

Primary Research

**Going digital – An investigation into a company’s choice to
integrate digital media in the marketing mix.**

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Dissertation Extract

Acknowledgement

I wish to thank all the respondents of my questionnaire who remain anonymous for confidentiality reasons. All of them played an essential part in conducting my primary research, and with their comments they provided an informative insight and thereby created an interesting project.

Methodology

The aim of this paper is to investigate differences in importance and adoption of digital media and to examine the motivation for integrating the new tools in the marketing program. With the purpose of giving an answer to these problems, it is useful to conduct primary research to obtain data about the utilisation of digital marketing in companies.

Questionnaires have been used to gather primary data in order to get a wide range of views on the topic. They were created in both English and German (see Appendix) to remove the language barrier. The questionnaire was distributed online within a two month time period (February until March 2010) by posting it in business portals such as Xing and Linked-in and by sending it to randomly selected companies. By doing so, national and international marketers have been the target group and were asked to provide information about the marketing behaviour in their company.

The questionnaire has been divided into two sections. In the first part, which consists of five questions, the companies were asked to give details about their businesses, such as size, number of employees and line of business. The information are important for filtering the answers of the second section. The second part of the questionnaire consists of nine questions about the use of digital media and the attitude towards digital marketing. These questions aim to analyse the importance of digital media channels in various companies and to examine the motivation for integrating the new tools in the marketing mix.

It is assumed that the collected data will show dissimilarities in the adoption and integration rate. Furthermore, it is believed that there will be a relation between the digital marketing behaviour and the country, and company size respectively. The aim of the primary research is to find whether the data supports these two hypotheses. In particular, the primary research attempts to answer the following research questions:

- What is the motivation for using digital marketing?
- To which extent do companies adapt on the evolving marketing environment?
- Are there any differences in the adoption of digital media in various countries, company sizes and market sizes?
- Which is the preferred and most efficient digital marketing tool?
- Will there be further changes in the future?

Findings and Discussion

In this section, the findings of the primary research are discussed. Thereby, only complete questionnaires from the countries with the most responses are used for an in-depth analysis. A total of 155 responses was received after carrying out the survey, 105 of which were filled in completely. As illustrated in Figure 1, companies from fifteen different countries participated in the survey. However, this discussion and analysis will concentrate on the countries where the most responses have been given: the United Kingdom, Germany and the United States. These three countries account for almost three fourths of all completed responses (72 responses).

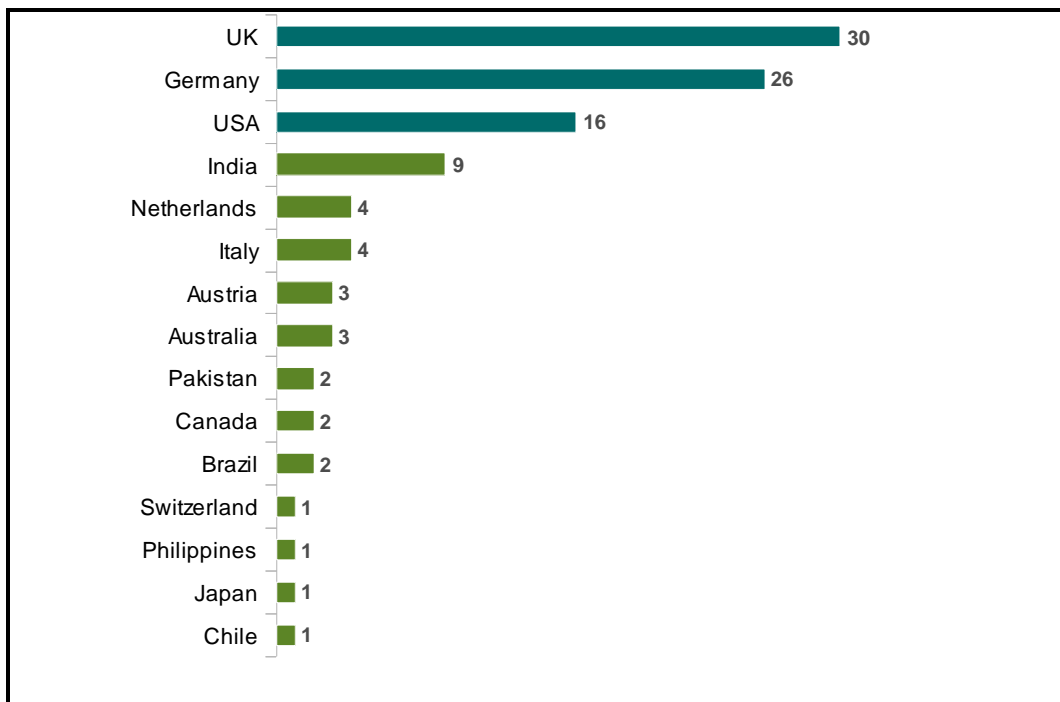


Figure 1: Complete responses according to country

Most of the respondents from the United Kingdom, Germany and the United States work in global (30 %), multinational (29 %) and national operating companies (26 %). Only 12 % of the responding persons work for local and regional operating businesses. However, 44 % of the companies employ one to fifteen people, and only 27 % have 250 employees and above. These figures may reveal that the size of a company does not necessarily affect the geographical distance of operation. It could be assumed that the reason for that lies in the growing importance of the internet which makes online content accessible in every part of the world.

As illustrated in Figure 2, more than half of all responses from the United Kingdom, Germany and the USA came from companies working in the service industry. Almost one quarter of the responding persons work in the computer business. Furthermore, the majority of companies (77 %) work in the B2B business while only 6 to 14 % target different age groups in the B2C sector. It is believed that these high percentages of companies in the B2B business as well as in the service and computer industry are due to the fact that the business portals, in which the survey was posted, are mainly used for networking between companies and are therefore mostly used by B2B companies and the two above mentioned lines of business.

