Saint Petersburg State University

**The International Digital Marketing: trends and modern challenges**

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for the degree of

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that this is entirely my own work \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

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# INTRODUCTION

Digital and social media technologies and applications have been widely used for creating awareness of public services and political promotions. People become spending and increasing amount of time with online searching for information around the world, on products and services. Consumers from across countries can communicate with other consumers in different countries about their experiences. Thereby, digital marketing offers new opportunities for business since it is highly measurable and adaptable, and they can customize their digital marketing efforts to meet business goals. The origin of digital industry is transformed from industry 4.0 concept by Germany government which mention about High-Tech Strategy to secure the future competitiveness of the German manufacturing industry and they use criteria based on several technological enablers, i.e., Cyber-Physical Systems (CPS) and the Internet of Things (IoT). CPS help to simulate and connect the physical world through a virtual world, applying technologies such as advanced sensors or digital twins. It leads to better imitate and diagnose and perceive the physical world from reproducing data. Therewith, this reproducing data is shared in form of the IoT, granting to link humans, production facilities, and products across the entire industrial value chain. CPS and IoT foundations enable horizontal and vertical integration, i.e., across entire industrial value chains, across the entire lifecycle of products, and across several functional departments. Horizontal and vertical integration then allow multiple potentials on an operational and strategic levels (Kai-Ingo & Julian, 2021). The latter industry 4.0 include more sectors, e.g., cloud computing storage and security technologies for data transmission, artificial intelligence (AI), technologies to interconnect between humans and machines or machine learning, or advanced manufacturing technologies, advanced technological robots or additive technological manufactures such as collaborative robots. This illustrates that people comprehend industry 4.0 from the of digital production’s perspective, but lower in integrated supply chains of digital’s perspective.

In technological perspectives demonstrate that emerging of industry 4.0 is swiftly rising and it also effect on socioeconomic with new innovations. This influence to modifying in the new business models in many sectors. Business models comprise the logic on value proposition, value creation, and value capture, i.e., the monetization of the value proposition (Kai-Ingo & Julian, 2021). The challenges of innovations, occur in nowadays, effect to modern business in implicit parallels and profound significance ways. Therefore, we should look a company not only in a part of industry, but also in a role of a business ecosystem in amidst of different industries. In a business ecosystem, companies coevolve capabilities around a new innovation: they work cooperatively and competitively to support new products, satisfy customer needs, and eventually incorporate the next round of innovations (Moore, 1993).

The world in present era, people live with new invention and technology or it so-called digital life including internet, social media, mobile apps, and other digital communications technologies have become part of everyday life for billions of people around the world. Most people look news up through online sources, where they can follow brands and all activities. Moreover, many people buy goods online, and it is hard to do not recognize when targeting the international audience. Therefore, digital technology is intensive to many e-commerce brands to employ digital marketing in order to help them address the needs of the new market. Companies can reach international audiences faster through different digital media. For instance, social platforms and social media advertising can open the door to billions of people worldwide. As a result, digital marketing platform can reach a multi-million audience in any country, it does not make us surprise that we see the digital platforms are rapid growth for the dissemination and expansion of international companies’ business; therefore, it is trend to startup firms to aware of the options when deciding whether to adopt a particular technology because they often have low resource availability. Digital marketing services are becoming more popular by using an internet as a main marketing tool for many types of businesses of the world. Internet is not only a very cheap and creative instrument for delivery goods and services to specific target receivers, but it also helps for receiving fast feedback from the clients. Moreover, it preserves more promising features due to offered globality and rapidness when it comes to communicate people effectively.

Apparently, a media consumption has been dramatically changing over the last 20 years towards digital media, thus It determines that the internet is becoming significant tool for all product categories. This result makes organisations aware of the rapid growth of products and brand values and includes to mitigate the process of workflow, i.e., different customer types, content and offers can be used to encourage them to start an online dialogue and advertising.[[1]](#footnote-2) This also influences collaboration of companies on online communities in order to obtain the sharing of information and experiences. We also can notice digital marketing in the international market is currently crucial trend and modern challenge, such as we can see from website, social networks, online direct marketing, multi-media products, advertising campaigns, and so on. Moreover, invested financial budgets and intellectual power are increased for global brands, which digital marketing strategies would help the businesses to be more successful.

In 2019-2020, the pandemic COVID-19; moreover, has enhanced the development of the digital marketing in global market and increased the attention of both large transnational corporations and small and medium enterprises to this business field. The epidemic has made more consumers who spend time for searching news and information, exchanging, interacting, and shopping on online platforms and they become selective with their purchases. At this point, intermediary platforms play the prominent role to connect the consumer to various suppliers. Simultaneously with this search, a separate intermediary system connects the consumer (and the consumer's search behaviour) to advertisers, leading to advertisements (Jullien, Pavan, & Rysman, 2021). Organisations; thus, have responded to this change in consumer behavior and digital marketing and social media starts to represent an essential and integral component of their business marketing plans. Many brands start employing digital marketing to help them address the needs of the growing e-commerce market because they can reach international audiences faster through different digital medias. In other word, an increase of digital population and the revenues on digital advertisement market establish the organization of digital marketing approach and their communities. The apparent incident for payment system on digital platform is a payment network, an intermediary that facilitates payments between buyers and sellers. These interactions are enabled by an internet service provider that is an intermediary between consumers and a complex market of telecommunication systems. In addition, the devices in this case, the tablet and smart phone, can be regarded as intermediaries themselves, connecting consumers to software applications via the devices' operating systems (Jullien, Pavan, & Rysman, 2021). Nowadays, the competition on the market is more enlarger and difficult; thus, this requires to re-consider on companies’ identification by choosing between conservation and digital modification in marketing strategies and to expand the application of new digital technologies in two-sided market. Indeed, using the Internet obtains empowering advantages such as elimination of geographic barriers, 24 hours or seven days’ availability, cost-effectivity, trackability, and personalization. Adoption of the internet in the international market; notwithstanding, will cause to scarcity of face-to-face contact, mental and health problems, security, privacy, unreliable news and information or fake news, social terrorism, scam or fraud, etc. (Bostanshirin, 2014).

This research attempts to express the popularity of the digital marketing services to the international markets or consumers and gain insights into the relevance of digital marketing on purchasing decisions. The aim of this research is to provide practical insights of the digital marketing service for international market operating in worldwide how online businesses target international consumers. These insights will allow for a more comprehensive understanding of factors affecting profitability in the international market with online-based market. Furthermore, the purpose of this paper also to obtain the answers of hypothesis; firstly, the digital marketing is becoming trending tool and the most effective form of the international market or describe in another way that If trend of the digital marketing is more increasing, it will impact to trade revenue as the new challenges of many companies to maintain only traditional trade or adopt digital marketing in their business; secondly, Using advanced technology in business’ strategy would aid companies to eliminate previous marketing limitations and discover immense profits from online leads even in crisis or pandemic, e.g., Covid-19 situation; lastly, since digital marketing increase a vast majority of online-based purchases; thus, it will escalate the competition in international trading system which influence businesses all around the world to take the revolutionary leap from billboard advertising to digital advertising. Whilst conducting systemic analysis based on comprehensive literature review and case studies approaches to discover answers these hypothesis, other relevant causal links are likely to reveal themselves and thus background information on particular respondents will enable further insights to be built into the research. The author chooses to apply the case studies method for exploration into relationships between digital marketing usage by Russia and China’s businesses, and consumers' consumption preferences in the international market as well as influential variables. At the end, the points of Russian and China’s businesses to deploy digital marketing in international market are summarised in this research paper, so as to contribute those imposing and appraising proposals case study research, and readers to assess the quality of case study reports and be more comprehensive in research’s consequence. In addition, the researcher also focuses on the importance of digital marketing for both marketers and consumers in digitalization era. The reader will understand the different solutions with internet tool that organisations adopt, in order to develop their conservative marketing to digital marketing process. The paper starts with defining of digital marketing and reviewing literature background to understand the effective approach and difference procedures of a multi-channel marketing strategy[[2]](#footnote-3) by adopting the internet method in both aspect of domestic and international market. Since modern-marketing perspective give important that the customers are the principal actors of marketing activity, a customer-centric marketing[[3]](#footnote-4) theory proves current market activities and analysis of challenges and trends of digital marketing. According to customer-centric approach, its useful for marketers to greater comprehend and adapt the suitable proposal to each individual consumers through digital medias or social medias.

Finally, with reference to the paragraph mentioned above that customers choose to consume a good reputation of products and services from reviews, advertising, interaction with brands via seller and customer service. It defines of customer journey that they can consume the information of the products and services is not only via internet base platforms, but also via other channels such as television, radio, e-mail, publish in pamphlet, newspaper, magazine forms, even outdoor. Thus, the contents in advertising through these various medias are very crucial for marketers to express the best way of how good of their products and services to the customers in difference channels because the majority of people’s life still spend in the intrinsic world rather than the virtual world. It cites to a multi-channel marketing strategy demonstrated companies shall generate each marketing channels which encourage and integrate between them so as to success in expansion and communications with clients. At the end, the study grants challenges and trends of digital marketing in e-commerce, e-business and startup business, involved with the technological advertising on social medias channel, its effective during Covid-19 epidemic, problems of security is provided throughout this dissertation in the conclusion.

# CHAPTER 1. ADOPTION OF DIGITAL MARKETING IN STRATEGY OF GLOBAL BUSINESS AND THEORICAL APPROACHES

World economy and society has been significant changed by information technology in competitive environments during the last two decades particularly in digital markets. As we might have known that escalation of digitization largely influences to this changing and the so-called digital revolution, related to development, innovation, globalization, business transaction, economic integration in the multimedia market, e.g., advertising on television broadcast, website or webpage platforms, e-mail, message via mobile phone and chatbot, social media, online market application, etc. This is a fundamental transform from old generation to new generation or traditional era to technological era of existing structure in the telecommunication, media industries, entertainment and computing, which have made the markets more digital, more competitive, more dynamic and more complex. New market conditions were generated every year and it is incentive factor to many businesses to strive with global competitors; therefore, they shall adapt continuously in sections of strategies, organisations and products so as to be successful in the digital market environment.

In first section of this research describes about the literature reviews regarding to beginning and structure of the digital marketing business in global market perspective. Emergence of the internet impact to modifying of business model and effect chain to new economy in digital social. This part will be structured by theoretical frameworks, identifying similar, discrete concepts, follow with a review of the literatures and the findings proposed.

## 1.1 The concept of the digital market and marketing in business strategy

World economy in present engages tremendously with digital technologies, consisting of internet, electronic equipment or gadgets, artificial intelligent (AI) system, machine learning (part of autonomic algorithm), etc., so as to builds efficiencies business structure and yield advantages in term of profit maximisation. In other word, digital technologies keep fueling economic growth, pushing innovation, and escalating employment opportunities in both domestic and world scope. Digital marketing is the one of business’ strategy, invented during the emergence of internet era which form the online market or e-commerce network. It is difficult for many enterprises to disregard adaptation of digital marketing in their business model, because of consumers’ behaviour change. They tend to use electronic instrument to search for information (News, articles, reviews, etc.), buy products and services, interact with other internet users, etc. through online platform or intermediary. The empirical situation that enhances deploying of digital marketing in many businesses is the Covid-19 epidemic. This event has made more consumers who spend time for searching news and information, exchanging, interacting, and buying goods and service through online platforms or intermediaries which make they become selective with their purchases. That determines the pandemic has not only escalated the development of the digital marketing in home and global market, but also the attention of both large local and transnational corporations and small and medium enterprises (SMEs) to this business field. At this point, intermediaries or platforms play the prominent role to connect the consumer to various suppliers. Simultaneously with this search, a separate intermediary system connects the consumer (and the consumer's search behaviour) to advertisers, leading to advertisements (Jullien, Pavan, & Rysman, 2021). Organisations; thus, have responded to this change in consumer behavior and digital marketing and social media starts to represent an essential and integral component of their business marketing plans. Many brands start employing digital marketing to help them address the needs of the growing e-commerce market because they can reach international audiences faster through different digital medias. In other word, an increase of digital population and the revenues on digital advertisement market establish the organization of digital marketing approach and their communities. The apparent incident for payment system on digital platform is a payment network, an intermediary that facilitates payments between buyers and sellers. These interactions are enabled by an internet service provider that is an intermediary between consumers and a complex market of telecommunication systems. In addition, the devices in this case, the tablet and smart phone, can be regarded as intermediaries themselves, connecting consumers to software applications via the devices' operating systems (Jullien, Pavan, & Rysman, 2021).

#### 1.1.1 The revolution of communications and distributions in business construction

Indeed, the evolution of digital marketing would not have been possible without the development of communications and distribution channels. Technological progress espouse market transaction to move from conservative regime to electronic regime; therefore, the employing of digital communications were apparently increasing, generating new methods of communication with the customer. Evolving from traditional forms of direct communication with the customer (sales, phone, fax, direct mail), e-mail was the first digital channel to emerge in the 1990s. This channel allowed marketers to communicate with the customer directly but also to more quickly respond to information gained from the customer. E-mail marketing tools also provided easy access to data about response rates and the effectiveness of varying marketing offers. The digital channels of communication was proliferated in form of social networks, text message, RSS feeds, etc. Communications have widespread to the point where we can communicate with the customer at every point in the customer lifecycle and decision-making process in the manner in which the customer wishes to be communicated, which is true one-to-one marketing. In this 21st century, a media evolution, or more accurately a media revolution, has occurred where the types of media available to the marketer have exploded. Figure 1.1 explains the direct marketing communications in the world has changed from generation to generation.

From a few basic channels, business now have more ways to reach the customer than ever, including search and social media, which can in some sense be seen as direct communication. Indirect media has evolved even in a more fragmented fashion, from simple TV, radio, print or paper publication, and display advertising in the 1990s to a list that includes the following fragmented media channels: TV, radio, print, display advertising, including behavioral, website, search, paid, and Organic, IM (Information management)[[4]](#footnote-5), online display, landing pages/Microsites. online video/Picture sites, affiliate marketing, webinars, blogs, RSS[[5]](#footnote-6), podcasts, wikis[[6]](#footnote-7), social networks, mobile web/Apps, social media ads, virtual worlds, widgets[[7]](#footnote-8), QR codes/Alternatives, etc.

Social Medias

QR codes

IM

IM

SMS

SMS

Direct Sales

Direct Sales

Email

Phone

Fax

Direct Mail

Direct Mail

Direct Mail

Phone

Phone

Fax

Email

Fax

Email

2020s

2010s

2000s

1990s

Mobile Email

Addressable Voice

Direct Sales

Direct Mail

Mobile Email

Search Engines

Phone

Fax

Email

Direct Sales

SMS

IM

Mobile Email

Addressable Voice

Search Engines

Social Medias

Mobile Apps

Virtual worlds

**Figure 1.1 The evolution of direct media from standardisation to digitalisation segments since 1990-2020**

*Source: Zahay (2015)*

#### 1.1.2 Marketing conception in business strategy

Since the plenty of business start realising of the important of technology, it causes to change in the marketing strategy from mass communication to two-way communication to interactive forms of communication. This evolution allowed people to more easily and directly communicate each other without boundary. To be more comprehensive, the mass marketing conception was deployed in the 1900s and mass advertising developed with the advent of new technology in the 1950s; in general, business applied rough marketing segmentation to categorise clients into similar characteristic so as to manage to communicate with these targeting group with same message formats or templates. For direct and two-way communication, business starts to realise and perceive that customers have the unique preferences from their expression or feedback to the business products and services, and brand value; for instance, a catalog marketer might send a different version of catalogs to different targeted consumers. Direct marketing; thus, build the fundamental business strategy of Internet marketing because the direct marketer collect and observe customer databases to create a two-way marketing mechanism of interaction with the customer. The below figure 1.2 demonstrates the progression of communications in marketing and advertising from the beginning of the marketing as the conservative to digital economy.

