

Era of Digital Marketing: Impact of Digital Technologies on New Marketing Strategies of Organizations

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Abstract - Companies are rethinking to change their marketing strategies in the digital domain according to the changes of consumer behavior and attitude. Currently, a substantial portion of the research focused more on digital technology and its impact on marketing strategy than company process. To redress this shortcoming, this research mainly concentrates the impact of digital technologies towards marketing strategy in organizing. The second-generation of technological up gradation make the companies to adopt internet-based application platform to address their respective customers based on products and services. This article shows the firm face on the impact of digital technology towards marketing strategy through various factors like environment – customers, company – market research and outcomes. The outcome of this study focuses on customer and firm value. To improve digital marketing strategy, marketers and organizations must focus on relationship-based communication with their customers.

Keywords — *Digital Marketing, Digital Technologies, Customer, Organization, Outcomes of digital technology, Marketing Strategy*

I. INTRODUCTION

“Digital marketing has the amenity of fortitude in the business market.” As today’s scenario with rising internet penetration and customer inclination towards online buying make it compulsion for the company to come on board with different approaches and content. Ignoring digital marketing is just like opening business but not telling anyone...! Large Multinational companies like Amazon, Google, Facebook, Alibaba, Uber, Infosys etc. has turn out to be as dominant player in our modern economy with having presence on all platforms. Sales done through mobiles are increasing with rapid pace to between 22% and 27% of all online sales (Rao, 2015; Malcolm, 2015). Companies are now emphasizing on importance of building digital relationship with customers (Philips, 2015). The current figures demonstrating the importance of digital marketing as follows-

1. Presently, approx. 34% of the businesses already had consolidated digital marketing plan in 2016
2. 72% advertisers trust that customary showcasing is not enough and Digital Marketing will make their company income to grow by 30% by end of 2017
3. More than 80% of organizations will expand their digital marketing spending plan that may go past the IT spending plan.

The present paper will emphasize on the framework of digital marketing and how its re-shaping the process and

strategy of marketing. Basically the paper is divided into three-fold starting from defining the areas in the marketing process where digital technologies will have an impact followed by organizing the elements for better understanding of digital marketing space along with finding issues with current approach and scope for future research. At last, by integrating each issues and elements the agenda has been explained for future research in digital marketing. Keeping in mind the end goal to be as comprehensive as possible in covering the key substantive research improvements in the region of digital marketing, and given our center, we have limited our inquiry without compromising representatives. Our look for important literature pondered around four advertising diaries: International Journal of Research in Marketing, Marketing Science, Diary of Marketing Research, and Journal of Marketing, concentrating on articles distributed between 2000 to 2017.

The research published by (Lamberton & Stephen, 2016) pondered on consumer psychology, motivations, and expressions in digital environments to emphasize on some of them. The paper written by (Wedel & Kannan, 2016) emphasize on modeling and methodological issues in marketing analytics necessitated by the advent of digital, social and mobile environments.

Framework for analysis

The American Marketing Association’s firm centric defined- digital marketing as an activity, processes assisted

by digital technologies for building, exchanging and providing values for customers and several stakeholders. We support a more comprehensive aspect and explained digital marketing as “an adaptive, technology-driven mechanism by which firms join together with customers and associate to jointly build, communicate, deliver and preserve value for all stakeholders.

Digital marketing itself is accredited by a set of adaptive digital touch points/ area including the marketing activity, institutions, processes and customers. More importantly, the amount of touch points is rising by over 25% yearly as more offline customers motivated towards digital platforms and “younger, digitally oriented clients enter the positions of consumers” (Bughin 2015). In this perspective, we defined the key touch points affected by digital technologies and suggest a framework that influenced by marketing strategy along with the marketing process. The traditional marketing strategy, analyze the environment factors comprising of five C’s- Customers, Collaborate, Competitors, Context and Company (firm). The framework includes all the mentioned factors where customers are considered as a focal point with other factors i.e. competitors, context and collaborators creating the environment that company functions.

