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DIGITAL MARKETING TOOLS ON MARKETING PERFORMANCE OF COMPANIES

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Digital Marketing Tools on Marketing Performance of Companies

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Abstract – The purpose of this exploratory research is to present the perceptions towards Digital Marketing in India. This issue has rarely been addressed by the academicians and researchers in India and elsewhere. This study used digital marketing parameters to measure the awareness and effectiveness of digital marketing among marketing professionals in India. There are many focuses, beliefs and arguments in the field of market segmentation. Many researchers believe that the traditional variables of demographic and geographic segments are outdated and the theory regarding segmentation has become too narrow. Marketing activities are directed toward planning, promoting, and selling goods and services to satisfy the needs of customers and the objectives of the organizations; marketing information systems (MKIS) support decision making regarding to these activities. (MKIS) is a continuing and interacting structure consist of people, equipment and procedures designed to gather, sort, analyze, evaluate and distribute needed, timely and accurate information to marketing decision makers; it begins and end with information users- marketing managers, internal external partners, and others who need marketing information.

Keywords: Digital Marketing Tools, Marketing Performance, Companies, Effectiveness, Marketing Information, India, etc.

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INTRODUCTION

A good marketing information system balances the information users would like to have against what they really need and what is feasible to offer. James A. (2000) defined marketing information system as "A structured, interacting complex of persons, machines and procedures designed to generate an orderly flow of pertinent information collected from both intra and extra-firm sources for use as the bases for decision making. Boone and Kurtz (2007) defined marketing information system as "a planned computer- based system designed to provide managers with continuous flow of information relevant to their specific decisions and areas of responsibility. (Armstrong and Kotler, 2010. Kotler and Keller, 2012. Rettie, Ruth, 2001).

Marketing deals with customers more than any other business function, where building customer relationship based on customer value and satisfaction is the heart of modern marketing (Armstrong and Kotler, 2010). Marketing is defined as —the process of creating, distributing, promoting, and selling the goods, services, and ideas to facilitate satisfying exchange relationship with customers in a dynamic environment‖.

According to Kotler and Keller (2012), financial success depend on marketing ability, since finance operations, accounting and other functions will not really matter if there is no demand for the company's products and services. Moreover, the competition is increasing day by day in the very fast growing global marketing, and marketing is affected by internal and external environment forces. Due to those changes, marketing management is a necessity which is defined as the art and science of choosing target market, winning customer loyalty, and attracting new customers through creating, delivering, and communicating superior customer value. Marketing managers have to know what to sell, when to sell and how to sell the goods and services and in-order to do so, the managers have to get certain information to be able to make the right marketing decision. The value of information increases since it becomes one of the most valuable assets in ranking the competitive rivalry of the modern markets. The marketing managers have to make marketing decisions such as service to provide, price of the service, promoting the service and the place to sell the service. This means that the firms need a systematic organization and development of Marketing Information Systems (MkIS) which can effectively collect, process and diffuse the necessary information available both to the internal and external levels. MkIS have been seen as a support system for the firms' marketing management with its decision making process; in addition, to the management perspective, marketing information system can be an essential tool for the entire market organization. Kotler and Keller (2012), defines the Marketing Information Systems as ―an interacting structure of people, equipment and procedures to gather sort, analyze, evaluate and distribute, timely and accurate information for use by marketing decision makers to improve their marketing planning, implementation, and control". An efficient MkIS captures the status of and the relevant changes in the marketplace while simultaneously ridding the reporting environment of redundant information.

"Marketing information system technology is IT within the marketing information system (MkIS). The distinction is important as MkIS do not have to contain any IT, they can be completely manually based. In reality most MkIS within financial institutions contain some IT, although the sophistication varies greatly". However, when using the technology it will be easier to connect all the departments together, at the same time there will be no redundant information. This will lead to better decision making by the firms when faced by either day to day problems, or for a certain problem. According to the above information, all the components of the MkIS have a relation with the decision making process.

Marketing education in India involves acquisition of selling and marketing skills with the help of ICT. It also deals with developing, training and retraining of marketers and sales personnel (professionals) for the purpose of meeting the changing demands of clients and customers in the market, and excelling in all e-permeated market environment for example e-sales. The use of ICT is relevant and important to e-permeated market since ICT comprises technologies or electronics as radio, television, videos, computers, sensors, interface boxes, e-mail, internet, satellite connections, et cetera.

