

Using Digital Marketing to Study Customer Behavior

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Abstract

More and more, marketing experts and management representatives of internationally renowned companies state, on various occasions, that the technologies used in production, distribution, promotion / communication activities are evolving rapidly, leading to changes in markets and changes in customer behavior. It is clear that all the changes specific to the digital age are a matter of concern to any organization, regardless of its size, object of activity, market in which it operates, because they can act as either opportunities or threats, with important (sometimes decisive) consequences in terms of economic and social results. In this context, of multiple changes taking place, this paper aims at bringing to attention an analysis of the use of digital marketing (especially in terms of studying customer behavior) by a small company, established only 3 years and a half ago, an approach which has ensured its success in the market.

Key words: digital marketing, consumer behavior, business success

J.E.L. classification: M30, M31, M3

1. Introduction

"The pace of change is so fast that the ability to change has now become a competitive advantage," stated Richard Love, an HP representative. (Armstrong and Kotler, 2015. p.28)

The activity and behavior of the companies, on the one hand, people's work and lifestyle, and their buying behavior, on the other hand, have changed significantly, especially after the 90s, with the increasingly obvious shaping of a new model of economy (called digital economy) based on technological progress.

The companies' interest in digitizing their business is determined by the advantages they can gain: the possibility of cutting their costs, the conditions for expanding the area of their action and increasing the degree of their penetration into different markets. (Koter *et al.*, 2009, pp. 10, 23). The digital economy model has led companies to rethinking their concern for meeting the needs / desires of customers, focusing on two aspects, considered essential for their business, namely: the generalization of their offer and the individualization of the demand. These concerns bring to attention a new type of marketing behavior of the companies, based on the "understand and respond" principle. (Koter *et al.*, 2009, pp. 10, 23). Companies, through various activities, create the favorable framework for the clear, personalized expression of customers' needs / desires, use digital technologies in order to significantly reduce the time and effort that customers devote to searching, ordering and receiving the goods. The reorganization of the activity on the "understand and respond" principle gives certain advantages to companies, materialized especially in the following aspects: the ability to create and offer personalized original products, ensuring a high degree of customer satisfaction and the possibility of increasing the economic efficiency level. (Koter *et al.*, 2009, pp. 10, 23).

2. Theoretical background

In the marketing literature, specialists were paying attention, ever since the end of the 19th century, to the strong impact of technology on the whole business, referring especially to the Internet. "From time to time, a new technology or idea appears, that is so deep, so powerful, so universal, that it changes everything... It does not happen often, but when it does, the world changes forever", stated Lou Gerstner, President of IBM (Koter *et al.*, 2009, p.17).

Regarding the evolution of the Internet, Harris and Dennis point out that while in 1969 it was a demonstration project, aimed at connecting four US university campuses, in 2002 it registered over 300 million users worldwide and in 2006 it reached 1,022,863,307 users. (Gay *et al.*, 2009, p. 7) In comparison, while telephony reached 50 million customers in 40 years, the Internet reached the same level in just 4 years. (Gay *et al.*, 2009, p.2)

Statistics show that at the beginning of 2020, there were over 4.54 billion active Internet users, which represents a share of 56% of the world's population (7.76 billion people). These figures show that six out of ten people have Internet access (<https://www.affde.com/ro/>). In July 2020, there were approximately 4.57 billion active Internet users, representing 59% of the global population (Bennet, 2021) (Florea, 2020).

The Internet (focused on digitization and networks), along with technological progress and globalization are considered the essential elements which have contributed to shaping the concept of a new economy. Specific to this model is that economy is based on the management of information and information systems, which is why it is also called digital economy (Koter *et al.*, 2009, p.18). Esther Dyson, president of EDventure Holdings Inc., stated in 2000 that "the Internet is not just a retail channel. It is not just a means of advertising. It is a tool that fundamentally changes the way a company conducts its business, takes orders from its customers and gives them value" (Koter *et al.*, 2009, p.17). Afuah and Tucci stated in 2003 that the Internet has an immense potential for transforming all activities (Gay *et al.*, 2009, p. 7).

