

Marketing Tools for the Development and Enhance the Efficiency of E-Commerce in the Context of Digitalization

MARIIA DYKHA¹, TETIANA USTIK², OLENA KRASOVSKA³, DMYTRO PILEVYCH⁴,
ZORINA SHATSKA⁵, TETIANA IANKOVETS⁶

¹Department of Economics of Enterprise and Entrepreneurship, KHMELNYTSKY NATIONAL UNIVERSITY,
KHMELNYTSKY, UKRAINE. E-mail: mary.ac.univers@gmail.com

²Department of Marketing and Logistics, SUMY NATIONAL AGRARIAN UNIVERSITY, SUMY, UKRAINE.

³Department of International Marketing, ALFRED NOBEL UNIVERSITY, DNIPRO, UKRAINE.

⁴Department of Management Accounting, Business Analytics and Statistics, UNIVERSITY OF THE STATE FISCAL
SERVICE OF UKRAINE, IRPIN, UKRAINE.

⁵Department of Economics and Services, KYIV NATIONAL UNIVERSITY OF TECHNOLOGIES AND DESIGN, KYIV,
UKRAINE.

⁶Department of Marketing, KYIV NATIONAL UNIVERSITY OF TRADE AND ECONOMICS, KYIV, UKRAINE.

ABSTRACT

The global electronic market has become so large that a successful business can no longer exist and develop outside the Internet. The article notes how digital technologies have penetrated into online business. They are being incorporated into marketing plans and daily life, and people are using digital devices instead of physical stores; digital marketing campaigns are becoming more prevalent and effective.

The article discusses the main marketing tools for the development and efficiency of e-commerce in the context of global digitalization: SMM marketing, SEO, contextual and banner advertisements, communication marketing, video marketing, event marketing, remarketing.

The main trends and the most influential tools of the digital age are also highlighted.

The main Key Performance Indicators are given. They reflect how the actions that are taken as part of an online promotion help the company move towards achieving its e-commerce business goals.

Keywords: E-Commerce, Efficiency, Digitalization, Marketing Tools

JEL Classification: M15, M13, M31

Received: 5 May 2021

Accepted: 11 May 2021

1. Introduction.

Modern digital technologies have long penetrated the life of every person. The ever-growing digital space is a new business information infrastructure. Digital marketing tools enable organizations to improve traditional marketing practices and get closer to the consumer. Opportunities for digital marketing make it possible to expand the trading space, form new ways of communication, and create innovative ways to promote products [1].

Rapidly developing digitalization has had a significant impact on the transformation of e-commerce, especially during pandemic and crisis.

For e-commerce, the current crisis has become a springboard for even more rapid development. A similar situation has been seen before during past crises and pandemics: in 2002-2003, the SARS outbreak allowed Alibaba and JD.com to increase sales significantly, and Amazon announced its intention to hire an additional 100,000 workers to reduce the load on warehouses due to the growing demand [2].

Recently, the rise in demand for online grocery shopping (eGrocery) has become a new trend in e-commerce, thanks to digitalization in retail. During the quarantine, people massively bought food and other essentials: toilet paper, hand sanitizers, etc. Statistics show that app downloads for grocery shopping are breaking records as people order more online: compared to the previous period, the number of daily Instacart downloads in the US increased by 218%, followed by Walmart Grocery (160%) and Shipt (124%) [3].

Companies are leveraging the new strengths of the digital world to compete for markets and customers. Amazon Fresh and Instacart have announced "Leave at My Doorstep," contactless delivery options, where customers can even get a photo of the products left at the door in real-time by leaving a driver's manual at checkout. European courier services are also starting to implement contactless delivery options ("drop-off") in response to the COVID-19 epidemic, such as UK service Deliveroo, Spain's Glovo or Uber Eats [4-5].

The audience size and the prospects for making a profit online have become sufficient for the Internet to cease to be seen only as a source of additional income or a field for experimentation. The level of service and the competence of sellers are growing. Working on the development of an online store becomes more complicated, and the number of participants in different niches is increasing.