Collaborative

Two-Way (Interactive)

Direct

One Way (Mass)

**Figure 1.2 Progression of communications in marketing and advertising**

*Source: Zahay (2015)*

The interactive marketing, companies shall take into account the customers’ needs, recording system (database) of consumers’ preferences, and updating and promoting of brand promotion and campaigns. Referring one-to-one marketing concept by Rogers and Peppers, the definition of marketing changes from a marketplace based on a one-time exchange to a conversation that is expected to be ongoing and evolving.[[8]](#footnote-9) The two hypothesized a future which only later became technically possible, in which customer communications would be different for each customer based on their preferences. For this type of communication to occur, companies need the technological developments of the Internet, browsers, databases, and pervasive computing. Marketers were able to respond to customers in such a way that demonstrated that they had taken into account the customers’ past history and expressed preferences. They used marketing concepts such as personalization and customization. Personalization means that we use information about the customer such as name, address, and other preferences in our communications with the customer. Customisation means that a product is actually built for that customer based on their preferences.[[9]](#footnote-10) True customization is quite difficult to master. Think of a customized suit which requires measuring, crafting, and fitting to the individual. Mass customisation, on the other hand, is quite easily handled by the technology used to facilitate the Internet, since it allows the customer to select from certain preprogrammed or preset options to develop a product appropriated to their needs; for instance, athlete manufacturer such as Nike.com, which allows the customer to create a shoe, based on certain parameters, which is unique, special and comfort to them.

Personalization and customisation are the consists of firm competencies related to the development of the database within the corporation. The database allows the firm to develop the understanding of the customer to engage in these activities. This view of the customer is often called the 360-degree view. It determines that the firm knows about the customer, the name, the transactions history, and other supplemental or enhanced data. This data is critical to developing a marketing program that is one to one or targeted for the individual customer. Data defines that the focus shifts from the process of marketing management from the enterprises’ point of view to a customer-centric focus. A marketing program that is essentially customer centric is focused on the needs, wants, and desires of the customer and not those of the company. This customer centricity leads to the customer engagement and interaction of digital marketing, making the next step of marketing communications collaboration. The following figure 1.3 shows a fourth objective to engage and retain customers in brands.

Engage

Retain

Attract

Acquire

**Figure 1.3 Updated customer relationship management objectives**

*Source: Zahay (2015)*

Engagement refers to creating customer relationships where there is a true give and take and where the customer is a partner and participant in marketing and product efforts. For instance, the difference between the traditional marketing of airline loyalty programs where users collected points to the innovative programs, in contrast with the digitalisation airline which uses social media engagement for everything from customer information dissemination to make a decision for operating new markets. As we can see, at the same time that technology was developing that enabled the collection of data about the customer and its rapid communication over the Internet, marketing thought was developing to the point where marketers wanted to communicate with the customer in a way that went beyond mass communications and even direct communications.

#### 1.1.3 Internet economy in business strategy

In order to the specific attributes of service exchange processes and the development stages of digital business, there are also fundamental changes in the process structure compared to traditional economy (Chesher et al. 2013). Figure 1.4 demonstrates a highly simplified service exchange process. The digital marketplace is at the center of digital business transactions and the place where supply and demand merge, just like in the traditional economy. The market access in the digital business domain, in contrast, partly differs from the one of traditional business.

In contrast, suppliers of products and services require market access so as to interact in the digital marketplace. Here, particularly technical aspects are important. Product-specific information must be processed in a manner that makes them transferable to the market. This requires special hardware and software. If these conditions are met, the supplier may choose between a direct market entry and an intermediary agent or aggregator to operate in the digital market. In the former case, the supplier himself has to create customer needs, bundle customer profiles, or offer customer service. In the latter case, the agent or aggregator is responsible for these tasks.

Distribution and Logistics

direct access

direct access

- Requesting and structuring quotes

- Search support

- Merging supply and demand

- Trading

- Authentication

- Privacy/ integrity

- Order management

- Address-ability

- Information

- Processing and trans-mission

Market Access customer/ user side

Agent/ Aggregator customer/ user side

Digital Market Place

Agent/ Aggregator supply side

- Address-ability

- Information

- Processing and trans-mission

Handling of Payments

- Creditworthiness management

- Debt collection

- Authorization

- Security

Market Access supply side

- Generation of customer needs

- Bundling consumer profiles

- Customer service

- Distribution

- Logistics services

- Customer service

**Figure 1.4 Digital market model of internet economy**

*Source: Wirtz (2021)*

On the other hand, customers also require market access. In this context, there are several service providers, who offer Internet access to individuals. For customers, it is also important to transmit information such as product needs into the market. Just like the supply side, they can also choose between different options of market access (Papazoglou and Ribbers, 2011).

The intermediary agent or aggregator undertakes the task of collecting and structuring offers, as well as supporting the customers in their product and service search. Payment processing and distribution require third-party involvement to some extent. Distributors such as FedEx deliver the ordered products to the customers. Payment processing includes creditworthiness management, debt collection authorization, and security. Credit card companies and online payment services such as PayPal or Amazon Pay undertake these tasks. Having discussed the dynamics of the digital market, the next section deals with the different activities of digital business

#### 1.1.4 Digital Marketing in business strategy

The way to incorporate digital strategy into firm strategy is focusing on the key elements of strategy which are core competencies, how to produce value and basic positioning theory. The importance of quality customer data as the foundation for these strategies is also explored here with managerial implications. Digital marketing is now one of the proper occupations of the executive suite. Regarding to many empirical research, they prove that 40 percent of marketers want to learn more about digital marketing but only 14 percent of them knows how to manage it. The four foundations of the digital marketing including search, social, e-mail, and mobile diagram is illustrated in figure 1.5 as below.

**Figure 1.5 The four foundations of digital marketing integrated with core website strategies**

*Source: Zahay (2015)*

The most of businesses employ digital marketing instead of traditional marketing as a tool of measurement, collective data, branding, and online conversion rates priorities. Besides, evolution of digital technologies considerably escalates popularity and trend of digital or online marketing and platforms in the present. As we might have known, digital marketing is beyond the selling products because it becomes to encompass engagement between sellers and buyers through various types of electronic channels; therefore, applying the digital marketing in business strategy has experienced rapid growth and outpaced the traditional or other strategies which existing and new businesses shall process as marketers in the modern era.

Digital marketing as a practice has its basis in direct marketing, which required a customer database to track and measure customer response. This marketing database later became crucial in the development of the concept of interactive marketing. Interactive marketing was a term that originated in the mid-90s to capture and describe the fact that marketing was now a two-way conversation[[10]](#footnote-11) and not just the one-way communication of the mass media world.

Internet is the major tool of the digital technologies which evolved digital marketing. Marketers apply multi-channel to generate the growth of business such as search engine marketing and social media, customer databases, and the preference. Even print processes, which now rely on digital technology, can be included broadly in this definition. Digital marketing is also getting the attention of CMOs[[11]](#footnote-12), although most of them do not think their teams are digitally ready. Thus, trends have made the development of digital marketing management the proper occupation of the executive suite. These trends are also the revolution in technology, the revolution in marketing thought, and the revolutions in communication and distribution channels. Figure 1.6 shows how the term digital marketing has evolved from a process of response measurement to conversation to engagement.

Digital Marketing

**Figure 1.6 Revolutionary trends contributing to digital marketing**

*Source: Zahay (2015)*

In addition, the main goal of development is facilitating Internet commerce and the rise of digital marketing management was the rise of distribution networks in the form of delivery or shipping within domestic including domestic to outside territory, and other improvements in logistic service and technology. These networks meant that orders could be delivered quickly enough and door-to-door in such a manner that customers find ordering on the Internet an attractive alternative to brick-and-mortar shopping experiences. Without these changes, the attraction of Internet shopping experiences would be considerably less appealing. All these changes and forces resulting in the rise of digital marketing have created a situation where customer acquisition and relationship management and development are a continuous process, and one not always in the control of the marketing manager.

## 1.2 Adopting digital marketing in international markets

This may be an arduous task to establish business internationally; nevertheless, many companies are successful for this challenge, e.g., online commerce companies: Amazon, eBay, Alibaba, Shopee, Airbnb, Booking.com, Apple; streaming and subscription platforms: Netflix, Spotify, Youtube; and search engine platforms: Google, Bing, Yandex, Yahoo; social medias platforms: Instagram, Twitter, Facebook, LinkedIn, LINE, Telegram, WhatsApp, Tiktok, Reddit; transportation Apps: Uber, Grab, Google map; financial transaction platforms: PayPal, Western Union, UnionPays, Visa, Mastercard, etc. These businesses start form decisions about what type of digital marketing to invest in and how much to spend are key factors which need researching. The digital marketing tool in term of international market yield many advantages for business since it helps brand to build across different countries and maintain a consistent brand image.

The factors to conquer multinational companies involved in generating a process and structure. The importance of creating a strategy which deals with the additional complexity of trading in different countries is covered. This includes the need to adapt to international markets and to being aware of the types of opportunities as well as threats that exist. The emergence of digital marketing and its huge growth over the past few years has seen many small and medium-sized companies (SMEs) wanting to sell internationally. Businesses need to start from planning the resources, for instance:

• Establishing whether products or services are appropriated in an international market

• Localisation, e.g. product labelling in the country’s language

• Setting up an export strategy

• Deciding if you need a commercial agent

• Deciding on the partner channels you intend to use

• Knowing who your end users are

• Understanding the costs and resources involved

First thing before operating business in an international market, the marketers need to know scrutinize about target country or geographical area in order to comprehend weather, environment and people in these new markets. Secondly, the marketers should know about the culture in the target countries as well as the customs, laws and their traditional trade by searching the information from history of trading of target countries. Companies also should forecast for sales potential and estimate the economic situation and indicate the trading currency in destination countries. Thirdly, the marketers should understand the social and technological infrastructure and the impact it can have on how people use social media and engage with different brands. Find out who are the key influencers and what the local trends are in relation to buying decisions. Business may acquire information from old medias, i.e., television, radio, prints and the new digital marketing too, e.g., social medias what the online trends are and what devices are used. Forth, the marketers should be aware of potential customers’ needs and how they might differ internationally compared to a domestic market, and plan to announce brands directly or through partner with digital marketing campaign.

Furthermore, business need to release about the differences in the business environment in global market as follow:

• The legal system

• Competitors

• Administrative procedures

• Brand communication

• Customer/consumer taste (depending on whether businesses are selling B2B or B2C).

#### 1.2.1 Conception of digital marketing structure at an international level

Multinational companies will already have the building blocks in place and the resources, experience, brand, history and product sales to support their credentials internationally. The advent of digital technology; besides, espouses the small companies or SMEs to compete international market easier than the past that it is difficult to win or low chance to achieve. SMEs often use digital marketing agencies rather than employ someone directly. This can help to give marketing support to promote products and services with expertise. It is substantially crucial for businesses to produce a structure as a guideline so as to follow a logical path which covers the many important elements needed to trade successfully at an international level. Thereby, the marketers need to know think about what the prominent competency of companies in order to establish reputation of business to be in a position to compete with them. Figure 1.7 describes an international Marketing structure.

**Internal factors**

Product

Resources

**External factors**

Market environment

Competitive profile

**International marketing choice**

Target market – B2B/B2C

Timeframes

Products/services

Digital strategy and promotion

Implement

Prioritise

Manage resource

Products and service

Partners

Subsidiary/joint venture

Become a registered exporter

**Figure 1.7 An international marketing structure**

*Source: Clay (2017)*

#### 1.2.2 Enhancing value of proposition of business in transnational market

To enhance value of enterprise’s proposition in global market, the marketers should know about all the management result and turnover of their companies in domestic country so as to use good result to handle with international market in one way or another. Furthermore, they should also study the companies who have successful experience in international market because these companies will be the good example and interested business can take this information for grant to proceed business in better way. At the beginning of the marketing plan, a plenty of the most successful businesses did not deepen to consider in scope of marketing management; therefore, they lost the enormous profit which afflict to their revenue. Also, the marketer needs to be flexible in their approach because it is possible that such an approach cannot be adopted in different situations. As the new interested companies are unlikely to be able to come over on price as easily to large and existing companies so articulating their value should be a top priority. There are many ways to build brand in international market, e.g., using resellers, so network is important to this process. In term of the social media channels, it is essential thing that the marketers need to understand the operation of these social medias in target countries. Language is on of the factors that the marketers should attend as well to elude any potential misunderstanding. It is better to use the translation expertise and native speaker to support your marketing information into the local language.

The marketers; accordingly, should study about the popular equipment and accessibility of information of targeting market because electronic tools are the way to generate the new potential clients and companies will save the time and prepare the market campaign correct way.

#### 1.2.3 Digital marketing strategy in international markets

The main idea to access the global market easily is understanding target audiences’ needs and apply your digital marketing apparatus in the accurate way, thus many SMEs do not start to build company to be a multinational company or conglomeration type. This will save the time and cost for low budget business for running business in international markets. International marketing needs to incorporate additional factors in comparison to a marketing strategy domestic focus. It means the marketers shall analyse the strategy from information that gain in the previous procedure involving with customer service, branding, targeting countries’ regulations in order to maximise the chances to achieve. Figure 1.8 illustrates an international digital strategy.

**Figure 1.8 An international digital strategy**

*Source: Clay (2017)*

The proper and good international digital marketing strategy will lead interested businesses to compete the rivals on the international stage. These are the details that should be included in international digital marketing strategy to build a successful brand and attract potential customers:

1) Website with international appearance: it is better to adapt the various vision to different countries and cultures; for example, apply symbols, colours, text and converting prices into local currencies. The expertise translators are important to translate information correctly.

2) Research the potential traffic and profitability: the marketers should analyse traffic on website or number of people reaching company’s website and also perceive the profit from statistics.

3) Pay attention to develop and improve website: this will induce the new potential clients and maintain the existing clients.

4) Use the frequent keywords: internet users always use the similar words to search on website, so it would be better that these internet users notice your webpage in the first page of search engines, and they may turn to new customers of companies.

5) Build more interaction: using surveys, polls, requests, questionnaire to subscribe to company’s newsletter, blogs and estimate quality of company’s website. It will encourage a two-way communication which could lead to more potential enquiries. Having enthusiasm and energy with regular, relevant and interesting material should make a good impression with target audience.

6) Offer the right products and services

7) Keep innovating

8) Build market share quickly

9) Create brand awareness

10) Be competitive

#### 1.2.4 Monitoring business progress in international market

Monitoring business progress helps the companies to plans the accurate budget and mandate the right measure on international investment. The marketers need to choose the digital marketing tool, which provide a certain percentage within a given time, to analyse outcomes such as Google Analysis. This data shows the experienced investment and outcomes from using digital marketing so that companies can plan how to use them effectively and to integrate enterprise’s Customer Relationship Management (CRM) system in the future. Moreover, the digital marketing team should have the skills to adapt to company’s goal.

#### 1.2.5 Monitoring business of competitors in international market

Monitoring or finding the approach, market share of the competitors in targeting market so as that the interested companies can maximise the value of brands against the competitor in the best possibility way. There are a number of tools that business can use to monitor competitors including Google Trends, Twitter Trending Topics etc. The example ways the research the competitors are as follow:

1) Follow new content and redesign on their website: using Google Analytics to set up alerts for particular keywords and keep up with trends in website design.

