

DIGITAL TRANSFORMATION OF MARKETING COMMUNICATIONS

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Abstract

The digital transformation has led to radical changes in marketing communications. The traditional business model no longer covers all the needs of the modern consumer. That is why the transformation is mandatory for every company that wants to be competitive in the market. The Internet and digital media have opened up new opportunities for marketers who have adapted the tools they use to new consumer habits. Today, marketing communications more than ever require an integrated approach to reach a target audience, encompassing both traditional channels and the online opportunities offered by new technologies.

Keywords: *digital marketing, evolution of web technologies, digital marketing tools, digital marketing communications*

JEL Codes: *M30, M31, M37*

Introduction

Modern business is increasingly investing resources and efforts in the digital environment. New forms of business are emerging, the number of communication tools is growing, and all this is a result of the integration of the information and communication industry. The new generation of users has new information habits. The Internet is part of the daily life of people who actively search, communicate, and share in an online environment regularly. Today, the user is not only a "consumer" of content but also a publisher of such. That is why companies need to adapt their strategies to the benefits that the online environment provides. There are a considerable number of online-based solutions and tools for communication with new users, which offers an opportunity for the development of e-business. Understanding technology-based marketing is critical to today's business as it leads new customers, creates new brands, opens new markets, forms new market leaders and reveals the potential for creativity in digital marketing (Tiago, MT, and Tiago, F., 2012, pp. 418–426) The Internet is a world of fast and creative entrepreneurs and it is not a static world. The changes quickly catch up with the status quo

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and radically transform the business landscape into an online environment. Therefore, systematic research and a deeper understanding of the phenomenon of digital marketing are needed, as well as to know the opportunities provided by the online environment to achieve competitive advantages.

Analysis and discussion

Transition of marketing from 1.0 to 4.0

The Internet market is relatively young, but it is developing at high speed, providing many opportunities for businesses to communicate with the market. According to Swati Bhatt, currently, we are in the throes of another shock to the system, a technological shock in the form of digital connectivity, creating a network of economic agents, a network economy. (Bhatt, 2017, p.16) Digital marketing has undergone rapid and radical changes from its inception to the present day.

The Web is the most significant transformative information construct. Introduced in 1989 by Tim Berners-Lee, the network has undergone a major transformation over the last three decades, including related technologies (Brian, Getting, 2007). 1.0 was known as a network of knowledge, Web 2.0 as a network of communication, Web 3.0 - a network of cooperation and Web 4.0, which we gradually entered much earlier than expected - a network of integration. These four generations of the network describe its path to the state in which we know it today.

Web 1.0 is the first generation of the network, which was intended for reading only and was accepted as a system of knowledge. Web 1.0 was introduced as a business information point to inform people. At this initial stage, the network provided limited opportunities for information transfer and interaction with users.

Web 2.0 is making great progress in online relationships. Dale Dougherty defines the web as a network for reading and writing. (Berners-Lee, T., 1998) Web 2.0 technology allows the management of large communities with common interests in social interactions.

Web 3.0, also known as the Semantic Network, aims to reduce human tasks and solutions and leave them to machines by providing machine-readable content on the network. (Hamed, H. & MohammadReza, K., 2011) Web 3.0 includes two leading platforms: semantic technologies and a computer-based social environment. Semantic technologies are open standards that can be applied in the network. The computer-based social environment allows cooperation between man and machine and provides an opportunity to organize a large number of social web communities. (Ossi, Nykänen, 2003)

Web 4.0 was a revolutionary step in the development of technology. This generation is also known as the symbiotic network, in which the human mind and machines interact in symbiosis. Web 4.0 is not associated with the fourth industrial revolution. It is characterized by a much more ubiquitous and mobile internet, by smaller and more powerful sensors that

have become cheaper, and by artificial intelligence and machine learning. (Dimitrieska, Stankovska, and Efremova, 2018, p.183)

It should be noted that marketing is also evolving at different stages. If in version 1.0, marketing was product-driven or product-centric marketing to customer-centric marketing at 2.0, then in Marketing 3.0, the focus shifts to the human. (Kotler, Ph., Kartajaya, H., Setiawan, I., 2017, p.11) Kotler points out that at this stage, the future of marketing lies in the creation of products, services, and corporate culture that embraces and reflects human values. The Internet is part of the human experience. Digital technologies allow for new adaptive processes and institutions in marketing communication. Institutions build foundational capabilities to create such value jointly for their customers and themselves, while processes create value through unique customer experiences and interactions among customers in new digital environments. (Kim, J., Kang, S. and Lee, K.H., 2019)

