

# Digital marketing communications: selection criteria

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## Abstract

The article discusses the concepts of digital and Internet marketing and analyzes the classification of digital marketing communications. The purpose of the study is to develop criteria, a methodological approach to selecting the most appropriate digital marketing tools for a particular enterprise and market, and a system of indicators for evaluating the effectiveness of the marketing communications complex.

The methodological approach is applied to small businesses in the retail market of cut flowers. For a specific company digital advertising, launching an Internet site, maintaining social networks and search marketing were selected. Calculations of marketing communications performance indicators have shown that the use of digital marketing tools leads to a positive financial result.

The survey has fixed that digital marketing is broader than Internet marketing and includes the following media channels: social media marketing, digital television, content marketing, e-mail marketing, web site, SEO, Banner Ads, mobile marketing, streaming platforms, digital billboards. For specific purposes and markets it is sufficient to use not all, but part of the digital communication tools. The criteria for their selection are proposed: the marketing budget, the goals of the marketing strategy, the age of the audience, the competence of the company's staff and the frequency of use of digital marketing tools. To assess the effectiveness of digital marketing communications a system of indicators is proposed that includes such indicators as: ROMI (Return on Marketing Investment), site traffic; profitability of sales on the Internet, increase in net profit, NPV (Net Present Value), popularity of certain pages of the site; information about the sources of transition to the site; duration of stay on the site; triggers for performing targeted actions; conversion and Web Analytics indexes.

**Keywords:** digital marketing, digital marketing communications, digital media channels.

## 1. Introduction

Nowadays digital networks play a crucial role in the development of the market economy, which has predetermined the development of new types of marketing communications and marketing tools. The survey aims to clarify the classification of digital marketing communications, offer criteria for choosing digital marketing tools and methods for evaluating the effectiveness of their application for the company.

There are a lot of definitions of digital marketing among researchers, such as «marketing of products or services that use digital channels as a way to contact customers» [9], «a set of specialized processes that cover all digital channels available to promote a product or service, or to create a digital brand» [11, p. 63]. In other words, digital marketing means «using digital technologies to promote a company and attract consumers» [4, p. 87]. A number of researchers believe that the concept of digital marketing is broader than Internet marketing [2]. Most definitions in the scientific literature single out the use of digital channels of communication with the consumer as the main feature by which a particular marketing tool can be attributed to digital marketing. Therefore, digital marketing includes the following media channels: social media

marketing, content marketing, e-mail marketing, SEO, Banner Ads, mobile marketing, streaming platforms, digital billboards [3]. Mobile devices provide a key channel for accessing the network, which determines the importance of mobile marketing tools in the system of digital marketing communications [8]. Summing up the various approaches to defining digital marketing, we can identify the characteristics that most fully describe this concept.

Firstly, the method of communication using digital communication channels (social networks, websites, e-mail, etc.) is highlighted.

Secondly, the idea of attracting new customers and managing relationships with existing customers is expressed.

Thirdly, the importance of a strategic approach to ensuring the company's presence on the Internet and choosing the best communication channels is emphasized.

The widespread use of digital marketing tools in recent years is due to the principles that distinguish them from traditional marketing. These principles can be defined as follows:

- interactivity — the degree of interaction with the user when using digital marketing is maximum. Digital tools allow you to get feedback quickly, use surveys, initiate discussions and create interactive games;
- high information capacity — web servers of companies can store large amounts of information, which means that the company can publish information of almost unlimited length, create an interactive product catalog with a detailed technical description. It is possible to use content marketing tools, creating interesting and useful content for the user;
- multimedia — digital channels provide an opportunity to receive and exchange information in a variety of forms. Information messages can be presented in the form of text, video, sound, animation, graphics, as well as their totality. Using such a wide range of information transmission possible forms can significantly improve the effectiveness of advertising materials;
- ability to focus advertising impact (targeting) — digital tools allow you to use the Network's capabilities to accurately select the target audience, develop an advertise message and display it to this audience;
- efficiency — digital networks have high data transfer rates;
- measurability — this feature includes the ability to quickly get the most up-to-date statistical information. If the ad campaign being launched does not work as planned, marketing specialists will quickly get the necessary data from web analytics systems and will be able to quickly make adjustments to correct the situation;
- the influence of the internal environment on the spread of information — digital networks allow you to create and publish information to any user, which has led to the emergence of such a concept as opinion leaders, which companies can effectively use for communication with the target audience;
- convenience for consumers [10];
- location independence — electronic mass media allowed us to expand the reach of advertising campaigns to all users of the Network, which made it possible for almost any company to sell products and provide services on the international market, which was previously available only to multinational corporations.