2) Monitor social activity: the way to get an insight into competitor’s information from post and share on social medias.

3) Read their updated posts: this for comparing your ideas and competitors.

4) Track new competitor links: using a link research tool and find the competitor’s approach which generate their benefit.

5) Research the most shared content of competitors: using tools to track all types of competitor information.

6) Uncover and track a competitor’s keywords: using software to uncover keywords targeted by a competitor and analyse the ranking.

## 1.3 Muti-channel of Digital Marketing for business

Digital marketing which is also called online marketing, internet marketing and e-marketing includes several methods and techniques. All forms operate through electronic devices. The most important elements of digital marketing are introduced briefly below:

#### 1.3.1 Online Advertising

Online advertising is well known in digital marketing companies as It is a very important part of digital marketing. This tool assist company to deliver the message or concept of business’s products or services. Internet-based advertising consist of the content and ads which attract the clients’ interests and assist business to filter the high potential consumers. Thereby, company’s ads should include the effective and relevant advertisement online and be easily to retrieve free information for consumer and users because the major objective of online advertising is to increase sales and build brand.

#### 1.3.2 Email Marketing

This tool adapts with email connection to maintain the existing and new potential client. The digital marketing will support company to promote products and services easily by commercial with graphics, text and links via old and new member’s emails, and this tool will help company to build brand awareness or customer loyalty in brands. It is low cost when comparing to advertising or other forms of media platform. We might have noticed that many brands asking for filling out the form to subscript the membership with them and the email is one of questions are included.

#### 1.3.3 Social Media

Social media platforms, the one of the most significant digital marketing channels, where the internet users keep spending more time more than other types. As it is a computer-based tool that people can simply create, retrieve and exchange ideas, information and pictures of product or services. Social media platforms include Facebook, Twitter, LinkedIn, Google+, Tiktok, VK (in Federation of Russia), etc. Through these platforms, business can promote events, increase the brands awareness, brands visibility concerning product and services, provide campaigns and promotions that comply with those platform guidelines and create new opportunities. In order to adapt social media tool and gain the best beneficial or expose professional profile, company should always research & develop in their products and service.

#### 1.3.4 Text Messaging

This is the one tool which use cellular and smart phone devices as the middle media by sending information in the form of text or SMS, pictures, video or audio or MMS. As we know that people increasingly use smart phone more than before and we can’t reject that no one don’t have mobile phone in the present. This is the opportunity for many businesses in Europe and Asia to use text messaging popularly to keep in touch with the clients which is same as the email, but this tool is more directly to client because brands can send information about the products and services from cellular and smart phone devices to client’s phone immediately. Most of clients prefer easy way and short time with order confirmation to write the long email or meet face to face. Text messaging tool will provide the real-time experience for client to track the order and shipping alert; therefore, both company and client can be confident that they will receive the up to date and will not lose the communication. Moreover, the business can survey the satisfactory by questionnaire and obtain valuable customer feedback which is essential for the future to develop their products and services.

#### 1.3.5 Affiliate Marketing

Affiliate marketing is an advertising model which is unique and profitable and becoming increasingly popular. It starts from e-commerce merchant wants to reach a wider base of internet users and shoppers, so they compensate third-party publishers such as blogger to generate traffic and sale by advertisement the company’s products and services. The third-party publishers is incentivized by commission fee to find tactics to promote the business’ products and services on market; for instance, affiliates place ads, website, application or blog. Hence, affiliate marketers have to consider what platform they will use to promote products and services. They could be the owner of multiple websites or email marketing lists because more websites or email lists that an affiliate has will be the wider effective channel for running, advertising and promoting banner ads, text ads, or links on its websites or sending email to client. The goal of this model is to increase sales and create a win-win solution for both merchant and affiliate. Overall, it is a low-cost, effective way of advertising products and services, increasing brand awareness, and expanding a consumer base. The explicit example is Amazon company, as they start creating an affiliate marketing program where the bloggers can put links to the Amazon page for reviewed product to earn commission when a purchase is made.

#### 1.3.6 Search Engine Optimization (SEO)

Search engine optimization (SEO) tools is the visibility channel or company presentation company on website, webpage of those search engine. For example, google search engine has many lists of result when the searcher looks information up on platform. It will show the rank of frequency searching of popular word or data as a sequence. In another explanation is the word which people frequently search will be appeared at the top of list; thus, the more visitors will notice and access from the priority. In the present may companies use SEO to target different kinds of search including image search, local search, video search, academic search, news search, etc.

#### 1.3.7 Pay Per Click (PPC)

This tool applies with search engine advertising to be the middle media to generate clicks to company website rather than obtain click directly by client. Pay per click is substantially beneficial tool for customers as the searchers and companies as the advertisers. It brings low cost and greater engagement with clients for company.

In order to attract new, right and potential customers and retain them through digital marketing, company should focus on different multi-channels. At first, company should impose a vision for marketing goals so that they can analyze target market efficiently. When company know the target market, they can understand more about the local culture, right language for communication, the key player (B2B target accounts), current trend (Twitter), popularity on local radio and television and type of mobile devices people use. Furthermore, company need to do a SWOT and PEST to study the affect to your company and competitors. Second, using technology platform for advantage in marketing such as promoting video content where internet access is high

Third, getting well organised by creating and updating a campaign activity on calendar to keep your target audience interested and engaged. Next is Objective Key Results or OKRs will help to establish and communicate company, team and individual goals and to define measurable results. Google is a good example of a company that successfully used OKRs early in its trading history as building blocks to drive the company’s objectives forward.

## 1.4 Theorical approaches for digital marketing strategies

In this section, the researcher defines the theoretical background involving the relation between international trade and market, and digital marketing with 3 approaches described as follow:

#### 1.4.1 Maslow’s Hierarchy of Needs

Abraham Maslow proposed a theory of human motivation mentioned about human decision-making is strengthen by a hierarchy of five core psychological needs ordered from lower-order to higher-order needs including: biological and physiological needs (e.g., food, water, oxygen, etc.); safety needs (e.g., physical and psychological security); social needs (e.g., need for affiliation, friendship, belongingness, etc.); esteem needs (e.g., need for achievement, success, recognition, etc.); and self-actualisation needs (e.g., need for creativity, self-expression, integrity, self-fulfillment, etc.). This concept demonstrates that lower-order needs have a higher prepotency than higher-order needs. In other words, the individual is motivated to satisfy lower-order needs before higher-order needs (Sirgy, 1986). The figure 1.9 depicts the five-stage Maslow’s hierarchy of needs.

high

Creativity, self-expression, integrity

**Self fulfilment needs**

Self actualisation

Quality of life

Human development

Respect, recognition, strength, achievement

Esteem

**Psychological needs**

Friendship, intimacy, family, connections

Love/ belonging

Security, health, finances

**Basic needs**

Safety

Food, oxygen, water

Biological & Physiological

low

**Figure 1.9 The five-stage Maslow’s hierarchy of needs**

*Source: Sirgy (1986)*

Regarding Maslow’s hierarchy of needs conception, this idea describes the level of hierarchy of consumer toward brand; for instance, digital marketing would not efficiently influence in self-actualisation group trying to succeed security needs with business. However, the needs of people over digital marketing are different subjected to the online platforms and business should accordingly modify marketing content follow consumers’ needs. To be more comprehensive, most people use social media platforms such as Instagram, twitter, VKontakte (VK), LINE, Telegram, etc to socialise with friends, family and potential contacts as a social needs; greater amount of people become to buy goods and services on online platforms such as Airbnb, Amazon, Alibaba, Lazada, Shopee, Ozon, Wildberries, etc. in order to meet biological and physiological needs.

#### 1.4.2 Seven P’s of the Marketing Mix

According to Philip Kotler’s Marketing Mix theory, it is the set of constant variables which business deploy in marketing strategy in order to not only influence a high level of the consumer’s preference, satisfaction and response, but also meet its organisation objectives. This concept was introduced around 1960 as 4P’s comprising of product, place (distribution), price, and promotion, and later Kotler included more 3 P which are people, processes, and physical evidence (Warrink, 2018). For the further details, the author explains as below:

1) Product

According to studies of Kotler et al., 2010; Liu et al., 2012; Malhotra et al., 2012, states that companies are increasingly getting the customer involved in the creation and development of new products. This new form of co-creation creates new product and experiences through collaboration by companies with their consumers, but also their suppliers and further stakeholders. This implies that companies, consumers, channel partners, and suppliers are jointly involved in creating product and experience through collaboration in a network of innovation. Therefore, the digital marketing will be effective in digital trade by engaging consumers into the creation of new products and services due to an enlarging of online consumers in present.

2) Place

Regarding to research by Goetzinger et al., 2007; Armstrong et al., 2014, attests that the consumers want information fast and whenever they want it. Resulting from this, a company that is, for instance, selling healthy food can benefit from an online store in a way that once a person searches for information related to this topic, he can directly purchase the product online. In addition, pursuant to studies by Fuchs, Hofkirchner, Schafranek, Raffl, Sandoval, & Bichler; 2010; Gubbi, Buyya, Marusic, & Palaniswami, 2013, proves that due to recent technology developments like the Internet of Things and the Web 3.0, it is expected that there will be a further shift towards online selling, since people can access the internet whenever they are, at any time they want.

3) Price

Pursuant to article by Gupta & Kim, 2010; Bell, 2011; Malhotra et al., 2012, investigates that nowadays, consumers are increasingly willing to pay a price premium for reputable vendors. This is related to previous positive experiences of a customer with a company, either by the buyer himself or other consumers in his community. Besides, study by Ansar, 2013, concludes that ecologically conscious consumers are significantly proven to be willing to pay premium prices for environmental-friendly, i.e. green products; and study by Park & Kim, 2014, attests that consumers are more willing to pay premium prices to companies which are known for engaging in more sustainable business processes.

4) Promotion

With reference to statements of Kotler et al., 2010; Achrol & Kotler, 2012; Liu et al., 2012; Kimmel, 2015; Susilo et al., 2015, demonstrates that since consumers are becoming increasingly empowered, companies are advised to shift the communication from a vertical into a horizontal form of communication in which consumers engage in the creation of promotional activities, since consumers trust towards professional promotional activities is continuously decreasing. Moreover, alleging to studies by Kotler, 2011; Achrol & Kotler, 2011; Park & Kim, 2014; Kimmel, 2015; Susilo et al., 2015, confirms that the emergence of social media, companies can now easily enable consumers to connect into communities while obtaining potential ideas for several business activities through communications among customers, but also between customers and companies. Thus, the buyers, business’s personnel such as employees and stakeholders can efficiently contribute creative promotional content for the enterprise.

5) Process

The author cites to articles by Cronin et al., 2010; Liu et al., 2012; Brindley & Oxborrow, 2013; Susilo et al., 2015, illustrates that companies are in the need for greater integration between marketing and their other activities, especially their supply chain in order to ensure that sustainable supply chains reduce environmental and social adverse effects. Furthermore, regarding to study by Conelly et al., 2010, conclude that organisations that reside those structural holes have a unique ability to reduce uncertainty and learn about sustainability; Cronin et al., 2010, also attests that companies with stronger ties to partners in upstream and downstream directions tend to achieve superior performance; and from the research of Carroll & Buchholtz, 2015, depicts that evidently, organisations that do not adapt their processes to become more sustainable may be selected out by the population.

6) People

According to studies by Iles, 2008; Conelly et al., 2011, ensures that employees will more likely share the sustainable vision of the company. Malhotra et al., 2012 further state that, in order to enable efficient sustainable business practices, all members of the organisation must feel the desire and commitment to the business approach and accept their own critical role in the implementation process of these business activities. Moreover, referring to statements by Luchs et al., 2010; Liu et al., 2012; Ndubisi et al., 2013, proves that companies should treat customers, employees, and all stakeholders fairly with high ethical and integrity norms, taking into consideration economic interest, but also community’s social benefits and employees’ welfare.

7) Physical Evidence

With regard to the research by Gilmore & Pine, 2007; Gupta & Kim, 2010; Bell, 2011, demonstrates that the decision to consider staying loyal to a certain product or service is greatly influenced by the emotions towards a brand. In addition, pursuant to article by Kotler, 2010, shows that establishing an environmental-friendly brand reputation is increasingly used in order to differentiate oneself from competitors, which is, according to crucial in order to stay relevant in business.

#### 1.4.3 Porter’s Five Forces

The five forces theory was introduced by Michael Porter in 1979. The five forces framework is an influential and straightforward industry organisation apparatus in competition situation between the enterprises by focusing on external factors affected the behavior of market contributors. The composition of Porter’s Five Forces model is as follow (Bruijl, 2018; Pawar and Hole, 2019):

1) Competitive Rivalry

With regard to article by Baptista and Preto, 2010, mentions that this first element indicates the intensity of rivalry in the prevailing companies. In case any additional companies compete, it will result in more competitive pressure that will affect prices and profits; hence the strategies will change. In other word, various quality products in market are competitive as the consumers have choices to buy the most adequate products.

2) Threat of New Entry

Pursuant to research by Alonso and Kok, 2018, cites that the competitive threat is not merely from the prevailing business players but can come from probable new entrants. It interprets that when the industry introduces a new product or maintain leadership position in market, they shall deliberate trade barriers to entry such as tariffs, quantitative restrictions, local requirements, government policies and legislations, industry monopolies scheme, etc.

3) Threat of Substitutes

According to article by Rajasekar and Raee, 2013, describes that the substitute products of another industry may meet the same needs. The additional substitutes of any product indicate bigger competitive environment, mean less probability for profits. For instance, for a boxed fruit juice producer, coconut water, fresh juice, and soft drinks remain major substitutes even though they are from different categories. The substitutes can impact on the company’s cost of products, hence, reduces profits. Otherwise, lower substitute prices can increase sales and lower attract more consumers, reducing the sales of existing companies. To be more comprehensive, substitutes define that replacing demanding goods and services with the similar goods and services; for example, customer choose to consume touch screen smartphone more than analog mobile phone, which customer shall perceive that price and maintenance cost are more expensive.

4) Bargaining Power of Customers

The buyers are solely the most effect compares to other five force element because they have a power to oblige marketing strategies from their selection to consume the products and services. Therefore, the business shall prepare well to investigate consumer’s preferences, conditions, and ability of payment.

5) Bargaining Power of Supplier

The suppliers play the essential to distribute products and services, particularly during the pandemic and political tension. The suppliers might be in form of logistics and supply chains.

Overall, Porter’s Five Forces concerns about external pressures that business should implement its position by identifying itself as an unique producer with competitive advantage in that products and services.

## 1.5 Conclusion

Changing in consumer behavior and digital marketing and social media starts to represent an essential and integral component of their business marketing plans. Many brands; thereby, start employing digital marketing to help them address the needs of the growing e-commerce market because they can reach international audiences faster through different digital medias. To be more comprehensive, the literatures illustrates an increase of digital population and the revenues on digital advertisement market establish the organization of digital marketing approach and their communities. The apparent evident for payment system on digital platform is a payment network, an intermediary that facilitates payments between buyers and sellers. These interactions are enabled by an internet service provider that is an intermediary between consumers and a complex market of telecommunication systems. In addition, the devices in this case, the tablet and smart phone, can be regarded as intermediaries themselves, connecting consumers to software applications via the devices' operating systems.