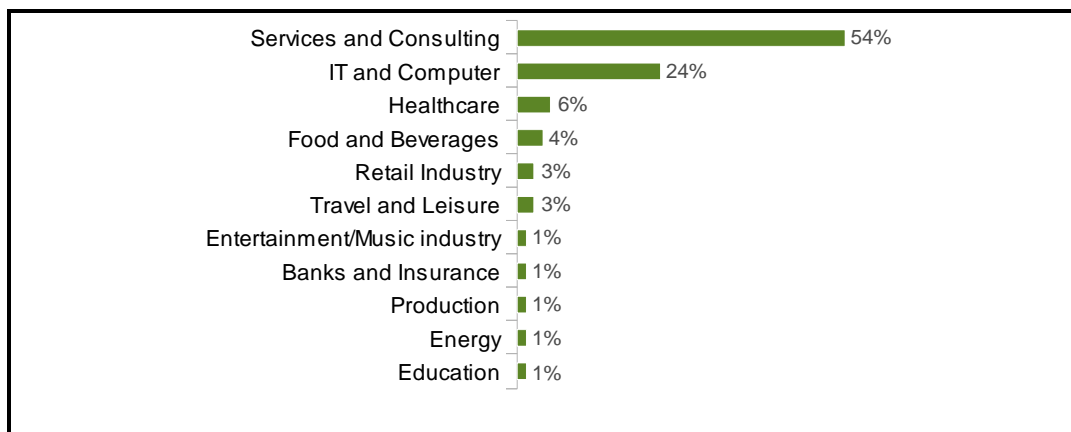


Figure 2: Business sectors of respondents from UK, Germany and USA

Although it was attempted to get a diverse sample which represents the cross-section of companies, respondents tended to be primarily working in two business sectors. Furthermore, most of the respondents work in the B2B sector, and only a few have private consumers as customers (B2C sector). For these reasons, the results which have been found in this study cannot be generalised, and it would be helpful to conduct another study by sampling a wider variety of companies.

The survey shows that 98 % of all respondents use the internet as a means of advertising and selling. Almost one third (29 %) make also use of marketing on mobile phones, and further 8 % use iPod's as a way to communicate with customers. According to these figures, internet seems to be the most popular digital marketing tool. It is assumed that mobile marketing is not used very often because it is a new technique which is still in its fledgling stages but will gain importance in the years to come.

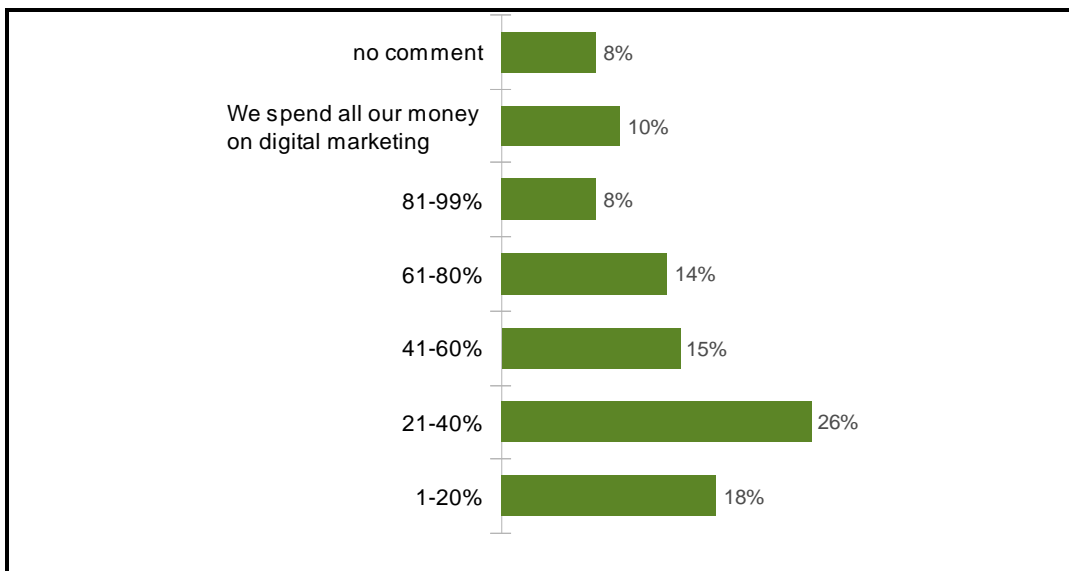


Figure 3: Expenditure of respondents from UK, USA and Germany

The majority of the responding companies spend 21 to 40 % of the total marketing budget on digital media (see Figure 3). Surprisingly, 10 % state that they spend their whole marketing budget on digital marketing activities. Furthermore, 57 % of all companies suggest reducing traditional marketing in favour of digital marketing activities. These findings may demonstrate growing importance of digital marketing and decreasing relevance of traditional marketing. Nevertheless, 29 % believe that traditional and digital marketing should be aligned and applied with different emphasis according to the customer type and the product. This may show the need for integrated marketing communications.

The reasons for using digital marketing, as illustrated in Figure 4, are mainly the ability to quick change, the interaction with customers (18 % each) and the completion of the marketing mix (16 %).

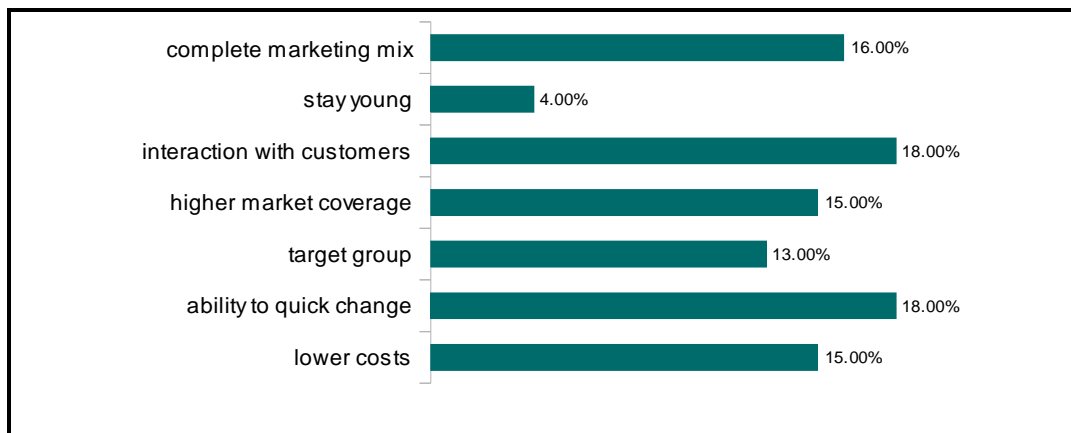


Figure 4: Reasons for using digital marketing

Interaction might be such an important reason because it is essential for companies to offer superior products and services than their competitors. This enables a company to receive criticism and suggestions for improvements by interacting directly with its clients.