The classification of digital marketing communications tools is diverse, and there are lack of common metrics or approaches to classifying the digital tools in question in the scientific

literature. Thus, in the Shpakovsky and Rosenberg's work [6, p. 121], the authors identify and classify the available tools, as well as describe their advantages from the point of view of the psychological perception of various types of Internet advertising by consumers. Akulich [1, p. 95] describes various tools through the prism of the classical approach to the marketing complex (4P). A different approach to the classification of tools is given by Zhang [11, p. 130]. In this case, the classifying feature of digital marketing tools is the consumer behavior model "AISAS" (Attention-Interest-Desire-Memory-Action). Using the theoretical basis of this model, it is possible to classify digital marketing tools based on the appropriateness of their use at a particular stage of behavior that the client demonstrates when searching for information about a product of interest, studying information, selecting it and making a deal. This approach is complicated by the fact that in practice it is difficult to determine at what stage of interaction the buyer is and which tools the company should focus on at a particular time of interaction with the buyer.

Classification based on the cost of a marketing tool is an alternative approach to ranking tools [5, p. 140]. The most effective tools from the point of view of costs and results are contextual advertising, using the tools of social networks, landing pages, newsletters, promotional offers with a direct response form and other tools. Social networks provide a low cost of an advertising campaign (in terms of one contact), a wider and more accurate audience coverage, the ability to receive quick feedback from customers and respond quickly to it, and extensive software capabilities for setting up and tracking the progress of an ongoing advertising campaign.

Many scientists consider content marketing as a universal tool for the successful application of digital marketing strategy, the most promising tool in the nearest future. In our opinion, the most relevant method of classification of digital communications is the combination of practical classification features with the theory of the existence of different stages of interaction between the company and the client. A methodology for selecting digital marketing communications tools and evaluating their effectiveness is proposed. Using digital marketing tools is especially important for small businesses with limited financial resources.

## 2. Methodology and methods

After analyzing various approaches to classifying digital marketing tools, we can identify that the most appropriate approach for practical application is one that is integrated with the stages of creating value using digital marketing tools: awareness, engagement, joining, conversion, satisfaction, development/retention and community creation. At the same time, the core of all marketing activity becomes the company's corporate portal. As a result, we identified the main communications that can be used at a particular stage of interaction with the client and proposed criteria for selecting digital marketing tools (table 1).

**Table 1: Criteria for selecting digital marketing communications tools.**

Digital marketing tools	Criteria for selecting digital marketing communications tools				
	Budget	Marketing strategy goals	The age of the audience	The company's staff competence	Frequency
Digital advertising (contextual, banner)	Any	Informing / Promoting sales	No influence	Average level	Continuous activity model / Pulsating model