Companies have become aware that the new (digital) technologies have the ability to create new opportunities related to creating / developing new products and markets. The success of the companies that have integrated and reorganized their entire activity using digital technologies is the confirmation of this approach. At the same time, the international economic reality demonstrates the opposite, in the sense that if companies do not keep up with the evolution of technologies, they are very likely to exit the market (Armstrong and Kotler, 2015, pp.28-30,100-103).

Digital technology is attracting more and more people, from a very young age, causing extensive changes in many aspects of their lives: from their communication, information, socializing, spending their free time, shopping, to their professional / educational activities. In this context, digital technology has been assimilated, quite quickly, into the marketing activity of the companies. This explains how modern companies approach their customers by combining a variety of digital tools. Experts consider that digital marketing and social media marketing are based on the use of, in particular, the following digital tools: "websites, social media, mobile ads and applications, online videos, e-mail, blogs and other digital platforms", and customers get in touch with them using different digital devices: "computers, smartphones, tablets, TVs with Internet access" (Armstrong and Kotler, 2015, p.28).

3. Research methodology

In the content of the present study we have combined several research methods so as to ensure the achievement of the proposed objectives. (Jupp, 2010; pp.95-97; 102-103; 113-115; 117-119) (Silverman. 2004; pp. 41-43; 48-54). The theoretical approaches of specialists regarding the current impact of the digital technologies progress on the activity of the companies, but also regarding customer behavior represent a collection of secondary information from the specialized literature, using desk research. In the case study we have used secondary information, of a quantitative nature, represented by four economic indicators of the analyzed company, respectively: sold items; net sales; products (models) and orders. This information has been collected in a longitudinal and transversal profile, from the internal records of the company (Jugănar, 1998; pp.15-17; 23-25; 29-30).

4. Findings

The company Autonation Army SRL was founded on June 23, 2017; however, it actually started its economic activity in mid-2019. The object of its activity is represented by "Activities of advertising agencies", namely the personalization of articles of clothing and other general-purpose objects, mugs, keychains, and stickers for car enthusiasts.

The business idea started from the fact that the entrepreneur had to deal with the lack of supply in personalized products, intended for car enthusiasts, such as: clothing items, keychains, or personalized mugs.

Moreover, the entrepreneur also identified a demand for these product lines and decided to determine the dimensions of the potential market.

An important aspect of the marketing activity was the identification of the target market. A virtual community of car enthusiasts was set up. Using the social networking platform Facebook, the decision was made to organize events, i.e., meetings of the members of a group, during which the product offer was presented, initially represented by personalized keychains; it is worth mentioning that at each meeting the entire stock of products was sold.

Following a direct, selective kind of marketing research, based on questionnaires and structured interviews with the group's members, the entrepreneur discovered that car enthusiasts presented an unsatisfied demand for several lines (categories) of customized products. This aspect determined the decision to introduce, in the structure of the offer, new product lines: personalized mugs and personalized clothing items.

An important component of the marketing activity is represented by the choice of product suppliers. In their selection, the quality level of the products has always been taken into account, given that Autonation Army SRL aims to ensure that the degree of satisfaction of its customers is as high as possible.

The marketing research carried out within the company has shown that the target market, represented by car enthusiasts, shows in its behavior the openness to use various digital devices, for different purposes and activities. Hence the decision to set up the online store.

The company's activity has registered a continuous growth from the moment of its establishment until now, as can be seen from the data presented in Table no. 1 and the graphical representations below. Furthermore, during this period, the company has created a large database, especially useful for its entire activity, from choosing its suppliers, determining the size and frequency of orders, to studying buying behavior, developing communication with its customers and increasing their loyalty.