REVIEW OF LITERATURE:

There are some firms which lack information sophistication, and others do not have marketing research department, and others do their work on a routine basis. "Without good marketing information, managers have to use intuition or guesses-and in today's fast-changing and competitive markets, this invites failure." Moreover, there are some managers who complain about the lack of information, getting the information needed late, and getting too much information that they can't use. All the firms around the globe should organize the information and distributed in a timely fashion continuously. The firms have functional information systems that consist of Marketing IS, Manufacturing IS, Finance IS, Human Resource IS, and Information Resource IS (McLeod and Schell, 2001). The firms have to study the manager's needs and design a Marketing Information System that really meets their needs (kotler and Keller, 2012).

Marketing Information System (MkIS) was first seen as a set of procedures and methods for the regular planned analysis and presentation of information for use in making marketing decisions. The purpose of the earliest marketing systems was to gather, sort, analyze, evaluate and distribute pertinent, timely and accurate information for marketing decision makers to improve their planning, implementation and control.

One of the very first benefits that a company derives from the use of IT-based MkIS is improvements in the reporting system. Information processing becomes faster and the company‗s management is able to relate pertinent information from different sources within the organization. Such information would be almost impossible to bring together in a meaningfully and integrated fashion without the necessary IT infrastructure.

A study by Ruth Rettie, (2001): How Will the Internet Change Marketing? This study attempts to categorize some of the ways in which the Internet will transform marketing. Three sources of change are identified: Cultural change, marketing management change and marketing in the new medium - Internet marketing.

According to Bengtsson et al., (2007) the process of adopting and developing Internet applications in firms can be very rapid because of the international diffusion of computer and Internet technology. Furthermore, stage models are derived mainly from studies of small and medium-sized enterprises (SMEs). Similar adoption processes also take place in large organizations but are weakly covered in the literature.

Marketing: The basic function of marketing is to manage customer relationships. According to AMA (American Marketing Association 2013) it is defined as such: "Marketing is the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large." The twofold goal of marketing is to attract new customers and keep and grow current customers by delivering satisfaction. It is a process by which companies create value for their customers and build long-lasting and strong customer relationship in order to gain value from customers in return. (Armstrong 2012). It would be easy to assume that marketing is nothing more than selling and advertising, but all marketing functions aim to create value for customers to earn their lifetime loyalty and minimize customer turnover. The concept of marketing has changed over the years and has become more customer-oriented since the old days of making a sale by telling and selling. The marketer has to understand consumer needs, wants, and demands to be able to develop products and services that provide superior customer value, as well as pricing, distributing and promoting them effectively. Since selling and advertising are only part of a larger marketing mix, an effective marketing strategy combines all of these four components (price, product, promotion, and place) together. The concept of 4P's (marketing mix) will be explained in more depth further in the study. (Armstrong 2012; Kotler 2013).

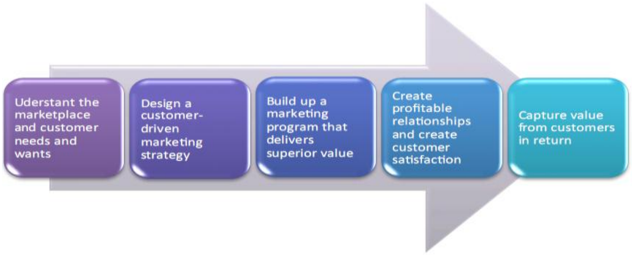

Figure 1- Marketing process model.

Figure 1 explains the marketing process. It is a simple model for companies in five steps: first, understanding the customer; second, designing a marketing strategy that appeals to potential customers; third, creating customer value; fourth, building strong customer relationships; and in the final step, creating value for customers. In return, the company receives value from the consumers in the form of sales, profits, and long-term customer equity. (Armstrong 2012; Kotler 2013)

Defining Market: Nowadays, companies have realized that it is impossible to appeal and reach all the consumers in the market, at least not in the same way. There consumers are too vast and widely-scattered in number, and they vary greatly in their needs and buying behavior.

Figure 2- Three steps of building a competitive strategy

Moreover, companies themselves differ significantly in their abilities to serve different segments in the market. Therefore, to be the most profitable it can be, a company needs to identify these parts of the market that it can serve the best. Through segmentation, companies can select one or more market segments and develop products and marketing practices tailored to each. (Armstrong 2012) Figure 2 shows the three major steps when defining market. The first describes segmentation, the second step is target marketing, and the third is market positioning. (Armstrong 2012) The following chapters will explain each of these steps.

Target Marketing: Through targeting the market, based on revealed segments, the company will find more realistic opportunities. Fist, the company has to evaluate the discovered segments by looking at three factors: segment size, growth rate, and expected profitability of the segment. Major structural factors that affect long-term segment attractiveness also need to be evaluated. For example, are there already too many big competitors in the same segment market, or if the segment is not attractive enough then the buyers might have a lot of bargaining power and force the prices down. Hence, the company should consider its own objectives and resources to decide if they can succeed in an attractive market. According to Armstrong et al. (Armstrong 2012), that is why the company should only enter into segments in which they can offer superior value and gain an advantage over their competitors. Company should choose the target marketing strategy based on their resources.