The entry threshold will grow every year in e-commerce [6]. And an essential role in the successful entry and development of e-commerce in the context of digitalization is the choice of an effective marketing strategy and tools.

2. Internet Marketing Tools in Ecommerce.

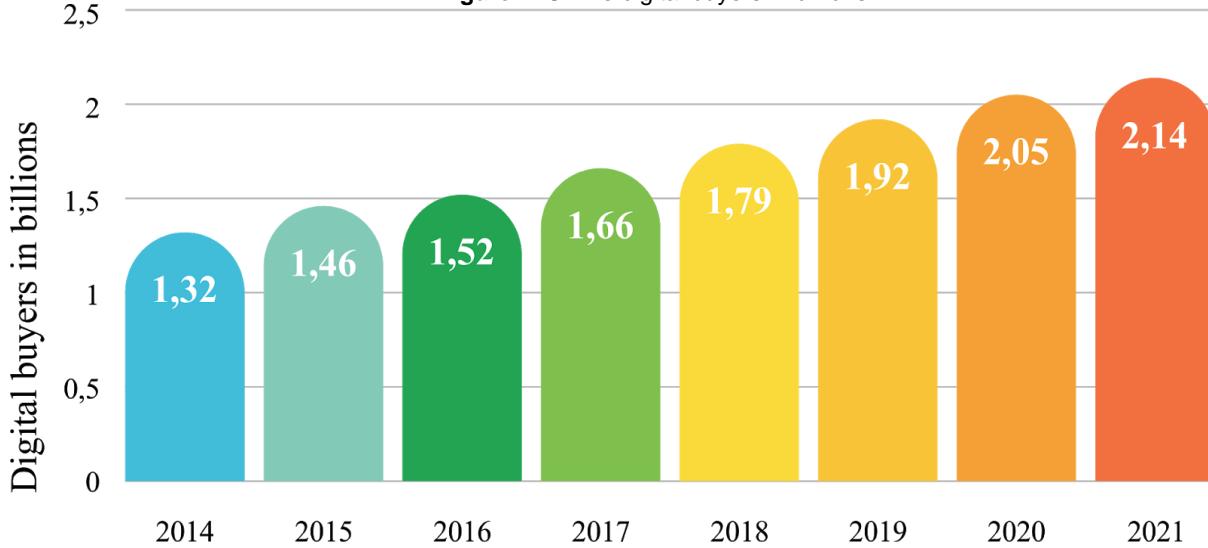
Online marketing is the marketing of products or services using digital technologies, primarily on the Internet, and smartphones, display ads, and any other digital media.

The rise of online marketing since the 1990s and 2000s has changed the way brands and companies use technology to market. As digital platforms are increasingly incorporated into marketing plans and daily life, and people are using digital devices instead of physical stores, digital marketing campaigns are becoming more prevalent and effective.

According to experts, in 2021, there will be 2.14 billion online shoppers in the world (Fig 1). That's actually 27% of the world's population who shop online. And this figure is expected to grow further.

The Internet nowadays is a global electronic market where the company can communicate and make successful transactions and make payments. Information on the world wide web is very quickly spread and absorbed; therefore, it is widely used for company advertising and e-commerce. Internet marketing increases website traffic and allows the company to find the target audience quickly.

Figure 1. Online digital buyers in billions



Almost every store creates, if not a large portal, then at least a one-page page or accounts in social networks for advertising and selling their products.

Comprehensive internet marketing consists of the following activities:

- attracting targeted traffic;
- improving conversion - the conditions for the user to take one or another action, for example, ordering a product;
- as a result, potential buyers become clients.

There are many online marketing tools; we will highlight the 10 most proven and successful for the development and efficiency of e-commerce (Fig. 2).

SMM - Social Media Marketing. The first place among other digital marketing tools is SMM [7]. It is easy to find people on social networks depending on their interests, hobbies, age, create a community and inform visitors about a variety of new products. The ads placed on these resources are usually unobtrusive and aimed at the target audience, selected according to many parameters. Social networks are adapted for mobile phones, so it is straightforward to collect traffic from them.