In order to carry out the analysis of the evolution of the activity of the company Autonation Army SRL, we have selected four economic indicators: (1) sold items; (2) net sales; (3) products (models) and (4) orders, focusing on them throughout the entire period of activity. Moreover, given the large number of items sold by the company (over 900 products) we have grouped them into six main lines / categories: (1) sweatshirts, (2) T-shirts, (3) stickers, (4) mugs, (5) caps and (6) beanies.

Table no.1. The evolution of the main economic indicators of the company Autonation Army SRL by categories of products, in the 2019-2021 period

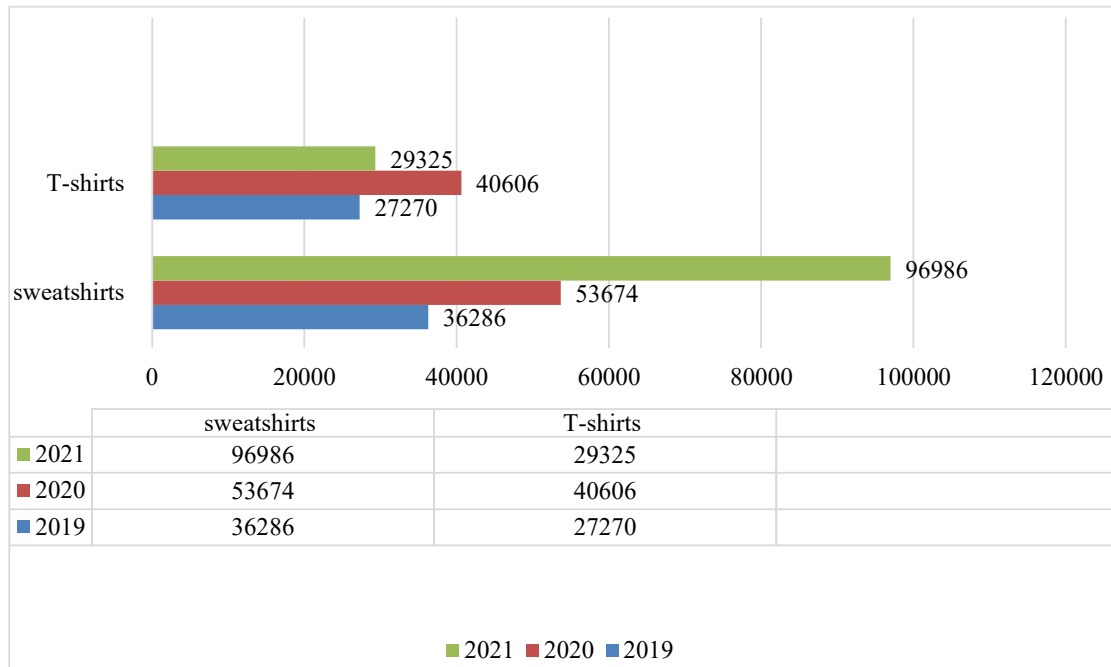
Year categories of products	2019				2020				2021			
	sold items	net sales	Products (models)	orders	sold items	net sales	Products (models)	orders	sold items	net sales	Products (models)	orders
sweatshirts	318	36.286	104	318	522	53.674	128	470	892	96.986	161	802
T-shirts	455	27.270	181	455	703	40.606	194	494	483	29.325	214	352
stickers	7	146	47	7	269	2671	52	126	225	2395	56	119
mugs	14	529	7	14	27	1076	16	21	27	1075	11	26
beanies	0	0	0	0	10	529	6	9	22	1154	8	17
caps	0	0	0	0	0	0	0	0	1	65	1	1

Source: internal company records

The data in Table 1 show that two product lines - sweatshirts and T-shirts - have the highest values, for the four analyzed indicators, which can be interpreted as being the preferred products by the company's customers.

