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**Title:** Introduction

**Year:** 2022

**Version:** Published version

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**Please cite the original version:**

Niininen, O. (2022). Introduction. In O. Niininen (Ed.), *Contemporary Issues in Digital Marketing* (pp. 1-5). Routledge. <https://doi.org/10.4324/9781003093909-1>

# 1 Introduction

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## Why is it important to study digital marketing?

Rapidly developing Digital Marketing (DM) technologies and practices are fuelling digital metamorphisms and revolutionising both consumer and industrial marketing: consumers no longer view branded brick-and-mortar stores as separate entity from an online branded presence. Key challenges for the industry include Artificial Intelligence (AI), the Internet of Things (IoT), Big Data, Voice Commerce, which are all taking place under the recent General Data Protection Regulation (GDPR)/privacy microscope (Dwivedi *et al.*, 2020; Herhausen *et al.*, 2020).

Herhausen *et al.* (2020) identified two marketing capabilities gaps that we aim to address in this book. The majority of this book focuses on the *knowledge gap*: the DM as an industry. The technology that is fuelling DM and ever-changing customer preferences for digital platforms, services and applications create an environment requiring continuously renewing research. This book also addresses the *practice gap* through applied research that is set in a specific company context. For an academic research publication, we are also in the unique position of having a practising Digital Marketer/Social Media (SM) Manager on our Author team. The chapters in this book are each based on an academic research project featuring a current or emerging issue in DM and Communication. Each chapter is a 'stand-alone' presentation of a well-framed research problem from theoretical conceptualisation to conclusions and recommendations for future research. Overall, this book presents a solid balance of theory and empirical work.

This book comprises five sections: **Data analytics and measurement** (three chapters), **Digital transformation and innovations in marketing** (three chapters), **Customer experience and servicescapes** (three chapters), **Ethics and privacy in digital marketing** (four chapters), and the final section, which combines our vision for the **Future for digital marketing communications** as well as overall **Conclusions**.

Section 1 begins with a thorough outline of one of the major changes currently driving DM development: Big Data (Chapter 2) highlights that Big Data is a complex issue for Marketers to conceptualise. This chapter offers value by examining the Big Data application challenges and opportunities across the Marketing decision-making/analysis structure of the Marketing Mix. By utilising the full 8Ps of the Expanded Marketing Mix of Product, Place, Promotion, Price, Process, Physical Evidence, Partnerships, and People, the full potential of Big Data applications is revealed across multiple levels of Marketing decision-making. There are many examples utilised in this chapter. For example, for New Product Development (NPD), the Big Data applications have enabled organisations like

Lenovo to refine their product features, and the dynamic pricing modelling example from a US-based major league baseball team's ticket pricing allows several daily checks for the ticket price that fans are willing to pay for each game. The location-based (Place) applications of Big Data have never been more important than today when precious COVID-19 vaccinations need to be securely transported to end-users with ultimate climate control. Big Data has also impacted Promotion with Programmatic Media Buying. For Physical evidence, the Big Data applications' most evident examples are Google Optimised Landing Pages and the Amazon Go store, with its 'Just Walk Out' technology. Through Big Data analysis, Walmart has improved its supply chain collaboration to optimise in-store stock in preparation for adverse weather effects. Big Data is also tracking how People, the human assets of an organisation, are managed.

The key challenge of Big Data is the volume of data (both structured and unstructured) available for decision-making. Hence, there is a need to develop advanced AI applications to help interpret the generated data into actionable insights.

Chapter 3 investigates the implementation of data-driven decision-making processes within an organisation as an essential success factor in today's competitive environment. Ten industry experts were interviewed to identify the potential barriers to implementing data-driven decision-making processes across an organisation. Three key barriers for data-driven marketing in Finnish organisations were identified: cultural barriers, structural barriers, and top management barriers. While these three barriers hindering the implementation of data-driven marketing practice were found to be interlinked and overlapping, based on a review of past research in this field, this finding was anticipated.

Chapter 4 highlights the future potential of Programmatic (online) Advertising, which relies on massive datasets, optimisation algorithms and intermediaries to deliver relevant advertisements to target audiences at scale. Programmatic Advertising can be divided into two distinct functions: Programmatic Buying that aspires to automate the process of buying and selling ads in real time and Programmatic Creative aims to optimise and generate personalised content in real time. With the development of Programmatic Advertising technology, a shift from Programmatic Buying to Programmatic Creative is to be anticipated. While research into Programmatic Advertising has been championed by computer scientists, this chapter places the topic under the marketing communication field via in-depth interviews with marketing executives working in this field in Vietnam.

The next two chapters begin Section 2 and focus on the design and technical features that organisations should utilise to ensure a positive online experience for their customers. Customers of today expect companies and brands to have a digital presence; thus, company-owned websites have long been viewed as a cornerstone of DM. Chapter 5 highlights the strategic role a company website plays when communicating with customers or during the actual sales process. This elevated role is a direct continuum of today's consumers actively searching for information about organisations and products online. Branded websites also contribute to customers' overall evaluation of the company behind the brand (Consumer Brand Experience), and positive online experiences can contribute to online expenditures. The findings are based on an analysis of 202 respondents.

Chapter 6 is based on a *case study*, thus recognising the significance of User Experience (UX) for the commercial success of websites. UX is about the user's perceptions of and responses to their interaction with a system, such as a website. UX focuses on the Human-Computer Interaction (HCI), and a positive UX is essential for a satisfactory

online customer journey on e-commerce websites. UX, in essence, focuses on humans interacting with technology, including their perception of the aesthetic and even the hedonic design features, affordances, functionality and responsiveness of the interaction. This case study focuses on a consumer electronics brand with a newly redesigned website. A Cognitive Walkthrough is followed by a User Experience Questionnaire (UEQ) to identify design features that need improvement for the customer journey.