SEO optimization. It helps to boost sales, brand awareness and increase revenue. First of all, the company's site is highly ranked by search engines, and once performed, optimization and promotion will bring benefits to the e-commerce resource for a long time. The audience will begin to trust the Internet resource that appears on the first pages of the search results. The number of customers will increase, and with the proper filling of the site, the company will always be on top of the search results [8-9].

Contextual advertising. An effective way to increase sales through search engines such as Google Adwords or Begun. The company chooses its audience by age, interests, geographic location, interests, and many other parameters. Regardless of the service, thanks to contextual advertising, the online store gets precisely the user who is interested in the product or service.

Banner advertising. Dynamically animated images with advertising text and a hyperlink to the advertiser's website can be used as banner ads. They often flicker and take up most of the screen, grabbing the attention of buyers. Using this tool, the company can effectively convey information about the product to the target audience.

Communication Marketing. Effective e-commerce communication is all about letting customers connect with the company – whether it's for feedback, an opportunity to ask a question, or write a message about a problem they are facing [10-11].

Figure 1. Digital Marketing Tools in eCommerce



In 2021, an effective e-commerce communication strategy goes far beyond simply providing customers with the basic phone or email support.

With social media messaging tools, chatbots, and even business voice messaging, the company can recreate a "sales consultant" experience in a store. In other words, the company can deliver an unforgettable communication experience to customers that will encourage them to shop next time.

It is also very effective to establish two-way communication between the entrepreneur and the consumer using email marketing. Each client individually receives emails about the company, the activities of the company, new products in the online store, etc. The costs of such advertising are minimal; with the help of feedback, the company can track the reaction of users. Preparing a high-quality marketing email is a key step in the entire process.

A similar advertising tool, but mailings are made by SMS and only to those users who are waiting and agree to receive such messages. There can be no spam here, or it is minimal, as mobile operators are actively fighting it. The most effective mailing list is the one that was compiled during the loyalty program and involves the use of discount or bonus cards. Customers interested in the company's products fill out particular questionnaires and agree to receive mailings by SMS (and, if they wish, by email).

Blogging. With it, the company can unite users into thematic alliances, publish and update information about the company or products, find new consumers. With this tool, the company can create a convenient platform for communicating with the audience and receiving feedback.

Video Marketing. The effectiveness of this tool has been proven over time. Now anyone can create a video clip and then distribute it via email or posting on video hosting sites like YouTube, Facebook, Vimeo and others. Small videos can be uploaded to Instagram. This tool is especially effective for e-commerce, as it helps to understand better the features of a product, the sequence of an order, and so on [12-13]. Moreover, visual content is always easier to perceive than a large text block.

Remarketing. This tool is contextual advertising that is shown to users who have already visited the site —a very effective tool for increasing sales. An online store that has retargeting configured will show links to products wherever the company is on the Internet. Perhaps the customer put a product in the basket; something distracted him, he clicked on the cross. But these ad mechanisms will remind him of his choice.

Event marketing. This is the name of product promotion through certain events: webinars, forums, seminars. Emotional contact is established between the consumer and the brand, the client receives all the necessary information about the product or service. However, as nowhere else, the process is important: defining the target audience, goals, objectives, time, place, etc., the ability to present information about the brand. The main components of any event: announcement (information), its holding and informational wave [14-15].

Nowadays, complex Internet marketing is widespread, that is, several tools at different stages. For example, it is convenient to generate demand with the help of contextual advertising, and traffic is best generated through SEO. Email and SMS marketing helps when working with customers who have already verified the quality of the product and are interested in further purchases.

3. Top Digital Marketing Trends to Develop and Improve Ecommerce Efficiency

The years 2018-2020 were difficult economically, and at the same time, gave impetus for the next development of the e-commerce market and new trends in Internet marketing. Old strategies are becoming irrelevant, and new trends are gaining momentum. And some of them have the potential to transform the market and take the e-commerce business to the next level [16]. E-commerce sales are projected to account for 18.1 per cent of global retail sales in 2021. These statistics clearly show how e-commerce is becoming an increasingly important part of international commerce. It is increasing that it will account for 22% of global retail sales by 2023 [17].

