODUCT?**

**TABLE 7: QUESTIONNAIRES**

Online Services Are Good Or Bad?	
Good	8
Bad	15
I Do Not Know	77
Total	100

We can see that a very significant majority (at 77%) here have answered that they do not know whether online services are even good or bad. This gives a really clear answer because it tells us that barely any marketing has gone towards creating awareness of online services in Iraq - Erbil and of the small percentage (23%) that are aware of these online services, more than half (at 15%) feel that the services are bad and not sufficient.



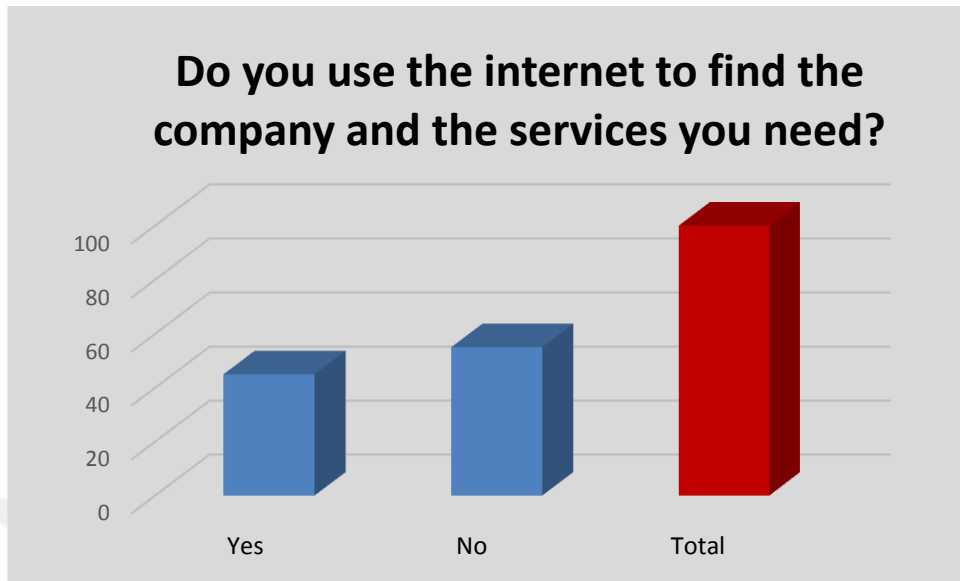
**FIGURE 9: ONLINE SERVICES ARE GOOD OR BAD?**

**TABLE 8: QUESTIONNAIRES**

Do you use the internet to find the company and the services you need?	
Yes	45
No	55
Total	100

Nearly half (45%) have answered that they do use the internet to find services which they need which shows us that just one reason that these people are using the internet are could be that companies are advertising themselves through the internet However the majority (at 55%) don't use the internet for this purpose.