Marketing Mix: After deciding the overall direction of the marketing strategy, the next thing is to decide the company's marketing mix. It is one of the major concepts of modern marketing. The marketing mix consists of four Ps: product, place, price, and promotion. Figure 3 explains what every P includes. These are the four marketing strategy elements that make marketing operations profitable. The aim is to find a combination of marketing policies that will reach the customers at minimum cost. According to Kotler et al. (2013) the marketing mix is the set of tactical marketing tools that the firm blends to produce the response it wants in the target market. The following chapters will explain each P in more depth.

Figure 3- The four factors of the marketing mix

Product: Product can be defined as anything that can be offered to a market for attention, acquisition, use, or consumption that might satisfying a customer's wants or needs. The concept of a product includes more than just tangible goods. It can be also physical objectives, services, events, persons, places, organizations, ideas, or a mixture of these factors. Special attention goes to services, since they play a big part in the world's economy. Services are an intangible form of a product that consists of activities and benefits offered for sale that are essentially intangible and cannot be owned.

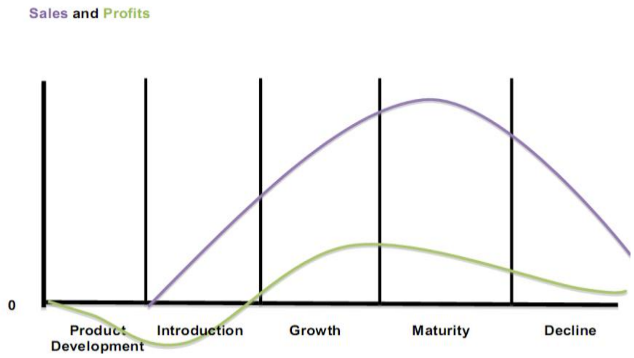

Figure 4- How sales and profits vary over time in Product Life Cycle

1. Product development – The Company finds and develops a new product idea. Sales are zero during this phase but the company has investment costs.

2. Introduction – The period when sales grow slowly and the product is introduced to the market. Profits are non-existent since introduction into the market incurs heavy expenses.

3. Growth – This period is when rapid market acceptance begins and profits increase.

4. Maturity – Sales growth flattens out because the product is now accepted by most potential buyers.

5. Decline - The period when sales decrease and profits drop.

Price: Price is the amount of money that consumers need to pay to have the product or service. Price is one of the most important factors that affect the customer's choice, and it still plays a major role. However, after years pass, the non-price factors gained importance in consumer selection. Both the effectiveness of the logistics and physical distribution has a significant impact on customer satisfaction and company costs.

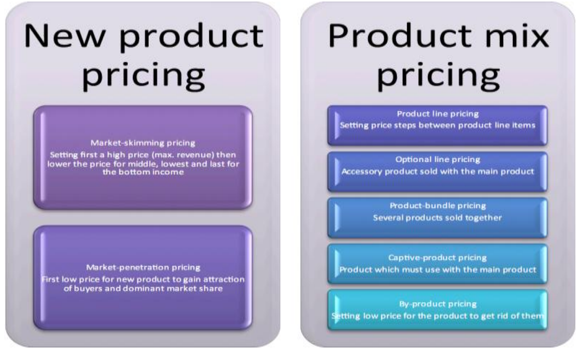

Figure 5- The major dynamic pricing strategies available for new products and product mixes

In the marketing mix, price is the only factor that makes revenue. All of the other elements incur costs. Even though price is the most flexible element of the marketing mix, it can be one of the most problematic ones from the marketing aspect. This means that pricing is not always set according to the value that it is worth to consumer although it has a great importance. Overall costs also define the price level, since they will set the bottom line. Pricing should be more value-oriented than cost-oriented and should take into account the other marketing mix elements. The price of the product or service is the key factor when creating customer value and building customer relationships. Figure 6 shows the different pricing strategies for new products and product mixes. These new product strategies are meant for products in the introductory phase of the product life cycle. It is challenging for companies, since the product is being presented the first time. Product mix strategies are for related products in the product mix. This is because prices often change during the product life cycle. The aim is to maximize the profits on the product mix by changing the pricing.

Digital Marketing: After reviewing the principles of marketing this section concentrates on defining digital marketing and exploring its opportunities. The concept of marketing has changed with the growth of the Internet. It has shifted consumers from magazines, newspapers, and even some cases television and radio to the Internet.