Chapter 7 highlights the importance of AI applications in the merging of the Voice Commerce context. Voice Assistants (VA), such as Amazon Alexa and Google Home, are winning a place in our homes, yet little is known about the potential ways they can change established consumer journeys (and touchpoints). Are VAs an opportunity for Marketers to elaborate on their Augmented Product offering? To what extent can VAs influence the current balance of competition, especially for low perceived risk, repeatedly purchased items? This chapter reports on a substantial qualitative research project with almost 100 participants.

Section 3 starts with two chapters exploring the role that digital transaction places hold in customers' minds. Chapter 8 views servicescapes as a multilevel construct, with physical, digital and social realms. This chapter analyses the servicescape concept through the social capital prism to demonstrate that social capital plays an integral part in the customer service experience by satisfying a social need. The social aspect of service encounters has also been exasperated by the COVID-19 pandemic due to restrictions in individuals' free movement. Through digital channels (omnichannel retailing), customers now have a wider spectrum of touchpoints available, including customer-to-customer communication and technology-facilitated co-creation of value, for their interactions.

Chapter 9 investigates the blending of physical and digital servicescapes as well as the relationships consumers develop with brands or stores. This is done via a quantitative survey of Finnish consumers in which the respondents focus their replies on one of four well-known branded retailers. This chapter aims to establish whether the introduction of 'digital' has blurred the boundaries between actors in the marketplace and how the blending of physical and digital servicescapes affects consumers and the relationships they develop with brands and stores.

Chapter 10 focuses on SM and how it can empower consumers. From the marketing perspective, the emergence of SM has created significant changes: today's consumers can influence organisations and brands, create content that is followed by peers globally and influence how other consumers view brands or organisations (please see also Chapter 15). SM is also highly integrated into smartphones and can be accessed, commented on or forwarded by consumers on the go. Chapter 10 also discusses how the volume of these SM-empowered communications can create or destroy value for organisations.

Section 4 includes four chapters on privacy practices across different sections of the DM landscape. Chapter 11 explores how consumers respond to a retailer's ethics across different distribution channels, such as brick-and-mortar stores, online shopping and multichannel shopping; this novel research design compares consumer responses to an identical survey across different channels with almost 700 respondents. Today's retailers are feeling pressured to offer a multichannel retail environment to gain overall improvements in customer service but are consumers who use brick-and-mortar, online and multichannel shopping channels a homogenous group?

Chapter 12 merges the privacy drive of the GDPR to the data-rich environment of AI. The use of AI is growing exponentially, and many organisations are benefiting from

being able to deal with phenomenally large datasets during a time when IoT-enabled devices can generate volumes of relevant data for decision-making (see Chapter 2). Improvements in Cognitive Computing have made data processing more efficient and expedient: data can be more effectively converted into value for organisations as well as end-consumers. Yet, how do AI managers who enable data operations view the potentially restrictive GDPR conditions? This chapter reports on interviews with AI experts and managers from five different countries to gain an understanding of these potentially opposing trends (AI-enabled analysis of Big Data vs. the GDPR environment) impact on DM practices.

Chapter 13 explains how the GDPR impacts research in the marketing field. The introduction of the European Union's (EU) GDPR resulted in an avalanche of negative publicity, which focused on the potential fines that organisations might incur if they fail to protect the privacy of individuals. Research in marketing would not be excluded from these. How big is the leap from existing Institutional Review Board (IRB) requirements to GDPR-style secure data handling? Much of the GDPR guidance for academic research comes from medical research, which explains the need to highlight the situations in academic marketing research and how marketing academics running research projects can ensure that their data management aligns with current regulations: with reference to specific EU documentation, a seven-step process for GDPR-compliant academic research is explained.

Chapter 14 is based on a large-scale survey of a pilot project wherein a major retail chain developed an application based on a loyalty programme that allowed consumers access to their purchase history. The chapter's title accurately describes the variety of responses the pilot study participants had to this information. This is an interesting study because customer purchase history data are most commonly used by organisations to understand the behaviour and preferences of their customers. MyData are essentially Big Data that are made available to the end consumer – the person whose shopping behaviour is tracked by the loyalty programme. By sharing their data with customers, the retailer is hoping to increase trust and transparency as well as generate new opportunities for value co-generation.

The fifth section of this book explores the *future for digital marketing communication* and concludes this book. Chapter 15 touches on the key digital developments that we see causing change in the DM and Communication landscape in the near future: AI and automation (including Chat Bots); the role individuals as influencers will play in brand communications, possibly even to the extent of providing free digital labour; data surveillance, deepfakes and how Blockchain technology could offer a solution to many potential issues identified in marketing and business practices.

Each of these chapters resulted from a long-term study, from post-doc research to exceptionally well-crafted Master's thesis research. These research processes started before the emergence of the global COVID-19 pandemic (i.e. it is not possible to make changes to the data that were already collected). As the Editor, I would like to thank the Authors for their efforts to include COVID-19 implications in their chapters where possible. All chapters in this book have been through a double-blind review process to ensure high quality and relevance to the DM field. Special thanks go to all our colleagues, both domestic and overseas, who gave their expertise and time to the double-blind review process that we utilised in this book.

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