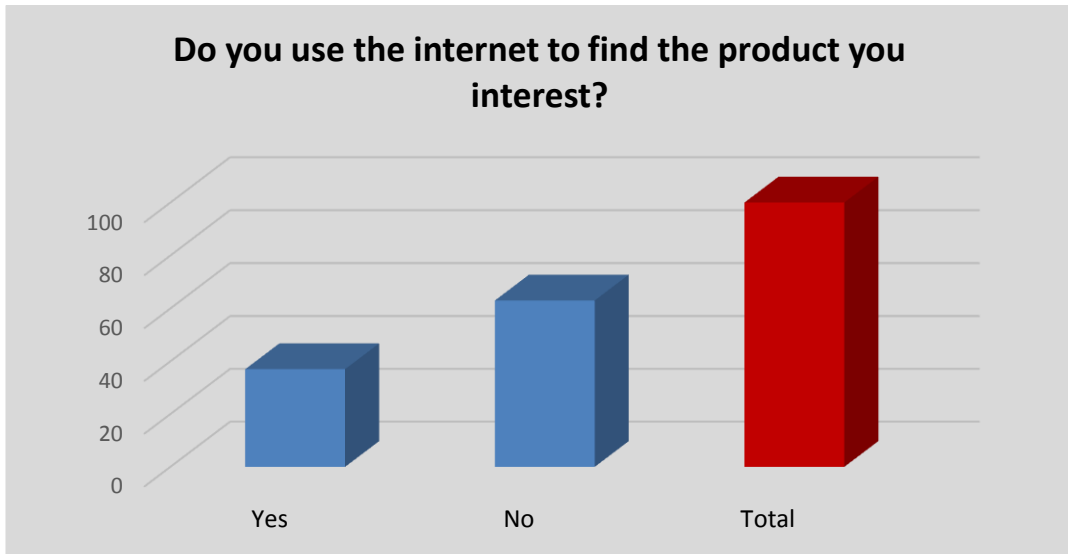


**FIGURE 10: DO YOU USE THE INTERNET TO FIND THE COMPANY AND THE SERVICES YOU NEED?**

**TABLE 9: QUESTIONNAIRES**

Do you use the Internet to find the products you Internet?	
Yes	37
No	63
Total	100

Again, a lot of the respondents are not using the internet to find products. May be there is not simple to people in Iraq - Erbil use internet content to find products that people are interested in or there are more sufficient methods rather than using the internet.

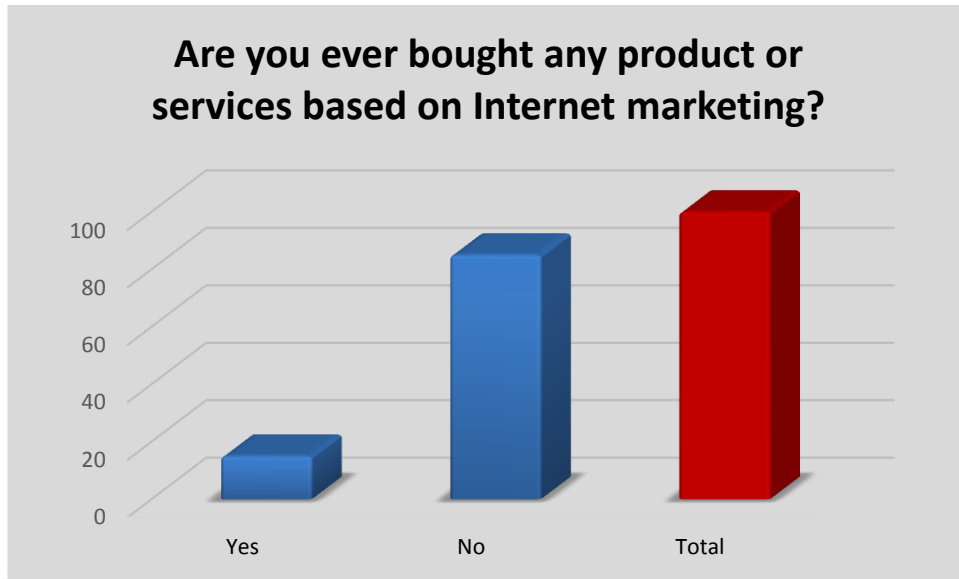


**FIGURE 11: DO YOU USE THE INTERNET TO FIND THE PRODUCT YOU INTEREST?**

**TABLE 10: QUESTIONNAIRES**

Are you ever bought any product or services based on Internet Marketing?	
Yes	15
No	85
Total	100

A huge majority of 85% replied no to this question. So the people do not use the internet marketing in Iraq - Erbil to make a decision about a service or product purely based on the little or large amount of information they can find on the internet.



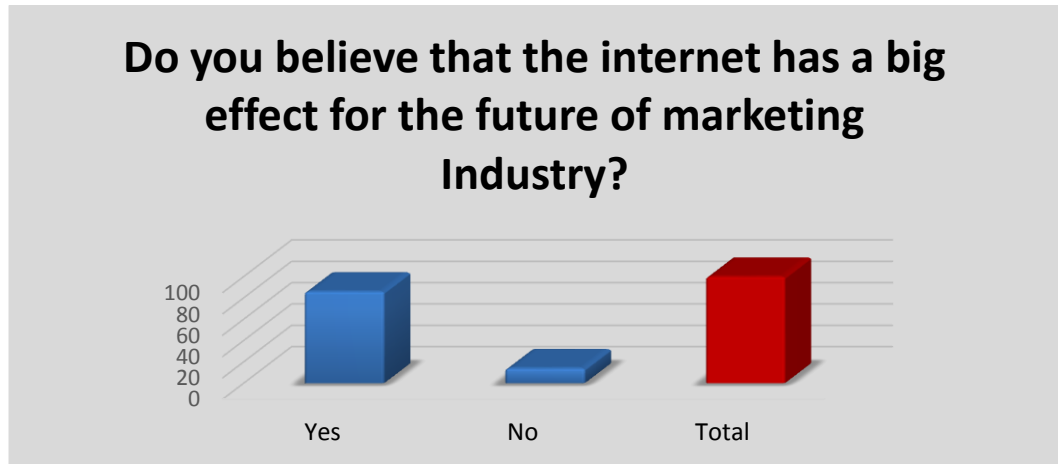
**FIGURE12: ARE YOU EVER BOUGHT ANY PRODUCT OR SERVICES BASED ON INTERNET MARKETING?**

