DIGITAL MARKETING AND ITS ROLE IN THE MODERN BUSINESS PROCESSES

Abstract. The sense of the digital marketing, its main features, and advantages and disadvantages comparing with the traditional one are defined. Different indexes showing the current status of the global economy digitalizing process (including the social media review) are analyzed. Some of the principal trends of the digital marketing development in the context of modern business processes are highlighted.

Keywords: marketing, digital marketing, internet marketing

Introduction. Nowadays we live in the era of digital technologies, started with launching of information revolution in 1990s when the Internet has appeared. In the very beginning of this process there was the only one channel of Internet connection – personal computer. Now we have wide diversity of digital gadgets for it, which could not be even imagined those years. It was impossible that so much sudden reorganization of social life could not touch marketing. During the first years of using Internet by wide masses of people it appeared that it could be used for sharing marketing information as well. Accordingly, digital marketing was born like a new sphere of marketing science that could give more and more new ways and capabilities to different enterprises for establishment of two-way communication with their clients.

Literature review and the problem statement. The digital marketing is young enough category, which is still on the stage of frequent transformations. That is the main reason its narrowness in the scientific investigating sense. The brightest representatives of foreign scientists in the marketing sphere are Mann I., Ashmanov I., Vertaim K., Fenvik Y. etc. Unfortunately, the Ukrainian economic science feels an evident lack of working within the digital marketing topic.

Research results. Digital marketing is using of different forms of promotion by applying digital channels. Nowadays there are such as promotion in blogs and social media, creation of special sites, viral advertising, contextual advertising, television etc. [Kosenko 2010].

In other words, in our own opinion, digital marketing is the complex approach to the market promotion issue for goods, services and the whole company as a brand through using huge amount of digital channels, or through integration of traditional channels in virtual marketing space.

Not infrequently digital marketing is identified with Internet marketing.
But, despite many touchpoints between these two categories, there are principle differences as well. For example Internet marketing can be used only for that audience, which has an access to the Internet, or, in other words, which is online. In its turn digital marketing has much wider scope because covers offline audience as well, using for that different digital channels from everyday environment of people. There are cellphones and downloaded applications, tablets and personal computers, digital television, outdoor advertising on the LCD screens, POS and self-service terminals, and the huge diversity of other digital tools, which can be used for sharing marketing information.

Except of digital marketing’s main feature, which is using only digital channels for communication with the customer, there are more nuances that demonstrate the difference between digital and traditional marketing [Vertaim 2010].

Firstly, the channels of traditional marketing (analog television, radio, periodicals, leaflets, billboards, exhibitions etc.) and digital marketing (search systems, social media, web sites, video games, mobile applications, e-mail, digital art etc.) have the huge difference in their prices because of their natural organization.

Secondly, traditional marketing has much wider coverage range, despite immeasurable, it would seem, space of digital marketing’s functioning.

Thirdly, unlike the traditional marketing, digital one is unlimited in time that is so because of absence of relation with tangible mediums.

Fourthly, through its existence, basically, in the digital space digital marketing allows to provide two-way communication between the company and its clients. In its turn, traditional marketing is deprived of this capability a priori.

Fifthly, digital marketing gives to enterprises the possibility of editing and changing the information after its actual publication. It is possible, again, because of digital environment of existing and functioning of such type of marketing.

Sixthly, the traditional marketing only (or the integration of its components in the digital space) makes possible the real presentation of good or service to the customer.

Seventhly, it is necessary to notice that, despite a huge amount of its benefits, digital marketing is not equally effective for companies of every sector of economy [Vertaim 2010].

The main advantages of digital marketing in today’s conditions are:

- interactivity;
- absence of the territorial limits;
- simple access to the resources;
- attraction of the target audience to the processes;
- possibility of operational evaluation of the promotion campaign and managing it in real time [Lyul’chak 2012].

Therefore, the comparative analysis above shows that for providing the marketing activity in the most efficient way for the business it is necessary to keep up with the times and actively use digital marketing’s complex for the market promotion.