According to theorical conceptions, it proves the role of the digital marketing and its influence to people’s routines as follow: firstly, Maslow’s hierarchy of needs theory, this idea describes the level of hierarchy of consumer toward brand; for instance, digital marketing would not efficiently influence in self-actualisation group trying to succeed security needs with business. The most people; for instance, use social media platforms such as Instagram, twitter, VKontakte (VK), LINE, Telegram, etc to socialise with friends, family and potential contacts as a social needs; secondly, 7 Ps’ of the marketing mix theory by Philip Kotler, the scholar provide 2 examples of product and promotion where the creation and development of new products and promotions need companies, consumers, channel partners, and suppliers are jointly involved through collaboration in a network of innovation; therefore, the digital marketing will be effective in digital trade by engaging consumers into the creation of new products, services and promotions due to an enlarging of online consumers in present; lastly, 5 forces theory by Michael Porter, e.g., competitive rivalry affect prices and profits because various quality products in market are competitive as the consumers have choices to buy the most adequate products, and threat of new entry which from existence businesses in market and new players; thereby, when the industry introduces a new product or maintain leadership position in market, they shall deliberate trade barriers to entry such as tariffs, quantitative restrictions, local requirements, government policies and legislations, industry monopolies scheme, etc.

# CHAPTER 2. TRENDS AND CHALLENGES OF DIGITAL MARKETING IIN PERSPECTIVE OF INTERNATIONAL MARKET

Digital marketing provides market opportunities for adapting to a dynamic environment and globalizing business despite the limited financial and human resources. Companies could promote their products/services to a global target audience, reaching large masses at a greatly reduced cost. For this reason, it is mandatory to give maximum attention to digital marketing to obtain better competitive advantage. Many entrepreneurs of SMEs have an incomplete meaning and perception of what the online marketing is and almost of them have a majority consideration of the online marketing to be synonymous with sales or advertising. Thereby emphasizing short-term goals in new business, rather than long-term profitability or in another words it is flexibility marketing in SMEs. Since their business subject to the better position of their product in the market from the satisfactions by customers which specify their life cycle of the company. Thus, the digital marketing increase possibility of new business by advertising via online platforms where people access easily and regularly.

This section discusses the literature regarding the effect of the digital marketing services to the international trade or market and it impact to purchasing decisions. For international businesses in the current Covid-19 epidemic and climate change situations are important to find out the solution and experiment the new notion and campaign because it will be recognized and detect any such sentiments in the foreign markets that could destroy brands. This review will identify the current preference of digital marketing in the international trade and market, and its potential for the future online businesses. The part will be structured by theoretical frameworks, identifying similar, but discrete concepts, followed by a review of the literature and the findings proposed.

## 2.1 The digital marketing in an international market aspect

In this section, the scholar demonstrates the concepts, beneficial effects, and limitation effects, involving the relationship between international trade and market, and digital marketing rendered as follow:

#### 2.1.1 Notions and influence of digital marketing in domestic and global markets

The international trade and market or even in domestic country always use marketing functions involve the analysis, planning, implementation and control of projects designed to achieve and satisfy demand, in order to make a profit to the company. The desires and needs of the products or service are considering by the consumers with its quality, quantity and value. Now many companies including new and small businesses are massively using technology to innovate and expand their businesses both in domestic and international markets. Refer to the definition of digital marketing (Chaffey et al., 2003) defines “digital marketing includes the use of the internet and related digital technologies to achieve marketing goals”. (Kotler et al., 2009) “digital marketing is a form of communication and interaction between organizations and their customers through digital channels (internet, email, and others) and digital technologies”.

The definition of digital marketing is a form of direct marketing which links consumers with sellers electronically using interactive technologies like emails, websites, online forums and newsgroups, interactive television, mobile communications etcetera (Kotler and Armstrong, 2009).

Now many companies including new and small businesses are massively using digital technology to innovate and expand their businesses both in domestic and international markets. They more often rely on digital marketing services. Digital marketing is a form of communication and interaction between organizations and their customers through digital channels (internet, email, and others) and digital technologies (Kotler & Keller et al., 2009).

From Chaffey, Kotler, keller and armstrong’s definitions are related to aim of this study, mentioned about the digital marketing effect to entrepreneurs and consumers’ behavior in one way or another by using the internet and electronic devices as the methods to run business and purchase services or products with new modes of online communication techniques that make information more quickly available to consumers.

#### 2.1.2 Importance and benefits of digital marketing in business

Referring to the scientific research and evidence, they demonstrates that the digital marketing makes country’s economy to grow faster and solve the unexpected incidents or problems quickly such as during Covid-19 pandemic the consumers change to buy goods and services online (contactless) instead going outside home. Furthermore, with respect to intangible benefits, these are presented as the communication of corporate image; enhancement/improvement of the brand; marketing communications now faster and more responsive (including public relations); improved customer service; improved learning for the future; the meeting of customers’ expectations for having a website; identifying of new partners and better support for existing partners; better management of marketing information and information about the customer; more customer feedback on products. Moreover, it allows smaller companies to exploit the benefit of a website and trading directly with potential customers/consumers with low cost, short time and efficiency result, and the traditional methods of using resellers in local countries can be bypassed, cutting out the middleman.

Refer to the statement about important and benefits of digital marketing; “The relative importance of the Internet for marketing for an organisation still largely depends on the nature of its products and services and the buyer behaviour of its target audience. For companies such as easyJet (www.easyjet.com), the low-cost European airline, the Internet is very significant for marketing its products – the Internet is now a vital part of the customer journey as consumers select the best supplier and make their purchase” (Dave Chaffey et al., 2006). In addition, these models offer valid arguments that allow managers, users, as well as the academic community, to gain a better perception on the application and potential of new technologies, with the purpose of being used in a more productive way (Karahanna et al., 1999).

Many entrepreneurs of SMEs have an incomplete meaning and perception of what the online marketing is and almost of them have a majority consideration of the online marketing to be synonymous with sales or advertising, thereby emphasizing short-term goals, rather than long-term profitability or we can say it is flexibility marketing in SMEs since their business subject to the better position of their product in the market from the satisfactions by customers or we can call their life cycle of the company; thus, the digital marketing increase possibility of new business by advertising via online platforms where people access easily and regularly. Besides, with regard to the research by (Ivannova, 2011), it depicts the conceptions of digital marketing’s beneficial facets as follow:

1. Beneficial terms to suppliers or enterprises

Company has to constantly meet changing customer needs and demands designing better product, finding efficient way to deliver this product to the customer and supporting them after sales. Through the Internet this process can be significantly improved, especially in case of digital products (Eid & Trueman 2002 p. 55).

E-commerce generates a lot of benefits to the seller. “Online marketing provides proper

brand value and brand awareness for a particular brand” (Sharma 2011 p. 207). Undoubtedly, the Internet reduces costs in many ways. Interactive websites reduce personal selling costs, online shopping mall replace retail outlets, different commercial materials as catalogues can be transformed into an electronic form eliminating printing costs (Jobber 2001 p. 466). “Because customers deal directly with sellers, e-marketing often results in lower costs and improved efficiencies for channel and logistics functions such as order processing, inventory handling, delivery, and trade promotion” (Kotler & Armstrong 2004 p. 75).

Through interactive communication with customers, companies are able to discover customer needs much quicker and reduce global advertising costs (Eid & Trueman 2002p. 55 ff.). Moreover, through the online interaction “companies can increase customer value and satisfaction through product and service refinements” (Kotler & Armstrong 2004 p. 75).

E-commerce opens new market opportunities, as any firm regardless of the size can offer its products or services to any market in the world (Jobber 2001 p 467). The Internet provides an equally competitive environment for everybody. “For small businesses the net offers true equality in the sense that it allows open access” (Tapp 2008, p 264).

1. Beneficial terms to consumers

Direct marketers are always open for the customers (Kotler & Armstrong 2004, p. 74) Nowadays, consumers can shop online any time and at any place. Some of the consumers are going to the physical stores after getting the information from the Internet. Sometimes they are going on the Internet for better deals after visiting the physical store. (Sharma 2011 p. 203) Internet buying process is convenient and private, as people do not have to leave their homes, walk through the stores to compare products and meet salespeople (Kotler & Armstrong 2004, p 74).

A broad access to the information available on the Internet is increasing the awareness of the consumers about companies, competitors and alternative products, and power shifts from the seller to buyer as a result. (Eid & Trueman 2002 p. 56) Customers can quickly compare price and value with only one mouse click. Therefore, ‘average’ offer will not succeed. (Tapp 2008 p. 264)

Internet brought control to the customer over the advertising or selling message (Tapp 2008 p. 304). Moreover, it made the buying process quick and interactive. “Buyers often can interact with the seller’s site to create exactly the configuration of information, products, or services they desire, then order or download them on the spot.” (Kotler & Armstrong 2004 p. 75) Customers can enjoy improved and personalized service, because “the Internet provides an easy link between the customer and the company database” (Tapp 2008 p. 265).

From the statement above, researcher summarise that the digital marketing develop country to be more fashionable and globalization as they need to be able to identify and pursue market opportunities, adapting to a dynamic environment, despite the limited financial and human resources that they possess and the set-back of a limited market and small customer base. The main tool to take advantage of these opportunities, currently, is clearly the Internet – where companies promote their products/services to a global target audience, reaching large masses at a greatly reduced cost. For this reason, it is mandatory to give maximum attention to digital marketing to obtain the maximum competitive advantage that this medium provides to companies.

#### 2.1.3 Adverse effects or limitations of digital marketing in business

Indeed, Internet obtains empowering advantages such as elimination of geographic barriers, 24 hours / seven days’ availability, cost-effectivity, trackability, and personalization. Adoption of internet in international market; notwithstanding, will cause to scarcity of face-to-face contact, mental and health problems, security and privacy, etc.

With reference to the limitation of digital marketing, it affects the business in the way of; smaller companies can choose which products in a market to target with great flexibility and this can threaten larger multinationals; and competition has become more intense for many companies who have seen an increased number of niche providers enter a market with reduced prices. Furthermore, software has replaced the need for actual labour and has recognised as the automation of services and back-end office functions, which emanates laying off the workers or unemployment, helps new companies to be competitive again the existing companies. Besides, pursuant to the research by (Ivannova, 2011), which determines the conceptions of digital marketing’s limitations as follow:

Online marketing has its own threats, limitations and potential disadvantages. The control over the promotions on the Internet considered as an issue for a marketer, as the Internet connection and devices can limit reproduction of the pictures and graphics (Drozdenko & Drake 2002 p. 317).

“Internet shopping might not satisfy nonbuying (nonfunctional) shopping motives, needs unrelated to acquisition of one or more products that are more psychological in nature” (Lantos 2011, p 74). Moreover, customers are not able to make a physical verifications and inspections when buying online. Sometimes, color or quality does not fully correspond to the picture and customer eventually has to return the item paying high shipping fees. In addition, people have to wait for the delivery rather than being able to take purchase home strait away from the shop. Customer service (product look-up, return policies, ect) is not perfect still. (Lantos 2011 p.74)

Consumer privacy and security are big issues, as often buyer’s data can be shared with other companies because Web site privacy policies do not always ensure the safety of personal information. Moreover, some important personal data as credit card number or user name and password might be hacked. (Lantos 2011 p. 74)

Therefore, many consumers have negative concerns about online security. “One common form of Internet fraud is phishing, a type of identity theft that uses deceptive emails and fraudulent Web sites to fool users into divulging their personal data” (Kotler & Armstrong 2012 p. 519). Despite that a lot of people are informed about different forms of phishing, it can be very costly and unpleasant for victims caught in, and harmful for marketers, who have worked on reliability of Web transactions. (Kotler & Armstrong 2012 p. 519)

Moreover, many consumers find untargeted e-mail (spam) and pop-up ads disturbing and regard them as intrusion of privacy (Drozdenko & Drake 2002 p.317). Therefore, it is in interest of the company to provide the reliable interactive services to contribute towards the positive customer experiences during the whole online process.

## 2.2 Opportunities and trends of digital marketing in world business market

The digitisation of marketing has changed the nature of competition. Companies selling online have been able to undercut many traditional resellers and this has forced the latter to rethink how they market their products. There are many information to consider and digest, and mobile devices make the communication of information easily accessible on a worldwide scale. This has caused a transition for many companies who sell on an international stage. They have had to look again at their marketplace and assess how to get the best out of the age of digitisation, which has helped to lower the cost of many elements of marketing and provide a more tailored approach. However, changing often comes with risk as digitisation of marketing has also allowed competitors into markets where they would previously have been unable to compete at an international level. Also, some traditional forms of marketing are not guaranteed to work as effectively and can take more time and resource to manage.

The rapid development of new Internet hosts and the growing Internet usage reflect the continuously increasing importance of information and communication technologies for the information society. The influence of the Internet as a global networking and communication system is ubiquitous. Its rapid spread on a worldwide level connecting state, economy, society, and individuals also across national borders made it an unprecedented medium. Figure 2.1 illustrates the development of worldwide Internet hosts, namely, domain names that are assigned to an IP address.

**Figure 2.1 Number of worldwide internet hosts in the domain name system (DNS) from 1993 to 2019 (in millions)**

*Source: Statista (2022)*

Along with the rising number of Internet hosts, the Internet usage increases steadily among the populations around the world. At the end of 2021, the Internet already had more than 5.2 billion users. This means that almost seven out of ten people worldwide, estimated in 2022 around 7.9 million populations, use the Internet, representing a growth of 1,355% since the year 2000 (Internet World Stats, 2022). The respective development and diffusion of modern information and communication technologies, as well as the respective repositioning and use of these technologies, were key drivers of the shift from an industrial to an information society. Figure 2.2 reflects this development by showing recent worldwide Internet usage and population statistics.

**Figure 2.2 Internet Users in the World by Geographic Regions - 2021 (in millions)**

*Source: Internet World Stats (2022)*

While the Internet penetration rate is particularly high in North America (93.4%) and Europe (88.4%), Asia and Africa are subject to digital divide with comparatively low penetration rates of 64.1% and 43.1%, respectively. In Latin America, the Middle East, and Australia, about two out of three people use the Internet (Internet World Stats 2022). In view of the above-mentioned developments, digital business and the information society have significantly gained importance. The following graph presents shares of internet world penetration rates by geographic regions in 2021.

**Figure 2.3 Internet world penetration rates by geographic regions - 2021 (in percent)**

*Source: Internet World Stats (2022)*

## 2.3 The frontier technology role of digital marketing in global market

The “frontier technologies” are a group of new technologies that take advantage of digitalization and connectivity which enable them to combine to multiply their impacts. This report covers 11 such technologies: artificial intelligence (AI), the Internet of things (IoT), big data, blockchain, 5G, 3D printing, robotics, drones, gene editing, nanotechnology and solar photovoltaic (Solar PV). These technologies can be used to boost productivity and improve livelihoods. AI, for example, combined with robotics can transform production and business processes. 3D printing allows faster and cheaper low-volume production and rapid, iterative prototyping of new products. As a group, these 11 technologies already represent a $350-billion market, and one that by 2025 could grow to over $3.2 trillion attributed to figure 2.4 as below.

In finance sectors, they have used these technologies, for example, for making credit decisions, and for risk management, fraud prevention, trading, personalized banking and process automation. The manufacturing sector has used them for predictive maintenance, quality control and human-robot combined work. Many of the major providers of these technologies are from the United States which is home to major cloud computing platforms. China is also a major producer, notably of 5G, drones and solar PV. For each of the technologies, these two countries are also responsible for 30 to 70 per cent of patents and publications.