The main focus of the research is to understand how digital technologies influenced with five C’s along with the interface among these factors. We basically classify the concepts and structure that appear from these interactions- platforms and two-sided markets, social media, search engines and user-generated content, evolving consumer behavior and contextual interactions. This evaluation gives an input to the actions of the firm, including all the elements of marketing mix- product/service, place, price and promotion- along with the information collected through marketing research which enlighten the marketing strategy of the firm. We also emphasize on the aspect of how digital technologies are shaping these actions, information obtaining and analysis and marketing strategy.

There is a need to analyze the impact of digital technologies in value creation- creating values for customers (through value equity, brand equity, acquisition, retention and higher margin), and creating firm value. The framework demonstrates the impact of all the elements and also highlights the interface among all these factors through arrows which explains the relations and point out the uncovered issues in implementation of digital marketing and the areas which need to be more pondered upon having direct or indirect impact on firm’s performance.

KEY CONCEPTS AND ELEMENT-

The analysis of interactions of digital technology with the elements of environment begins with evaluating how the consumer behavior is changing in response to technology-driven devices both online and mobile context. The evaluation is done to find out how it affects

information collection with respect to quality & price, customer expectation and the search process.

Digital technologies are now changing the product concept i.e. augmenting the core product with digital services, communicating the inherent value of products using digital technologies and transforming products into digital services. But at the same all these progress in digital services related with products create pricing challenge for firms.

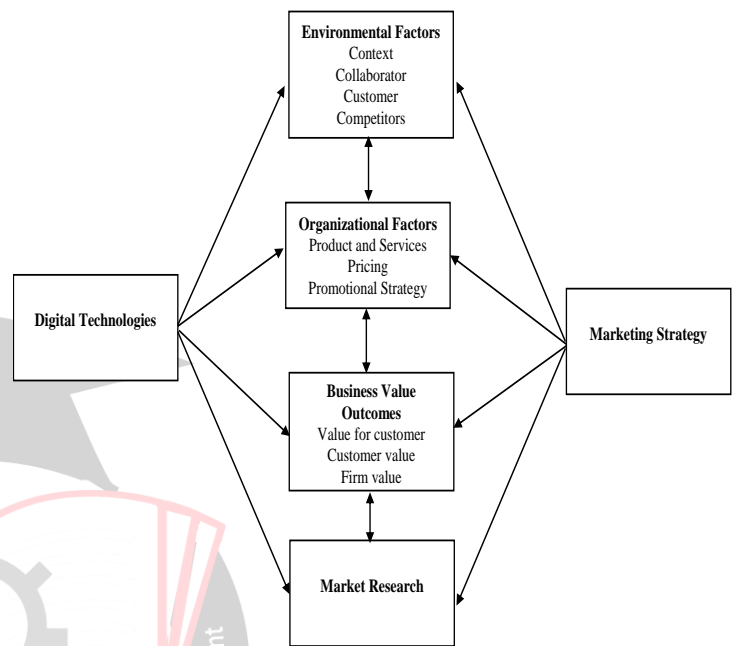


Figure 1 – The Conceptual Research on digital marketing

II. LITERATURE REVIEW

DIGITAL ENVIRONMENT

1.1-Consumer Behavior-

With the dynamic environment the consumer’s buying process- pre-purchase, purchase decision and post-purchase phase- is changing rapidly. There is several research has been done for better insights on consumer behavior, trust and risk perceptions in digital and non-digital environments. The customers become loyal when they receive high perceived value than expected and in traditional environment the customer journey i.e. consideration and evaluation phase is extended whereas in digital environment they can be eliminated (Edelman & Singer, 2015).

Haubl and Trifts (2000) who explored the idea of the impacts that intuitive choice guides may have on shopper basic leadership in online shopping environment. Shankar et al. (2010) has given suggestions on how the attributes of cell phones may impact purchaser conduct. Shi and Zhang (2014) discovered that customers develop through particular social states after some time, and the advancement is inferable from their earlier utilization

encounter with different choice guides. Decision aids can be compelled by gadget highlights, and in this manner the ideal plan of choice helps could shift across devices.

Do these touchpoints dependably pack and abbreviate the purchase journey as depicted by Edelman & Singer (2015) so discerning how innovative digital technologies influencing consumer behavior is now becoming one of the trending area of research and needed also.

1.2-Social Media & User-generated content-

It's one of the critical point of differentiation between traditional marketing and digital marketing environment i.e. how easily customer can reach, transfer information about several products/services over a social network with wide range of people make it more demanding.