The first stage of internet marketing, as well as the first marketing tool in the online environment, was e-mail. Later, companies began to create websites and generate traffic from users to their web-based resources. In 2000, with the advent of search engines (Google and Yahoo) came the era of banners, which ended with the introduction of the option for the user to disable intrusive ads. This gave rise to a new way of thinking in an online environment and the introduction of so-called Permission marketing. (Godin, S., 1999) Technological stage 2.0 determined the transformation of the Internet market into a global society, in which special attention is paid to marketing relationships aimed at establishing contact with the customer, promoting and maintaining their loyalty. However, this did not solve the problem with annoying marketing tools. Many authors define the period between 2000 and 2004 as a transition from mass marketing to personalized marketing. Other authors classify social networks as setting them as second-generation network applications that allow the creation of separate virtual networks as part of the 2.0 technology. Today, the field of social networking is becoming one of the fastest-growing markets in the Internet environment, connecting hundreds of millions of users worldwide. The potential of the Internet market is growing new means of communication are emerging, which change the nature of the market, moving from 3.0 to 4.0 technologies. It should be noted that the Internet and its breakthrough in people's lives has a huge impact on business and specifically on payment platforms, communications, promotes the development of the online market, where the effectiveness of activities can be measured by the success of marketing tools and Internet penetration.

The technologies we are witnessing today are not new, but they are already bringing together, and this convergence is influencing the development of marketing practices. Thanks to the integration, new trends are emerging today: the sharing economy, the new economy, multi-channel integration, content marketing, social CRM (Consumer Relations Management), and more. (Godin, S., 1999, p.12)

In parallel with technological development and marketing changes, the specifics of communication must be analyzed. The classification of marketing communication reveals the main problems that should be considered during the research for online business:

- *Communication channels* that can be used for information exchange between seller and buyer for receiving, processing and transmitting information; increase interactivity and experience, collect information about customers through various online platforms, conduct research and introduces new products to the market, improve customer relationships and, thanks to personalization in relationships, adapt products to specific consumer expectations;

- *Transaction channels* that can be used in sales to improve visibility and reach a wider audience, increase revenue through cross-selling, simplify the transaction process by reducing the complexity of tasks, document processing and the cost of transactions, proper targeting of the audience and targeting specific advertising messages to relevant users;

- *Distribution channels* that can be used for the physical exchange of goods and services to avoid storage costs, as well as shortening the distribution chain and reducing end-user costs;

Advantages of digital media

Interaction and integration between the Internet and traditional channels is a key part of developing a digital marketing strategy. The digital marketing strategy is essentially a marketing strategy for online channels and should be integrated with other channels as part of multi-channel marketing. According to Chaffey and Ellis-Chadwick, an effective digital marketing strategy must meet some conditions such as: (Chaffey, D, Ellis-Chadwick, F., 2012, p. 16)

- adapting the marketing strategy to the business, to be subordinated to the corporate strategy of the company;

- To define clear goals for the development and the brand, having a clear vision for the contribution of potential customers in total sales;

- To maximize the communication and proposals to customers that the company can reach effectively in the channel;

- To correctly determine the relationship between online and offline communication tools used to attract visitors to the company's website or interaction with the brand through other digital media, such as e-mail or mobile devices;

- To support the customer's journey in the purchase process, as he chooses and buys products using the digital channel in combination with other channels;

- managing the readiness of customers to purchase during the stages of generating user traffic to the site, turning them into customers and retaining them.

Digital marketing is a management process responsible for identifying, guiding the user along the path, and meeting their requirements. The focus is on the customer, while at the same time suggesting the need to connect with other business operations to achieve profitability that satisfies both parties in the process.

According to Chaffey and Smith, digital marketing supports these goals as follows: (Chaffey, D. and Smith, P.R., 2012)

- Identification - through marketing research to identify customer needs;
- Navigation - the online environment provides an additional channel through which customers have access to information and make purchases;
- Satisfaction - this is the main factor for success in digital marketing; it makes it possible to determine whether the site is easy to use, whether it works adequately, what standard of service it uses, and how the goods are physically delivered to the end-user.

