



## Effectiveness of Digital Marketing in the Challenging Age: An Empirical Study

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**Abstract:** Marketers are faced with new challenges and opportunities within this digital age. Digital marketing is the utilization of electronic media by the marketers to promote the products or services into the market. The main objective of digital marketing is attracting customers and allowing them to interact with the brand through digital media. This article focuses on the importance of digital marketing for both marketers and consumers. We examine the effect of digital marketing on the firms' sales. Additionally the differences between traditional marketing and digital marketing in this paper are presented. This study has described various forms of digital marketing, effectiveness of it and the impact it has on firm's sales. The examined sample consists of one hundred fifty firms and fifty executives which have been randomly selected to prove the effectiveness of digital marketing. Collected data has been analyzed with the help of various statistical tools and techniques.

**Keywords:** Digital Marketing, Promotion, Effectiveness, Customer Reach

### 1. Introduction

Digital marketing is one type of marketing being widely used to promote products or services and to reach consumers using digital channels. Digital marketing extends beyond internet marketing including channels that do not require the use of Internet. It includes mobile phones (both SMS and MMS), social media marketing, display advertising, search engine marketing and many other forms of digital media.

Through digital media, consumers can access information any time and any place where they want. With the presence of digital media, consumers do not just rely on what the company says about their brand but also

they can follow what the media, friends, associations, peers, etc., are saying as well. Digital marketing is a broad term that refers to various promotional techniques deployed to reach customers via digital technologies. Digital marketing embodies an extensive selection of service, product and brand marketing tactics which mainly use Internet as a core promotional medium in addition to mobile and traditional TV and radio. Canon iMage Gateway helps consumers share their digital photos with friends online. L'Oréal's brand Lancôme uses email newsletters to keep in touch with customers and hence tries to strengthen customer brand loyalty (Merisavo et al., 2004). Magazine publishers can activate and drive their customers into Internet with e-mails and SMS messages to improve re-subscription rate (Merisavo et al., 2004).

Marketers increasingly bring brands closer to consumers' everyday life. The changing role of customers as co-producers of value is becoming increasingly important (Prahalad and Ramaswamy, 2004). Khan and Mahapatra (2009) remarked that technology plays a vital role in improving the quality of services provided by the business units. According to Hoge (1993), electronic marketing (EM) is a transfer of goods or services from seller to buyer involving one or more electronic methods or media. E-Marketing began with the use of telegraphs in the nineteenth century. With the invention and mass acceptance of the telephone, radio, television, and then cable television, electronic media has become the dominant marketing force. McDonald's uses online channel to reinforce brand messages and relationships. They have built online communities for children, such as the Happy Meal website with educative and entertaining games to keep customers always close to themselves (Rowley 2004). Reinartz and Kumar (2003) found that the number of mailing efforts by the company is positively linked with company profitability over time. The primary advantages of social media marketing is reducing costs and enhancing the reach. The cost of a social media platform is typically lower than other marketing platforms such as face-to-face sales or sales with a help of middlemen or distributors. In addition, social media marketing allows firms to reach customers that may not be accessible due to temporal and locational limitations of existing distribution channels. Generally, main advantage of social media is that it can enable companies to increase reach and reduce costs (Watson et al. 2002; Sheth & Sharma 2005).

According to Chaffey (2011), social media marketing involves "encouraging customer communications on company's own website or through its social presence". Social media marketing is one important technique in digital marketing as companies can use social media form to distribute their messages to their target audience without paying for the publishers or distributor that is characteristic for traditional marketing. Digital marketing, electronic marketing, e-marketing and Internet marketing are all similar terms which, simply put, refer to "marketing online whether via websites, online ads, opt-in emails, interactive kiosks, interactive TV or mobiles" (Chaffey & Smith, 2008). Giese and Gote (2000) finds that customer information satisfaction (CIS) for digital marketing can be conceptualized as a sum of affective response of varying intensity that follows consumption and is stimulated by focal aspects of sales activities, information systems (websites), digital products/services, customer support, after-sales service and company culture.