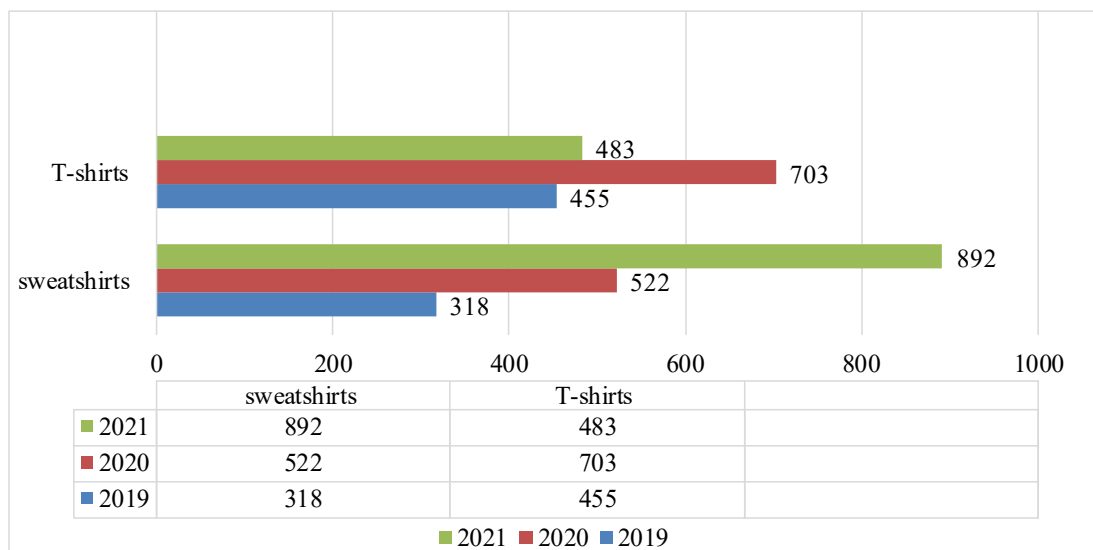
We have performed a comparative analysis of the evolution of each indicator for these two product lines.

Figure no. 1. The graphic representation of the evolution of the "sales volume" indicator, in the 2019-2021 period



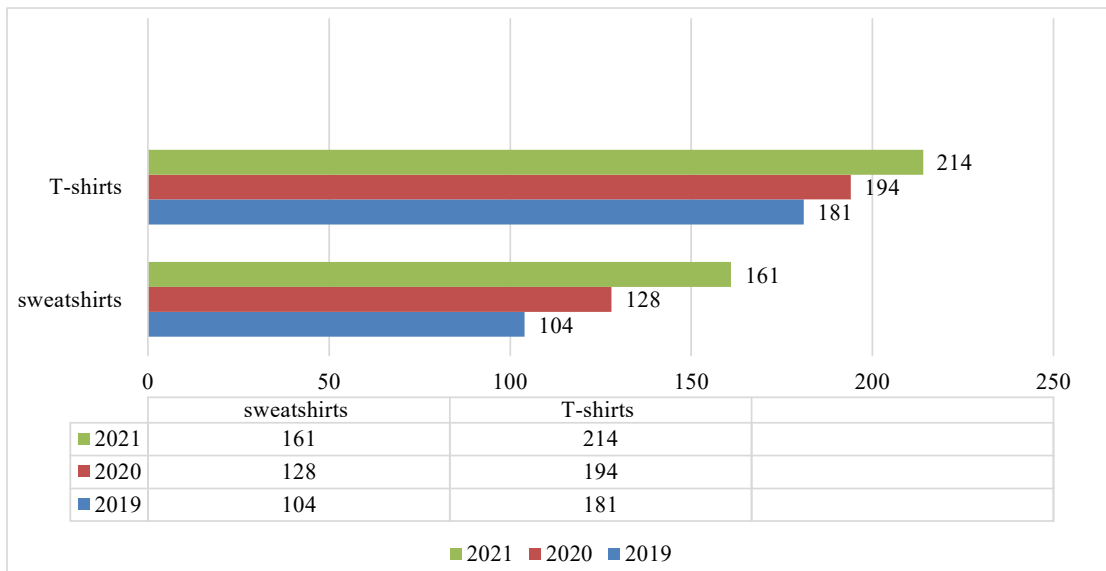
Source: internal company records

Figure no. 2. The graphic representation of the evolution of the "sold items (pieces)" indicator, in the 2019-2021 period