Digital marketing is a powerful tool to help achieve the company's corporate goals. It contributes to the successful implementation of the Ansoff Matrix (also known as the Product / Market Matrix), broken down through the company's objectives: market penetration, market development, product development, and diversification.

Digital marketing tools

The Internet offers marketers a wide range of advertising tools and formats, the use of which depends on the specifics of the target audience, its patterns of behavior, cultural aspects, habits, and more. Making and implementing marketing decisions in an online environment requires knowledge and technical experience in presenting details to customers. Digital advertising is the most direct way to reach customers. It can be classified as: search engine advertising, display advertising, classified lists, and email ads.

According to Jensen, there is no established categorization of online advertising so that it can be considered in six main areas: (Jensen, N.B., 2008, pp. 502-525)

- **Search Engine Marketing:** Search Engine Advertising (SEA) and Search Engine Optimization (SEO). Search engine marketing is a comprehensive term for all the techniques that can be used to make a particular website visible to search engines. The search results page is divided into organic results, which depend on the relevance of the web page to the keywords entered by the user (SEO) and paid results, which also appear as search results. However, research shows that consumers are negative about paid advertising.

- **Online public relations** - these are presentations on portals, blogs, RSS, podcasts, social media, user posts in communities - C2C, micro-blogs, and more. Online PR includes all activities performed by the company to increase the favorable attitude of consumers to the company, brand, or their positive mention in other web-based resources - e.g. blogs, social networks, etc., where the target users of the company are likely to enter. Social networks are a very powerful tool for creating PR communication with the audience. In order to build community and engagement through them, consistent communication is needed (one or two publications from the company per day). Companies need to consider the day, time, and content of their posts, as engagement rates are 18 points higher on Thursday and Friday than on other days of the week. A shorter message is better because posts with 80 characters or less have a 27% higher engagement rate. (eMarketer, 2011) According to a study by eMarketer, social media is a place for contact and "discussion" with brands, but social sites are not yet the

first choice of customers who talk about brands. Only 35% of consumers and 56% of young people talk about products and services on social sites.

- **Interactive advertising**: includes display advertising, banners; rich media; websites, microsites; online games; video marketing, etc. The first three of these are display ads that aim to raise brand awareness and encourage clicks on the target website. It has been found that even without clicks, advertising banners lead to increased awareness, perception of the brand, and the formation of attitudes towards brands. The significance of the animation and the location of the banner ad is discovered based on studies with eye-tracking technology. Surprisingly, it has been found that animation is not essential for attracting the viewer's attention. On the other hand, location plays an important role. Banner ads placed at the top of the web page are more commonly viewed. A 2006 study by Burns and Lutz on consumers' attitudes toward six different ad formats (banners, floating ads, large rectangles, banners, skyscrapers, and pop-ups) showed the following result: banners are most effective because they have the highest information value for consumers. The study found that banners had the best user acceptance, both in terms of clickthrough rate and the highest clickthrough rate. (Burns, K & Lutz, R.J, 2006, pp. 53-63)

Pop-up and pop-under ads are the most controversial format of online advertising. Interstitial ads are considered intrusive because they put the user in forced viewing mode. Surveys show negative attitudes and reactions from consumers, who remain irritated. Rich media is a user-friendly format. Research shows that they are acceptable to users because they guarantee a better evaluation of the site compared to those with only text and graphics. New technologies improve the effectiveness of online advertising. Studies confirm that animated ads are more effective than banner ads. Consumers point to video advertising as the most exciting format, as it has a high degree of engagement. The introduction of game mechanics also has a strong effect on companies in online positioning, but players often feel annoyed by the ads that are part of their online experience.