Ecommerce is expanding in all directions, becoming an increasingly integral part of the consumer experience worldwide, and offers tremendous opportunities for new entrepreneurs.

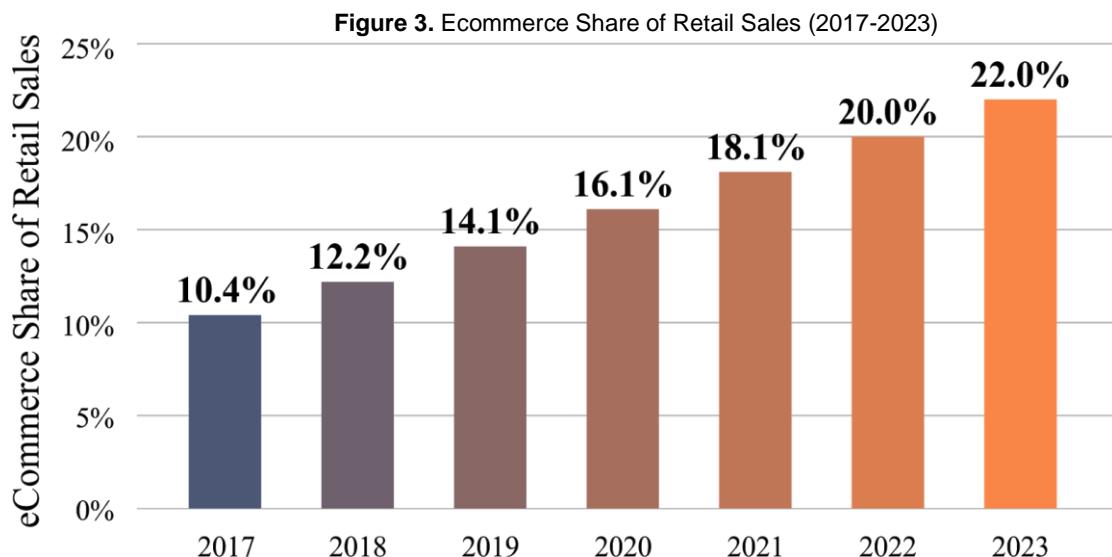
Trend 1. Increasing the Impact of Video Marketing.

First of all, this refers to the video published on YouTube. This video hosting has been and remains the largest community of video bloggers, and businesses prefer to post their videos.

According to statistics, Ukraine is one of the ten European countries whose residents spend the most time watching YouTube. About 40% of Internet users watch videos daily. And the video channel "Rozetki" this year surpassed the mark of 1.2 million subscribers. And the video marketing market is still far from saturation.

Trend 2. Mobile First as a necessity.

Stationary PCs are becoming a thing of the past, giving way to modern gadgets. For effective website promotion, it is necessary to adapt it as correctly and quickly as possible to the new requirements of users and search engines. And these requirements are simple: the site must be mobile accessible.



The structure of a web resource, its design and content should be optimized in such a way that all content is easily and quickly displayed on different mobile devices. Regardless of which gadget the user went to the Internet from (smartphone, tablet, phone, TV, etc.), the company must provide him with the opportunity to use the resource conveniently. The functionality of the site should be tailored to the specifics of working on mobile devices.

This is an essential trend in the company's digital marketing strategy to follow in the company's digital marketing process. If users do not have access to the mobile version of the site, the company will lose both customers and profits.

The number of Internet users who use mobile devices to browse sites, according to data for 2020, is very close to 50%. And in some topics, it exceeded 70%. Growth will continue in 2021!

Trend 3. Content Marketing.

Bill Gates, in January 1996, wrote the following essay titled "Content is King", which was published on the Microsoft website. And the relevance of this phrase does not diminish over time. For link spam, search engines lower the rating or even block sites in the SERP, and sites with good and valuable content go to the first pages of search results.

Comprehensive work is still important for an online store, but such a site will not advance far without content marketing.