Furthermore, the findings show that the ability to quickly react to changes seems to be important for companies. This fast behaviour may be a competitive advantage, and therefore is highly important for businesses. Moreover, high market coverage and the ability to save costs (15 % each) appear to be central reasons for using digital marketing.

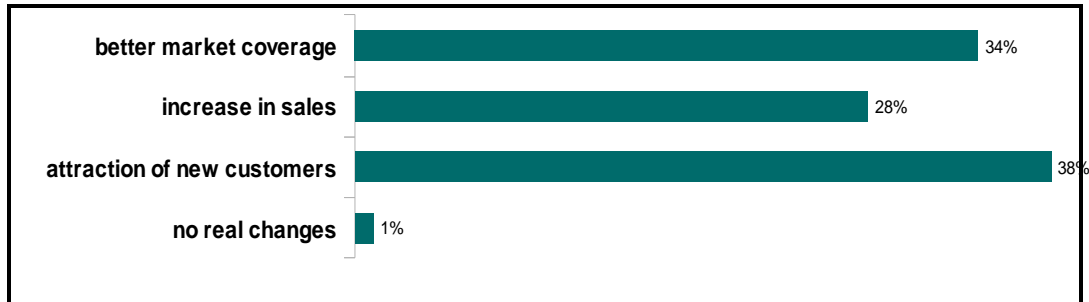


Figure 5: Effects of using digital marketing

As can be seen in Figure 5, the most important effect of using digital marketing is the attraction of new customer groups (38 %), followed by a better market coverage (34 %). According to the respondents, the least important effect is an increase in sales (28 %). It could be assumed that marketing is not anymore seen as a means for creating one-off sales, but rather as an instrument to create customer satisfaction with the intention of building sustaining relationships between the clients and the company.

The participating persons were asked to sort different digital marketing tools according to the relevance in their companies. As illustrated in Figure 6, websites are rated the most important tool. This may be because websites are the longest established online marketing tool and therefore might be seen as the most efficient tool.

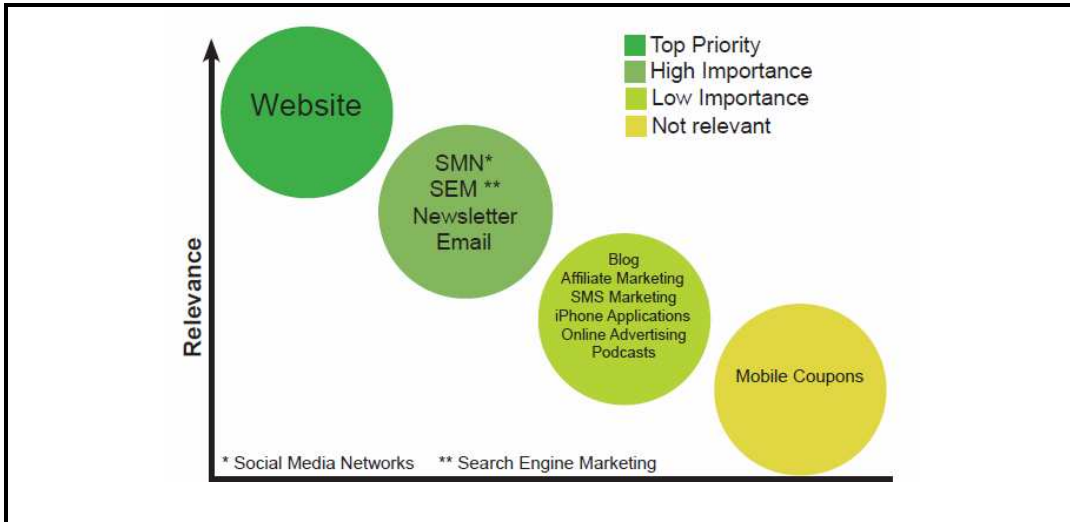


Figure 6: Relevance of digital marketing tools in UK, USA and Germany

In addition, the findings show that websites are followed by social media networks, search engine marketing, newsletters and e-mail marketing. Those instruments seem to have a high importance. Other tools such as blogs, affiliate marketing, SMS, iPhone applications, online advertising and podcasts are of low importance, while mobile coupons do not have any relevance in the marketing activities of the companies. As assumed, e-mail marketing does have a high importance in the businesses of the respondents.

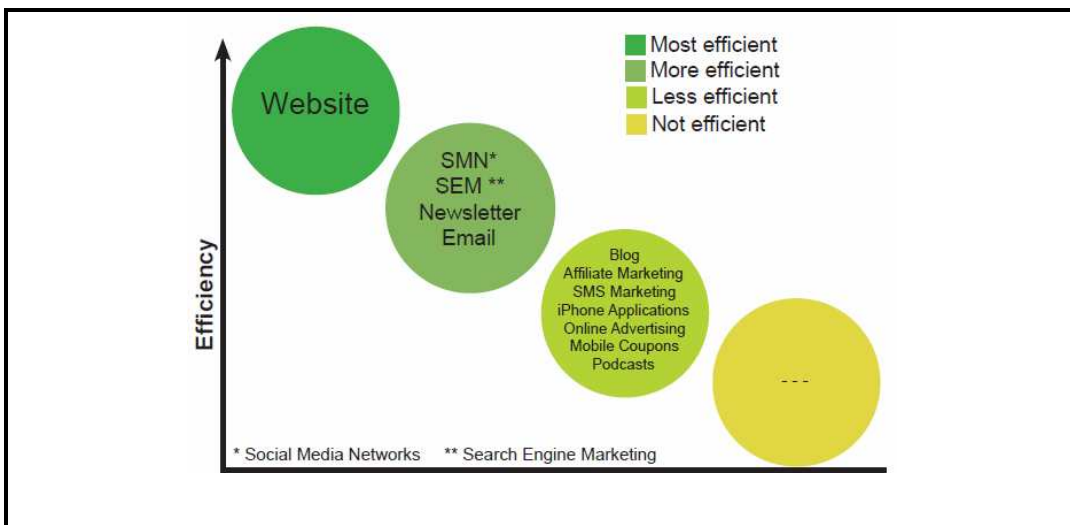


Figure 7: Efficiency of digital marketing tools in UK, USA and Germany

Furthermore, the data demonstrate that the participants of the survey rate the relevance similar to the efficiency of each tool (see Figure 7). On the one hand, websites, which are regarded as the most important tool, are said to be the most efficient tool too. On the other hand, tools which are regarded as being less efficient are not important within the marketing of the businesses. Therefore, it can be assumed that most companies systematically choose digital marketing tools according to their efficiency in order to use the optimal digital marketing mix for promoting their products.

