

Using Digital Marketing for Product Development and Communication Strategies

Mariana Juganaru
Razvan Andronache
Ruxandra Florentina Mihutiu (Firica)
"Ovidius" University of Constanta, Romania
juganaru.mariana@yahoo.com
andronache.razvan.an@gmail.com
firica.ruxandra@gmail.com

Abstract

Digital marketing, as a modern form of direct marketing, has experienced the fastest development and nowadays it represents a new business model. The success enjoyed by digital marketing is due to the advances in Information and Communications Technology, the investments made by companies in this field, the economic and social advantages offered to business partners (suppliers, organizational customers, final consumers), but also to the changes in lifestyle and customer buying behavior.

The aim of this study is to analyze the mode of application of digital marketing within a small company.

The paper includes a theoretical part, represented by points of view provided by specialists on digital marketing and a case study, in which we have analyzed the main digital marketing activities, especially those regarding the product and the communication, carried out by the company Autonation Army SRL, in the 2020 -2021 period.

Key words: digital marketing, Internet, communication, business success

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

1. Introduction

Digital technologies have revolutionized the business world in an obvious way since the late 1990s, when the Internet recorded a significant development. Ever since that time, Bill Gates, the President of Microsoft, has been drawing attention to the impact of the Internet on the direction taken by business activity: "The Internet is a tidal wave. It will sweep away almost every industrial sector, drowning those who will not learn to swim in its waves" (Gay *et al.*, 2009, p. 2). Certain specialists' points of view, formulated as predictions, end up being quickly confirmed by the activity of the companies. Digitized technologies are beginning to change the business environment in the sense that it is becoming more interconnected and fluent, transparent, and efficient, they manifest in a virtual environment, both in the B&B (Business to Business) sector and in the B & C (Business to Consumer) sector. In this context, companies are becoming aware that, along with the investment effort put in ICT (Information and Communications Technology), it is important to also concern themselves with the reconfiguration of the marketing activity, so that they are able to provide greater value for their customers.

In this study we are bringing to attention certain theoreticians' points of view regarding the new dimension of marketing in the context of the digital economy, the importance of marketing in organizing the company's activity and establishing its strategy, while in the case study we are presenting a selection of digital marketing activities in particular regarding the product and the communication, practiced by the Autonation Army SRL company, in the 2018-2021 period.

2. Theoretical background

Advances in the field of digital technologies and, in particular, the explosion of the Internet have created the framework for the emergence of the online marketing concept and its implementation, in various forms, in companies' activity. The presence in the specialized literature of e-marketing, e-trade, e-business concepts shows that digital technologies are present in all the structures of the company and in all internal and external activities of its business (Gay *et al.*, 2009, p. 3). In defining these concepts, specialists are emphasizing the presence of a common element, namely the use of the Internet for conducting profitable business. The secret behind the success of the companies which have rapidly implemented the Internet in their business is largely due to the openness shown by managers to the use of information technology and to changing their development strategy. Internet use has created a new dimension – a virtual one, i.e., the global market, in which the relations between business partners are gradually starting to become more efficient, while the relations with the clients are reconfigured and manifest in new forms.

Whereas classic marketing is defined by specialists as a means of organizing and managing a company's activity based on identifying, anticipating and satisfying the needs / desires / demand of customers in a profitable way, e-marketing emphasizes that by using the Internet and digital technologies the marketing mission expands, being aimed at "building and maintaining the relationship with the customer through online activities, in order to facilitate the exchange of ideas, products and services, thus meeting the objectives of both parties" (author's note: buyers and sellers) (Gay *et al.*, 2009, p. 6). Moreover, specialists are also recommending marketing to become more and more involved "in the strategy and organization of a company", drawing attention to the concept of holistic marketing (Koter *et al.*; 2009, p. 20). The new marketing paradigm (holistic marketing) has as a starting point the individual requirements of the client, focuses its attention on the value / satisfaction offered to the client, the company's core skills and collaborative networks, uses database management and integrates the collaborators, consumers, employees and communities into the value chain. All this effort aims at increasing the company's profitability and customer loyalty by providing superior value, in the context of developing mutually beneficial, long-term relationships.

