The Concept of Digital Marketing Mix: Implications in Consumer Behaviour

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Abstract: Considering that digital technologies have become an essential element of everyday consumer life, modern marketing has shifted to new, digital models that provide different possibilities for marketing mix development. The advent of the Internet, and particularly Web 2.0, technologies have significantly influenced all elements of the marketing mix, regardless of whether organizations are directly involved in e-commerce or not. The paper analyses the strategic frameworks of the marketing mix from the context of consumer behaviour, and their user experience in the digital environment. The research aim is to indicate the opportunities of digital technologies for marketers when deciding about product differentiation, price strategies, online communication tools and distribution channels to deliver value to consumers. In addition, the paper provides an insight into current literature dealing with the implications of digital technology and media on the digital marketing mix.

1. INTRODUCTION

The advent of the Internet, and particularly Web 2.0, technologies have significantly influenced all elements of the marketing mix, regardless of whether organizations are directly involved in e-commerce or not. The application of digital technologies in contemporary marketing has affected consumer behaviour and introduced the category of online consumers. Understanding online consumers is even more demanding regarding the fact that they have different characteristics and attitudes to both acquiring information and buying online. In addition, their geographical dispersion is often much wider.

The paper analyses the strategic frameworks of the marketing mix from the context of consumer behaviour, and their user experience in the digital environment. The research aim is to indicate the opportunities of digital technologies for marketers when deciding about product differentiation, price strategies, online communication tools and distribution channels to deliver value to consumers. In addition, the paper provides an insight into current literature dealing with the implications of digital technology and media on the marketing mix.

2. LITERATURE REVIEW

Digital marketing is defined as the application of digital channels to reach customers and build strong and long-term relationships with them. Such channels include websites, online communities, web browsers and display ads, mobile technologies, online videos, and social networks. The application of digital marketing brings wide-ranging opportunities since it is (Juan et al., 2015, p.3):
- Attractive to a significant segment of the demographics for most customer profiles;
- Faster and less expensive to conduct direct marketing campaigns;

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− More economical to communicate via email, online chat, and video conferencing than long distance phone calls;
− Measurable, which means that marketing activities and their effects can be quantitatively measured and presented;
− Set up for real-time results monitoring;
− Available 24-hours a day;
− Targeted, allowing its users to reach customers regarding geographical, psychological, behavioural characteristics;
− Useful to make long term relations with customers and other stakeholders, because digital media allows two-way communication.
− Fostering customer relationship management (CRM) and enabling a single coordinated view of customers across multiple communication channels.

According to American Marketing Association (AMA), digital marketing is a broad term that refers to any marketing methods conducted through electronic devices which utilize some form of a computer. This includes online marketing efforts conducted on the internet. In the process of conducting digital marketing, a business might leverage websites, search engines, blogs, social media, video, email and similar channels to reach customers (AMA, 2022).

Furthermore, Chaffey and Ellis-Chadwick indicated that digital media and technology offer new possibilities for the marketer (2016, p.251):
• to vary the application of marketing mix;
• to create new channels to achieve competitive advantage;
• to create new market positions;
• to develop relationships in innovative ways and foster CRM;
• to enable continuous and instantaneous access to products and services.

In accordance with these findings, the paper explores the marketing mix concept in digital environment and how it affects consumer behaviour. The important steps in marketing mix evolution were made by revolutionary studies of Neil Borden, James Culliton and Jerome McCarthy. The term marketing mix was first used by professor Neil H. Borden at Harvard Business School in 1964, who published an article entitled “The Concept of the Marketing Mix”. In this retrospective article, the author combined the marketing ingredients into the “marketing mix elements”. Borden’s original marketing mix had a set of twelve elements namely: product planning; pricing; branding; channels of distribution; personal selling; advertising; promotions; packaging; display; servicing; physical handling; and fact finding and analysis (Borden, 1967). However, the author said that he got the inspiration for using the term “marketing mix” from his associate, professor James Culliton, who was the first who came up with the idea of marketing mix ingredients. In the 1940s, James Culliton presented the marketing manager as a mixer of ingredients, or in other words, a decision maker who applies recipes based on different ingredients and is responsible for creating a mix of marketing procedures and policies on the basis of which the company achieves profitability. The idea was inspired by comparing the job descriptions of executive managers by mixing ingredients while preparing food. Slicing a marketing mix is the same idea as to when mixing a cake (Culliton, 1948). Since that time, the concept of marketing mix has reached widespread popularity among academics but also among marketing practitioners. Further evolution of the marketing mix included the 4P’s concept that was developed by Edmund Jerome McCarthy. In 1971, McCarthy succeed to reduce the original list on four basic, fundamental marketing mix elements, that he called the 4 P’s – place, price, product, and promotion. The concept of marketing mix was
found inspiring for many other authors who made significant contributions to its affirmation in theory and provided new perspectives and studies. According to one of them the mix was extended to 7Ps in service industry, which include three new elements: people, process and physical evidence (Booms and Bitner, 1981). The concept of marketing mix has also faced negative criticism by some authors, who pointed out the importance of relationship-orientated marketing in response to growing customer demands and technology-driven trading environments (Singh et al., 2011).