Waghmare (2012) pointed out that many countries in Asia are taking advantage of e-commerce through opening up, which is essential for promoting competition and diffusion of Internet technologies. Zia and Manish (2012) found that currently, shoppers in metropolitan India are being driven by e-commerce: these

consumers are booking travels, buying consumer electronics and books online. Although spending per online buyer remains low, some 59% of online consumers in metropolitan India already make purchases online at least once in a month. Dave Chaffey (2002) defines e-marketing as “application of digital technologies - online channels (web, e-mail, databases, plus mobile/wireless & digital TV) to contribute to marketing activities aimed at achieving profit acquisition and customers retention (within a multi-channel buying process and customer lifecycle) by improving customer knowledge (of their profiles, behavior, value and loyalty drivers) and further delivering integrated communications and online services that match customers’ individual needs. Chaffey’s definition reflects the relationship marketing concept; it emphasizes that it should not be technology that drives e-marketing, but the business model. All types of social media provide an opportunity to present company itself or its products to dynamic communities and individuals that may show interest (Roberts & Kraynak, 2008). According to Gurau (2008), online marketing environment raises a series of opportunities and also challenges for social media marketing practitioners.

The main objective of this paper is to identify the effectiveness of digital marketing in the competitive market. The supportive objectives are following:

- To show the various elements of digital marketing;
- To focus on the basic comparison between traditional and digital marketing;
- To discuss the effects of various forms of digital marketing on the firm’s sales and other activities;
- To show the various advantages of digital marketing to the customers.

## 2. Theoretical and conceptual framework

### 2.1 Traditional Marketing versus Digital Marketing

Traditional marketing is the most recognizable form of marketing. Traditional marketing is non-digital way used to promote the product or services of business entity. On the other hand, digital marketing is the marketing of products or services using digital channels to reach consumers. Some comparisons are presented below:

<b>Traditional Marketing</b>	<b>Digital Marketing</b>
Traditional marketing includes print, broadcast, direct mail, and telephone	Digital marketing includes online advertising, email marketing, social media, text messaging, affiliate marketing, search engine optimization, pay per click
No interaction with the audience	Interaction with the audience
Results are easy to measure	Results are to a great extent easy to measure
Advertising campaigns are planned over a long period of time	Advertising campaigns are planned over short period of time
Expensive and time-consuming process	Reasonably cheap and rapid way to promote the

	products or services
Success of traditional marketing strategies can be celebrated if the firm can reach large local audience	Success of digital marketing strategies can be celebrated if the firm can reach some specific number of local audience
One campaign prevails for a long time	Campaigns can be easily changed with ease and innovations can be introduced within any campaign
Limited reach to the customer due to limited number of customer technology	Wider reach to the customer because of the use of various customers technology
24/7 year-round exposure is not possible	24/7 year-round exposure is possible
No ability to go viral	Ability to go viral
One way conversation	Two ways conversation
Responses can only occur during work hours	Response or feedback can occur anytime

**Table 2.1** Traditional marketing and digital marketing comparison

Advertising mediums that might be used as part of digital marketing strategy of a business could include promotional efforts made via Internet, social media, mobile phones, electronic billboards, as well as via digital television and radio channels. Digital marketing is a sub branch of traditional marketing and uses modern digital channels for the placement of products e.g. downloadable music, primarily for communicating with stakeholders e.g. customers and investors about brand, products and business progress.

## 2.2 Various elements of digital marketing

There are various elements by which digital marketing is formed. All forms operate through electronic devices. The most important elements of digital marketing are given below:

### **(i) Online advertising**

Online advertising is a very important part of digital marketing. It is also called internet advertising through which company can deliver the message about the products or services. Internet-based advertising provides the content and ads that best matches to consumer interests. Publishers put about their products or services on their websites so that consumers or users get free information. Advertisers should place more effective and relevant ads online. Through online advertising, company well controls its budget and it has full control on time.