The new form of direct marketing - digital marketing - (which uses online, social media and mobile marketing channels) has experienced the fastest development and nowadays it represents a new business model (Armstrong and Kotler, 2015; pp. 448-449) (Man and Bruzeanu, 2000, p. 7) (Vegheş, 2003; p. 221). Online shopping, also called e-procurement, is becoming predominant both between/among companies, and with their end consumers. Digital marketing enables business partners to easily and quickly gather important information, reduces the time needed for and between ordering and delivery activities, reduces purchasing costs, enables the company to better track its transactions. Digital marketing and social media marketing are the framework for the interaction with the end consumers, but also with organizational customers, being the basis for developing mutually beneficial and lasting relationships (Armstrong. Kotler; 2015. pp. 163-166). Furthermore, the use of digital channels and social networks also provides the possibility of increasing the degree of buyers' involvement precisely because there is the possibility of interconnection anytime and anywhere. A specialist in business social networking pointed out that "Customer expectations have changed. Customers want to have, at their request, a say on how they interact with your company" (Armstrong and Kotler, 2015, p. 166). Digital marketing has the greatest ability to bring the company representatives closer to their customers, but also the customers among them.

3. Research methodology

In this study we have combined several research methods, in order to highlight the theoretical possibility offered by digital marketing in developing product and communication strategies within a company (Jupp, 2010; pp. 95-97; 102-103; 113-115; 117-119) (Silverman, 2004, pp. 41-43; 48-54). In the theoretical part, we have used desk research to gather secondary information from the specialized literature, represented by specialists' views on the main features and advantages of implementing digital marketing.

In carrying out the case study, we have also used secondary, quantitative information, represented by economic indicators analyzed by the company, respectively: sales volume generated by advertising campaigns, campaign profitability - ROAS (Return On Ad Spent), number of impressions of the advertising campaigns, the amount spent on advertising campaigns, impressions frequency and website engagement, number of completed orders.

4. Findings

The company selected for this research, Autonation Army SRL, has been integrating digital marketing elements since the start of its activity, in the year 2019.

In order to achieve its object of activity, represented by the personalization of certain items used by car enthusiasts, the company is importing from different (EU or non-EU) manufacturers articles of clothing, mugs and stickers, it customizes them in various ways (this aspect representing its production activity), then proceeding to promote and sell them.

In the first year of activity, the personalization of the products in its portfolio was done in the form of an outsourced service, however, the experience gained and the amount of revenue from sales determined the entrepreneur to adopt a new strategy plan. Thus, in the second year of its activity (2020), the company began to invest in purchasing machinery specific to the personalization activity, which provided it with the opportunity to organize and fully control the production flow within the company.

The Autonation SRL company has developed commercial relations with a large number of producers, companies specialized in import services, courier companies, ad production, etc.

The creation of the online store has meant the initiation of business profiles within digital platforms and social networks, such as: Google MyBusiness, Facebook, Instagram, TikTok, without using a paid promotion tool in the online environment.

The most important element in carrying out its sales activity has been the WooCommerce platform, a platform where the online store has been created, allowing the construction of a detailed database with information on: the sales volume, number of available items and their performance, average value of an order, as well as other relevant statistical data so that the entrepreneur can be able to measure the results of his economic activity.

In the year 2020, the decision was made for the promotion activity to be carried out through paid advertising on various digital platforms and through social networks. The Facebook platform, through the Facebook Ads Manager tool (recently renamed Meta for Business), is used by the Autonation Army SRL company as the main platform for a promotion directed at users of mobile devices and users of laptop / desktop devices.

This tool, made available by the Facebook platform, offers the companies that choose to promote themselves for a fee through the Facebook ecosystem (Facebook, Instagram, Messenger, WhatsApp) a series of algorithm templates especially designed to maximize the companies' effort to promote themselves in the form of defining and achieving various objectives: increasing brand visibility, increasing the number of users visiting the online store, increasing the engagement with the company's Facebook page, generating potential customers, increasing the number of completed conversions / orders, etc.
(<https://www.facebook.com/business/help/200000840044554?id=802745156580214>).

At the same time, other promotional platforms, such as Google Ads and TikTok, were tested, but the results obtained were below expectations, which is why the company gave up collaborating with these platforms.

At the beginning of 2020, the entrepreneur implemented promotion campaigns which aimed either to increase the number of online store visitors or to increase the number of completed orders in the online store.

The strategies used to promote the products have been created using heuristic methods, such as trial and error, in order to be able to test and measure the results from different campaign configurations.