It is important to point out that the sampled persons do not regard any tool as inefficient. Consequently, it can be supposed that every digital marketing tool does have a certain degree of efficiency.

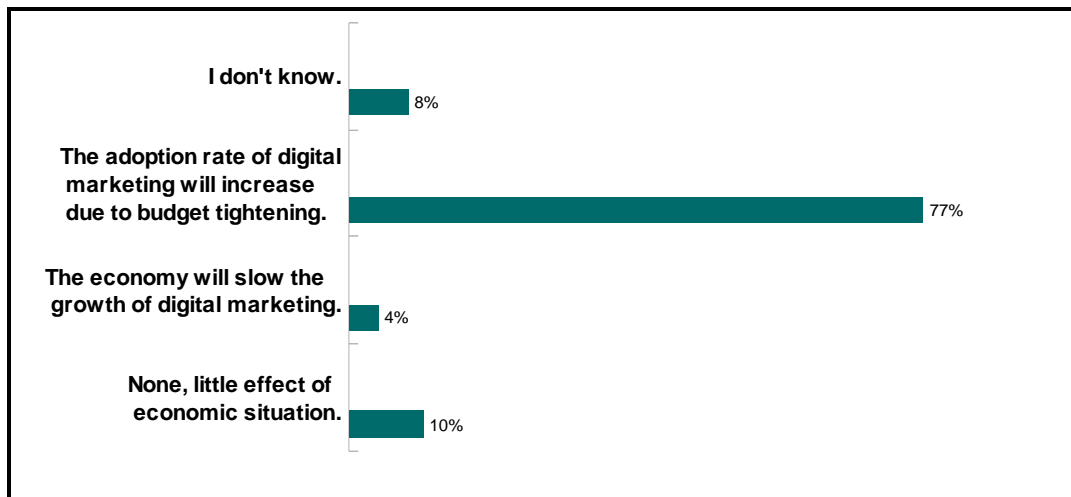


Figure 8: Future development of digital marketing

Equally important, the participants gave some predictions about the future development of digital marketing with reference to the current economic situation (see Figure 8). 77 % of all respondents forecast the adoption rate of digital marketing to increase because of budget tightening in companies. This might be due to the reason that digital marketing is seen as a cheaper alternative.

Nevertheless, some participants (10 %) think that the current economic situation does not affect the further development of digital marketing.

1.1.1 Digital Marketing in different countries

It is worth comparing the responses from the United Kingdom, USA and Germany with each other to point out differences between the countries.

The findings show that, besides the high use of online marketing, mobile marketing is more developed in American companies than in other countries with 38 % of the respondents using the mobile phone as a means of digital marketing and another 25 % applying marketing on iPods (see Figure 9). In contrast to that, British companies utilise less iPods marketing (3 %). However, the adoption rate of mobile phone marketing is similar with 37 % of the British participants using it. Furthermore, the figures reveal that Germany, while having a high adoption rate of online marketing (96 %), does not make use of mobile marketing very often with only 15 % of respondents using the mobile phone and another 4 % using the iPod as a digital marketing instrument. These findings might demonstrate that although internet is equally the most important medium in all three countries, the importance of marketing on mobile devices differs.

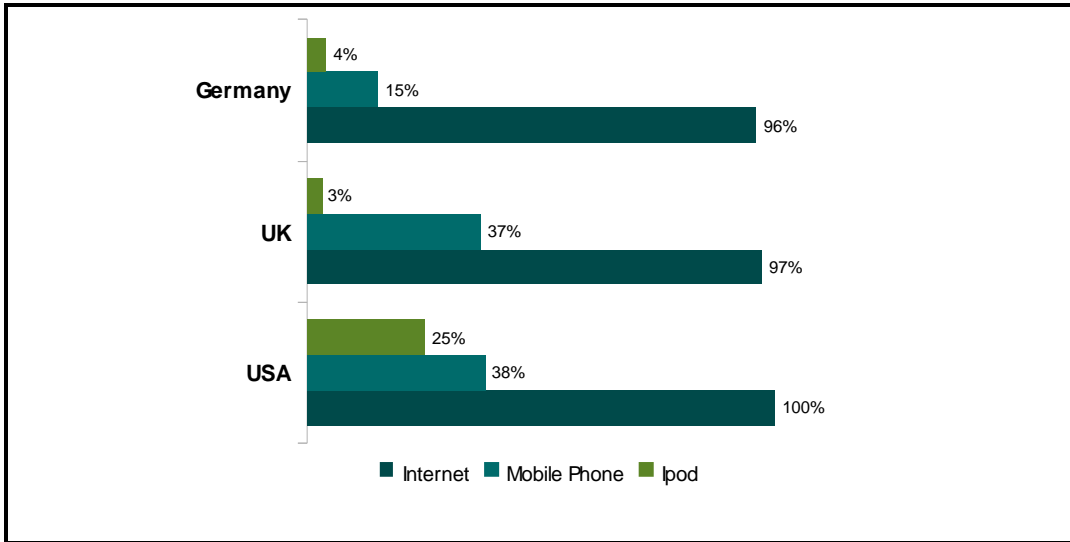


Figure 9: Adoption rate of digital channels in USA, UK and Germany

Differences can also be found in the expenditure for digital marketing (Figure 10). While the majority of German participants (23 %) state to spend 1 to 20 % of the whole marketing budget on digital marketing, most of the American (38 %) and British (27%) respondents affirm to use 21 to 40 % of the marketing budget for digital marketing activities.