Trend 4. Personal work with a client.

Each customer is important because potentially, he can return to the company for a second purchase and tell his friends about the online store. And it's also important that he shares positive testimonials, not negative ones.

Customer service is a valuable resource that can be effectively leveraged with digital tools for the development of e-commerce.

Trend 5. Shifting emphasis in offline commerce.

Large offline retailers are beginning to understand the power of the Internet. Based on the recent actions of large companies, for some, online has already taken a full-fledged place as a strategic direction of development. So in certain niches, such as household and digital appliances, competition can reach extreme round.

But despite the large resources available to them, offline sellers have two weaknesses. Firstly, their responsiveness is much lower than that of a small niche online store. Secondly, this is a completely different direction, and the company still need to gain experience in e-commerce. Usually, the question is not so much about minor errors as about their number.

4. Analytics of development and efficiency of e-commerce

Who went to the online store? Where did the customer come from? What was he doing there? How much did he order, or why did he interrupt the purchase? It is almost impossible to get these questions offline. But on the Internet, it is quite real. Web analytics is a very powerful tool, especially in the hands of a smart person. And the company can get answers, if not all, then many questions.

For a commercial project, every visitor is important, and even a small increase in the audience can have a significant positive impact on profits. The company need to track e-commerce, user behaviour on the site, reaction to any activity on the part of the store.

Each online business sets itself several goals, based on which its management forms a list of indicators of the effectiveness of an online store – Key Performance Indicators. They clearly reflect how the actions that are carried out in the framework of online promotion help to move towards the achievement of the client's business goals.

The main KPI indicators include:

CPA (Cost Per Action) is used to analyze the effectiveness of contextual advertising when a company pays for certain actions of users performed by them on the site. This model is considered more effective than when the company pay for clicks (CPC) or impressions (CPI) since when using it, the company pay for the real result and not just traffic to the site.

$$CPA = \text{Ads cost} \div \text{certain action}$$

CTR (click-through-rate) is an indicator of the click-through rate of advertisements. It is calculated as the percentage of clicks to ad impressions. The CTR is used to determine the effectiveness of an advertising campaign.

$$CTR = (\text{clicks} \div \text{impressions}) * 100\%$$

CPC (cost per click) – the cost that an advertiser pays for a click on an ad with a subsequent transition to the site. CPC helps us evaluate the effectiveness of an ad campaign, as well as adjust bids. Several factors affect the CPC indicator - the ad itself is a quality indicator (CTR), display region, time, and competitors showing ads for the exact key phrases.

$$CPC = \text{ads cost} \div \text{clicks}$$

$$CPC = (CPM \div 1000) \div CTR$$

$$CPC = \text{conversion ratio} \times CPA$$

$$\text{Conversion ratio} = \text{number of conversions} \div \text{web visits}$$

CPS (cost per sale) – the cost of 1 paid order of a product/service from advertising sources. CPS calculation is convenient for online stores with online payment. For the rest, an end-to-end analytics system with CRM integration is required. CPS will help the company adjust advertising budgets and improve its effectiveness.

CPO (cost per order) – the cost of 1 order of a product/service. The difference is that, as a rule, all orders are taken into account in CPO, including unpaid ones.

$$CPS (CPO) = \text{ads cost} \div \text{sales}$$

CPM (Cost per Millenium) – the cost per 1000 impressions, the definition for those advertisers who need to convey an advertising message to the end-user while not focusing on clicks on the ad.