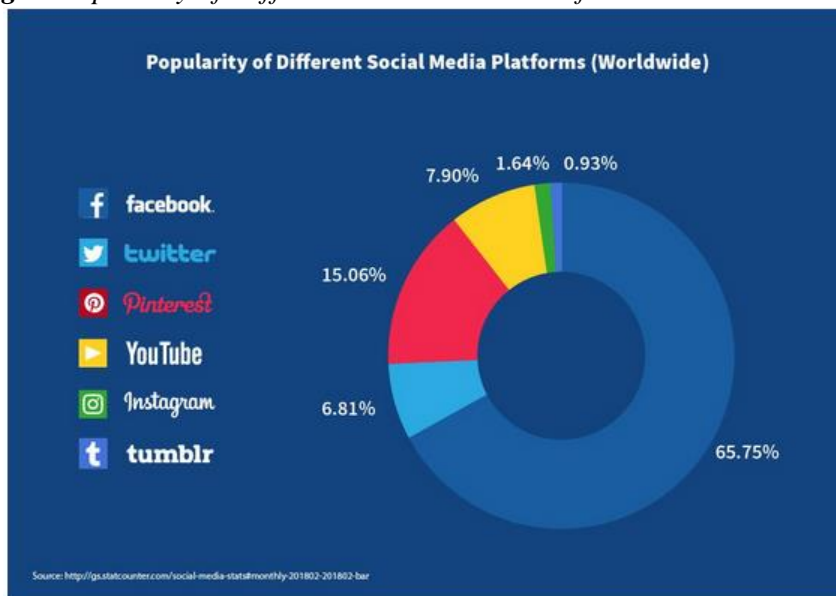
- **Online partnerships** or these are building relationships, sponsorships, affiliate marketing and more. The most commonly used tools for online partnerships are: link building, sponsorship, joint branding (agreement between several companies that agree to show each other content and conduct joint promotions using logos or brand advertisements), affiliate marketing (a scheme where the company pays another affiliate for links that are generated through the affiliate's website to the company's website); Studies examining the effects of online sponsorship show significant benefits for sponsors of content websites (such as news sites or e-newspapers). If the products that are advertised correspond to the content of the news, they cause a stronger memorability of the brand, form intentions and attitudes for purchase. The attitude towards advertising is positive when it appears at the beginning of the news story, it reflects the highest if it is in the middle, and the lowest at the end of the show.

- **Opt-in emails** - a list of emails whose users have once agreed to receive company newsletters or promotional letters. Email advertising is a cheap form of communication, but it is the least effective. According to eMarketer research, only 1% of users read the entire email

ad, 20% occasionally read personalized emails. After the introduction of the GDPR, new requirements were imposed on companies in the implementation of email marketing and for this purpose it is necessary to apply the so-called. Double Opt-In - this is a double confirmation of the user who voluntarily agrees to receive newsletters and advertising emails from the company.

- **Viral marketing** - it's an advertising method that encourages people to send a message. The terms buzz marketing and word of mouth are used interchangeably for viral marketing. That is an appropriate and efficient way to spread the message to a wide audience. One of the most influential forms of viral marketing is social media marketing. It is believed that marketing in social networks can be oriented to the framework for the development of value and turn it into a social and societal process. Users use social networks mostly to share information with friends and to explore friends. This type of marketing is a customer-oriented approach to generating value. Viral marketing in social networks is carried out through the ability to share, comment, and like posts. The so-called influencers or a type of opinion leaders who have their followers and are an example for many users on the network also play a substantial role. (Fig. 1)

Fig. 1 Popularity of Different Social Media Platforms



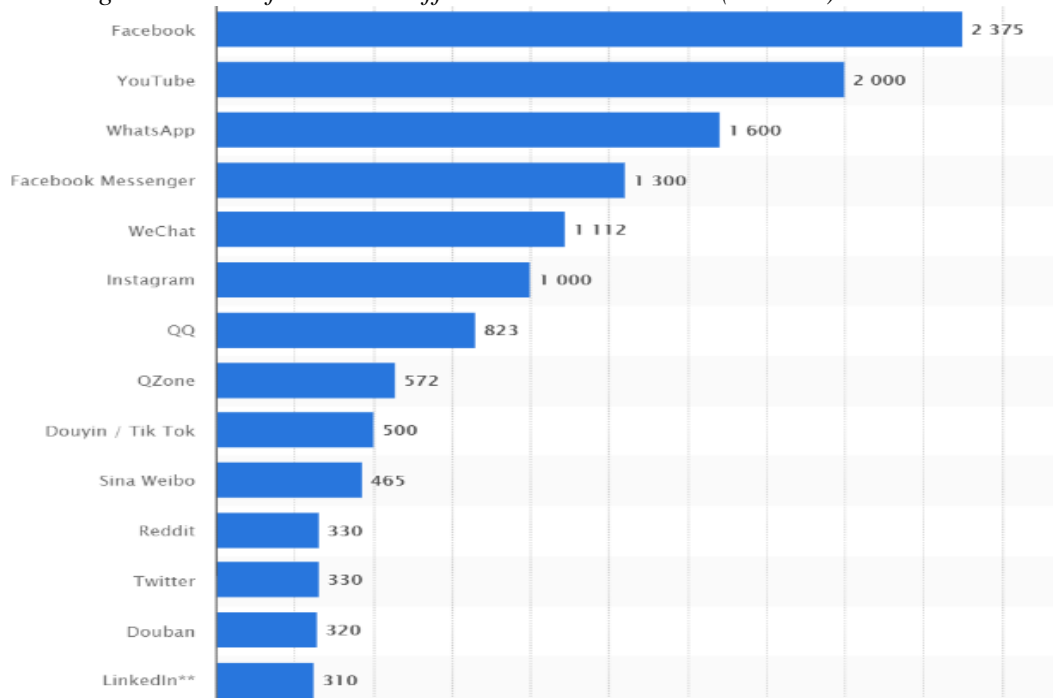
Source: 23 amazing statistics on the Internet and social networks in 2020, Available at: <https://www.digitalfuturetimes.com/23-amazing-statistics-on-internet-and-social-media-in-2019/>