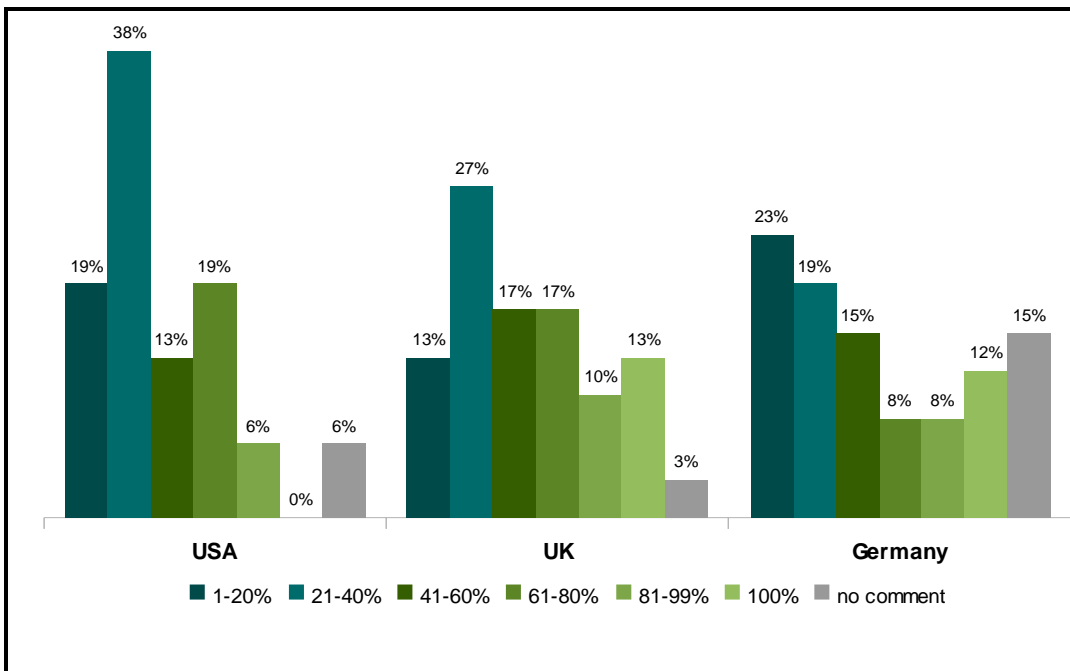


Figure 10: Expenditure patterns in USA, UK and Germany

It might be important to point out that 13 % of the sampled British companies spend their entire budget on digital marketing. This might be related to the question whether traditional marketing should be reduced in favour of digital marketing. While the majority of American (69 %) and British (74 %) participants are in favour of reducing traditional marketing, 70 % of all German companies are opposed to reducing it (Figure 11).

The relation between these two results might indicate that American and British companies are applying less traditional media than German businesses. The former seem to be more open-minded about new marketing techniques, while the latter might still prefer the traditional marketing means with which the companies are already familiar.

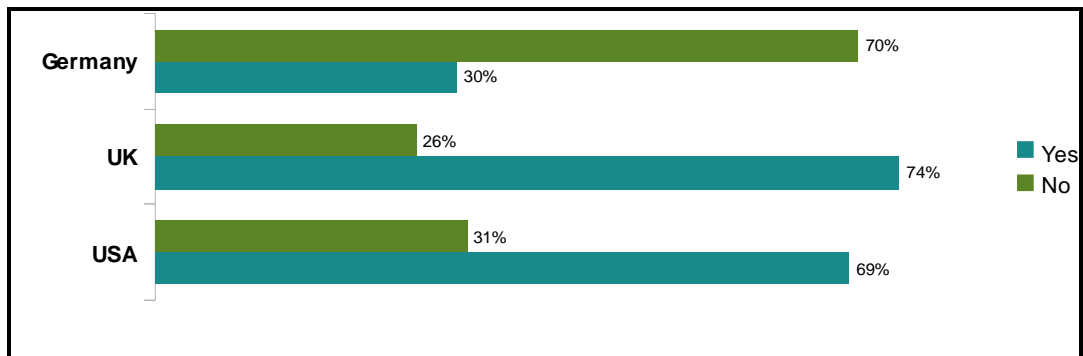


Figure 11: Should traditional marketing be reduced in favour of digital marketing?

After comparing the findings it may be concluded that the adoption and integration rate of digital media is currently higher in the United Kingdom and the United States than in Germany. Reasons for that might lie in the different attitudes towards the level of integrating digital marketing. This results in differing expenditure patterns in the three countries mentioned.

1.1.2 Digital Marketing in different-sized companies

Not only geographical differences but also size-related differences can be found in the usage of digital marketing when comparing different companies with each other. In this chapter, small firms with one to fifteen employees are compared to big organisations which employ more than 500 people.

The first difference represented by the responses is the variation in the adoption of digital media (see Figure 12). All enterprises with more than 500 employees stated to use the internet as a means of communication, whereas 47 % affirmed to use mobile phone marketing, and another 20 % of the respondents indicated to utilise marketing on the iPod. As opposed to this, companies which employ up to fifteen people do also use the internet as main means of communication (97 %), but the data seems to show that other digital devices are used very rarely. 19 % of the participating small companies indicated to use mobile phone marketing whereas only 6 % make use of marketing on the iPod.