Marketing mix is not a scientific theory, but a conceptual framework that identifies the principal decision making instruments that managers use when configuring their offerings to suit consumers’ needs (Išoraitė, 2016). Decisions of marketing managers regarding the offer of products and services that are in line with market requirements, i.e. the needs and desires of consumers are brought under the influence of a large number of factors. These factors are changeable, so the elements of the marketing mix must constantly adapt to the new situation. In terms of the dynamics of change, the dominant factor is technology, i.e. technological progress. One of the carriers of technological development is digitalization. It is the main disruptive factor that changes the accepted ways of doing business, but also the lives of individuals.

The emergence of digital marketing has significantly affected all elements of the marketing mix, regardless of whether organizations are directly involved in e-commerce or not. In terms of product as an element of the marketing mix, the Internet has brought new opportunities, especially when it comes to developing product levels, from the basic benefits to the augmented product. The Internet has also influenced the price, by enabling greater transparency, and providing at the same time new models of pricing, such as Internet auction. In distribution, the Internet plays a major role in managing distribution channels, as well as supply chains, which enabled some well-known companies such as Zara, to become market leaders particularly because of timely and rapid market reactions, provided by digital technologies.

3. DIGITAL MARKETING MIX AND CONSUMER BEHAVIOUR

The starting point in defining the marketing mix is always the market. Therefore, elements of the marketing mix need to be adapted to the conditions of the environment, consumer requirements, their purchasing power, and buying habits.

Chaffey and Smith identify eight marketing activities that are key to creating a digital experience: content marketing, SEO marketing positioning, paid Ad Words search, social media marketing, email marketing, multi-channel marketing and integrated planning (2017).

The application of digital marketing, and thus digital marketing mix, was conditioned by the emergence of Web 2.0 concept that has revolutionized Internet usage, providing interactivity and the emergence of social media. Furthermore, it has significantly affected the relationships with consumers who have created new, authentic user experiences. According to McKinsy, customer experience can be seen as a journey consisted of different touchpoints through which customers interact with organization. On this journey, delivering digital services has emerged as a prime factor in reshaping customer experience in almost every sector (2017, p.21).

Product is an element of the marketing mix that can be described as anything that can be offered to a market for attention, acquisition, use or consumption that might satisfy a want or need (Kotler et al., 2020, p.233). Therefore, products may be the best indicator of the impact of digi-
talization on modern business flows. The Internet has provided new opportunities in developing product element of the marketing mix, such as:
1. options for varying the core product;
2. options for offering digital products;
3. options for changing the extended product;
4. conducting research online; speed of new product development;
5. speed of new product diffusion (Chaffey & Ellis-Chadwick, 2016, p.256).

The listed opportunities may be considered as new added digital values (Ghosh, 1998), which consumers receive and experience. Specifically, in the case of products, digital technology has made the following possible:
– the transformation of existing products into digital form,
– the development of new innovative digital products,
– the establishment of novel distribution channels, and
– the broad expansion of markets, both nationally and internationally, whether intended or unintended (Bhattacharjee et al., 2011, p.2).

For example, booksellers in digital environment have gained new options to expand the digital value of their products. Some of them included online book reviews, new title reviews, or online book sales. Implications of digital marketing mix are noticed in travel industry as well, where travel agencies can provide video tours of their products, online reviews and reservations. Nowadays, with the advent of the pandemic, many museums have offered online video tours to their customers in the market.

Numerous definitions of the term digital product can now be found in the literature, and what they all have in common is that digital products are a software-enabled products or services that offer some form of utility to a human being (Napierkowski, 2020). A wide range of digital products has imposed the need for their categorization. One of the possible categorizations is shown in Table 1.

<table>
<thead>
<tr>
<th>Category</th>
<th>Trialability</th>
<th>Delivery mode</th>
<th>Granularity</th>
<th>Sample</th>
</tr>
</thead>
<tbody>
<tr>
<td>Content-based digital products</td>
<td>Low</td>
<td>By download</td>
<td>High</td>
<td>E-book</td>
</tr>
<tr>
<td>Utilities and tools</td>
<td>High</td>
<td>By download</td>
<td>Low</td>
<td>Anti-virus software</td>
</tr>
<tr>
<td>Online services</td>
<td>Medium</td>
<td>Interactive</td>
<td>Medium</td>
<td>Online translation</td>
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Pricing digital products require a completely new approach, which differs significantly from traditional methods. Namely, traditional, well-tested methods, which fully corresponded to classic products and business systems, proved to be inadequate for digital products. The design and development of digital products require a completely new approach to pricing that is fully adapted to new circumstances.