Website	Any	Informing / Improving the image / Promoting sales	No influence	Average level	Continuous activity model
Social network /SMM	Any	Improving the image / Promoting sales	Youth / Middle age	Low level	Continuous activity model
Search marketing	Any	Promoting sales	No influence	Average level	Continuous activity model / Pulsating model
Content marketing	Substantial	Informing / Improving the image	Youth / Middle age	High level	Continuous activity model
E-mail marketing	Average	Informing / Promoting sales	Youth / Middle age	Average level	Continuous activity model / Pulsating model
Digital TV	Substantial	Informing / Improving the image	Youth / Middle age	High level	Continuous activity model / Pulsating model
SMS mailing lists	Average	Informing / Promoting sales	No influence	Low level	Pulsating model
Streaming services	Big	Informing / Improving the image	Youth / Middle age	High level	Continuous activity model
Mobile marketing	Average	Informing / Promoting sales	Youth / Middle age	High level	Pulsating model
Partnership program	Average	Informing / Promoting sales	No influence	Low level	Pulsating model

a Compiled by the authors

Profitability of Internet activities can be defined as the ratio of profit to operating costs (depreciation, rent, payment for domain names, payment for selected digital marketing tools). Thus, we get an indicator that characterizes the income from one unit of costs. The most appropriate indicator is the ratio of revenue received to the company's expenses. If we take into account the relative stability of the company's economic indicators related to cost items (wages, materials, utilities, rent, etc.), the most informative indicator will be the one that takes into account not the total cost, but the cost of promoting the project. The most appropriate indicator under this description is ROMI (Return On Marketing Investment). This indicator represents the return on investment in marketing activities. It allows us to evaluate the effectiveness of activities without taking into account various deviations. The ROMI indicator reflects the return on marketing investment. The interpretation of values is as follows:  $ROMI < 1$  — investment does not pay off,

ROMI = 1 — break — even point, ROMI > 1 — advertising campaign paid off. Net profit growth can be set as the next target.

In fact, a marketing campaign is an investment project, thus, it is advisable to use such an indicator of economic feasibility as NPV (Net Present Value), which shows the possible income from the investment project, taking into account the discount rate. The advantage of this indicator is that it takes into account the time cost of money (as opposed to other indicators of economic efficiency), and also gives an assessment of the entire project's effectiveness. The company's target values are reaching  $NPV > 0$  on the selected planning horizon.

As for current measurement of digital marketing's efficiency it is suggested to use widespread indicators of postclick and postview analysis that involves the use of two systems: the effectiveness of contextual advertising campaigns, banners posted on various sites, SEO-optimization, the use of partnership marketing. It is proposed to track the following indicators: site traffic; popularity of certain pages of the site; information about the sources of transition to the site; duration of stay on the site; triggers for performing targeted actions; conversion and other statistical information.

This system of indicators allows you to analyze the effectiveness of the proposed solutions in the dynamics, as well as to perform operational and strategic analysis of the use of digital marketing communications.

### **3. Results and Discussions**

The proposed methodological approach has been tested in the retail market of cut flowers on the example of the «Protsvetai 24» flower shop. We analyzed the use of digital marketing tools by competitors based on SimilarWeb traffic analytics [7].

For «Elite Bouquet» company, the main source of traffic (more than 73%) is the output of search engines, which confirms the hypothesis of active use of the SEO optimization tool as a tool that gives the maximum effect. In second place in terms of traffic is the Direct channel, that is, the user directly enters an Internet address in the browser's address bar. This is due to the fact that this company is one of the oldest companies in the industry in the region and is well known to consumers. In this case, the loyal part of the audience, regular customers who are not looking for any other options when there is a need for flower products, is exploited. The remaining significant part is paid search, that is, advertising in search engines. This analysis confirms that the presence of a corporate website is a significant stage in the development of a comprehensive digital marketing program.

An important refinement is the distribution of traffic depending on the type of device. For example, in the case of «Elite Bouquet» company, 68% of the traffic is from mobile platforms, which determines the requirement to have a version of the site adapted for such platforms. According to uKit Group, 63% of small business websites are not adapted and do not have a special mobile version, which significantly increases the percentage of failures, i.e. stopping the purchase process at some stage.

The distribution of digital marketing channels for the company «Jarden» has a similar structure, in particular, the dominance of the source «organic search» and a significant share of the Direct channel. At the same time, there are some differences. For example, the company has a significant source of traffic — referral traffic, i.e. traffic from other resources. Similar Web allows you to track the source of referral traffic, in this case, the main part of the traffic is from the 2GIS information service.