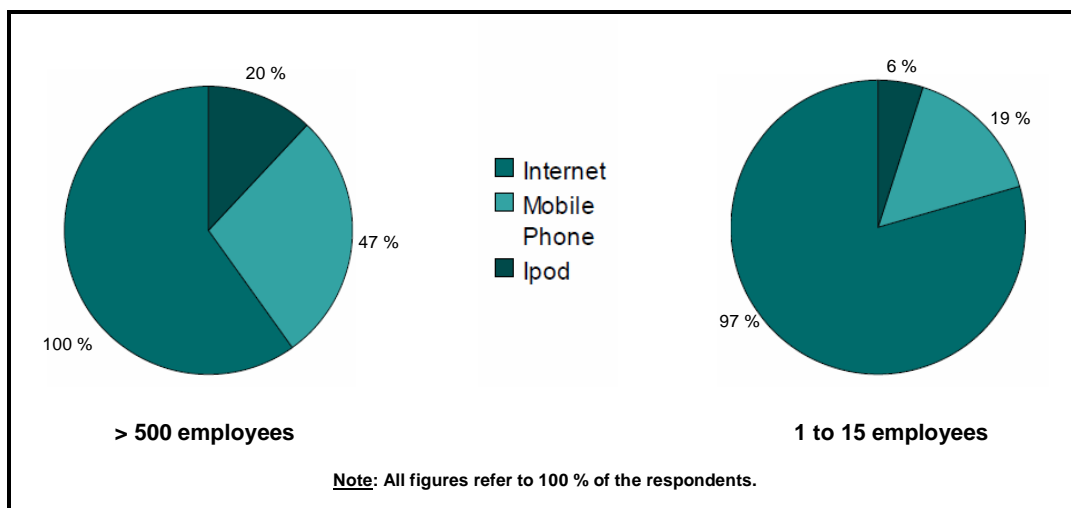


Figure 12: Digital marketing channels in large and small companies

With reference to these findings it might be assumed that larger companies make use of various digital media while most of the small businesses purely utilise the internet as a digital marketing means. The reason may lie in the number of employees a company has. While businesses with a large number of employees might have a wide range of skilled people in the field of digital marketing, small companies with no more than fifteen employees may lack skilled employees. Therefore, it seems like small companies do rather utilise one digital marketing channel successfully instead of applying various different tools ineffectively. If they would use all digital technologies which are available for communicating with its customers, they would most certainly integrate the different kinds of media superficially.

A second difference between different-sized companies can be found in the marketing expenditure (see Figure 13). According to the findings, the majority of big companies (54 %) seems to have a balanced marketing mix with a digital marketing expenditure of 21 to 60 % of the marketing budget. In contrast to that, small companies seem to be split into two totally different expenditure levels. On the one hand there are many companies (30 %) which only spend about 21 to 40 % of their marketing budget on digital marketing, on the other hand the data shows that 22 % of the companies which employ one to fifteen people spend between 89 and 99 % of their communication budget on marketing on electronic devices.

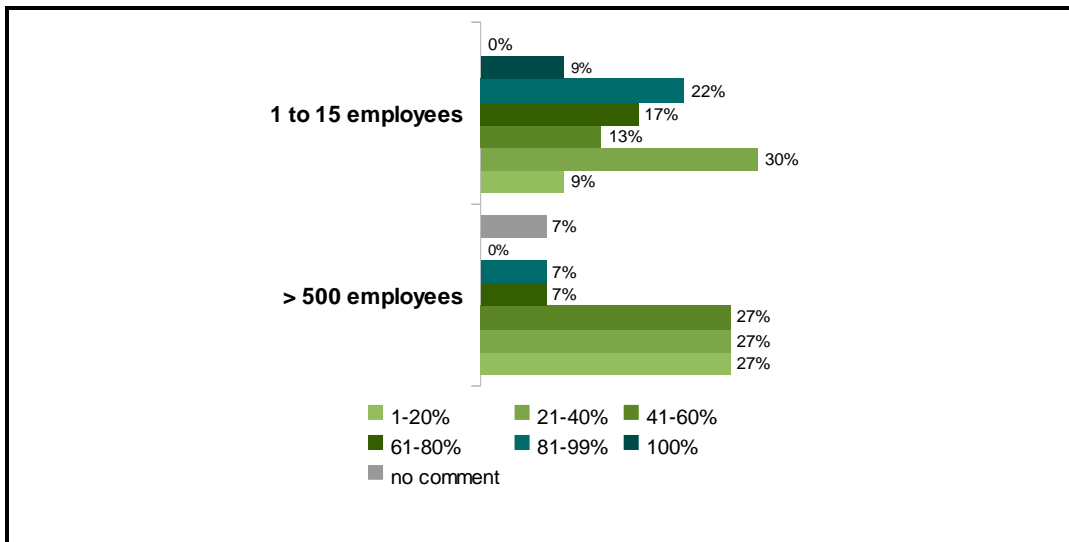


Figure 13: Expenditure patterns in large and small companies

The high amount of small companies which use primarily digital marketing might be due to the fact that these kinds of businesses often do not have as much money as bigger enterprises. Thus, company may use digital marketing as a cheaper alternative for expensive traditional marketing tools.

The findings of the survey also show differences in relevance and efficiency of digital marketing tools. While online tools are considered to have the same importance in small and large companies, the gathered data seems to demonstrate differences in relevance of mobile marketing tools. SMS marketing, mobile coupons and iPhone applications are regarded as having a low importance and efficiency in enterprises with more than 500 employees. In contrast, companies with not more than fifteen employees believe that mobile marketing has no relevance and efficiency. The findings may show a relation to the usage of digital marketing channels which has been discussed earlier (Figure 9).

It could be assumed that small companies do not make any use of digital media, except for the internet because they believe that mobile marketing is not as efficient as online marketing. It might be concluded that small businesses are not willing to invest in uncertain and unproven new marketing techniques but rather spend their money wisely.

To sum up, one might say that the gathered data shows a number of dissimilarities in the use of digital media in different-sized companies. According to the findings, it might be supposed that the small budget as well as the limited number of employees in small companies lead to a more sophisticated marketing program in which only the most efficient tools are implied in order to allocate the budget effectively.

1.1.3 Digital Marketing in companies with different market sizes

It is also essential to distinguish between companies which operate in different market sizes. Thereby, national and global operating companies are compared to demonstrate the differences in digital marketing behaviour.

The findings show that global operating companies seem to use a greater diversity of electronic media for their marketing purposes than national operating businesses (see Figure 14). 29 % of all global companies stated to use mobile phone and iPod marketing. On the other hand, national operating businesses affirmed to only use mobile phone marketing (20 %) while not making use of iPod marketing.