As an example, we recall that, by using the *split A/B testing* comparative analysis (Bolboaca, 2015), the entrepreneur decided to set up two advertising campaigns with similar content and similar budgets, but with different demographic targets (segments) in order to appreciate if there

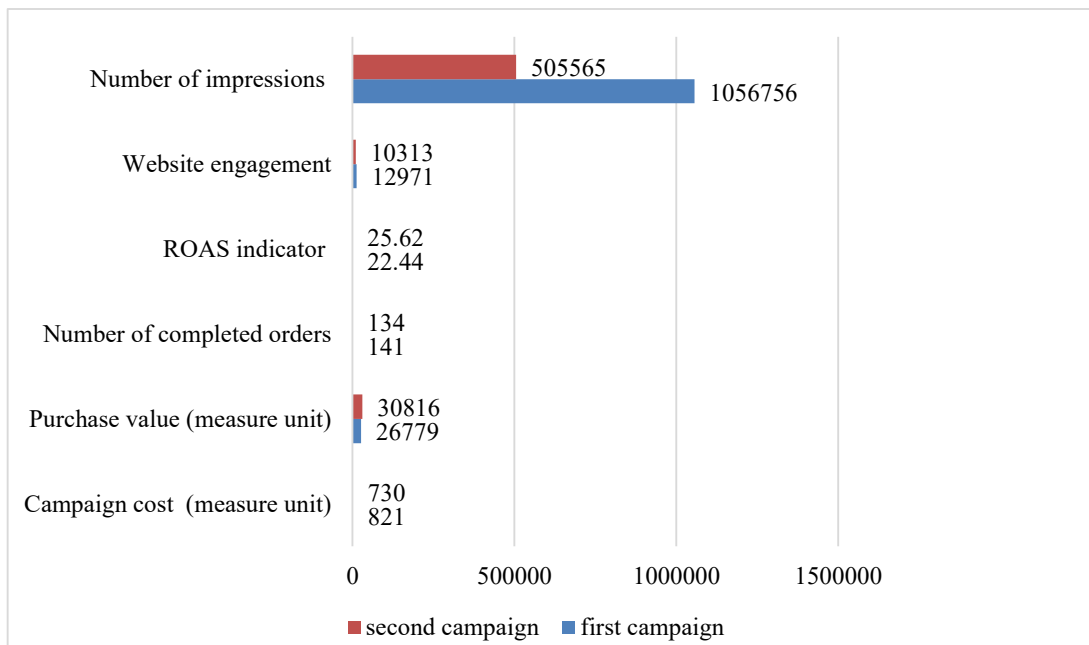
were significant differences in the obtained results. At the end of the campaigns, the entrepreneur found that the sales volume and rate of return indicators were higher for the campaign carried out without selecting a demographic group (segment), while the campaign with the demographic segment defined in depth in terms of age, location, habit purchase and interest had a much poorer performance.

During the year 2020, the company carried out 16 promotion campaigns through the Facebook ecosystem, carried out within the Facebook, Instagram and Messenger platforms. These campaigns had a total cost of 2,800 lei, generated 333 orders completed in the online store and generated revenues totaling 53,053 lei, with the ROAS indicator (Return On Ad Spent) between 5 and 25, with an average of 18.95.

The ROAS indicator - Return On Ad Spent - is a number obtained by dividing the value of revenue by the amount spent (Ekine, 2018).