Toubia and Stephen (2013) pondered on the crucial aspect: why do people contribute on social media? Their research distinguished between two types of utility that a contributor derives from social media:

1. Intrinsic utility, the direct utility of posting content and
2. Image-related utility generated from the perception of others.

These two types of utility can be different because the former depends on posting behavior whereas the latter only relates to the number of followers a person has on the social network.

1.3-Platforms and two-sided market-

Platform can be understood as an independent third-party entity that connects buyers, sellers, firms and so on. Fang et.al (2015) has used a vector auto-regressive models which has given a conclusion that existence of buyers & sellers has direct effect on platform advertising revenue and indirect impact on CPC (Cost-per click) & CTC (Click through rate) i.e. more buyers will increase the CPC & more sellers increase CTC.

Jiang, Jerath & Srinivasan (2011) has analyzed how the Amazon as a platform provider connects small sellers to buyers and what strategies they have adopted in fulfilling and making available the high-demand products i.e. indirectly defining the importance of platforms (two-sided market).

1.4-Search Engine-

Search engine can be understood as the platform where customer can acquire free information and now it's importance is widely spreading in every field. There are several empirical study has been done on how to make it more useful and profit-oriented medium and cater large number of customers.

Chan, Wu & Xie (2011) has identify that paid searches acquired customers who purchase more and have higher customer lifetime value. Dinner, Van Heerde & Nesline

(2014) determine that paid search advertising is more effective than offline advertising and Wiesel, Pauwels & Arts (2011) has found that impact of a paid search is very high.

Search engine is also considering as important tool as it provides keywords performance reports like number of impressions, number of clicks, Cost-per click (CPC), Click through rate (CTR), conversion rate, quality score etc. Several research has been conducted on how these has help in providing the better insights to firm in understanding the overall performance of paid search.

1.5-Contextual Interaction-

In this we focus on three contextual elements that have significant impact on digital technologies i.e. geography & location, regulation on privacy, regulations against the piracy of content. Danahe et al. (2015) has analyzed that mobile coupons success is greatly impacted by where & when the mobile coupons were delivered with location & time of delivery influenced redemption. With the introduction of Virtual reality (AR) & augmented reality (AR), contextual interactions become significant.

2- ORGANIZATIONAL FACTORS

2.1-Product-

The concept of product is changing rapidly as now the augmentation of core product along with services deriving from digital environment. Koukova, Kannan, and Ratchford (2008) analyzed that when advertising focuses on unique usage points for each formats result into perception as more complementary. Koukova, Kannan, and Kirmani (2012) utilizes the concept to demonstrate that format designing have an impact on consumers purchasing bundle of formats.

Wind and Rangaswamy (2001) has given the term "customerization" to describe the company product strategy in which mass customization with customized marketing to provide customized modularized products.

2.2-Price-

Digital products are different from others in the context of pricing & revenue model i.e. digital products have low or zero marginal cost. Jain and Kannan (2002) analyzed several ways of pricing in digital model- connect-time pricing, flat-rate pricing (information downloading), and subscription-based pricing for unlimited downloading. Venkatesh and Chatterjee (2006) showed that online model can earn more profits by functioning on price-discrimination & Degeratu et al. (2000) has claim that online buyers are more price-conscious than offline buyers.

2.3-Promotion-

The relationship between promotion & conversion which can be tracked in digital based model i.e. the success rate or better conclusion. Ansari, Essegiaier, and Kohli (2000) has designed a framework- Bayesian Preference model which

focuses on preference & product heterogeneity.

Goldfarb and Tucker (2011a) has examined that obtrusive & targeted ad has less impact on purchase than only one and Zhang and Wedel (2009) evaluate the customized promotion effectiveness at three level- mass market, specific & individual specific for both online and offline stores.

2.4-Place-

The reachability of online channel is far better than others & it make it unique from others. There is several research has been done to understand the consumer behavior in online channel and its success depends on the level of interactions in the digital environment. Mobile devices are now considered as new platform for digital marketing strategies like email, display ad (in mobile apps), search etc.