**Figure 2.4 Market size estimates of frontier technologies (in billions)**

*Source: UNCTAD based on data estimates from Froese (2018), MarketsandMarkets (2018), Sawant and Kakade (2018), Business Wire (2019), Chaudhary et al. (2019), GlobeNewswire (2019), MarketsandMarkets (2019), MarketWatch (2019a), MarketWatch (2019b), Raza (2019), Tewari and Baul (2019), Wagner (2019), Mordor Intelligence (2020).*

This interprets that digital marketing’s outcome will not perform without attempts, without trial, without error because its result is on the progress with outcome in the future. For example, China test, learn and evolve with digital marketing in their current businesses (Online market – Alibaba, Shopee, Tiktok platform, etc.) so that their companies can create innovative customer experiences and specific strategies for media to identify the best path for driving up digital marketing performance. For this reason, digital marketing may succeed more if it considers user needs as a top priority from learning, testing and evolving in real market.

The digital marketing landscape is more competitive than ever in 2021, as ad spend continues to rise. Below is the summary a list of statistics digital marketing trend in the previous year. Figure 2.5 illustrates the worldwide digital population as of January 2021. There were 4.66 billion active internet users worldwide - 59.5 percent of the global population. Of this total, 92.6 percent (4.32 billion) accessed the internet via mobile devices.

**Figure 2.5 Global digital population as of January 2021 (in billions)**

*Source: https://www.statista.com/statistics/617136/digital-population-worldwide/*

Figure 2.6 Global digital ad spending updates the using of digital marketing will reach $389.29 billion in 2021. While worldwide digital ad spending achieved a modest 2.4% increase in 2020, it’s expected to shoot up 17% in 2021.

**Figure 2.6 Digital Ad Spending Worldwide, 2019-2024 in billion, % change and % of total media ad spending**

*Source: https://whatsnewinpublishing.com/robust-growth-to-resume-in-2021-global-digital-ad-Spending-to-bounce-back-reports-emarketer/*

*Note: includes advertising that appears on desktop and laptop computers as well as mobile phones, tablets and other internet-connected devices; includes classifieds, display (banners. Static display, rich media, sponsorships and video, including advertising that appears before, during or after digital video content in a video player), search (paid listings, contextual test links and paid inclusion), in-game advertising, newsletter advertising and email.*

Figure 2.7 the average cost per action (CPA) is $49 for paid search and $75 for display ads. These numbers help illustrate how competitive digital advertising can be for many industries. The stakes for digital have never been higher, and neither has the pressure on marketers and agencies to optimize campaign performance to win more customers at lower costs.

**Figure 2.7 Average cost per action by industry**

*Source: https://www.wordstream.com/blog/ws/2016/02/29/google-adwords-industry-benchmarks*

Figure 2.8 shows allocations within the marketing budget vary from company to company. Less than half 47.9% of companies include expenses for marketing employees in their marketing budgets. Some companies may put marketing employee expenses into general and administrative expenses, sales, or other areas. On the other hand, most companies or 61.3% include direct expenses for marketing—such as advertising, trade promotions, and direct marketing—in their marketing budgets.

For marketing expense in B2B product companies include direct expenses for marketing in their marketing budgets, while B2C product companies spend only 57%. We assume that B2C product companies characterize marketing expenses more broadly and integrate them into the budgets of sales or operations.

More than half of companies include expenses for social media in their marketing budgets. This figure is higher at B2C product companies or the average at 57% than at B2B product companies or the average at 50%. We assume B2B product companies spend less on social media or put social media costs in technology or corporate communications. Less than half of marketers include marketing analytics, marketing research, marketing training, and other overhead expenses in their marketing budgets.

**Figure 2.8 Marketing Budgets by Industry**

Source: https://deloitte.wsj.com/articles/who-has-the-biggest-marketing-budgets-1485234137

## 2.4 The existence of digital trade regime in the World Trade Organisation (WTO)

Innovation digital technologies help business and consumer to reduce transaction costs, time and complication of market process since they grant both globally and developing countries to exploit the advantages from the adoption of robots, artificial intelligence (AI) and big data through information and communications technology (ICT) services, e.g., education, finance, telecommunication, infrastructure, logistics, transportation, etc. Apparently, the Internet is the prominent apparatus to facilitate either international or domestic trade flow to be more fluent and stable; therefore, digital platforms and logistic technologies could alleviate search costs by promoting matching between customers and providers or suppliers; moreover, an employing of Internet of Things (IoT), automaton and AI could not only considerably dwindle shipping and customs processing time, but also support trade coordination and monitoring between business in Global Value Chains (GVCs), where good are traded across borders several times. Pursuant to online market across various business sectors and the situation of digital trade in the present, it illustrates that the high levels of satisfaction from consumers to purchase goods and services through online channels because of more spacious range of alternatives, spending less time and money to search for and access to sources or shops than traditional channel.

The growth of digital trade will obtain; new opportunities for regulation of online business; advocate diversification in export; stimulate efficiency of manufacturing; ameliorate financial cluster, contribute employment of across territories’ entrepreneurship, especially in developing counties; escalate entry to market-related information and marketplaces for large, medium, and small and medium-size enterprises and consumer without boundary. Nonetheless, the consumers have the significant concerns are uneasiness over the potential disclosure of personal information, payment security and the limited ability to contact vendors. For online business side, they pursue substantial optimism over future market growth; however, they also have the significant concerns with technical limitations of internet service, local bias towards international websites, and the small market size in their products area. To yield the solutions and facilitate digital trade by their modernization legislation and policies, the government would plays crucial role; for instance, the implementation measure of one-stop service places to provide government services to citizens and support logistics. Thus, the strong government’s legal and regulatory framework, and policies across countries will encourage international e-commerce or digital trade so as to assist countries to become a hub of information and communications technology (ICT), grow of e-commerce business sector.

The e-commerce has been officially featured on the World Trade Organisation (WTO) agenda since 1998, when members adopted a work programme on the Declaration on Global Electronic Commerce (e-commerce) (Gao, 2021). In 2017 at the 11th Ministerial Conference, 71 members agreed to work towards WTO negotiations on trade-related aspects of e-commerce. In the year 2019, the work programme has four focus areas: i) facilitating electronic transactions; ii) non-discrimination and liability; iii) online consumer protection and unsolicited commercial electronic messages; and iv) transparency, domestic regulation and cooperation. In December 2019, WTO members agreed to extend ‘the moratorium’ on customs duties on ‘digital transmission’ (e-transactions) until the 12th Ministerial Conference (MC12) in June 2020 (Seetanah et al., 2021). During the last WTO MC 11 in Buenos Aires in 2017, some countries especially developing countries such as India, Sourth Africa, Indonesia concerned about the fiscal effect of such a moratorium (Thrstensen et al., 2021), particularly the government of Indonesia insisted on proceeding with imposing e-commerce tax and import duties on digital products, such as downloadable music, e-books, software and the like, to be started in 2018. The government has consulted with the WTO Director-General, following the WTO decision to extend the moratorium on e-commerce in MC 11 for another two years. This indicates that Indonesia’s push at the multilateral level for lifting the World Trade Organization’s (WTO) e-commerce moratorium to be able to tax electronic transmissions of digital goods. However, the lifting of the WTO’s e-commerce moratorium is that it hurts developing countries’ ability to collect revenue at the border, and for many low-income countries, this can be an important source of government revenue (Arfani et al., 2021).

The moratorium agreement is still being discussed at the multilateral level, it establishes that neither party shall impose custom duties on electronic transmissions between a person of one party and a person of the other party, but it does not preclude a party from imposing internal taxes, fees or other charges on electronic transmissions, provided that such taxes, fees or charges are imposed in a manner consistent with this Agreement. The Agreement provides that nothing shall prevent a party from adopting or maintaining measures inconsistent with paragraph 1 to achieve a legitimate public policy objective in accordance with: (i) Article I(4) for its right to regulate; (ii) Article XX of general exception; (iii) Article XXI of security exceptions ; and (iv) prudential carve-outs. This determines that no party could deny the legal effect and admissibility as evidence in legal proceedings of an electronic signature and electronic authentication service solely on the basis that the service is in electronic form, that all parties shall endeavour to protect end-users effectively against unsolicited direct marketing communications; nonetheless, companies are allowed to send direct marketing communications if they have consumer’s contact details in the context of the sale of a product or service for their own similar products or services (Thrstensen et al., 2021).

The exception to the multilateral trade rules, condoned under specific General Agreement on Tariffs and Trade 1994 (GATT 1994) provisions is largely incompatible to digital trade, and some areas not covered by WTO rules, regional approaches can be considered as “laboratories” and eventually provide a basis in itself. On the other hand, the regional and bilateral trade agreements on digital trade can ensure the free flow of digital data and information as complementary approaches instead of the gap of multilateral agreement, i.e., the WTO, since the Regional trade agreements (RTAs) increasingly include provisions referring explicitly to digital technologies and, interestingly enough, mostly in RTAs involving developing countries, and the most common provisions refer to e-government, cooperation and the moratorium on customs duties on electronic transmissions (Smeets, 2021).

The RTAs were signed between 2001 and 2016 and notified to the WTO, led to identifying those RTAs with a standalone e-commerce chapter or with provisions specifically addressing e-commerce/digital trade (2017) which is absent of a wide-ranging WTO mandate for digital trade, RTAs have emerged as the primary laboratories for new rules and disciplines. Furthermore, provisions related to digital technologies in RTAs cover a broad range of issues, including trade rules and market access commitments; telecommunications and the digital regulatory framework; intellectual property protection; management of e-government (i.e. the use of ICT to deliver services in the public administration), including paperless trading; and the cooperation and technical assistance on science and technology, ICT and e-commerce. These provisions often complement other relevant provisions found in RTAs, even though they do not make explicit reference to digital technologies. Most provisions related to digital technologies do not follow a specific, unique template, even in agreements negotiated by the same country, and they remain particularly heterogeneous in terms of structure, language and scope (Smeets, 2021).

According to the WTO (2018), the provisions related to digital technologies under RTAs referred to e-government management, as well as cooperation on e-commerce issues and the moratorium on customs duties on electronic transmissions. Furthermore, RTAs includes more specific issues, such as electronic authentication, consumer protection and intellectual property, the cross-border electronic transfer of information, data localization and cybersecurity. Given the dynamic nature of RTAs and the current trends, provisions related to digital technologies are likely to keep evolving with new and more comprehensive types of provisions. (Smeets, 2021).

In a nutshell, the WTO members tend to focus on their domestic and regional policies to cover the key elements related to digital trade. Moreover, the WTO members are reflecting on the reforms to be conducted in order to update the rules of the WTO multilateral trading system. Nevertheless, the recent Covid-19 pandemic causes to considerably decline trade in the world economy, and the most of trade restrictions employed by the WTO members are expanding new pressures to modify rules that address digital trade troubles. Lastly, digital transmission would both yield beneficial condition in term of opportunities to expand market and increase of Growth Domestic Product, and rise of industrial development in countries, but it can also exacerbate inequality and limit inclusiveness. The desire of developed country potential to contribute free digital transmission across borders, while some developing country exploit a digital trade strategy to impede competition from the large enterprises with full technological function in production so as to escalate the growth of local digital capabilities; thus, developing countries that lack of development in technology and Research & Development (R&D) would difficultly compete in the new digital environment.

## 2.5 Conclusion

Nowadays, many companies including new and small businesses are massively using digital marketing in business’ strategy in order to innovate, expand or promote their brands including products and services, in both domestic and international markets or audience, reaching large masses at a greatly reduced cost. For this reason, it is mandatory to give maximum attention to digital marketing to obtain better competitive advantage because enterprises more often rely on digital marketing services. Furthermore, the digital marketing increase possibility of new business by advertising via online platforms where people access easily and regularly.

In aspect of the opportunity of digital marketing to country’s economic growth. The digitisation in marketing has changed the nature of competition. Companies selling online have been able to undercut many traditional resellers and this has forced the latter to rethink how they market their products. There are many information to consider and digest, and mobile devices make the communication of information easily accessible on a worldwide scale. This has caused a transition for many companies who sell on an international stage. They have had to look again at their marketplace and assess how to get the best out of the age of digitisation, which has helped to lower the cost of many elements of marketing and provide a more tailored approach. Adoption of the digital marketing in the international market; notwithstanding, often comes with risk as digitisation of marketing has also allowed competitors into markets where they would previously have been unable to compete at an international level. Besides, some traditional forms of marketing are not guaranteed to work as effectively and can take more time and resource to manage. In addition, it will leads to scarcity of face-to-face contact, mental and health problems, security, privacy, unreliable news and information or fake news, social terrorism, scam or fraud, etc.

Regarding to the existence of the digital trade in the World Trade Organisation (WTO), the empirical evidence demonstrates that the WTO members tend to focus on their domestic and regional policies to cover the key elements related to digital trade by reforming the rules of the WTO multilateral trading system. Nevertheless, the recent Covid-19 pandemic causes to considerably decline trade in the world economy, and the most of trade restrictions employed by the WTO members are expanding new pressures to modify rules that address digital trade troubles. Lastly, digital transmission would both yield beneficial condition in term of opportunities to expand market and increase of Growth Domestic Product, and rise of industrial development in countries, but it can also exacerbate inequality and limit inclusiveness. The desire of developed country potential to contribute free digital transmission across borders, while some developing country exploit a digital trade strategy to impede competition from the large enterprises with full technological function in production so as to escalate the growth of local digital capabilities; thus, developing countries that lack of development in technology and Research & Development (R&D) would difficultly compete in the new digital environment.

Overall, these findings assert that the role of the digital marketing and its influence to people’s routines, e.g., according to Maslow’s hierarchy of needs theory, this conception depicts the level of hierarchy of consumer toward brand; for instance, people use social media platforms such as Instagram, twitter, VKontakte (VK), LINE, Telegram, etc to socialise with friends, family and potential contacts as a social needs; moreover, reference to Philip Kotler’s 7 Ps’ of the marketing mix theory explains that product and promotion where the creation and development of new products and promotions need companies, consumers, channel partners, and suppliers are jointly involved through collaboration in a network of innovation; thus, the digital marketing will be effective in digital trade by engaging consumers into the creation of new products, services and promotions due to an enlarging of online consumers in present; finally, pursuant to Michael Porter’s 5 forces theory shows that competitive rivalry affect prices and profits because various quality products in market are competitive as the consumers have choices to buy the most adequate products. All these theories answer the hypothesis at the beginning of the research that increasing of digital marketing impact to trade revenue by maximising profit for developed and developing countries but it might minimise profit for countries which is without development in technology and R&D because high competition of identical and substitute products trade off in the international trading system on basis of online-based purchases.

# CHAPTER 3. CASE STUDY ON THE PERCEPTON OF RUSSIA AND CHINA TO DIGITAL MARKETING METHOD

This chapter describes and justifies this dissertation’s research methodology. With regard to reviewing current literature, the limitations would present in the research. The choices of methodology; thereby, allowing us to address them early; for instance, case study, interview, questionnaires, experiment, etc. According to introduction of this paper, an author selects to apply the case studies method for exploration into relationships between digital marketing usage by Russia and China’s businesses, and consumers' consumption preferences in the international market as well as influential variables.

As the empirical of a plenty of research have proved that the value of the case study approach is well acknowledged in almost every fields such as business, economy, law, policy, medical service, etc. Since, the case study approach allows in-depth, multi-faceted explorations of complex issues in their real-life settings, this method can grant us actual result of employing digital marketing in many businesses’ sectors in global market. At the end, the points of Russian and Chinese businesses to deploy digital marketing in international market are summarised in this research paper, so order to contribute those imposing and appraising proposals case study research, and readers to assess the quality of case study reports and be more comprehensive in research’s consequence.