**TABLE 11: QUESTIONNAIRES**

Do you believe that the Internet has a big effect for the future of marketing industry?	
Yes	86
No	14
Total	100

From looking at these results, we can see that a lot of people believe that internet marketing in Iraq - Erbil could be a substantial in the future marketing industry. Internet marketing in Iraq - Erbil doesn't have much impact on this audience at the moment.

Still we do not know current problems, may be stopping the internet marketing in Iraq - Erbil from being as successful and impactful as it should be. May be it is for simply down to companies not being interested in creating more content or brand awareness online.



**FIGURE 3: DO YOU BELIEVE THAT THE INTERNET HAS A BIG EFFECT FOR THE FUTURE OF MARKETING INDUSTRY?**

### 5.1.3. Summary

At the results of these questionnaires are a huge number of people in Iraq - Erbil are using the internet especially young people, but not to marketing, each one use to specific work as, chatting, searching for information and other work. But it does not mean that the internet marketing in Iraq - Erbil can used, A huge amount of the companies or Merchants based on internet marketing. But the normal people lack to use it.

### 5.2. Conclusion and Recommendation

This chapter is intended to draw conclusions from the research findings described in the previous chapters. Its main purpose is to describe the main findings, outline the limitation and recommendations for managers and for further research.

This research project was carried out in order to measure the effects of the growth of the number of Internet users on the marketing industry and test whether the growing number of households with internet access in the Iraq - Erbil led to higher revenue of the largest Iraq - Erbil marketing firms.

The research was also conducted to further investigate a narrow marketing tool such as online advertising and assess whether it had a crowding out effect on the other traditional marketing instruments.

Based on the research findings stated in the previous chapter it is possible to conclude that the rise in the numbers of internet users did not lead to the increase in revenue of the largest marketing firms in the Iraq - Erbil.

This finding has been achieved in the process of the regression analysis in which the data was transformed into the first differences to comply with the requirements of ordinary least squares method. Although the coefficient could be treated as statistically significant at some level, the negative indicator suggested that the relationship is rather inverse.

In fact, as more companies prefer to advertise online to reach the growing audience of the internet users, the spending on traditional marketing tools that earn revenue for the advertising agencies can be expected to fall. However, in the literature review it has been explored that marketing firms adapt to the changes and use online advertising tools more and more in their services.

In the literature review it was argued that the spread of online advertising as the leading marketing tool has been crowding the rest, traditional advertising instruments such as broadcast TV, magazines, newspapers etc. The findings of the research revealed quite different issues. It has been found that in spite of the fact that the spending on online advertising has been immensely rising, there was no substantial crowding out effect.

The spending on traditional advertising tools such as direct mail and magazines have also been increasing along the online marketing spending Broadcast TV, however, has shown a reduction of spending on advertising demonstrating that the companies often opt for cheaper advertising tools or more efficient as assumed by managers.

So the second hypothesis that stated the emergence of online advertising as a new marketing tool would crowd out traditional advertising instruments was rejected. It can be argued that this new method of advertising only increased the options available for business.

The increasing expenditure on online advertising means that new marketing tools are being invented and developed, such as e-mail marketing, search engine optimization, search engine marketing and more. The marketers also reinvent the existing marketing tools such as advertising to suit the online environment. The advertising takes shape of banners and the banners develop into more interactive more visual, more appealing and eye-catching advertisements.