### **(ii) Email Marketing**

When message about the products or services is sent through email to the existing or potential consumer, it is defined as email marketing. Direct digital marketing is used to send ads, to build brand and customer loyalty, to build customer trust and to make brand awareness. Company can promote its products and services by using this element of digital marketing easily. It is relatively low cost comparing to advertising or other forms of media exposure. Company can bring complete attention of the customer by creating attractive mix of graphics, text and links on the products and services.

### **(iii) Social Media**

Today, social media marketing is one of the most important digital marketing channels. It is a computer-based tool that allows people to create, exchange ideas, information and pictures about the company's product or services. According to Nielsen, internet users continue to spend more time with social media sites than any other type. Social media marketing networks include Facebook, Twitter, LinkedIn and Google+. Through Facebook, company can promote events concerning product and services, run promotions that comply with the Facebook guidelines and explore new opportunities. Through Twitter, company can increase the awareness and visibility of their brand. It is the best tool for the promotion of company's products and services. In LinkedIn, professionals write their profile and share information with others. Company can develop their profile in LinkedIn so that the professionals can view and can get more information about the company's product and services. Google+ is also social media network that is more effective than other social media like Facebook, Twitter. It is not only simple social media network but also it is an authorship tool that links web-content directly with its owner.

### **(iv) Text Messaging**

It is a way to send information about the products and services from cellular and smart phone devices. By using phone devices, company can send information in the form of text (SMS), pictures, video or audio (MMS). Marketing through cellphone SMS (Short Message Service) became increasingly popular in the early 2000s in Europe and some parts of Asia. One can send order confirmations, shipping alerts using text message. Using SMS for campaigns get faster and more substantial results. Under this technique, companies can send marketing messages to their customers in real-time, any time and can be confident that the message will be seen. Company can create a questionnaire and obtain valuable customer feedback essential to develop their products or services in future.

### **(v) Affiliate Marketing:**

Affiliate marketing is a type of performance-based marketing. In this type of marketing, a company rewards affiliates for each visitor or customer they bring by marketing efforts they create on behalf of company. Industry has four core players: the merchant (also known as "retailer" or "brand"), the network, the publisher (also known as "the affiliate") and the customer. The market has grown in such complexity resulting in the emergence of a secondary tier of players including affiliate management agencies, super-affiliates and specialized third party vendors. There are two ways to approach affiliate marketing: Company can offer an affiliate program to others or it can sign up to be another business's affiliate. If company wants to drive an affiliate program, then, the company owner has to pay affiliates a commission fee for every lead or sale they drive to company's website. Company's main goal here is to find affiliates who can reach untapped markets. For example, a company with an e-zine may become a good affiliate because its subscribers are hungry for resources. So, introducing one's offer through "trusted" company can grab the attention of prospects which might not have otherwise reached.

### **(vi) Search Engine Optimization (SEO)**

Search engine optimization (SEO) is the process of affecting the visibility of a website or a web page in a search engine's "natural" or un-paid ("organic") search results. In general, the earlier (or higher ranked on the search results page), and more frequently a website appears in the search result list, the more visitors it will

receive from the search engine users. SEO may target different kinds of search including image search, local search, video search, academic search, news search and industry-specific vertical search engines.

#### **(vii) Pay Per Click (PPC)**

Pay-per-click marketing is a way of using search engine advertising to generate clicks to your website rather than “earning” those clicks organically. Pay per click is good for searchers and advertisers. It is the best way for company’s ads since it brings low cost and greater engagement with the products and services.

## **2.3 Advantages digital marketing brings to customers**

With rapid technological developments, digital marketing has changed customers buying behavior. It has brought various advantages to the consumers as given below:

#### **(i) Stay updated with products or services**

Digital marketing technologies allow the consumers to stay with the company information updated. Nowadays a lot of consumer can access internet any place anytime and companies are continuously updating information about their products or services.