Luo et al. (2013) examined the success rate of mobile targeting strategies - temporal targeting and geographical targeting, in a large-scale field experiment. Li and Kannan (2014) has introduced a hierarchical model to analyze the customer perception in using marketing channel, purchase channel in this online multi-channel environment.

3 –Business Value Outcomes –

The firm's outcome is categorized into mainly 3 parts i.e. Value for Customers consist of Value equity, Brand Equity & Relationship Equity (Rust, Lemon & Narayandas, 2004) and Customer Satisfaction, Customer Value & its elements, Firm value & its elements. Danaher, Wilson, and Davis (2003) analyzed that in online business brand loyalty for high brands was greater than expected & vice-versa for small brands and it doesn't prevail in offline business. It derives a concept that we need to understand why consumers would exhibit such behaviors. Kumar et al. (2016) observed the effect of firm-generated content in social media sites on individual customer purchases variety of product categories & identify that it complements the impact of TV & email marketing on sales.

4 –Marketing Research-

The digital marketing enables firm to have large amount of data from customer reviews & ratings, blogs. Tags etc. and are very revealing for a firm to comprehend online buyer behavior, develop marketing strategies. Nam and Kannan (2014) used social tagging data and developed a framework that operated for customer-based brand equity and explained abnormal returns. This aspect of research demonstrate that digital environment data can contain very useful information for tracking a firm's performance. There is an evolving aspect of research that uses the data generated in the digital environment to create framework related to firm performance.

5 –Marketing Strategy-

In today's scenario for sustaining & to maintain competitive advantage in the market, company need to pondered on brand & customers i.e. need to make some changes in marketing mix f& CRM framework as well. There are several research has done on this perspective. Lemon and Verhoef (2016) and Kumar and Reinartz (2016) have developed frameworks to analyze the role of customer experience and customer engagement afforded by digital technologies in creating value for customers as well as increasing customer lifetime worth. Hanssens and Pauwels (2016) have provided an extensive discussion of the framework and steps needed to guide the implementation of strategies and also explain the value of marketing to the firm.

III. METHODOLOGY

According to Torraco (2005) Integrative literature review, “. . . is a form of research that reviews, critiques, and synthesizes representative literature on a topic in an integrated way such that new frameworks and perspectives on the topic are generated”. It fully synchronized the topic of Era of Digital Marketing: Impact of Digital Technologies on New Marketing Strategies of Organizations in to conceptual framework model. This research is made with collection of data's, findings and conclusion in fusion of integrated review of literature.

The literature review is collected with the help of online journal database through, Elsevier (Scopus), EBSCO (Management Research Database), Emerald Management, SAGE Publication and Google scholar etc. highly concentrated on management and organizational reviews. The keywords used for search are Digital Marketing, Digital Technologies, Customer, Organization, Outcomes of digital technology, Marketing Strategy. 67 articles are reviewed for this research, based on that periodical Impact of Digital Technologies on New Marketing Strategies are studied and well explained in this research. This research is framed out with the views of Torraco (2005) based on Era of Digital Marketing Impact of Digital Technologies on New Marketing Strategies of organization.

IV. FUTURE RESEARCH-

The relevance of digital marketing is increasing at the rapid pace with the advent of new technologies like IOT, AI, VR, AR etc. so how companies should tackle all these as these going to impact marketing in near future.

- How do they affect customer engagement, revenues and margins across multiple channels and overall customer retention and customer value?
- Through social media interactions, reviews companies generate large amount of data, so how they are planning to use it for new product development, designing new services or some value addition? How firms can use it to understand consumer's preference?
- Framing final pricing is one of the difficult task performed by companies as it mainly focuses on internal

reference pricing & pricing is the sacrifice made by customers so after all these amendments taking place, how companies should decide the prices based on new technologies or services provided?

- Thaler, 1985 defined mental accounting so how it going to be used in today's context as new developments take place through digital marketing, so understanding consumers perceived mental accounting can be done.

V. CONCLUSION

The paper defined digital marketing and also explained developed a framework to explain the touch points which create an impact on marketing process as well as marketing strategy. We try to cover the unidentified area of research and future perspective of today's changes. The internet penetration of India is 500 million users till now i.e. 38 % approx. so there is huge future potential in the market that need to be cater and from research perspective what areas are going to change to what extent need to predict in advance to measure the overall changes.

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