There are several approaches to pricing digital products (Krämer & Kalka, 2016):
- For free,
- Freemium,
- Subscription,
- Dynamic Pricing.
For free is a method that is specific to digital product markets. The “sale” of products free of charge is carried out to attract new consumers or create new markets. This method is used by digital product manufacturers when they want to bring the product closer to new consumers. Freemium is a return to previous methods. It is a combination of free and premium methods. In practice, this means that consumers get the basic version of the product for free, while for higher quality, more functional or variants with more options they must pay extra. Subscription is a method that assumes that the consumer pays for a digital product or content periodically. Consumers are stimulated to pay for a longer period because they receive price discounts or additional opportunities and options. Dynamic Pricing is a method of price formation, according to which it changes and adapts to changes in the market.

Another important aspect of product as an element of the digital marketing mix is the great potential for customization. However, today manufacturers use digital channels not only to sell customized products, but also to gather information about the market and develop the latest design in accordance with customer needs and wants. The Internet provides many opportunities to learn about consumer behaviour and their product experience, so it can be applied as a useful method of collecting data.

By analysing the impact of digital technologies on product as marketing mix element, it can be noticed that the most affected are the markets where products can be transformed into digital formats. Such products include music (downloading or streaming digital tracks), books (electronic books), publishing newspapers and magazines (online access to articles) and software (digital downloads and online subscription services). For instance, music streaming has strongly affected the music industry, providing new unique experience for customers which exceeded digital music and music downloads. According to Statista Research Department, in 2020, music streaming revenue reached 13.4 billion U.S. dollars worldwide, representing more than 28 times the figure ten years ago. Although the statistics show a slowdown over the past few years, there is a market potential for future, particularly having in mind the number of music streaming subscribers worldwide reaching 487 million in 2021 (Statista Research Department, 2021).

Consumer behaviour in digital environment over the past two years has been marked by the Covid-19 pandemic. Physical distancing has forced even those consumers, who avoided digital channels, to acquire new knowledge and access the Internet. Statistics from 2021 show that 45% of consumers have used digital channels precisely because of Covid, in the fields of education, health, entertainment and grocery shopping (Mckinsey, 2021). The remaining part of consumers have chosen digital channels due to greater convenience and accessibility, primarily in the activities of banking, entertainment, health and education. On the other hand, consumers who have not used digital channels state the lack of human contact, the desire to physically visit stores and the complexity of digital technology as the main obstacles.

Furthermore, promotion is one of the elements of the marketing mix, which was strongly exposed to the influences of the Internet, as a medium. The Internet offers a new, additional channel for marketing communication that is used to inform customers about products, prices and provide significant support in the purchasing decision-making process. This new type of communication that was provided with the advent of Web 2.0. technology differed significantly from communication through traditional media. Social media uses mobile and web-based technologies to share, co-create, discuss, and modify user-generated content (Hollensen et al., 2017). Two-way communication involves the consumer in the discussion, so that his voice is heard,
which indicates satisfaction or dissatisfaction. In this way, marketers have less opportunity to control the process of creating a brand, because consumers share their experiences online. Also, the lack of sensory interaction and fear for safety in the digital environment have influenced the development of consumer confidence to become a key motive in creating strong digital brands. According to Jones (2009), new digital technologies have forced companies, which want to communicate effectively with different audiences to be more transparent.

4. FUTURE RESEARCH DIRECTIONS

Connecting billions of people around the world, the Internet is a key pillar of the modern information society, and the foundation on which digital marketing has emerged. Given that digital technologies have become an important element of everyday life of consumers, modern marketing is redirected to new, digital opportunities for marketing mix development. The paper combines current research studies in order to provide a cognitive basis and a commentary regarding the influence of digital marketing mix consumer behaviour. Therefore, literature review is used as the most dominant scientific method in the paper. Future research should include updated studies based on empirical scientific methods which will provide better insights into online consumer behaviour affected by the marketing mix.

5. CONCLUSION

The paper presents different perspectives of marketing mix elements in digital environment and their implications on consumer behaviour. The most significant benefits that the consumer has recognized in digital channels are accessibility, convenience and lower costs. In addition, the emergence of social media has enabled the modern consumer to participate in the creation and sharing of content. With the popularization of the Internet and digital technologies, consumers are increasingly looking for information in the digital environment, which helps them to make purchasing decisions, but also to realize sales transactions and come up with other useful tips on product use.

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