

# Digital Marketing

Subjects: Economics

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## Definition

The concept of digital marketing is based on a combination of traditional marketing tools and online technologies enabled by the internet in the 1990s. Its synonyms include but are not limited to digital marketing, electronic marketing, e-marketing, and online marketing.

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## 1. Introduction

Since the transition from production to product marketing, companies have been striving for effective spending of funds for marketing communication ([Gawer and Cusumano 2014](#); [Felix et al. 2017](#); [Yim et al. 2017](#)). The advent of a new approach or the discovery of a new tool starts the process of adapting to change. At the beginning, it has a form of a trend that only the boldest market actors are willing to adopt. In the literature, these are referred to as early adopters (<sup>[1]</sup> [Van den Bulte and Joshi 2007](#)). As a rule, the effectiveness of the instrument cannot be measured at the initial stage, so the first entities to decide on adopting a given approach take on the role of imaginary pioneers. If the given trend works, it is gradually adopted by the mainstream entities as well. At this stage, the potential of a particular trend is usually fully exploited and leaves little room for market surprises. The application of traditional online internet tools in business, or specifically in marketing strategies of business entities, dates back to the early 1990s ([Hanna et al. 2011](#); [Sashi 2012](#); [King et al. 2014](#)). The apparent saturation of the market in developed economies subsequently occurred in the noughties; however, due to the constant development of the issue, the potential of the tool has not been fully used, especially for mainstream business entities.

Internet marketing is still perceived by many business entities as complementary to traditional marketing through physical media ([Cant and Wiid 2016](#)). It specifically applies to small and medium-sized enterprises, which usually have only limited funds to be spent on marketing communications. From a certain point of view, the behavior of these entities is wholly rational. Significant numbers of their customers are members of generations preceding generation X. Generation X was the first to have a real chance to fully exploit the potential of the internet ([Dunphy 1999](#); [Dou et al. 2006](#)). The subsequent generations took the internet and its tools for granted, and no adaptation was needed ([Dabija et al. 2017](#); [Dabija et al. 2018](#); [Sabaityte et al. 2019](#)). As for generations of customers, it is necessary to take into account the factor of real purchasing power ([Swan and Waite 2015](#); [Lissitsa and Kol 2016](#)). The base is the marketing paradigm, which sees the main purpose of marketing in satisfying individual needs. In this context, the culmination of the need-wish-demand sequence is precisely the moment of market exchange. At this point, the needs meet real purchasing power, which allows market exchange. If purchasing power is allocated in the market segment that perceives traditional marketing tools as primary, the actions of “digitally hesitant” business entities will be wholly rational.

As expected, two key elements were identified in the issue, producers and consumers. The issue of adaptation to marketing in the internet environment by consumers was a key point for our research in its initial phase. This was followed by research on the supply side of the market, the results of which are presented in this study.

As for the different stages of adopting innovation in different economic and geographical units, we focused on the Central European market. In terms of the extent and pace of innovation, the selected market appears to be catching up, especially when considering the developed online markets of North America and Northwest Europe ([Stam and van de Ven 2021](#); [Varga et al. 2020](#)). We consider this specificity to be one of the key benefits of our research. The nature of the catching-up market in the

inhomogeneous environments of countries of different languages and preferences creates a precondition for a specific knowledge base with benefits for similar economic and geographical units.

## 2. Application of Digital Marketing in Business Practice

As for the application of digital marketing in business practice, it can be stated that this is a natural evolutionary step within marketing management. As already mentioned in the introduction, companies gradually (let us say with a certain degree of abstraction) introduce innovations based on the real needs of the market or based on the findings from theory and practice ([van de Vrande et al. 2009](#); [Falahat et al. 2020](#); [Lestari et al. 2020](#)). However, the optimization of business processes as a whole underwent a revolutionary change with the advent of information technology as well as the internet. E-business-based supporting tools have brought significant resource savings to businesses, including time savings, as technologies enabled shortening of communication channels ([Peterson et al. 1997](#); [Adjei et al. 2010](#)).

At this point, it is thus natural to label adaptation to e-marketing as “evolutionary”. Developed markets have created preconditions for the application of these innovative tools, especially better infrastructure. The technologies were available globally, but the infrastructure was largely limited by its local nature across the market. There should be also mentioned the aspect of available resources ([Srivastava and Gnyawali 2011](#); [Klingebiel and Rammer 2014](#)). From the point of view of resources, large companies in particular have a significant competitive advantage, generating available resources through either economy of scale or market dominance. Some of these resources can be reinvested in innovations. In the case of small and medium-sized enterprises, the availability of innovations is logically more complicated ([Rosenbusch et al. 2011](#); [Klewitz and Hansen 2014](#); [Gherghina et al. 2020](#)). This disadvantage is generally offset by higher efficiency and lower bureaucracy. However, the market must be seen as a complex structure, not only from the perspective of winners. We agree that not all large companies necessarily benefit from economic strength; neither are all small and medium-sized enterprises fully efficient and flexible.

## 3. Conclusions

The challenges of the issue of innovative approaches in marketing lie in its interdisciplinary nature on the one hand; on the other hand, on its considerable ambiguity. This only underlines the complexity of the issue. A significant number of relatively ambiguous (and in some respects inconsistent) variables must be taken into account when compiling effective marketing communication mixes. Knowledge is predominantly generated directly in practice as a by-product of marketers learning from their own success as well as mistakes. Basic research here overlaps with the applied research. We believe that efficiency in deciding on the application of specific e-procedures can only be achieved through continuous research. The production of empirical material of the qualitative and subsequently quantitative nature can reduce the degree of uncertainty characteristic of digital marketing. This will ultimately help active market players to become more efficient.

Demonstrating the specificities in order to achieve higher business efficiency and better competitiveness was the primary goal at the beginning of our research efforts. Following the research of the demand side of the market ([Pollák and Markovič 2021](#)), the study provides answers to one of the basic questions related to this issue, namely what influences the motivation of businesses to apply digital tools in mostly physical processes. The research focused on small and medium-sized enterprises as a backbone of the national economies of developed countries. The companies are situated in Central Europe, which provides added value to the research. As it is not a highly developed, but rather a catching-up economic and geographic region, the data may provide a competitive advantage for operators in markets of a similar nature. These markets are not fully saturated, and the knowledge can be directly transformed into a real competitive advantage.

We want to point out to the key factor in the adaptation of business entities to online marketing. It is a factor determining all subsequent, or rather, more sophisticated online activities. Specifically, although (as academics or experts from practice) we often believe that thorough awareness raising is needed to

increase the degree of adopting innovations in marketing, the application of one of the basic procedures in marketing communication has a much greater impact on their acceptance. This is a process taken from product marketing, where marketers begin the product adoption process with offering samples or product tasting (in the case of promoting the sale of food products). Testing a product significantly increases the degree of its adoption, which represents one of the key facts in traditional marketing. However, these fundamentals obviously need to be taken into account in both physical and digital spaces, as they are based on the relatively unchanging characteristics of human beings. People, whether in the position of customers or representatives of business companies, often (also) unconsciously follow predefined patterns of behavior. According to our research, previous experience is a key determinant of the perception of the internet's benefits for businesses, regardless of their size.

#### **4. Direction for Future**

The inhomogeneity of the market, combined with its evolving nature, provides space for the application of knowledge and practices in markets of a similar nature. Further research could be focused mainly on extending the existing research from the point of view of the quantitative nature of the data.

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## Keywords

competitiveness;online marketing;electronic marketing;e-marketing

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