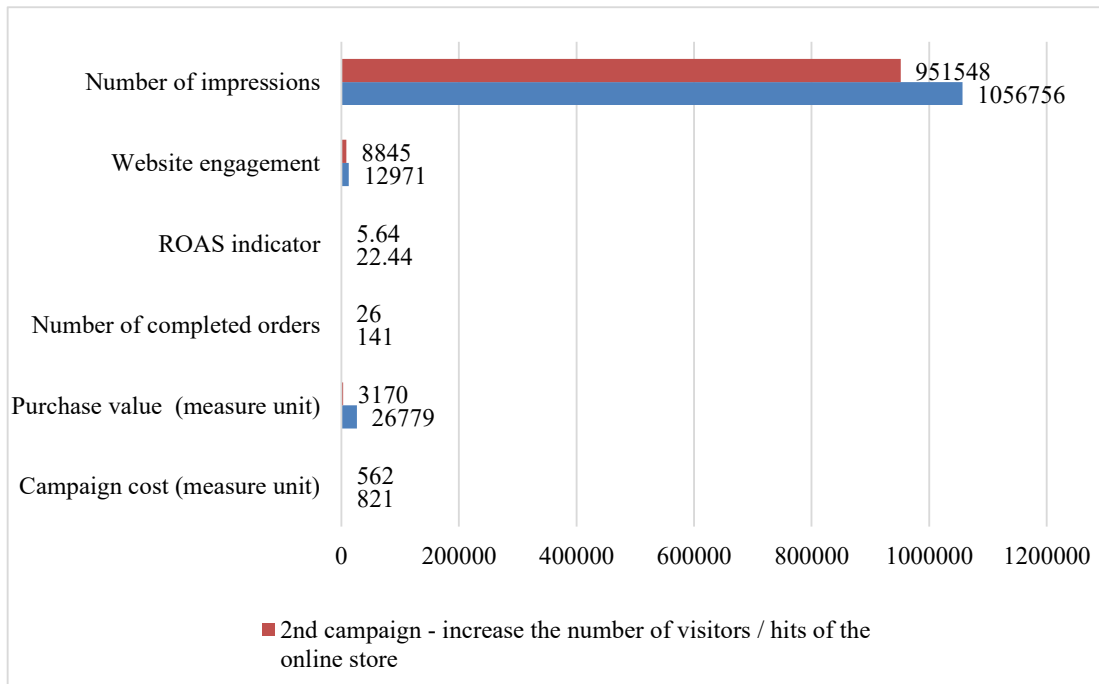
In this study, we have selected, for the year 2020, at first, two of the most efficient promotion campaigns, which had the same objective - increasing the number of completed orders, and we have performed a comparative analysis of the performances obtained (Fig.1), and then two of the most efficient campaigns, but which had different objectives: Campaign no. 1 has aimed to increase the number of completed orders, and campaign no. 2 has aimed to increase the number of visitors / hits of the online store and we have carried out a comparative analysis of the achieved performances (Fig.2).

Figure no. 1. A graphic representation of the performances of two promotion campaigns, which had the same objective, in the year 2020



Source: the company’s internal records

Figure no. 2. A graphic representation of the performances of two promotion campaigns, which had different objectives, in the year 2020



Source: the company's internal records

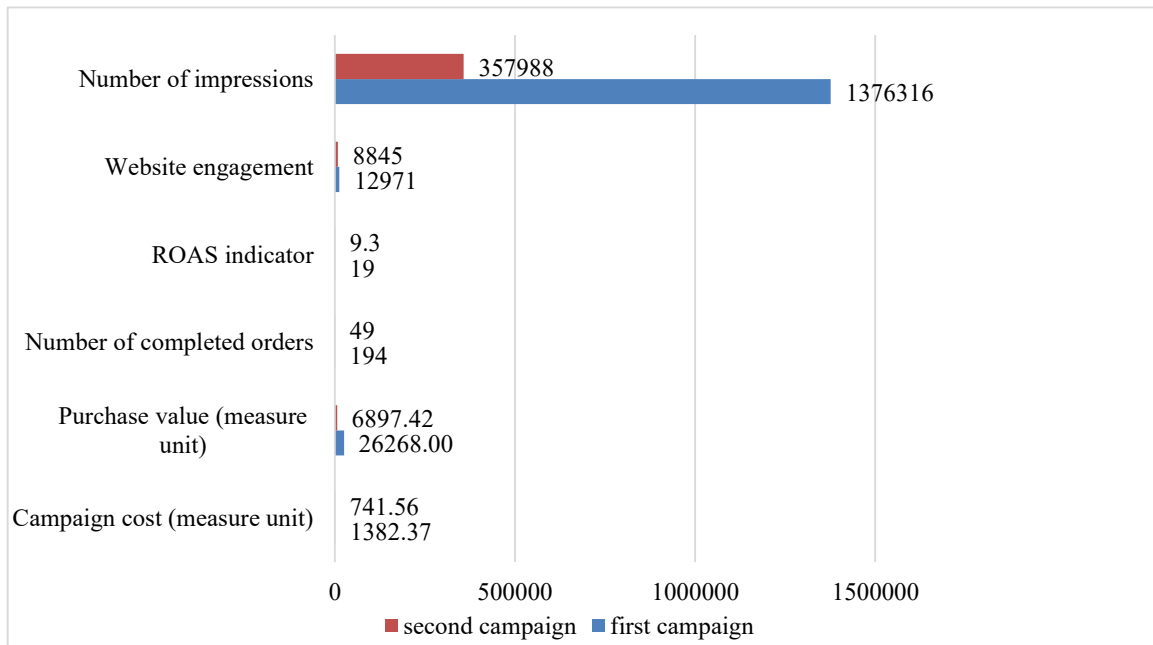
In the product promotion strategy for the year 2021 81 promotion campaigns were created and carried out, with the following objectives: increasing the number of completed orders, increasing the number of visitors in the online store and increasing the number of likes of the company's Facebook page. The promotion campaigns were carried out on the Facebook and Instagram platforms, on all types of devices and operating systems used by the potential customers.