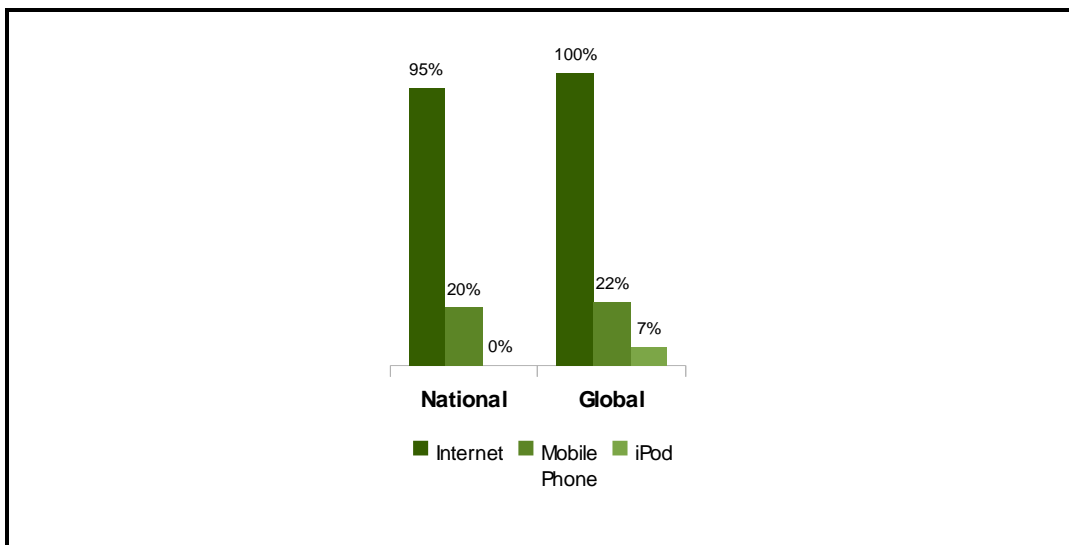


Figure 14: Adoption rate of digital media in global and national operating companies

Another difference can be seen in the level of expenditure for digital marketing activities (Figure 15). Most of the sampled national operating companies (30 %) indicated to spend 1 to 20 % of the whole marketing budget on digital media. In contrast, the majority of global operating enterprises spend between 21 and 40 % on new media marketing.

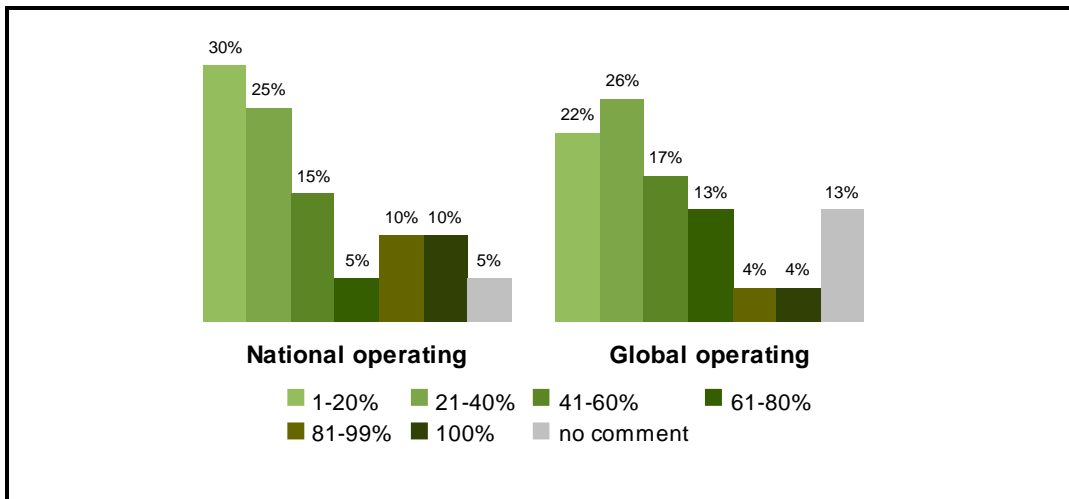


Figure 15: Expenditure patterns in national and global operating companies

This seems to demonstrate that national operating companies do still prefer traditional marketing while global operating companies have realized the importance for digital marketing in the international competitive environment. Nevertheless, the figures show that 20 % of the national operating companies and 8 % of global operating enterprises spend between 81 and 100 % of the total marketing budget. This may be due to the fact that the customer groups of the participating companies are using the internet, which makes digital marketing an effective instrument to interact with them. Moreover, the data would seem to suggest that global operating companies may have a more balanced marketing program, while in national operating businesses either traditional marketing or digital marketing predominates significantly.

Furthermore, the study reveals that 73 % of the global operating companies believe that traditional marketing should be reduced in favour of digital marketing, whereas the majority of national operating companies (65 %) proposes to not reduce traditional marketing activities (see Figure 16). This might show that companies which operate globally are more aware of the advantages which digital marketing offers.

With reference to the large market which those global operating enterprises have to cover with their marketing program, it may be the best option for them to utilise digital media instead of traditional media which tend to have a shorter reach.

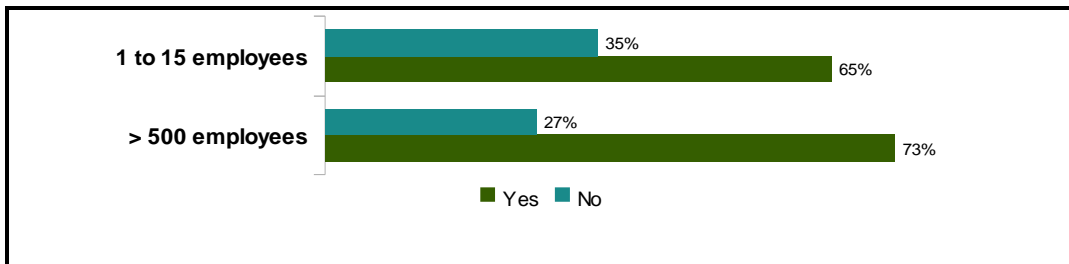


Figure 16: Should traditional marketing be reduced in favour of digital marketing?

It might be concluded that global companies use more digital marketing because they have to reach much more customers with their marketing program. It can be assumed that national operating companies do not feel the need for digital media as much as global ones. However, there seem to be several innovative companies among them which primarily use digital media to communicate with their customer group.

Conclusion

The aim was to analyse the importance of digital media channels in various companies and to examine the motivation for integrating the new tools in the marketing mix. Throughout this paper, digital marketing has not been seen as an alternative to traditional marketing, but rather as an additional element of the marketing mix which enables companies to remain successful in the evolving technological and marketing environment.