Digital marketing’s channels are the different ways of sharing information by the company or the separate entrepreneur with their customer. When it comes to digital marketing’s channels it’s necessary to notice that there are only such ones that has in the basis of their existence some kind of digital technologies.
Because of its fundamentally important role, the first digital channel of marketing is the Internet. The Global Network in its present form started to work in 1990s, although the first drafts of its engineering were created much earlier. The long-term process of its development starts with an idea of creation some computer net for the information transfer between different state agencies [Boichuk 2010]. Today the Internet is the most important and widely used from the huge diversity of digital channels. That is so because of there is no other marketing channel that would be equal to the Internet in its scope of capabilities in the marketing sense. For example, thanks to creation of Internet shops as a virtual analogue of the traditional ones, Global Network is not only the channel of sharing the marketing information, but it becomes the direct platform for different business operations like trading, servicing and making payment for them.

When it comes to the history of Internet marketing’s forming it is necessary to notice that until the 1990s using of the Internet for business was prohibited. It is interesting, given the fact that the wide using of Global Network by huge masses of people started only in 1993 after the total adaptation of the net for simple users. The reason of such prohibition, established by National Scientific Found of United States of America, was in that firstly created Network was the scientific project. After the abolishment of that prohibition, the management of Network was delegated to private providers of communication services. Therefore, in 1993 the first Internet shop starts to work with books selling. Later, in 1994, there was established the Amazon company, which is still the most famous and popular virtual platform for the purchasing and selling in the Internet. In the same year was created the first payment system. And in 1996 Visa and MasterCard by their common efforts standardized the protection of electronic payments system with using of cards. Almost in the same time appear the first search systems and the whole Global Network starts to function in the marketing sense in its present form [Viryn 2010].

An importance of Internet as a digital marketing channel is obvious, because 16.9 million of Ukrainian population that are over 15 y.o. use the Global web regularly (not rarely than once a month). Additionally, more than 12 million of people in Ukraine use it every day. In 2016 the most part of Internet audience was occupied by domains of Google and Mail.ru (89% and 86% of Internet users). The leaders of the average daily visiting are VKontakte and Google (68% and 67% accordingly) (fig. 1).

But, it is worth noting that, although, the main task of Internet marketing in providing an effective functioning of web-sites and getting an income from its existence, there are also some other components of it. There are display and contextual advertising, search engine marketing and SEO systems, Internet branding, e-mail marketing, using of social media, and also the hidden marketing methods like viral and guerrilla marketing in the Network.

While some of the features of using separate components are almost obvious, the other ones need more attention. Ones of such special components are search engine marketing and SEO complex. SEO, or, in other words, Search Engine Optimization, is the complex activity with the view to lifting the site up to the top on the search system page (the most famous and popular – Google, Yandex, Yahoo etc.). Thus, the principle function of the SEO is filling the site's pages with the key words, through which people will search what they need. Then, accordingly to the rising amount of visiting web-pages, the place of their links move higher in the list of search system page. Therefore, the link position
usually demonstrates its relevance. Such upward movement is the key point in the context of site promotion, because, as it is usual, not often Internet goes beyond the second page of Google e.g. Thus, as higher the site’s positions is in the search system’s list as much efficient if its functioning.

![Graph showing coverage of Ukrainian users and average daily visiting for various domains.](image)

**Figure 1** – TOP-10 Internet domain for 2016, %

Source: [Informational resource: http://www.gfc.com]

Except of the Internet as a Global World Network of the data exchange, there are still many local networks, which are used for the marketing information transfers. While the most part of local networks of cities and villages are already integrated in the Internet, there is huge amount of local networks within the companies and different organizations.

The next channel of the digital marketing is a somehow new technics niche appeared in the recent years. It combined in itself a huge diversity of functions, accomplished earlier by different electronic and non-electronic tools – mobile phones, personal computers, wide range of different diaries and notebooks, calendars, pagers etc. Obviously, this is about smartphones and tablets that just in the recent 5 years have had as much changes as possible for this term. Now every big company in the high-tech sphere is producing its own somehow unique smart-product. Since 2008, the niche of smart-technics have saturated the market from 9% to 90%. It means that for 2014 90% of the Earth population were active smartphone users [Site of the International Chamber Of Commerce].

As it was noticed before, one of the digital marketing tasks is providing the two-way communication between the company and its customer: firstly, it should attract new customer groups that trust only the traditional marketing methods (i.e. where the good or service is somehow tangible) and hold in the online those customers, which already are active users of the virtual space; secondly, digital marketing should provide online audience with an appropriate information even when they are in the offline space. Here the role of smart technics is huge, because exactly through using of the different digital gadgets is providing the permanent contact between the company and the customer. For example, smart gadgets are gathering an information during their connection to the Network and sharing it with the user in the exact time (or vice versa, when it comes to
sharing some information about its client with the company).