Statistics show that currently, there are over 2.77 billion social network users worldwide or 64% of all Internet users. (INC.bf) According to Statista.com, social networks are the most popular platform in which users spend their time keeping in touch with friends, family, or getting information. More than half of the users are from North America, with more than 160 million in the United States alone (Statista.com). Some social networks have a more active user mass than others. (Fig. 2) It should be noted that if at its inception the network attracted mainly young people, in the last ten years interest in it has been observed by older age groups. Marketers use these segments with the application of Social Media Marketing.

Twitter has over 336 million registered users and nearly 190 million unique visitors per month, of whom 135 million active users tweeted nearly 58 million times a day. 43% use the mobile version, and 60% tweet/share content through sites, which shows that users do not participate in this process alone. 40% of users do not write tweets themselves, but read content shared by others. (INC.bg)

LinkedIn includes more than 110 million professionals worldwide, including all Fortune 500 companies. This platform has a low impact on the market because its users are less active than the above networks.

Fig.2 Number of users on different social networks (millions)



Source: *Influencer Marketing Hub, Social Media Trends 2020,*
https://influencermarketinghub.com/SmallereBook2_trends_2020.pdf

The most significant benefits of implementing marketing in social networks can be expressed in the following directions:

- Consumer trust is higher - it is ensured through the use of social contacts, direct communication between consumers who share and recommend the use of a product. The ability of companies to have immediate feedback from customers is a substantial factor in preference to using social networks as a marketing tool. Social networks have access to two very important sources of information for users: their profile with personal information shared by the user, his behavior on the web, pages visited, interests, social circle, and more.

- Social networks can use the behavioral guidance, interests, and activities of other members of the web related to the user, their reactions to various marketing actions. Due to a large amount of information for participants, targeting can be extremely precise.

From all that has been said so far, we can say that today marketers work in a highly dynamic and uncertain environment. They face the challenges of the new age. The Internet has opened many opportunities for proper targeting, for appropriate directing of marketing efforts in the direction, for reaching the messages to potential customers, providing conditions for building a company image, forming attitudes and intentions in consumers. Forms of end-user access will continue to diversify, and the battle to gain market position will increasingly drive companies' interest in the online environment. That is the future, and the only way to survive is to adapt to change.

Conclusion

Digital transformation is happening all around us. It provides the conditions for a more efficient process of creating economic value. The digital transformation is sustainable and has a revolutionary impact not only on economic systems but increasingly on the lives of people and society as a whole. Every day the world around us changes. New companies are emerging that work in a new and different way. The impact of digitalization has not gone unnoticed by marketing processes. Today, digital marketing provides many benefits to real business. The use of the Internet, social media, mobile applications, and other digital communication technologies have become part of the daily lives of billions of people. The influence of digital media on consumer behavior is an increasingly exciting field for research. We live in the age of digital transformation and the world of Marketing 4.0. Today, digital communications are increasingly deepening on human-centered marketing, encompassing every aspect of its path along the consumer path. Convergence and unification of industries is the new trend, and this will be a lasting direction in the development of business processes. We live in interesting times, in which

what is valid today is old and inapplicable tomorrow. And what does the future hold for us? These can only be conjectures.

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