These promotion campaigns had a total cost of 6,138 lei, generated 418 completed orders in the online store and generated revenues totaling 57,626 lei, with the ROAS indicator between 6.45 and 19, with an average of 8.95.

It should be noted that in 2021, Apple's decisions to change the privacy policy for iOS devices posed a threat to the Facebook platform and created serious problems for the users of this platform (Autonation SRL company being among them), in terms of the promotion activity.

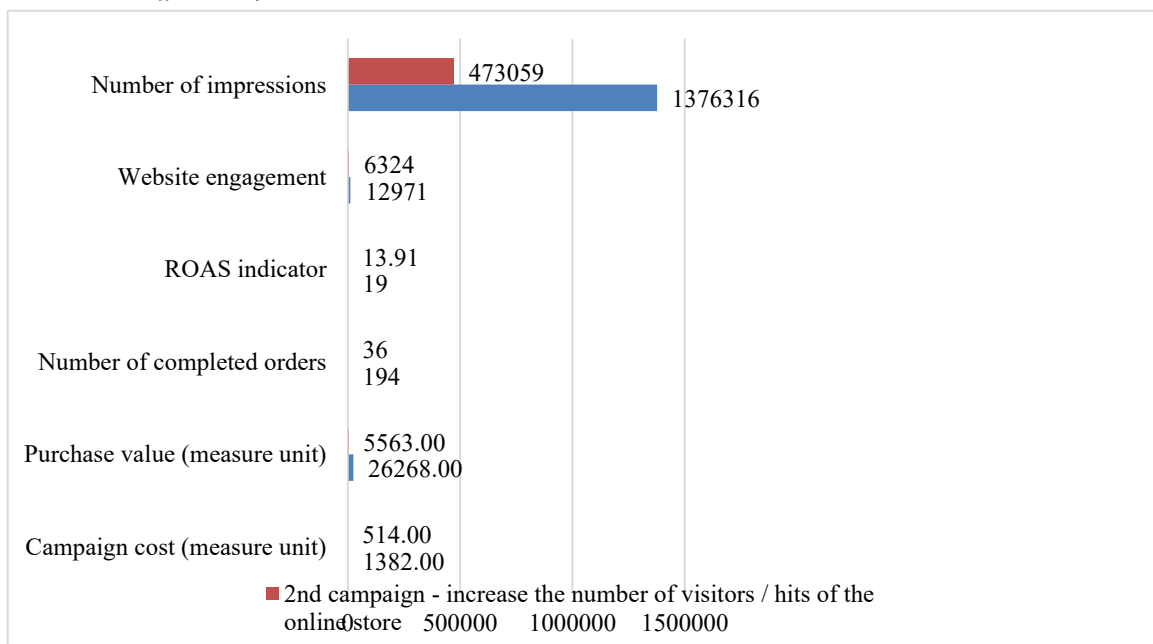
For the year 2021 we made the same selection of promotion campaigns as for the year 2020, and the results of the comparative analyses are presented in Fig. 3 and Fig. 4.

Figure no. 3. A graphic representation of the performances recorded by two promotion campaigns which had the same objective, in 2021



Source: the company's internal records

Figure no. 4. A graphic representation of the performances registered by two promotion campaigns which had different objectives, in 2021



Source: the company's internal records

The comparative analysis of all the indicators selected in order to measure the performance of all the advertising campaigns carried out during the years 2020 and 2021 is presented in the following table.