## 3.1 A case study of Russian businesses towards digital marketing in the facet of transnational corporation

The Russian Federation is one of the leading economies today, belonging to the area of countries called the BRIC, or BRICS. Online marketing in Russia can be a great opportunity for those who want to sell, promote and communicate online products, services and brands in this country. The Russian Federation has a population of 143 million people, but it is important to remember that different countries of the former Soviet Union speak Russian language today and it’s also spoken by 285 million people worldwide including former USSR countries and many large Russian-speaking communities situated in USA, Israel, Europe, etc.

A unique market mainly characterized by local platforms such as Yandex the local leading search engine with 59.3% market share or the leading domestic social network VK with 83% penetration rate with its huge social media group Mail.ru versus Facebook with just 39%. The Russian Federation has one of the 10 fastest growing digital markets in the world: according to Data Insight Russian e-commerce in 2020 reached 2.5 billion rubles, 33 billion dollars revenue instead of pre-pandemic scenario that would forecast it to reach 2.2 billion rubles, 29 billion dollars turnover.

#### 3.1.1 Trends of digital marketing approach in business of the Russian Federation

In 2021, the market will have a turnover of 3.3 billion roubles ($44.5 billion), instead of the previously estimated 2.8 billion ($37.8 billion). Overall, Russian ecommerce between 2020 and 2024 will be worth 310.752 billion dollars (23.4 trillion roubles) thanks to the new scenario. The Russian internet worldwide is called “Runet”, (Russian Internet) meaning you can market not just in Russia, but also in many countries and communities that embrace this language and culture. However today it’s easy targeting Russians abroad thanks to mobile phone and precise targeting techniques and tecnologies any advertising platform owns. A figure 3.1 depicts graph of online audience of e-commerce market in Europe where Russia is the largest of internet user in e-commerce cluster at 15% of Europe’s 408 million internet users. Russia has the largest audience in Europe with 61.3 million users and, in fact, surpassing Germany. Regarding this data of the market, it represents a great opportunity for brand, products and services and companies around the world. In order to enter the international market with digital marketing approach it is necessary to do research the feasibility of online sales in those local market. In other word, the business marketer should study about the real potential of the product to destination, customs inspections and permits specific to the product, radius of distribution, and sales with analysis of the feasibility of shipment, payment systems, communication-localized with the customer on the site and service on the product.

Internet in Russia and Italy grow fastest among others at 15% and 17% respectively

+10%

+2%

+2%

+2%

+10%

+6%

+4%

+5%

+3%

0%

+6%

+4%

+2%

+17%

+5%

0%

+3%

+15%

**Figure 3.1 Online audience of e-commerce market in Europe**

Source: https://www.giuliogargiullo.com/digital-marketing-russia/

The online market of the Russian Federation is dominated by Yandex, the main search engine. Although until a few years ago, the online presence of Google was quite marginal, the American giant has acquired ever-greater position of the market with its share 50% of the market. The advent of Google.ru is appreciated by the “New Russians” which is attractive, minimal style and western design. Nevertheless, Yandex still remains the main port of access to the online market of Russia. From the point of view of the single online search engine search Russian still dominates certainly the scene, but dominates even more in the market with a series of countless services and applications used by millions of Russians on a daily basis. Among the most popular applications: Yandex Taxi, which allows you to book a taxi in major cities of the Federation, Yandex Dengi main player in the electronic payments local, Yandex Market as regards the comparison of prices while shopping, and many other services. Consequently, Russian search engine dominates the market since Yandex was built by Russians for Russians; for instance, using Russian language.

A figure 3.2 below explains growth rate of digital advertising expenditure by channel in Russia in 2021. The digital advertising market in Russia grew by 24 percent in 2021 compared to the previous year. The fastest-growing segments were search and instream video, with rates of 32 percent and 28 percent, respectively. Banner ads saw the lowest growth rate, at 12 percent relative to 2020. In 2020, Russian advertisers spent nearly four billion U.S. dollars on digital advertising. The expenditure was forecast to increase in the following years and reach 5.4 billion U.S. dollars in 2024. In general, online advertising spend in Central and Eastern Europe was significantly lower compared to North America, Asia-Pacific, and Western Europe. The total CEE spending on internet ads exceeded 9.9 billion U.S. dollars in 2021. Moreover, influencer marketing is steadily developing in Russia. In 2020, Russian Instagram influencers had a total revenue of seven billion Russian rubles. To compare, YouTube influencer earnings exceeded four billion Russian rubles. The share of Russian consumers that purchased products after a recommendation from influencers significantly increased between 2019 and 2021.

**Figure 3.2 Growth rate of digital advertising expenditure by channel in Russia in 2021**

Source: https://www.statista.com/statistics/1120031/russia-digital-ad-market-volume-growth-by-type/

#### 3.1.2 Digital advertising spending forecast in the Russia Federation in 2019-2024

Internet advertising expenditure in Russia reached 4.3 billion U.S. dollars in 2021. The market was forecast to fall by 48 percent as a consequence of the war in Ukraine in 2022, reaching approximately 2.2 billion U.S. dollars in that year. Online advertising involves communication with consumers via the internet. The most common formats include search, banner, social media, classifieds, and video advertising.

Digital advertising represented 55% of the total ad market in Russia in 2021. Furthermore, in the following year, the digital channel’s share was projected to increase by one percent. Over the past two decades, online ads saw a steady rise in the country, starting from a zero percent share in 2000, when the leading advertising medium by spending was television.

Programmatic advertising refers to purchasing and managing ads using software, for example, in an automated bidding process on advertising exchanges. In 2022, programmatic was forecast to account for 85 percent of Russia’s digital ad spend. That share was expected to increase only slightly in the following four years. The total programmatic ad spend in the country was projected to reach nearly 1.3 billion U.S. dollars in 2021.

#### 3.1.3 The popular digital marketing channel in Russian businesses’ strategy

1) Russian Search Engine Optimization (SEO); it is opportunities inside the Country and around the world as this channel is a cost-effective, long-term and promising marketing channel. In times of unclear market situations, SEO is an indispensable part of the proper digital marketing campaign. Investing in this service or at least not suspending it will keep you afloat during this time. In order to start a campaign of digital marketing in Russia it’s certainly necessary to initiate strategies of search engine optimization using an SEO specialist who knows quite well the language and the culture of reference, besides, of course, knowing the local characteristics of the SEO discipline. Yandex and Google follow similar logics with regard to the user experience, but they have some differences. Many other differences in the positioning factors in the two search engines, among the similarities, they are different and, therefore, crucial to start SEO activities in Russia are well aware of the factors in ranking that are more or less stimulate in Yandex or in Google.ru.

In Russia the two most popular search engines are Yandex and Google, usually the overall search traffic is split about equally between them. So, any significant changes in one SE will inevitably lead to changes in the other. Since SEO remains one of the most financially profitable methods of reaching your target audience, it makes a lot of sense to pay attention to the dynamics between the most prominent players in the Russian-speaking regions. In March 2022 users have been gradually preferring Yandex over Google when it comes to organic search. The increased search traffic and increased advertising volume (see Paid Search section for more information) means that Yandex SEO is both harder and more fruitful for your business. The causation of Russia-Ukraine war in 2022, Google has suspended all types of advertising in Russia, SEO is the only way to make your presence in this search engine these days. To stay in the field of view of your potential customer, you need to double your organic SEO efforts as your competitors have probably done the same. Google still has a very significant market share so it is essential for your users to be able to see your company’s website in the search results, regardless of the suspending ads in Google.

2) Paid Search; it is the way to create a marketing campaign, e.g., banner ads, pay-per-click, keep position in the first page so as to demonstrate and attract to a target audience with an advertising budget through search engine, website or mobile application. It is crucial sales-oriented contextual advertising, as it exposes company’s appearance, and increases brand awareness. The example Russian enterprises which use paid search in their business model are as follow:

2.1) Yandex is the most realistic source of paid traffic in the region. This banner network uses the numerous advertising services of Yandex, which are very popular in Russia (many of them have become completely irreplaceable) and encompasses a variety of target audiences. Advertisers choose thematic sites to show their banners. Unlike contextual advertising, which is aimed at the use of the Yandex.Bayan Context-media advertising from Google is not so relevant in Russia, compared to the English-speaking segment of the network. But it is also worth paying attention to, as YouTube and Gmail, which are included in this advertising network, are popular worldwide. Google AdWords does not provide discounts to partner agencies.

2.2) Mail.ru Group is one of the largest companies of Runet, which owns the popular Russian mail service Mail.ru, social networks “My World” and “Odnoklassniki”, as well as several thematic portals. Advertisement is \_ targeted according to demographic (gender and age) and geographical parameters, as well as \_ fields of interest. Partners of Mail Group enjoy various discounts.

2.3) Begun is owned by Rambler and it has a number of popular internet projects, also placing advertising on large sites that do not belong to it. There is also a partner program that allows you to advertise on small portals. Of the well-known sites where Begun places advertisement there are several that are worth mentioning. They are Afisha.ru, a portal with announcements of cultural events; Livejournal.ru - the largest blogging platform of Runet; websites Price.ru (compares prices from online stores) and Ferra.ru (reviews of home appliances). “Begun” claims to cover an audience of over 15 million users per day and more than 40 million per month. Advertisement is \_ targeted geographically, as well as according to interests. Partner agencies enjoy discounts from Begun.

2.4) Google AdWords is context-media advertising from Google is not so relevant in Russia, compared to the English-speaking segment of the network. But it is also worth paying attention to, as YouTube and Gmail, which are included in this advertising network, are popular worldwide. Google AdWords does not provide discounts to partner agencies. Now it is temporarily impossible to place paid advertising in Google for the Russian audience. That is, if you want to boost your visibility in Google, then organic SEO is the most viable option available at the moment.

3) Paid Social; it is the way to create a marketing campaign, e.g., banner ads, pay-per-click, keep position in the first page so as to demonstrate and attract to a target audience with an advertising budget through social medias, streaming, messenger platforms.

Paid advertising is temporarily unavailable on platforms such as Facebook, Instagram, Twitter, since Google’s suspension of advertising in Russia has a considerable effect not only on paid search in general, but on paid social dynamics as well. Streaming platform like Youtube – affiliated company of Google – it is no longer showing ads in Russia. Youtube is the second largest well-known search engine in the world and the service. It has been a significant source of paid traffic for many companies before March 2022. Notwithstanding, the audience of social platforms such as Telegram and VK has grown significantly. Some of the advertising budgets, previously allocated to Google, have been transferred to Russia’s most prominent social platforms.

Since spring 2022 the Russian-speaking audience began to actively switch to available platforms. VK is the first social media to get an influx of users and advertising budgets, previously allocated to now unavailable platforms. VK’s audience consists not only of the Russian population, but also Kazakhstan, Uzbekistan, Azerbaijan and other CIS countries. For many years VK has held its leadership as the largest social network in Russia. However, in March, the monthly VK audience worldwide grew by 2.4% to a record 100.4 million users. According to official data provided by the company itself, VK is the leading platform in Russia in terms of the volume of content and the number of authors. According to Brand Analytics, in March 2022 more than 27 million authors published more than 468 million posts and comments - this is more than on all other platforms combined. In March, the number of newly registered VK users increased by 63% compared to last year.

According to creation of unique content on the platform by new users, he growth of the active audience and the volume of published content enabled the platform to respond to growing user demands. The platform has introduced several important updates, including Smart TV Video and Traffic Saver. In addition, VK continues to invest in developing new features and tools for entrepreneurs as well. As a result, the total number of users who opened their own business VK profiles in March reached 2.4 million people. More than 600,000 of them are new entrepreneurs who began their projects in VK and tested tools for starting. For example, 280,000 communities began to use the Store VK to sell their goods and services in the last month. Furthermore, VK has launched large-scale support programs, replaced the messenger applications by western company and combined functions of both Instagram and Tiktok. As 10 different advertising formats are available on VK, including advertising in clips and stories, this is opportunities for online advertisers so as to integrate their value of products and services.

#### 3.1.4 Tax regime on e-commerce introduced in the Russia Federation

The Russian Federation’s tax regime in the scope of e-commerce transmission imposes on two aspects. First, goods purchased directly from foreign online sellers, the consumers in the Russian federation can enjoy significant tax advantages compared to imports goods purchased in Russian retail outlets or suppliers. Which implies that the direct imports cross boarder of Russia between customers and foreign markets undermines the profitability of Russian importers or company suppliers and decreases tax revenues. Second, the value-added tax (VAT) levied on foreign exporters of electronic services creates uncertainty because the legal definition of electronic services is unclear. This unclear of tax regime also impedes the operations of multinational companies in Russia because VAT is taxed on intra-firm imports of services. Moreover, the Russian authorities are establishing effective automated systems collecting taxes and customs duties on cross-border e-commerce, calculating VAT compensation to exporters and accounting for receipts from online stores. These systems will help to prevent abuse of the tax system, as well as reduce the cost of compliance by firms (Pogorletskiy and Sutyrin, 2021).

According to studying by (Pogorletskiy and Sutyrin, 2021), they found that the tax regulation imposes on the international e-commerce operations with tangible goods in Russia defined as below:

1) Transactions in which a Russian remote retail seller delivers goods purchased in an online store to a foreign buyer (consumer) – B2C export transactions:

- Russian profit tax of 20 per cent of the seller’s income from sales of goods.

2) Transactions in which a Russian remote wholesaler delivers goods purchased in an online store to a foreign wholesale buyer (reseller) – B2B export transactions:

- Russian profit tax of 20 per cent of the seller’s income from sales of goods; and

- Russian export duties (rates 0–80 per cent (Garant, n.d.)) apply mostly for raw materials and mineral oils and export excises paid by the seller.

- The Russian remote wholesalers that export excisable products (such as tobacco, alcohol, mineral oils, etc.) of their own production are exempt from the payment of excise taxes. In addition, the wholesaler receives a VAT refund on export (VAT rates in Russia are 0, 10 or 20 per cent).

3) Transactions in which a Russian personal buyer (consumer) receives a parcel of goods ordered in a foreign online store from a foreign retail seller – B2C import transactions:

- Russian import duties according to the rates; for postal items weighing less than 31 kg and a declared customs value of less than EUR 500 during one calendar month, import customs duties in Russia are not applied (starting in 2020, the cost limit becomes EUR 200 while removing restrictions on time and number of received parcels).

4) Transactions in which a Russian wholesale buyer purchases goods online from a foreign wholesaler for resale – B2B import transaction:

- Russian import duties according to the rates; and

- Russian import VAT (rates of 10 or 20 per cent) and excise taxes for excisable products.

This tax regulation will not only help the government of Russia to eradicate the loss of tax competitive advantages for selling goods through online platforms, but also build the competitive conditions for the domestic and foreign internet sellers by levelling the low tax burden of remote retailers. For instance, e-trade process in the Eurasian Economic Union (EAEU), the difference in VAT and excise rates between the EAEU countries could encourage international e-transmission, yet it also leads to considerably reduces tax revenues of the member states, especially Russia, i.e., the excise duty on beer in Russia is twice the duty in the Republic of Belarus, and almost two and a half times the duty in Kazakhstan (the standard VAT rate, which in Russia and Belarus is 20 per cent, and in Kazakhstan only 12 per cent). In other words, the price of foreign beer from ordering through online platforms is cheaper from retail stores in Russia. Therefore, the tax harmonisation – a single customs tariff for imported products from 1 January 2019 in the EAEU – is the tool to eradicate this issue (Pogorletskiy and Sutyrin, 2021).