One more channel of customer service and sharing information are interactive screens and POS terminals. Nowadays they are the strong real competitor of outdoor advertising. Their basis is the complex of informational digital scoreboard and tools that provide an opportunity to make purchases and payments by the distance. Additionally, they give companies a capability to establish the two-way communication with their customers for getting a feedback in a real time.

The next marketing channel is digital television. Certainly, this channel cannot be called a principally new, because fairly the natural television technologies appeared much earlier. It happened even before the birth of digital marketing economic category. Therefore, why is television one of its channels? The thing is that the digital marketing definition consists of the notion about using for it the huge scope of different digital channels. Therefore, the principal change in the technology of TV signal sharing (i.e. conversion the analog to the digital one) changes a role of television in the context of marketing as well. This change made the TV technology one of the most popular digital channels of marketing.

Today, afterward the sudden information revolution a huge part of people goes online for making their day-to-day operations like purchasing and selling, getting and sharing the information etc. The overall integration in the Internet environment through the using of wide diversity of digital technologies touches the human needs in communication as well. Therefore, here is the next actual and cheap channel on digital marketing – the social media.

Now almost everyone has his own account in some social network. Besides, there is no more stereotypes in this case as it was preciously (e.g. that only young people use social media). Thus, if 10 years ago only the Facebook was the widely known social network, so today there are many different of them. Although, it is necessary to notice that exactly the Facebook was the first prototype of such kind of site and leisure of people. The fact is that today there is a wide diversity of social media: some of them and popular but others have just a local character; the target audience of ones is youth (VKontakte) but of others – much older people (Odnoklassniki) etc.

Additionally, social networks divide by their main destination: communication (VKontakte, Facebook etc.); grouping by the interests (Pinterest); sharing photos (Instagram) and video (YouTube); exchange of short news (Twitter); searching for professional contacts (LinkedIn); publication of artwork (DeviantArt) and author attempts of writing (different blogs) etc. Besides the oldest and most successful project, Facebook became universal and almost required. Practically, every head of state or top manager of a big company have their own accounts on Facebook. Such accounts usually should be available for wide masses of users and their owners have to fulfill them with the relevant information regularly. However, such information should touch as working moments as private life of this person (e.g. leisure with family etc.). Today the presentable Facebook page often becomes a point at issue during the hiring or in the first days of working at new position.

Along with smartphones, tablets and personal computers that were noticed above in the recent years there is a new little niche of a huge amount of different digital tool and gadgets. There are smart watches, digital glasses of virtual reality, electronic fitness bracelets and more and more other tools. Such digital technologies do not appear today, however only now they are widely used all
over the world.

The last in this list, however not by its importance, is the digital art. According to the most popular definition, digital art is any kind of artwork (painting, sound, video, animation, installation, web-site etc.), which is created through using some kind of computer tools. Here, digital marketing uses this channel through fulfill artistic units with the appropriate marketing information.

According to the Boston Consulting Group’s (BCG) data, nowadays there is a big difference between the reality and companies’ imaginations about the scopes of knowledges and skills, which are necessary for providing effective marketing activity. Actually, the marketers of a huge part of different companies do not even imagine in what way the digital marketing should be providing on the every platform. The reason of such disparity is in the high dynamic’s level of changes in the digital technologies’ structure. Always it is necessary to remember that digital is not a channel. It is a technology, which helps to make the information transfer more quick and effective. That’s because even a little disparity to the actuality in the using of digital marketing´s methods can throw company a few years back in its contest with competitors. Practically such disparity can appear in the situation when the marketer does not own methods of working with separate digital channels and, trying to piece out this lack of knowledge quickly, actually forgets about development of those skills, which can be needed tomorrow.

The best example of such situation is the widescale experiment made by Boston Consulting Group in common with Google marketing department. Experiment consists of the interviews for 1100 marketers from 57 British companies with a view to discover current status of marketing departments and determine possible ways for development.

There is an interesting point that the interviewing results arrear unexpected almost for all the recipients. According to the experiment results, an average mark for all of them was 57 of 100 possible points of the Digital Capabilities Index (DCI). The worst results were shown by the representatives of retail trading companies and companies from the financial sector [Field 2015].