«Protsvetai 24» works intensively with traffic from social networks and maintains significant activity in all major networks. The social network Vkontakte demonstrates the highest efficiency in terms of traffic growth to the site, which is understandable, since each communication in the group contains a link to the site as a point where you can place an order. Thus, this traffic source can also be significant if the right approach is taken to organizing an advertising campaign. In our opinion, the key difference between the success of the «Jardin» campaign and «Protsvetai 24» was the availability of an online platform (a corporate site with an integrated online store) for sending interested leads to quickly make a purchase on the portal.

A common feature for flowers retail market players is the low profile traffic from the Instagram due to the fact that users when viewing photos of the assortment go to checkout directly in this network (via Direct or WhatsApp), without going to the site. The distribution of digital marketing channels for the company «Tsvety i kukly» is similar to the previously considered companies, and has the main source of traffic — organic search. The company effectively uses email marketing tools.

Thus, having considered the main digital marketing tools used by competitors in the retail market of flowers, we can conclude that:

- orientation in developing a digital marketing strategy is based on those tools that assume the presence of a corporate site (the largest share in traffic is organic search);
- companies use a wide range of tools, including maintaining groups in social networks, contextual advertising in social networks and search engines, e-mail marketing, SEO optimization, use of partnership programs, etc.;
- the number of leads attracted is significant for an online channel. Even with low conversion rates, online sales can match or exceed offline sales, especially for small businesses with a small number of outlets.

As characteristics that influence the choice of digital tools for the «Protsvetai 24» flower shop, we used the following criteria: budget, goals of the marketing strategy, age of the audience, competence of the company's staff and frequency of tools use. Since the financial resources of a small business company are limited, the marketing budget is defined as minimal, which has narrowed the range of possible digital marketing tools to four: digital advertising, launching an Internet site, maintaining social networks and search marketing. The study has determined that the goal of the store is to increase the level of sales, which can be defined in the categories of goals as informing the target audience and stimulating sales. The age of the audience also limits the number of tools used. The survey has found that the main age group of buyers is middle-aged buyers. It is appropriate to use built-in digital tool targeting tools and develop separate communication messages for different segments. The most appropriate model is defined as continuous activity.

Calculations of the effectiveness of the selected four digital marketing tools have shown that the positive level of profitability is maintained throughout the planning horizon, even during the years of major investments, which provides an additional margin of financial strength in case of budget mismatch in the revenue part or excess of the expenditure part due to any factors.

When calculating NPV, total revenue is achieved in the amount of 4.2 million rubles. The set target value for this parameter has exceeded 0, thus, we can conclude that the use of digital marketing tools leads to a positive financial result and the effectiveness of the investment strategy.

The percentage of profit growth is positive over the entire planning horizon. The target value of the indicator is 15–20% annually, thus, with the exception of the first year indicator associated with initial investments, the target value is reached in each year of the planning horizon.

The target value for the ROMI indicator was set at more than 1. For some periods, the ROMI value is less than 1. Taking into account the achievement of all other indicators, we can conclude that the project of using the selected digital marketing communications is profitable.

#### 4. Conclusions

The survey has shown that digital marketing is broader than Internet marketing and includes the following media channels: social media marketing, digital television, content marketing, e-mail marketing, web site, SEO, Banner Ads, mobile marketing, streaming platforms, digital billboards. It is concluded that for specific purposes and markets it is sufficient to use not all, but part of the digital communication tools. As a result of comparing the characteristics of the market and the selection criteria for digital marketing communications (budget, marketing strategy goals, audience age, competence of the company's staff, the frequency of use of tools), the following tools were selected for the flower shop: digital advertising, launching a corporate portal (including the functions of an online store), developing social networks and applying search marketing. Additionally, the company has chosen to use tools such as e-mail marketing and partnership marketing programs. Calculations of marketing communications performance indicators have shown that the use of digital marketing tools leads to a positive financial result.

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