Furthermore, (Pogorletskiy and Sutyrin, 2021) also found that the tax regulation imposes on the international e-commerce operations with electronic services and digital content in Russia defined as below:

1) Transactions in which a Russian remote seller delivers electronic services and digital products to a foreign buyer (consumer), both individual and corporate – B2C and B2B export transactions:

- Russian profit tax of 20 per cent for the seller’s income from sales of e-services and intangible products; and

- VAT refund on export operations (excluding e-services and digital products initially exempt from VAT under Article 149 of the Russian Tax Code: medical intangible products and services, educational and financial e-services, licences and exclusive rights for software, data bases etc.).

2) Transactions in which a Russian buyer (consumer), both individual and corporate, receives e-services or digital products ordered online from a foreign seller – B2C and B2C import transactions:

- VAT at the appropriate rates of 0, 10 or 20 per cent imposed on the foreign remote seller that has to be registered as a VAT payer (using corresponding tax accounting) in the Russian jurisdiction.

Besides, the government of Russia imposed the “Law of Google tax” in 2018 to cross-border digital content exported by foreign companies. It states that foreign internet companies in Russia paid RUB 12 billion VAT on sales of electronic content (digital products and services) to individuals (B2C), including copy right of programmes, advertising, website support, storage and the processing of information. On the one hand, the ambiguous legal definition of electronic services in the Russian also takes an account of licences and technical contracts in the list. From 1 January 2019, the provisions of the Tax Code came into force, which forces foreign companies that remotely supply electronic services to Russia had to register with the Federal Tax Service of Russia (FTS) to pay the “Google tax” when working with corporate customers (B2B) (Pogorletskiy and Sutyrin, 2021). Regarding this tax implementation, it would leads to loss in investment and technology transfer into Russia since foreign enterprise will take a serious to their revenue and budget to operate the affiliate in the Russian Federation.

Recently, at the beginning of September 2022, new rules apply to all kinds of digital advertising and affect all market participants in Russia. For example, every ad-copy (creative) will need to be registered, receiving a token (an identifier for tracking); thereby, all advertising data will have to be transmitted to a special advertising association. The Unified Register of Internet Advertising will work in the country, and it will store data on the number of advertisements and websites, actual money spending, agents and contractors. This will make advertising transactions and processes more transparent for advertisers, tax authorities and other controlling organizations. In addition, the advertisers will not be fined for non-compliance with the requirements of the new Advertising Labelling Act, because the owners of companies can entrust the transfer of data to an intermediary who will perform all the necessary actions and make sure that there are no problems with the new requirements for ads. To help advertisers prepare for change, Yandex has developed an affiliate service that will help all chain members to enforce the law and transfer data to the new register, so that projects are advertised as effectively as possible in the Russian digital market.

## 3.2 A case study of China businesses towards digital marketing in the facet of transnational corporation

The e-commerce transactions in China have been substantially increasing over the past 20 years by stimulating in economic from improved infrastructure, the rapid growth of mobile telephone communication systems, changed and increased in finance sector. The market also is characterized by increasing diversity, for example, the growth of e-medical services, the expansion of cross-border e-commerce and the development of online-offline transactions. Moreover, the government of the republic of China has been playing an important role in the development of e-commerce through policies elaborated in five-year plans, while regional governments also have participated in planning and adjusting the e-commerce policy framework in light of local conditions (Jiang, Zhang, and Jin, 2021).

China is the country with the highest number of Internet users and also the largest e-commerce market in the world. The Chinese Internet sector; furthermore, is dominated by local firms (for example, Tencent and Alibaba), which are characterized by different consumer interactions and features. Moreover, a main role is played by the national culture, which influences firms’ online communications strategy and consumer behavior. Culture also has an impact on the Chinese distribution system as while the Internet has helped to overcome some shortcomings of the Chinese distribution system particularly in rural areas, guanxi still facilitate the availability of products.

At the beginning of e-commerce diffusion in 2000’s, the Chinese e-commerce sector has adopted their business model with digital technologies from the reason as follow: (1) the development of the technological infrastructure has permitted a fast internet penetration across the country; (2) Chinese online platforms are based on business models that reflect several cultural aspects of the traditional offline consumer behavior; (3) the internet has helped to overcome some shortcomings of the Chinese distribution system making easier for Chinese consumers, particularly living in rural areas, to purchase products and services previously not available. Therefore, the Chinese fragmented distribution has favored the emergence of national platforms such as Alibaba that could act as intermediaries between manufacturers and consumers spread all over the different

regional areas, meeting their needs otherwise satisfied only by local retailers and shops. On the other hand, relationships ‘guanxi’[[12]](#footnote-13) still facilitate the e-commerce availability of products and maximize reliability of e-commerce order fulfilment (L. Hu, 2020).

Pursuant to the research by (Jiang, Zhang, and Jin, 2021), they found that China’s e-commerce development has experienced four phases (Yin, 2018) as follow:

1) Germination stage (1997–1999); during this period, few people were informed about the market or participated in online shopping, and online shopping platforms were in their infancy. The main impact of e-commerce was to assist small and medium-sized enterprises (SMEs) to participate in international business-to-business (B2B) transactions. The demand for customer-to-customer (C2C) transactions had not yet arisen. Major e-commerce companies during this period were Alibaba, 8848 and EachNet.

2) Construction stage (2000–2007); the internet bust led to a reshuffling of e-commerce firms, as over one-third of internet websites disappeared. Nevertheless, increased acceptance of online shopping led to the rapid development of C2C transactions. However, there were important defects in logistical support for e-commerce, and sales of counterfeit goods were a major issue.

3) Evolution stage (2009–2015); China’s e-commerce market was fully developed, and competition among e-commerce enterprises was fierce. 3G was officially commercialized in 2009 (Shen and Chen, 2018). The number of user clicks for online shopping reached 100 million. The business-to-consumer (B2C) platform Tmall went online. Purchases of clothing, shoes and handbags, as well as of household goods and services, increased. The number of internet users and firms providing express logistics services showed explosive growth, while the use of mobile phones to undertake e-commerce transactions rose sharply.

4) Mature stage (2016 until the present); China’s e-commerce platform pattern has evolved into a new stage with the emergence of new business models. After several years of high-speed growth, the mobile shopping market growth rate started to slow down in 2016 and the e-commerce Monthly Active Users (MAU) increment also decreased. At the end of 2016, Alibaba launched a new retail concept, leading e-commerce enterprises to enter the offline market. At present, Alibaba has emerged into a relatively mature operational mode. In addition to continuous increases in the variety of goods and services offered and improvements in logistics and after-sales services, e-commerce enterprises are also actively expanding their cross-border online shopping, developing rural e-commerce, and providing maternal and child medical care, home decoration, local living services and other services to consumers. SMEs have joined the platform, and market segment competition is intense. Furthermore, the key segments of the e-commerce market, in particular B2C transactions in rural areas and cross-border transactions, are expected to continue to grow. The collection and analysis of user data, particularly through use of artificial intelligence techniques to mine “big data” to glean insights into consumer behaviour, is an important and growing market.

With reference to the statement mentioned above, the central government play the major ruler to promote and develop the e-transmission, e.g., implementation a five-years plans. Besides, attribute to the research by (Jiang, Zhang, and Jin, 2021), it illustrates that government has the opportunity to play a leading role in the development of e-commerce in four areas which describes below:

1) The government promoted the development of the basic e-commerce infrastructure based on the development characteristics and realities of local enterprises.

2) The government helped facilitate the popularization of e-commerce. The primary task of government is to carry out a wide range of e-commerce training and popularization activities. In addition, government can guide the spontaneous formation of business associations and other

non-governmental organizations within the region to promote the popularization, dissemination and penetration of e-commerce awareness, knowledge and skills (Deng, 2013).

3) The government can take steps to support production and processing supply chains, find and cultivate modern online businesses and assist with operation and marketing links. A key principle is to encourage trials and innovation, which allows for mistakes and failures.

4) The government should provide policy and legal guarantees for the development of e-commerce and help solve data security and related problems.

#### 3.2.1 Example of Chinese digital platform in domestic and international markets

New e-commerce platforms in China have emerged in recent years comprise of Alibaba, JD.com and NetEase Koala which are the major traditional e-commerce platforms, while WeChat, Pinduoduo and Xiaohongshu are promoting the use of social e-commerce, which has intensified competition for the traditional platforms (Jiang, Zhang, and Jin, 2021).

The Chinese digital landscape is not only very different from the one in Western countries because of governmental restrictions, but also cultural characteristics at the same time. In China, the Internet is dominated by a few Chinese companies, with the most important ones known with the acronym BAT, which stands for Baidu, Alibaba, and Tencent. Their main areas of operations are the following: Baidu is China’s main search engine, Alibaba is the first player in the e-commerce sector, while Tencent holds the leadership in social and mobile communication through its application called WeChat. However, while these three companies have expanded their businesses with acquisitions and innovations throughout the years, new recent entrants might erode the leadership of local incumbents in China, and also Western platforms internationally. An example is represented by TikTok, developed by ByteDance, which operates in 150 countries in the world as of November 2019, including China, the United States, and Europe. In the following paragraphs, the characteristics of the main Chinese digital platforms are described and discussed from an international marketing point of view (L. Hu, 2020). The table below demonstrates of the affiliate digital platforms of two large digital marketing enterprises, i.e., Alibaba and Tencent ecosystems.

**Table 1. The affiliate digital platforms of Alibaba and Tencent ecosystems**

|  |  |  |
| --- | --- | --- |
| **Detail/ enterprise** | **Alibaba** | **Tencent** |
| Year of foundation | 1999 | 1999 |
| Founder | Jack Ma | Pony Ma |
| Headquarter city | Hangzhou | Shenzhen |
| Main digital platforms | - Alibaba (B2B for international buyers)  - 1688.com (B2B for Chinese buyers)  - Taobao (C2C)  -TMall (B2C)  - AliExpress (B2C for international buyers)  - Koala (imported prodocts)  - YouKu (video) | - QQ  -WeChat  - Tencent Weibo  - Tencent Music |
| Partner platforms | -Sina Weibo  - Mei.com | - JD.com  - Pinduoduo  - Vip.com |
| Payment systems | Alipay | Tenpay (QQPay and WeChat Pay) |

*Source: L. Hu (2020)*

#### 3.2.2 The popular digital marketing channel in Chinese businesses’ strategy

1) Search Engine Optimization (SEO): is often defined as "the art and science of making web pages attractive to search engines". As these search engines struggle to read foreign languages, the website must be in simplified of those local languages. Besides, the content should also comply with the law and respect those local countries on the scopes of articles and videos. The example Chinese companies which often employ SEO on search engines are; (1) Baidu: the most popular engine in China and is the preferred search engine in the country. Baidu has around 70% of the market share in China, so it is crucial to focus on how to be highly ranked on Baidu. When implementing a SEO strategy, it is important to create fresh and new content if a company wants to devote itself for a high ranking on Baidu; (2) Sogou: established in 2004, and it is famous for its Sogou Input keyboard for mobile devices as well as tablets. The market share of the Sogou search engine in China is nearly 25%. It is worth noting that in 2013 Tencent acquired the search engine, as a result, Sogou searching engine is built-in on the WeChat platform, which is a unique advantage when compared with other search engines in China; (3) 360 search: which claims to have unique ranking algorithms. Thus, companies need to implement different SEO strategies for it. Besides 360 search, the company also owns several internet properties such as 360 directory and the 360 anti-virus program; and (4) Bing: which is not pervasive in the past, by the way it is gradually and recommended by many Chinese netizens as it has the access to western search results. Bing has two search bars, one is for domestic searching only, and the other one is for international results.

2) Content marketing is a strategy to attract leads by delivering relevant content to targeted groups without conveying an advertising message directly. According to a survey from Pew Research Center, 81% of consumers' purchasing decisions are influenced by 'doing their own research online', making content marketing important to get in touch with customers. In China, examples of content marketing include advertorial, press release, podcasts, blogs, audio, video, white book and infographics on Weibo, WeChat, search engines, official websites, and client-side applications. As Chinese netizens encounter content in the hundreds of thousands on their social network apps every day, creative and eye-catching content that convey the values of a brand can be the key for content marketing campaigns.

3) Pay-Per-Click marketing refers to the strategy that drives traffic to a business's website through paid advertisements. Businesses post an advertisement on an online platform and pay a certain fee each time this advertisement is clicked by an Internet user. Keyword research plays a most significant role in a PPC campaign. There is an extremely popular 'cyberspeak' on Chinese social media called "种草" ("Zhong Cao"). This means the desire to buy a particular product or experience something, or influencing or being influenced to long for a particular product or experience. The basic logic for "Zhongcao" is "approaching from different perspectives and then giving an unintended exposure to the product". Brands actively develop their new products and products with new USP's by implementing advertising campaigns to attract people's attention.

4) Social media marketing is a strategy to promote brand awareness, drive traffic and establish social trust by engaging people on social media and online discussion. Nowadays, the factors and media that influence consumer decisions have changed, so it is essential to create active and recurring content to attract consumers' attention and give them the necessary information when they make decisions and conduct searches. In China, businesses often hire professionals to manage their social media accounts, including publishing new product releases, replying to followers' messages, and initiating online discussions. Businesses also collaborate with celebrities and KOLs (Key Opinion Leaders) to promote brand awareness through online interaction on social media platforms. In recent years, more and more businesses also use social media platforms as direct sales channels. The most popular social media platforms in China include Weibo, RED, Douyin (TikTok), and WeChat public accounts. Because of interpersonal trust between KOLs and their followers on specific social media platforms, this way of marketing can increase brand awareness and shorten the time before a consumer decides to purchase. Furthermore, it can reduce the marketing expenses of brands while simultaneous long-tail effects on the content KOL are provided.

With regard to a report of "2019 China Digital Marketing Trends", released by AdMaster, includes a total number of 240 samples (110 brand advertisers are included). The report mentions that, at the level of social media marketing, KOL marketing is gradually being regarded by brands as a top priority in social media communication, occupying 60% of the digital marketing industry. Live stream and short video contribute 55% of the digital marketing industry, then followed by official public account operation, with a proportion of 54%. Therefore, in order to ensure the best practice of digital marketing, Chinese companies usually implement mixed digital marketing strategies but with different level.

#### 3.2.3 Digital trade regulation of China in the Regional Trade Agreements (RTAs)

China has traditionally taken a cautious approach to data regulation in trade agreements. Regarding the FTAs with Australia and Korea signed in 2015, the provisions in these two FTAs are mainly implemented to address trade facilitation related issues, such as a moratorium on customs duties on electronic transmission, recognition of electronic authentication and electronic signature, protection of personal information in e-commerce, paperless trading, domestic legal frameworks governing electronic transactions, and the need to provide consumers using electronic commerce a level of protection equivalent to that in traditional forms of commerce (Gao, 2021).

Digital trade of China is growing equally as fast as the competitor like the United State. It cannot deny that world e-commerce is dominated by these two big economies. In case of digital China’s businesses, the main companies, e.g., Alibaba.com, JD.com, Taobao.com, Pinduoduo.com, etc. which are online market platforms. It determines that online Chinese companies aim to enable traditional goods and tangible product on digital platforms. Besides, Chines government enormously supports on digital technology to access domestic and global markets in order to alleviate of using western platforms; for instance, Baidu and Tencent render in country as Google and Facebook, respectively. However, Chinese platforms mostly are performed in their home to facilitate digital market, and barely share demand of digital platform in abroad.