#### **(ii) Greater engagement**

With digital marketing, consumers can engage with the company’s various activities. Consumers can visit company’s website, read information about the products or services and make purchases online and provide feedback.

#### **(iii) Clear information about the products or services**

Through digital marketing, consumers get clear information about the products or services. There is a little chance of misinterpretation of the information taken from sales person in a retail store. However, Internet provides comprehensive product information which customers can rely on and make purchase decision.

#### **(iv) Easy comparison with others**

Since many companies are trying to promote their products or services using digital marketing, it is becoming the greatest advantage for the customer in terms that customers can make comparison among products or services by different suppliers in cost and time friendly way. Customers don’t need to visit a number of different retail outlets in order to gain knowledge about the products or services.

#### **(v) 24/7 Shopping**

Since internet is available all day long, there is no time restriction for when customer wants to buy a product online.

#### **(vi) Share content of the products or services**

Digital marketing gives viewers a chance to share the content of the product or services to others. Using digital media, one can easily transfer and get information about the characteristics of the product or services to others.

#### **(vii) Apparent Pricing**

Company shows the prices of products or services through digital marketing channel and this makes prices very clear and transparent for the customers. Company may regularly changes the prices or gives special

offers on their products or services and customers are always in advantages by getting informed instantly by just looking at any one mean of digital marketing.

**(viii) Enables instant purchase**

With traditional marketing, customers first watch the advertisement and then find relevant physical store to purchase the products or services. However, with digital marketing, customers can purchase the products or services instantly.

### **3. Methodology of the study**

Methodology comes from systematic and theoretical analysis of the methods to evaluate suitability of one specific method to apply to a field of study. It typically encompasses concepts such as paradigm, theoretical model, phases and quantitative or qualitative techniques. This study is conducted based on both primary and secondary data sources.

**Primary sources:**

Primary source is a source from where we collect first-hand information or original data on a topic. Interview technique was used with structured questionnaire for the collection of primary data.

**Secondary sources:**

Secondary source is a source from where we collect data that has already been collected by someone. We have collected secondary data from the published financial statements of the firms, newspaper and articles. For the purpose of this study, we have selected one hundred fifty firms randomly which are using digital marketing system to sell their products to customers. Additionally, we also collected data from 50 executives from sample and other different firms to know their opinion on the effectiveness of digital marketing. Collected data and information has been organized, explained and analyzed by using different statistical tools and techniques. This study shows results both in descriptive and analytical way.

### **4. Analysis and discussion**

#### **4.1 Correlation analysis**

To show the correlation between the various elements of digital marketing and increased sales, we have collected data from one hundred fifty firms who are taking the various techniques or elements of digital marketing. Results are given below:

		Increased Sales	Online Advertising	Email Marketing	Social Media	Text Messaging	Affiliate Marketing	Search Engine Optimization (SEO)	Pay Per Click (PPC)
Increased Sales	Pearson Correlation ( <i>r</i> )	1	.869	.873	.840	.667	.560	.840	.560
	Sig. (2-tailed)		.056	.053	.075	.219	.326	.075	.326
	N	150	150	150	150	150	150	150	150

**Table 4-1 Correlations**

From the above table, we can conclude that the every element of digital marketing is positively related to sales increase. It indicates that all elements of digital marketing show positive effect on firm's sales. Online advertising, email marketing, social media and search engine optimization (SEO) are highly positively correlated with sales increase since showing value of *r* to be .869, .873, .840 and .840 respectively. The value of *r* of text messaging, affiliate marketing and pay per click (PPC) are .667, .560 and .560 which also shows low positive correlation with sales increase.

## 4.2 Analysis of digital marketing

Digital media is so pervasive that consumers have access to information any time and any place they want. It was long ago when the messages people got about specific products or services consisted of only what a company wanted them to know.