As online becomes increasingly the major information source for buyers the players of the marketing industry have to take this change into account when making decisions about marketing budgets, marketing strategies and promotion in general. Proper use of online marketing could lead to the generation of extra revenue and could also significantly increase the profitability of the business

### **5.2.1. Limitations**

Every research project has its own limitations in various regards that can be translated into recommendations for further research. This study was initially intended as an evaluation of the effects of the growth of the number of users in a single country, and Iraq - Erbil; however, due to constraints of the available data the study had to be carried out on two countries in order to provide adequate information in order to answer the research questions.

Several limitations of this study are linked to the research methods and are listed in the methodology and research findings chapters. These are mainly concerned with the limitations of the data that was available to the researcher and the impact of these was avoided whenever possible by using alternative information sources and alternative evaluation tools. Obviously, the availability of comprehensive data on one of the Iraq - Erbil would have allowed for a case study type of research, however, due to the fact that the research project is carried out about very recent changes in the marketing industry consideration.

Therefore, some countries were added so as to provide the answers to the remaining questions and insure that a comprehensive analysis is carried out so as to find the answers to all of the research questions.

### **5.2.2. Managerial Recommendations**

The finding of this study can be beneficial for managerial decision making. Since the study suggests that a lot of Advertising is now shifting to the online environment, it is important for managers to see that the consumers will increasingly look for information online rather than in the traditional media. In the past years as the research finding show the expenditure on online advertising has been rising steadily and this has also prompted a decrease in some traditional media advertising as a highly viable alternative to the traditional advertising in view of growing number internet users.

People who responsible to their company or managers might find this research useful in term of the insight it offers in the changes in the fast-paced marketing environment. The research provides and structured analysis of the marketing industries in the Iraq - Erbil. Accordingly, the finding of this study could be used to forecast the changes in the marketing industries of the developing countries. It could also be used as a reference in terms of expanding business in to Iraq - Erbil for managerial decision making.

The information about the numbers of users and situation in the Iraq - Erbil and the world over a number of years could also be of help for people or managers taking decisions about marketing strategies and marketing budgets. The research finding can be used as an indicator of current situation in the two markets (Iraq - Erbil and world) and might suggest new opportunities to the people or managers in term of researching, developing, launching and implementing more effective marketing tools for the benefit of their companies.

### **5.2.3. Recommendations for Further Research**

Further studies could emphasis other aspects of the development of marketing industry facilitated by the growth in the numbers of users. It might be possible in future to interview the representatives of the marketing industry in order to gather their insight into the change within the industry. Conducting qualitative research might provide an in-depth understanding of the benefits of online advertising over the traditional media advertising.

Future studies could also look into the situation of the marketing industry in more countries and compare the effects of the growth of numbers of Internet users on the marketing industry. The comparison of the trends in several countries could provide insight into the future of the marketing industry around the world and could help forecast the changes in developing countries.

Another research direction that flows from the present research project is the possibility of studying the effectiveness of online advertising compared to offline advertising. Even though today marketers use both channels to make an impact on consumer behavior it could be argued that concentrating on the more efficient and less costly media channel could increase sales revenues and profitability. Therefore, it would be valuable for both the businesses and the scholars to measure the impact of online and offline advertising and find out more about the benefits of each of the channels.

One more probable direction that would be interesting to follow for the researchers is the difference that the online channel makes for the consumer's perception of the advertised goods and services.

It is clear that depending on the source the information would be perceived differently in terms of credibility and other factors the online environment is to this date still considered to be technologically advanced and due to a certain degree of trust among the users the word of mouth spread online is also very influential. Therefore, it would be interesting to find out what the perception of online marketing and online advertising is among the consumers.

The literature review has also suggested that the next revolutionizing move marketing industry is already taking place and is concerned with the increasing use of mobile communications for the needs of the marketing industry. It is therefore advisable for the researchers to gain more insight into m-marketing, since the numbers of mobile phone users is very significant in the developed countries and engaging in m-marketing could be the next important development of the marketing industry.



As this study demonstrates marketing is one of the most affected industries when it comes to technological advances. The advent of broadcast TV, Internet, mobile communication has led to significant shifts in the industry and has changed the face of the marketing industry. The marketing industry quickly responds to the technological change and the marketers need to be constantly aware of the ground-breaking innovations in terms of communication channels.

Being on the edge of technological progress is seemingly one of the major competitive advantages that marketing companies can rely upon to be profitable and successful. This piece of research allows the marketers to use the changes in the numbers of Internet users for their own benefit through providing insight into the effects of this significant change.

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