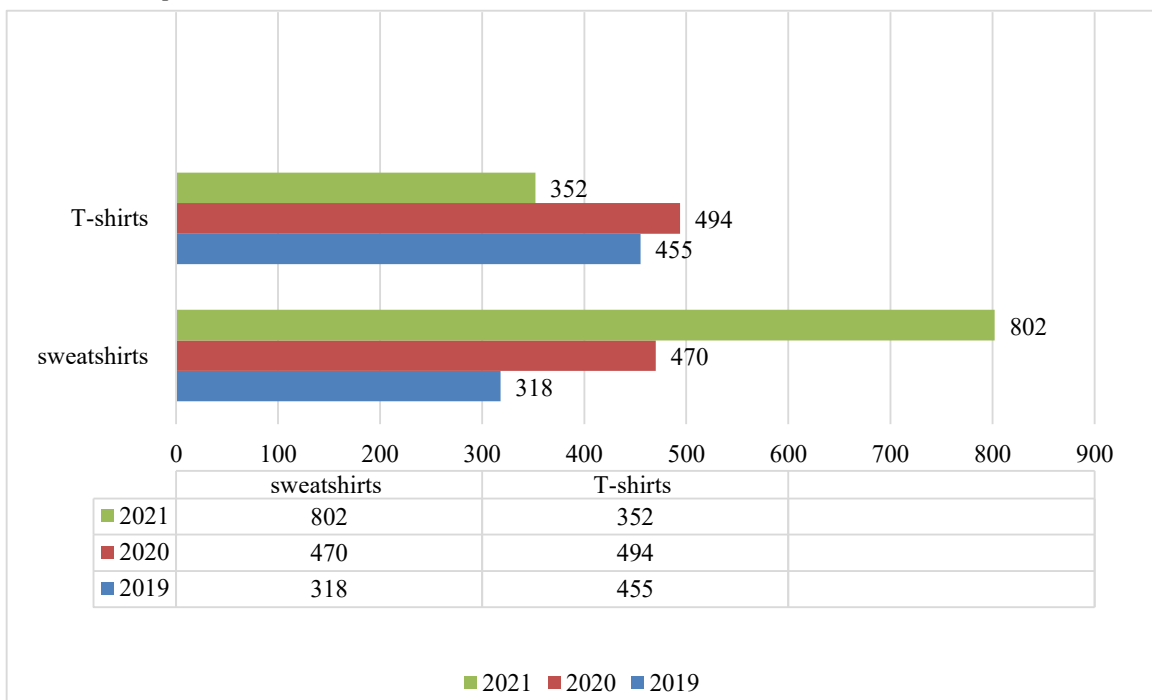
Source: internal company records

Figure no. 3. The graphic representation of the evolution of the “number of products (models)” indicator, in the 2019-2021 period



Source: internal company records

Figure no. 4. The graphic representation of the evolution of the “number of orders” indicator, in the 2019-2021 period



Source: internal company records

5. Conclusions

Specialists consider that the possession of IT and marketing skills are essential aspects / factors for setting up and developing a business for students, for ensuring success in a digital economy. (Gay *et al.*, 2009, p.4)

The study presented in this paper is a confirmation of this approach. Marketing and IT knowledge have helped a graduate of a bachelor's degree at the Faculty of Economic Sciences in Constanța to become a successful entrepreneur.

The student started the business from identifying an unsatisfied need / desire, correctly estimated the potential of the target market, anticipated that using digital technologies will confer the ability to generate new opportunities for the creation / development of new products and markets, and the decisions related to organizing and running the business were based on the research into customer buying behavior and specific elements of digital marketing.

A permanent concern, which has become a specific element of the marketing activity and on which the success of the Automation Army SRL is based, is the provision of high-quality products and the development of communications so that it can ensure a high degree of customer satisfaction.

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