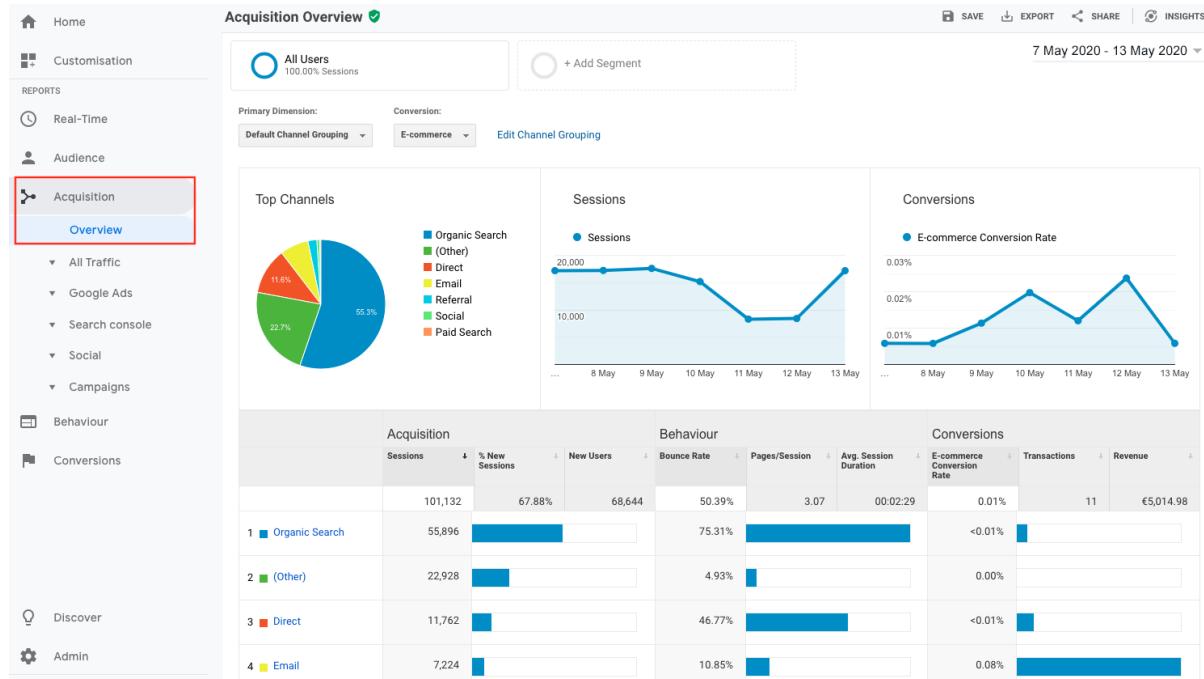
$$CPM = \text{cost} \div \text{impressions} * 1000$$

CPI (cost per install) – the cost for one installation of a mobile application. The CPI calculation is helpful for advertisers whose product is mobile apps.

$$CPI = \text{cost} \div \text{app installations}$$

These metrics will help the company's track the effectiveness of advertising campaigns, choose the best promotion models and monitor and adjust the company's advertising budget. For the automatic calculation of indicators, there are special end-to-end analytics services (Fig. 4).

Figure 4. Example of end-to-end analytics with automatic calculation of indicators



Return on Ad Spend (ROAS) is a measure of the company's profit from advertising campaigns.

$$ROAS = \text{Revenue} \div \text{Spend}$$

ROI (Return on Investment) and *ROMI (Return on marketing investment)* differ from ROAS in the size of the cost part. In ROMI (ROI), all marketing costs are considered as costs, not just advertising channels (for example, creating a website, developing a new creative for display advertising, etc.).

$$ROI = (\text{Current Value of Investment} - \text{Cost of Investment}) \div \text{Cost of Investment}$$

A company won't be able to determine precisely whether marketing tools are practical until it analyzes the numbers. If sales are growing, this is a good indicator, but is it related to the work of the marketing department, and how does this affect the company's expenses? Key performance indicators will help the company identify key growth areas and areas of risk. Correctly carried out calculations will allow the company to use certain marketing tools effectively.

The more accurate the data obtained with the help of analytics, the more correct the decisions made on its basis. Therefore, it is necessary to carefully check the collected data, minimizing the human factor.

5. Conclusions.

Online marketing techniques such as search engine optimization (SEO), search engine marketing (SEM), content marketing, influencer marketing, content automation, data-driven marketing, e-commerce marketing, social media marketing (SMM), social media optimization (SMO), direct email marketing, display advertising, e-books, optical discs and games are becoming more common in our advanced technology. In fact, internet marketing is correctly called digital (digital) marketing, as it currently extends to non-internet channels that provide digital media such as mobile phones (SMS and MMS), callback and mobile held ringtones. Basically, this expansion of non-internet channels

helps differentiate digital (digital) marketing from online marketing, another generic term for the marketing techniques mentioned above that strictly take place on the Internet.