The scope of using digital marketing in the business processes is rising from year to year. Thus, according to the eMarketer´s data until 2016 total volume of financial resources, used for creating and organizing an advertisement in the digital environment, is 178 billion dollars. Actually, there is a third of the total amount of money spent for an advertisement at all [Site of the Statistics Data Agency eMarketer: Data and Research on Digital for Business Professionals]. According to the eMarketer forecasts in the nearest years the digital advertising will be equal to the usual video advertising on the TV by its total volume.

When it comes to the digital advertising, it is necessary to remember that today the most part of it is promoted through the Internet space. In this context, eMarketer made another investigation, where discovered that for today: 60% of British customers on an average spend 52 minutes per day for visiting pages in the social networks; 13% of the Germany´s population make their purchasing operations through the Internet only, and this index has a positive dynamics to growing for 20% every year [Site of the Statistics Data Agency eMarketer: Data and Research on Digital for Business Professionals].

The global trend of rising purchases through the Internet is obvious. Thus, while in 2008 total volume of Internet sales was 100 million dollars, in 2015 it became 1.2 billion dollars (fig. 2)
Except of it, eMarketer prepared forecasts about using of mobile technics for the next 5 years, based on data from previous investigations. New forecasts touch also the rage of using the Internet through different mobile gadgets. According to prepared data, until 2020 the amount of permanent Internet users will be 3.27 billion of people, which for 790 million more than in current 2016 (2.48 million). The eMarketer Agency formed this forecast in 2015, when this index was 2.22 million of people. It means that during the investigating period the total growing is 68% [Site of the Statistics Data Agency eMarketer: Data and Research on Digital for Business Professionals]. Such results another time show that using of the Internet by wide masses of people rises every year almost exponentially.

In addition to the forecasting amount of regular Internet users in total, eMarketer also calculated an approximate part of these people, which use Internet mostly through their mobile phones. Thus, while this index was 53.6% (1.1 billion) for 2015 and 57.7% (1.4 billion) for 2016, so for 2020 it would be 68.4%, which is 2.2 billion of people [Site of the Statistics Data Agency eMarketer: Data and Research on Digital for Business Professionals]. Generally, the number of people that use the Internet mostly through their mobile phones will rise for 50% in 5 years term.

As it was noticed above, the social media is very important channel of sharing the information. According to the investigations’ data prepared by eMarketer Agency, for the current 2016 from 13% to 20% of the total amount of Internet users make their purchases through the social networks (in some stages of the purchasing process social media is involved). These stages are: search (20%); agreement about purchase (14%); maintenance of the communication between seller and buyer after purchase (13%) [Site of the Statistics Data Agency eMarketer: Data and Research on Digital for Business Professionals]. Internet users usually do the same things through the search systems and special sites as well, but social media does not lose their commercial role because of it. Therefore, the conclusion is that the today’s reality needs an attentive and comprehended meaning of companies to the using of social media.
in the context of digital marketing activity.

The human orientation is very popular in modern business. It is the bilateral concept that means the personalized approach to the customer service from the one side and, in the same time, the customer’s desire to see the company’s face in another side. The good example of it is the owning by the company’s top management their own pages in prestigious social networks (e.g. Facebook) in the open access with some kind of private (but presentable) information. Presentability in this case case means that during the publishing of private photos shown his family leisure, their author should not forget who he is and where he is working. It would seem that the best decision here might be the simple avoidance of using any social media. But it is not so, again, because of this human orientation. It means that the personal page on the Facebook of some head of state or company’s CEO is as interesting for the customer (or simple citizen) as the official company’s page. People like see personal life of other people in details, especially when those people take to high positions.

Therefore, the digital marketing`s perspectives now and for the nearest future have a trends to expanding the scopes of customers` coverage by the range of digital channels. These channels are: the Internet with the whole diversity its sites that are existing there (search systems, Internet shops, social media etc.) on the one side; and the complex of different technical tools that provide customer`s access to the Network and share the information with him even in the offline environment. Moreover, the authors group of the “Digital marketing” book defined and explained 12 rules of digital marketing that could provide its effective functioning [Vertaim 2010]:

- the customer stops to be the “customer” only (as it is usual for the traditional marketing) – here he becomes the direct member of the information exchange process;
- the traditional marketing`s approaches need a detailed revision because unlike them digital media are address that means now and further the target audience is not the complex concept, but the individualistic one;
- for the most effectiveness for the each separate case there should be clearly understanding of advantages and disadvantages of using every marketing channel;
- for providing as long and stable as possible audience`s interest to the offered good the information, which is given by the company, should be relevant and qualitative, and, additionally, supported by the wide range of technical tools;
- the marketer`s tasks are always changing in the recent conditions, because the most part of the informational content about some good or service usually is distorting and sharing by its direct customer (it means that now not only the information forming is the main marketer task, but also its right coordination in accordance to the brand policy);
- the methodology of the media-planning is changing as well, thus more and more information in the Internet space gets some features of the “viral” one (i.e. now the marketer`s task is to interest their customer so much that he starts to share an appropriate information by himself);
- the modern marketer should clearly understand and know the big complex of methods of working with the huge amount of digital channels (that is constantly rising);
- the management of any company has to understand that to the holding news under control is not possible now at all, because nowadays customer is much quicker than they are;
the problem of the incorrect integration of traditional marketing tools
into the digital space should be solved as well (i.e. for the many companies the
digital marketing is still the traditional one but with integrated digital
components in it);
the huge amount of different data should become the “circulatory
system” of the digital marketing while any kind of analog elements (leaflets, samples, demonstrational exemplars etc.) are not available for it;
the world is changing so fast and the standards system of the data
processing and analysis is changing as well (and for the digital marketing there
are the same rules);
with a view to establishing stable and permanent two-way
communication between the company and its customer, the standards of
marketing mix should be actualized as well [Vertaim 2010].
Generally, everything above can be assumed in one rule: if the clients
want to get in touch with the company, it should simplify this deal for them. In
the modern economy of the global information, every company must use
informational technologies and the Internet. However, the digital abyss – social
and cultural differences between groups of people that have or do not have an
access to the Internet and other technologies – still is the problem in the
separate parts of the world. Thus, those companies that can overcome this abyss
will multiply their customer base [Kotler 2012].
In the end, it is necessary to notice that the appearance, sudden spreading
and further development of the digital marketing are nature companions of the
global digitalizing process of the people life on all possible platforms. Thus, there
constantly appear more and more ways of the integration of different spheres
into the digital spaces. The good example of this process is the banking services
sector. As the legal support is widening as more amount of banking services
become virtual, i.e. they do not need the client’s presence in the branch to be
accomplished. Moreover, the process of banking digitalizing has the positive
trend to deepen. Thus, even today we can ask if banking branches will at least
exist in the nearest future [King 2014].
Selfsame, the digitalizing processes touch the public sector as well.
Although, here this process is going much slowly because of that here the
organization of digital space for the state existence is much more complicated.
However, its future success is obvious. Thus, in Ukraine the digitalizing of the
state machine has just started (with the emission of first biometric passports and
preparation of “e-governance” prototypes), while in a huge part of western
countries it is successfully functioning not the first year. The best example of
country with provided great “e-governance” system is Estonian Republic. For the
successful launching the digital technologies into the public sector branches, the
Ministry of Economic Development and Trade of Ukraine regularly organizes
different events with the view to search new ways and methods for it and
cooperation channels with the most innovation companies in the world (e.g.
Microsoft, Intel, Cisco etc.) [Site of the Ministry Of Economic Development And
Trade Of Ukraine].
Therefore, the perspectives of digital marketing development relate to
general trends of spreading of the Internet using market saturation with different
smart gadgets (phones, tablets, watches etc.), which provide the client’s access
to the Network and receiving by him an appropriate marketing information in the
offline. However, necessary to notice that there are still a range of issues about
organizing marketing processes in the digital environment because of some
problems of their integration into the traditional marketing methods. For the optimization of this process and reaching the most effective result of the marketing activity, companies should stand by a range of simple rules, the common meaning of which is that standards are always changing, and our main task is in staying relevant to them.

**Conclusion.** Therefore, digital marketing is the complex of methods of sharing information with a view to provide the effective market promotion for goods and services and the whole company as a brand, using the wide diversity of digital channels. According to separate classifications, digital marketing called the evolutionary form of the Internet one, but such definition is naturally wrong. That is because the context of digital marketing is much complex and the Internet is just its channel of sharing information (although the Internet appeared chronologically earlier than digital marketing at all). In its arsenal, digital marketing uses a huge amount of different digital channels. According to separate classifications, digital marketing called the evolutional form of the Internet one, but such definition is naturally wrong. The tendency to the global coverage of business processes by digital channels of communication.

**References**


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