Table no. 1. A comparative analysis of the performances of the promotion campaigns carried out in the years 2020 and 2021

Year	Number of carried out campaigns	Facebook advertising costs Measure Unit	Facebook advertising revenue Measure Unit	ROAS number (average)	Total number of impressions	Impression frequency (average)	Website engagement	Online store completed orders
2020	16	2,800	53,053	18.95	3,070,318	1.93	40,800	333
2021	81	6,138	57,626	8.95	4,859,080	1.31	57,978	418
Modifications 21/20	Abs/absolute + 65 Rel/relative +406%	abs + 338 rel +119%	abs +4,576 rel +8.61%	abs - 10 rel - 52.77%	abs +1,788,762 rel +58.25%	abs - 0,62 rel -32.12%	abs +17,178 rel +42.1%	abs +17,178 rel +42.1%

Source: company's internal records

The values of the indicators presented in Table 1 show that, in 2021 compared to 2020, the activity of the Autonation SRL company registered an increasing trend, and the results obtained were due to the intensification of the promotion activity.

5. Conclusions

The Internet and digital technologies have seen a continuous rise in our country as well. The most used platforms in Romania in 2020 were Facebook, Youtube, Whatsapp and FB Messenger (Kemp, 2020).

Statistics show that the Romanian market is an opportunity for online business.

The activity of the Autonation Army SRL company, presented in this research, is conducted entirely through the online environment, thus confirming the above-mentioned aspect. When establishing the company's strategy, in particular the aspects related to the product lines offered and the promotional activities carried out are taken into account.

Based on the comparative analysis of all the indicators followed in the promotion campaigns carried out in 2020 and 2021, but also of the parameters used to configure these ads, such as: demographic segmentation, budgets allocated for each campaign, objectives set or images and messages transmitted, the company has chosen a new promotion strategy, considered appropriate for the current market situation, able of ensuring the growth of its business.

Thus, for the year 2022, in the promotion campaigns to be carried out, the following aspects will be taken into account:

- the demographic criteria used will be: age and location (age over 16 years, throughout Romania);
- promotion budgets allocated to each campaign will be capped at a maximum of 15 lei / day;
- limiting to two objectives for future promotion campaigns, respectively: increasing the number of completed orders and increasing the number of visitors in the online store;
- designing bold messages and images, specific to the targeted niche market.

Certainly, the evolution in the IT field, the changes in the customers' buying behavior, but also other factors will determine the Autonation Army SRL company to adapt the marketing strategy, in order to increase its economic results and to offer its customers as much satisfaction / gratification as possible.

6. References

- Armstrong, G. and Kotler, Ph., 2015. *Introduction to marketing [Introducere în marketing]*. Bucharest: PEARSON Publishing House
- Gay, R., Charlesworth, A., and Esen, R., 2009, *Marketing on-line a customer-oriented approach [Marketing on-line o abordare orientată spre client]*. Bucharest: ALL Publishing House.
- Jupp, V., 2010. *Dictionary of social research methods [Dicționar al metodelor de cercetare socială]*. Iași: Polirom Publishing House
- Kotler Ph., Jain, D. and Maesincee, S., 2009. *Marketing in the digital age. A new vision of profit, growth and renewal [Marketingul în era digitală. O nouă viziune despre profit, creștere și înnoire]*, Bucharest: Meteor Press.
- Man, Y. and Bruzeanu, M., 2000. *Direct marketing. Practical course [Marketing direct. Curs practic]*. Bucharest: Teora Press
- Silverman, D., 2004. *Interpretation of qualitative data [Interpretarea datelor calitative]*. Iasi: Polirom Publishing House
- Vegheș, C., 2003. *Direct Marketing [Marketing direct]*, Bucharest: Uranus Press
- Bolboaca, A. 2015. *A / B testing - what it is and how to use it [Testarea A / B – ce este și cum se folosește]*, [online] Available at: <https://www.jurnaldedigitalmarketing.com/digital-marketing/testarea-a-b/> [Accessed 18 November 2021]
- Ekine, R., 2018. *How to calculate Facebook ROAS for your online business*, [online] Available at: <https://newsfeed.org/how-to-calculate-facebook-roas-for-your-online-business> [Accessed November 18, 2021]
- Kemp, S., 2020. *Digital 2020 - Report on Internet use and Social Media – ROMANIA [Digital 2020 – raport despre utilizarea internetului și Social Media- ROMÂNIA]* [online] Available at: <https://datareportal.com/reports/digital-2020-romania> [Accessed November 18, 2021]
- <https://www.facebook.com/business/help/200000840044554?id=802745156580214> [Accessed 18 November 2021]