There are various aims of integrating digital media within the marketing mix, like cost savings or the ability to interact with its customers more closely. It could be shown that there is a need for integrated marketing communications to benefit from synergies. It has been found out that the traditional marketing mix is too limited and that it is necessary to reapply the marketing mix with the purpose of integrating digital media successfully.

The primary research focussed on gathering information about the utilisation of digital marketing in various companies in order to be able to find out the differences. The questionnaire was distributed online to reach various companies in a variety of countries. This study should demonstrate to which extent companies have adopted to the changing marketing environment and thereby answering five main research questions.

The findings supported the hypotheses which have been stated earlier by showing that there are dissimilarities in the adoption of digital marketing in different countries, different-sized companies as well as in companies with a different market size.

This demonstrates a relation between the digital marketing behaviour and the nature company. After comparing the results it can be assumed that the main motivations for using digital marketing are the abilities to quickly react to changes and to interact with customers. The extent to which companies adapt on the evolving environment seems to differ according to the size and market size of the company. Websites, social media networks and search engine marketing are regarded as the most efficient and relevant digital marketing tools, while mobile marketing was considered less efficient and less relevant. The survey showed that due to the current economic recession the adoption rate of digital marketing is likely to increase due to budget tightening.

A number of restrictions of the study and areas for future research should be pointed out. While efforts were made to sample a diversity of companies, the responding companies are mainly operating in two different industries. Therefore, the findings which have been found in this study cannot be generalised for any company. A comparable study carried out outside the boundaries of a university setting may provide a more representative insight of the topic which has been investigated throughout this dissertation. Nevertheless, the study serves as a window to a better understanding of a company's choice to integrate digital media within the marketing mix.

The primary research, points to the fact that companies are most likely to move further away from traditional media and towards digital media. Although mobile marketing is not as popular as online marketing at the moment, it is assumed that it is going to grow over the next years. The new media platforms have become essential in today's marketing environment and complement the traditional marketing activities of a company. Nevertheless, a company has to decide to which degree it is useful to use new media technology or to stick to traditional media.

The current digital media landscape will most certainly not remain the same. Consumer behaviour will change continuously as new technology evolves. This leads to the conclusion that to remain successful in the ever-changing environment, marketers need to keep track of new marketing opportunities, integrate new media wisely alongside traditional marketing activities and continuously revise and balance out their marketing mix.

Appendix

Going digital - Survey of the usage of digital marketing

Answers marked with a * are required.

I am an undergraduate student at Leeds Metropolitan University studying "English as a foreign language & Marketing". For my final year dissertation on digital media, I am conducting research to investigate the use of digital media in different countries and different economic sectors. This questionnaire will only take a couple of minutes to complete.

All responses will be anonymised and you are not being asked to provide your name. Data collected through this questionnaire is purely for academic research and will be kept confidential. With sending your questionnaire you confirm that the information given can be used for academic research. Nevertheless, you are able to withdraw your participation at any stage of this research. If you wish to ask me further questions about my research please contact me via email: bucher.nicole@hotmail.de.

Thank you for your participation!

Nicole Bucher

1. Where is your company's headquarter located? *

- United Kingdom
- Germany
- Other (Please Specify)

2. What is your market? *

- local
- regional
- national
- multinational
- global
- Other (Please Specify)

3. How many employees does your company have? *

- 1 – 15
- 16 – 50
- 51 – 100
- 101 – 250
- 251 – 500
- More than 500

4. In which line of business does your company work? *

- IT/Computer
- Banks/Insurance
- Food/Beverages
- Healthcare
- Services/Consulting
- Travel/leisure
- Retail industry
- Production
- Transport/Logistics
- Real Estate/construction
- Other (Please Specify)

5. What is your target group?

If ticking B2C, please select the age of your target group!

*

- B2C 0 – 15 (Consumer)
- B2C 16 – 30
- B2C 31 – 45
- B2C 46 – 60
- B2C 61 – 75
- B2C older than 75
- B2B (Business)
- B2G (Government)
- Other (Please Specify)

6. Do you use digital Marketing?

*

- Yes
- No

7. Which digital marketing channels does the company use?

Please tick as appropriate.

*

- Internet
- Mobile Phone
- iPod
- Other (Please Specify)

8. What percentage of your total communication budget do you spend on digital marketing?

*

- 1 – 20 %
- 21 – 40 %
- 41 – 60 %
- 61 – 80 %
- 81 – 99 %
- We spend all our money on digital marketing.
- no comment

9. What do you think are the effects of using digital marketing?

Please tick as appropriate.

*

- no real changes
- attraction of new customers
- increase of sales
- better market coverage/expansion
- Other (Please Specify)

10. Should traditional marketing (e.g. in newspapers) be reduced in favour of digital activities?

*

- Yes
- No
- Other (Please Specify)

11. What do you consider the main reasons for using digital marketing?

Please tick the two most important reasons.

*

- low costs
- ability to quick change
- target group is on the internet
- greater market coverage
- interaction with customers
- to stay "young"
- to complete the marketing mix (perfect combination)
- Other (Please Specify)

12. How relevant do you consider the adoption of the following digital marketing tools in your company?

Please evaluate the importance of every tool.

*

	Not Relevant	Low Importance	High Importance	Top Priority
Website	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Blog	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Social Media Networks	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Affiliate Marketing	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Search Engine Marketing	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Newsletter	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Online advertising (Banners...)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Podcasts	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Email	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
SMS	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Mobile Coupons	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
iPhone Applications	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

13. What do you consider the most efficient digital marketing tool?

Please evaluate the efficiency of each single tool.

*

	Not efficient	Less Efficient	More efficient	Most efficient
Website	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Blog	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Social Media Networks	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Affiliate Marketing	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Search Engine Marketing	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Newsletter	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Online advertising (Banners...)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Podcasts	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Email	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
SMS	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Mobile Coupons	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
iPhone Applications	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

14. Which further changes of digital media usage do you think will be in the future concerning the current economic situation? More answers allowed.

*

- None, little effect of economic situation.
- The economy will slow the growth of digital marketing.
- The adoption rate of digital marketing will increase due to budget tightening.
- I don't know.
- Other (Please Specify)

15. **Thank you for participating in this survey!**

Please use this box for further comments:

Quit

Back

Finished