References

1. Filipova M., Yuleva-Chuchulayna R. (2020). Innovation projects as a factor for strategic development of small and medium-sized enterprises. *Revista Inclusiones*, 7(3), pp. 461-476.<http://www.revistainclusiones.com/gallery/38%20VOL%207%20NUM%20ESPECIALJULIOSEPTIEMBREEE2020REVINCLUSOO.pdf>
2. Dave Clark (2020). Amazon ramps hiring, opening 100,000 new roles to support people relying on Amazon's service in this stressful time.
<https://www.aboutamazon.com/news/operations/amazon-ramps-hiring-opening-100-000-new-roles-to-support-people-relying-on-amazons-service-in-this-stressful-time>
3. Walk-Morris, D. (2020). Grocery apps see record downloads as shoppers move online.
<https://www.grocerydive.com/news/grocery-apps-see-record-downloads-as-shoppers-move-online/574318/>
4. E-commerce and Digitalization of Sales (2021). <https://www.coursehero.com/file/p72sah62/E-commerce-and-Digitalization-of-Sales-For-e-commerce-the-current-crisis-will/>
5. Dykha, M., Cheban, Y., Bilyk, O., Siryk, Z., Khytra, O., Dudnyk, A. (2020). Management of corporate social activity in the organization. *International Journal of Management*, 11(5), pp. 97-107.
6. Bondar, I., Gumenyuk, T., Horban, Y., Karakoz, O., Chaikovska, O. (2021). Distance E-learning in the system of professional development of corporation managers: Challenges of COVID-19. *Journal of Education and e-Learning Research*, 7(4), pp. 456-463.
7. Bashynska, I.O. (2016) Using SMM by industrial enterprises. *Actual Problems of Economics*, 12 (186), pp. 360-369.
8. Tyagi, M. (2017). Introduction to SEO Optimization for Enhanced Digital Marketing Outcomes. *International Journal of Engineering and Technical Research*, V6(07), DOI: 10.17577/IJERTV6IS070066
9. Shkarlet, S., Dubyna, M., Shtyrkhun, K., Verbivska, L. (2020). Transformation of the paradigm of the economic entities development in the digital economy. *WSEAS Transactions on Environment and Development*, 16, pp. 413-422.
10. Bondarenko, A., Gordienko, V., Dutchenko, O. (2019). Competition factors in the mobile communication market. *Visnik Sums'kogo deržavnogo universitetu*. DOI: 10.21272/1817-9215.2019.2-7
11. Ivanenko, I. (2020). Analytical study of the marketing communications market in Ukraine for 2016-2020. *Economic Scope*. DOI: 10.32782/2224-6282/162-17
12. Kushkov, E. (2019). Role of video marketing in modern business. DOI: 10.32743/2658-4107.2019.3.3.111
13. Bscheid, W. (2010). Online-Video-Marketing. DOI: 10.17877/DE290R-6166
14. Ghosh, R. (2020). Event Marketing. *SSRN Electronic Journal*. DOI: 10.2139/ssrn.3631332
15. Bashynska, I. (2020). Management of smartization of business processes of an industrial enterprise to ensure its economic security. Schweinfurt: Time Realities Scientific Group UG (haftungsbeschränkt), 420 p.
16. Gryshchenko, I., Chubukova, O., Bilovodska, O., Gryshchenko, O., Melnyk, Y. (2020). Marketing-oriented approach to evaluating the strategy of distribution management for innovative products in logistics. *WSEAS Transactions on Environment and Development*, 16, pp. 371–383.

- 17.Coppola, D. (2020). Holiday e-commerce share of total US retail sales 2016-2020. <https://www.statista.com/statistics/283875/holiday-e-commerce-share-of-total-us-retail-e-commerce-sales/>