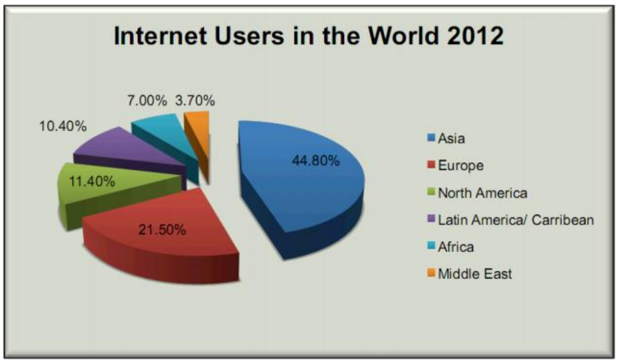

Figure 6- Internet users around the world

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According to the Internet World Stats (2013), in 2012 the Internet was used by 2.4 billion people around the world, and those numbers are increasing every year. In the United Sates, the same number was 273.8 million users and in Europe 518.5 million. The Internet is not only accessed through computers, but also by mobile phones, tablets, game consoles, and other portable devices. Therefore, the new era of marketing has a digital form. Digital marketing could be defined as a sub-branch of traditional marketing that uses digital channels to achieve the same goal as traditional marketing, which is, to attract new customers and keep old ones by promising superior value. This is only done by engaging the customer with the brand through social media, blogs, forums, email marketing, mobile applications, website optimization and online display marketing. Below, figure 9 shows how Internet users are scattered around the world. The higher users are Asia, Europe, and North America.

Other Digital Marketing Tools: There are tools marketers can add to their digital marketing strategy other than social media. These tools are valuable additions to a company's digital marketing, and some of them are closely linked to social media networks, or can enhance and support their usability. Some of the most used ones are explained below.

Display advertising – This can be, for example, in the form of banner ads on websites or in emails. For marketers this is a visible way to create brand awareness but it does not necessarily translate into direct clicks. Targeted product recommendations based on users clicks are also a rapidly growing means of advertising which may increase product awareness and trigger purchase action.

Email (Newsletter) – Newsletters have been around as long as email and they still have value for marketers. They are fast methods for businesses to quickly share information about sales, promotions, new products, or any other current issues with interested customers, since customers choose to receive (subscribe to) the company's newsletter.

Mobile Applications - Accessing social content and the Internet has changed since the arrival of mobile devices and tablets. Mobile application (app) usage now comprises more than a third of social networking time across personal computers (PC) and mobile devices. Nielsen (2013) states in its survey that compared to year 2011 consumers increased their social app time by 76 percent. This means that seven times the amount of minutes have been spent on apps than the mobile web; for example, Facebook was used through its mobile app by 819 million people monthly

Pay-Per-Click Marketing (PPC) – This is also known as sponsored search or paid search. PPC marketing offers to the potential for marketers to bid for placement in the paid listings search results by choosing relevant search terms for their business. Companies pay the amount of their bid only when consumer clicks on their listing. Undoubtedly, the most well-known PPC tool is Google AdWords, and Google Analytics for monitoring the results, but Yahoo and Microsoft are also offering the same tools. Through these tools it is possible to increase website visibility and evaluate its effectiveness. AdWords is a service to create PPC campaigns by setting relevant keywords. It allows the user to add, delete, and manage bids. Google Analytics is a tool designed to evaluate a company's performance in Google searches, clicks on the website, how users entered the website, and customer acquisition. These two tools have evolved as a unified tool.

Search Engine Optimization (SEO) – This is a process that aims to enhance the website's listing in search engine results. SEO is done by improving the website's search engine friendliness. In other words, phrases on the site, blog, or other online content are found by the search engines. SEO is often outsourced.

There is wide variety of marketing tools for companies to use. That is why every company should evaluate their goals and their target customer in order to choose the best tools for their purposes. This applies to traditional marketing as well as digital marketing, since the purpose of marketing in general is to reach the target market.

CONCLUSION:

This paper examined the perception towards digital marketing of marketing professionals in Indian Companies. Although, digital marketing tools and concepts are taking over traditional methods of marketing internationally, it is still a new field for professionals operating in Indian Companies. They do consider it as an important tool for promotion but at the same time concerned about the issues of privacy and misleading of information of digital marketing. SMS and MMS are considered as the most important tool for conducting digital marketing which shows lack of understanding and in-depth usage of digital marketing tools by marketing professionals in India. Very little research has been done into the role played by digital marketing tools (DMT) use in marketing in the success of new product development (NPD) processes. This is not surprising considering that the new competitive environment is defined by an economy broadly based on intensive DMT use and knowledge as key elements of business strategy.

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