Model	R square	F
Stay updated with products or services	.718	122.117
Greater engagement	.516	51.276
Clear information about the products or services	.629	81.254
Easy comparison with others	.639	85.141
24/7 Shopping	.749	142.868
Share content of the products or services	.656	91.498
Apparent Pricing	.636	83.962
Enables instant purchase	.667	96.028

**Table 4-2 Model Summary**

From the above table, we can conclude that almost all the variables having weight explaining with great extent its relationship with digital marketing. For example, stay updated with products or services is explained by 71.80% of digital marketing and the remaining 28.20% is explained by other factor. Greater engagement is explained by 51.60% of digital marketing and the remaining 48.40% is explained by other factor. Clear Information about the products or services is explained by 62.90% of digital marketing and the



remaining 37.10% is explained by other factor. We can also see from the above table that F value is bigger more than 80 indicating the strength of the model.

**Coefficient of Different Variables:**

The coefficient of different variables in relation with independent variables will be discussed below:

<b>Coefficients</b>					
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta ( $\beta$ )		
Constant	1.000	.215		4.649	.000
Digital Marketing	2.882	.261	.847	11.051	.000
<b>Dependent Variable: Stay updated with products or services</b>					
Constant	1.000	.254		3.937	.000
Digital Marketing	2.206	.308	.719	7.161	.000
<b>Dependent Variable: Greater engagement</b>					
Constant	1.000	.248		4.040	.000
Digital Marketing	2.706	.300	.793	9.014	.000
<b>Dependent Variable: Clear Information about the products or services</b>					
Constant	1.000	.234		4.275	.000
Digital Marketing	2.618	.284	.800	9.227	.000
<b>Dependent Variable: Easy compare with others</b>					
Constant	1.000	.215		4.649	.000
Digital Marketing	3.118	.261	.865	11.953	.000
<b>Dependent Variable: 24/7 Shopping</b>					
Constant	1.000	.223		4.482	.000
Digital Marketing	2.588	.271	.810	9.565	.000
<b>Dependent Variable: Share content of the products or services</b>					
Constant	1.000	.262		3.816	.000
Digital Marketing	2.912	.318	.798	9.163	.000
<b>Dependent Variable: Apparent Pricing</b>					
Constant	1.000	.240		4.165	.000
Digital Marketing	2.853	.291	.817	9.799	.000

Coefficients					
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta ( $\beta$ )		
Constant	1.000	.215		4.649	.000
Digital Marketing	2.882	.261	.847	11.051	.000
<b>Dependent Variable:</b> Enables instant purchase					

**Table 4-3** Coefficients Analysis for Dependent Variable -Stay updated with products or services

Unstandardized Coefficients (B) indicates that if independent variable is zero (0) then what is the impact on dependent variable? Here if we don't use digital marketing then stay updated with products or services will be 2.882. Standardized Coefficients ( $\beta$ ) indicates that if independent variable is increase by 1% then what will be the impact on dependent variable. Here if the usage rate digital marketing is 1% then 84.70% stay updated with products or services will be happened.

## 5. Concluding remarks and proposal

Digital channel in marketing has become essential part of strategy of many companies. Nowadays, even for small business owner there is a very cheap and efficient way to market his/her products or services. Digital marketing has no boundaries. Company can use any devices such as smartphones, tablets, laptops, televisions, game consoles, digital billboards, and media such as social media, SEO (search engine optimization), videos, content, e-mail and lot more to promote company itself and its products and services. Digital marketing may succeed more if it considers user needs as a top priority. Just like "Rome was not built in a day," so, digital marketing results won't also come without attempt, without trial (and error). The watchwords "test, learn and evolve" should be at the heart of all digital marketing initiatives. Companies should create innovative customer experiences and specific strategies for media to identify the best path for driving up digital marketing performance.

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