The internet usage in China has always been subject to heavy government regulations, which not only dictate the hardware one must use to connect to international networks, but also the content that may be transmitted online. Many foreign websites are either filtered or blocked in China, which confirms China’s cautious position on free flow of data. Moreover, in 2017, China also adopted the Cybersecurity Law, which requires the operators of critical information infrastructure to store locally personal information they collected or generated in China. Privacy protection is also weak in China, as it was only incorporated into the Chinese legal system in 2009, along with extensive exemptions for the government (Gao, 2021).

Since Chinese government is the main player to dictate the economic of country, government policy supports country to either learn to rapidly develop and improve traditional or digital economy. Improving in logistic; for instance, including high-speed rail, highways, and civil aviation. Granting a user-friendly internet platform as the consumers cannot only easily search for various products and compare their function and price through the platform, but also easily settle the payment through various online commercial banks. Furthermore, policy assists country to obtain regulating e-commerce based on international agreement such as the Agreement on Information Technology introduced at the WTO Ministerial Conference in Singapore in 1996 (Jiang, Zhang, and Jin, 2021).

Pursuant to the e-commerce discussions in the WTO in 2016, many members have made new submissions, which are mostly similar provisions in RTAs and plurilateral agreements. China proposed to trade facilitation measure such as simplified border measures and customs clearance, paperless trade and single window, and the establishment of platforms for cross-border e-commerce transactions such as the electronic World Trade Platform (eWTP), an idea first proposed by Alibaba (Gao, 2021). Regarding to these submissions from the WTO members, they concern with three main principles; (1) most developed countries and some developing countries accord to secure free cross-border data flow of services and investment, e.g., personal information, financial services; (2) almost members favour with privacy and personal information protection; (3) advanced economies consent to prohibition on data localisation requirements.

In terms of the substantive content, such an agreement shall include the following elements: freedom of data flow for the provision of covered services, investments and intellectual property rights; prohibition of data localization requirements relating to the hardware, software or location of data storage, with narrowly defined exceptions for measures to protect data security or personal information; and commitment for each party to introduce or maintain its own domestic laws on privacy protection that meets certain minimum standards (Gao, 2021).

Overall, some developing countries try to keep the conservative trade instead of let digital trade penetrate in their market chains because they concern about national, personal security and revenue fluctuation. Since the advanced economies process the prominent role in digital trade regime and they would either gain higher revenue from selling in domestic market or in international market, the technical assistance will be the solution, specified in the WTO provision, to nurture the technological progress and capacities for developing of software such as knowledge, know-how, and hardware such as equipment in emerging countries. This assistance would compel the developing economies to conform or obligate in global digital economy.

## 3.3 Conclusion

Pursuant to the report by the Ministry of Foreign Affairs of Russia, it indicates that the Russian-speaking markets where cover consumers around 270 million are becoming employ digital marketing approaches in their brands so as to get in touch with international consumers, particularly the whole Russian-speaking audience, living in CIS countries, EAEU, Europe and America. The digitalizing of media space; therefore, is continuing to shift people attention to spend transaction or time on internet platforms. From Russian digital marketing case study, we can perceive that the Russian online audience is growing every year and the mobile and other electronic devices are developing rapidly which allow people to use the Internet wherever they live or spend activities. Unfortunately, today, during this period of political and economic difficulties, business has more obstacles. Nevertheless, this will be a good reason to use the experience of the global financial crisis of 2008 and apply it to online advertising, which demonstrated its effectiveness. According to the Russian businesses’ operation during the crisis, the Internet advertising market in Russia increased by 55% because low cost of advertising contact, precise targeting, specific tools for advertising campaign tracking and managing made online advertising an ideal tool in times of crisis, when it was important to get the most out of the money invested in sales promotion. The example online platforms operated and own by Russia are Yandex, Mail.ru, VKontakte, telegram, etc.

With reference to Chinese digital marketing case study, it specifies that digital trade of China is growing equally as fast as the competitor like the United State, and the world e-commerce is dominated by these two big economies. The main digital Chinese businesses, e.g., Alibaba.com, JD.com, Taobao.com, Pinduoduo.com, etc. which are online market platforms. It determines that online Chinese companies aim to enable traditional goods and tangible product on digital platforms. Besides, Chinese government enormously supports on digital technology to access domestic and global markets in order to alleviate of using western platforms; for instance, Baidu and Tencent render in country as Google and Facebook, respectively. However, Chinese platforms mostly are performed in their home to facilitate digital market, and barely share demand of digital platform in abroad. In addition, the internet usage in China has always been subject to heavy government regulations, which not only dictate the hardware one must use to connect to international networks, but also the content that may be transmitted online. Many foreign websites are either filtered or blocked in China, which confirms China’s cautious position on free flow of data.

To sum up, regarding these case studies, it determines that the role of the digital marketing and its influence to people’s routines; for instance, hierarchy of needs conceptions of Maslow asserts that the level of hierarchy of consumer toward brand; for instance, digital marketing would not efficiently influence in self-actualisation group trying to succeed security needs with business. The most people; for instance, people use social media platforms (such as Instagram, twitter, VKontakte (VK), LINE, Telegram, WeChat, Weibo etc.) to socialise with friends, family and potential contacts as a social needs; moreover, reference to Philip Kotler’s 7 Ps’ of the marketing mix theory explains that product and promotion where the creation and development of new products and promotions need companies, consumers, channel partners, and suppliers are jointly involved through collaboration in a network of innovation; thus, the digital marketing will be effective in digital trade by engaging consumers into the creation of new products, services and promotions due to an enlarging of online consumers in present; finally, pursuant to Michael Porter’s 5 forces theory shows that competitive rivalry affect prices and profits because various quality products in market are competitive as the consumers have choices to buy the most adequate products. All these theories answer the hypothesis at the beginning of the research that increasing of digital marketing impact to trade revenue by maximising profit for developed and developing countries, but it might minimise profit for countries which is without development in technology and R&D because high competition of identical and substitute products trade off in the international trading system on basis of online-based purchases.

# CONCLUSION

Digital marketing has changed liaison mechanism of companies with potential customers by adapting plan and operate their marketing campaigns engaged the information recipients’ feel and guide these people to easier make a purchase decision. Marketers directly start applying digital marketing to build their brand reputation through social medias, digital platforms and channels and it considerably modified communication procedure between them and target recipients. Consequently, companies are able to approach new potential clients and it also generate the larger opportunities to escalate awareness or growth of business, inducing seller and buyer closer and mutually receive benefits or rise selling opportunities. It assists businesses to promote its value and attract client to recognise brand and want to buy products and services. This tool also helps smaller companies to compete other rivals in market that they cannot conquer before.

The author found that both of content and form are the appearance of business and they are evolved by marketing and advertising, the major elements and mechanisms to create the well-known brands and higher demand are marketing and advertising plans. We can perceive that television, radio, prints or paper publication are the conventional advertising channel. Its content, frequency and time are managed by supply side only, but demand side cannot intervene in this process, and it causes to slow down of effectiveness towards the potential clients. Therefore, increasing in new medias and streaming on many platforms are espoused advertising process more efficient and productive. Furthermore, emerging of technology during the broadband society expand the potential of relationship between companies and customers, thus the social networks are becoming the priority equipment for companies to acquire the maximum profit with a minimum cost. Companies are also able obtain the new potential clients from suggestion by existing consumers. This is an outside factor support companies’ products and service by feedback of confidence and truthfulness.

In term of the digital transformation prevail into marketing, and advertising and journalism. It is the tool for consumers to compare professional profile and capabilities of companies in advertising and public relations; thereby, implementation digital innovation technology in the advertising area is significant factor to generate more demand and keep existing consumers. Business can also spread their brands out through influencers, brand ambassadors brand prescriber. These people will take responsibility to advertise or sponsor their product and service via personal blogs, websites platforms, social networks channels such as Instragram, Facebook, Twitter, Youtube, VK, Telegram, Tiktok, LinkedIn, WeChat, Weibo or even live on online market platforms such as Shopee, Lazada, Alibaba, Ozon, Wildberries etc. This one of many choices to control and improve e-reputation of brands by forming the partnership with the public characters. Moreover, this business tactic provides companies maximum visibility with minimum stake since the audiences believe or trust the statements and reviews of these social influencers. This can expand that the key factors of advertising procedure are the digital transformation, the business model, personalization, automation and programmatic. Since businesses more communicate with customers through advertising and social networks, knowledge know-how, competencies and skills should be developed and improved so as to create the standing out strategy and professional presence. Regarding revolutions of advertising, the evident proves that the most concerning to these changes are personalization, digitalization, standardisation of measurement, automation and programmatic and co-creation of content by supply and demand sides. Furthermore, nowadays digital channel in marketing has become essential part of strategy in many companies, even for small business because it is a very cheap and efficient way to introduce their products or services in the highly competitive market. Company can use any devices without boundaries such as smartphones, tablets, laptops, televisions, game consoles, digital billboards, and various instruments such as social media, SEO, videos, content, e-mail in order to ubiquitously promote and build good reputation company itself and its products and services in both domestic and international markets. However, the corporations should ensure that the communication messages between consumers and employees are always improved by satisfaction survey. As the development will influence to companies’ appearance, specific standard and it is the new opportunities to build client’s trust and royalty and attract new potential clients substantially.

It is apparently that the digital marketing likely become more crowded space, but brands which can keep position themselves as strategic partners, rather than just another service provider, will have an advantage. To be the standing out brands, the digital marketers have to develop a strong brand and invest in flexibility that works for their clients and business. This advantage will lead to contribute brand position and in an increasing competitive market which is the strength of their brand. Therefore, brands should listen more closely by using social and customer data as a method to recognize new demands and personalize their brand. The good example with innovation of digital marketing are worldwide grocery stores. They are changing their way of working to meet consumer demands by creating their own application to provide the convenience and response consumer’s behaviors. Moreover, the business will obtain the beneficial is statistic of consumption preference so that they can use this data to track consumers' demand and offer the proper goods and service to the clients. This is the solution to improve and develop their goods and services in the future and we cannot oppose that the advertising divisions are the digital transformation, and it is part of the business model. It is also an instrument for communication channels which encourage personalization, automation and programmatic; therefore, these sectors will increase to adopt advertising, social networks more, but it depends on knowledge, skills and competencies which the advertising professional should keep learning and being up to date or stay in trend so as to demonstrate standing out strategy and gain success as the goal. Moreover, adopting the digital marketing instrument in international market, the marketers need to arrange the elements to support their goals, comprised of researching on target market and being flexible in approach so as to come over the multinational rivals. Besides, the companies shall think about the best solutions to communicate to new recipients since the different language and cultural differences may lead to misunderstand of information perception. Nonetheless, business need to grow an international digital marketing strategy up by harmonizing into their domestic business. It should include the unique determinant in global market in order that domestic business is comfortable to adapt them easier.

In case of the Russian Federation, the sphere of advertising is experiencing certain changes, since organic promotion in social media is also undergoing some changes. Content creators are looking for ways to meet and engage their audience in the ever-changing social networks’ space. For example, Telegram has become the leader in traffic volume growth in Russia and as a messenger it is now ahead of WhatsApp. As the popularity of this social network has increased dramatically in Russia, the organic promotion has become easier. This social media platform has held the lion’s share of traffic before, and after blocking other social networks, has become the most popular in Russia. Contrarily, Facebook, Instagram and Twitter have lost a significant part of their audiences due to the recent blocking of the platforms. Although, the strongest and most persistent bloggers continue to communicate with their audience and work on their organic growth. Moreover, the ability to reach foreign clients in international market without spending large budgets through social media is preserved nowadays. Choosing the right and suitable platforms, it is now quite possible to conduct your business without remaining in the shadows and without losing the audience.

With reference to Chinese digital marketing case study, it specifies that digital trade of China is growing equally as fast as the competitor like the United State, and the world e-commerce is dominated by these two big economies. The main digital Chinese businesses, e.g., Alibaba.com, JD.com, Taobao.com, Pinduoduo.com, etc. which are online market platforms. It determines that online Chinese companies aim to enable traditional goods and tangible product on digital platforms. Besides, Chinese government enormously supports on digital technology to access domestic and global markets in order to alleviate of using western platforms; for instance, Baidu and Tencent render in country as Google and Facebook, respectively. However, Chinese platforms mostly are performed in their home to facilitate digital market, and barely share demand of digital platform in abroad. In addition, the internet usage in China has always been subject to heavy government regulations, which not only dictate the hardware one must use to connect to international networks, but also the content that may be transmitted online. Many foreign websites are either filtered or blocked in China, which confirms China’s cautious position on free flow of data.

Pursuant to theorical conceptions, it indicates that the role of the digital marketing and its influence to people’s routines as follow: firstly, Maslow’s hierarchy of needs theory, this idea describes the level of hierarchy of consumer toward brand; for instance, digital marketing would not efficiently influence in self-actualisation group trying to succeed security needs with business. The most people; for instance, digital marketing would not efficiently influence in self-actualisation group trying to succeed security needs with business. The most people; for instance, use social media platforms (such as Instagram, twitter, VKontakte (VK), LINE, Telegram, Weibo, WeChat, etc.) to socialise with friends, family and potential contacts as a social needs; secondly, 7 Ps’ of the marketing mix theory by Philip Kotler, the scholar provide 2 examples of product and promotion where the creation and development of new products and promotions need companies, consumers, channel partners, and suppliers are jointly involved through collaboration in a network of innovation; therefore, the digital marketing will be effective in digital trade by engaging consumers into the creation of new products, services and promotions due to an enlarging of online consumers in present; lastly, 5 forces theory by Michael Porter, e.g., competitive rivalry affect prices and profits because various quality products in market are competitive as the consumers have choices to buy the most adequate products, and threat of new entry which from existence businesses in market and new players; thereby, when the industry introduces a new product or maintain leadership position in market, they shall deliberate trade barriers to entry such as tariffs, quantitative restrictions, local requirements, government policies and legislations, industry monopolies scheme, etc. All these theories answer the hypothesis at the beginning of the research that increasing of digital marketing impact to trade revenue by maximising profit for developed and developing countries but it might minimise profit for countries which is without development in technology and R&D because high competition of identical and substitute products trade off in the international trading system on basis of online-based purchases. Nonetheless, using advanced technology in business’ strategy can help companies to eliminate previous marketing limitations and discover immense profits from online leads even in crisis or pandemic by referring to Maslow’s hierarchy of needs theory which mentioned that greater amount of people become to buy goods and services on online platforms such as Airbnb, Amazon, Alibaba, Lazada, Shopee, Ozon, Wildberries, etc. in order to meet biological and physiological needs.

Finally, the scholar has an opinion that social networks are the excellent communication channels as they are the one that will most use advertising. Television, radio or care stereo in present, billboard and print publication, so-called old media, are still using in today but these medias need to adopt technology with internet or link to digital medias easier in order to provide more information or illustrate advertising content via online platforms because people will perceive and comprehend details of product and service from reading more on their electronic device which they can carry to everywhere. Secondly, the advertising professional should have main characteristic of good skill, competence, data analysis or creativity in digital sector, so as to establish valuable strategy in digital market. In the global market, companies should monitor progress and the marketing data analytics to measure outcomes through search engines and social media networks. In addition, businesses need to follow progress of competitors so that they can counter back unexpected incidents and keep staying in in a better position. In the sphere of Covid pandemic, it has changed digital marketing trends in recently because during lock-down, work from home and stay at home measures are increased of people around the world spend amount of their time with online searching for information, on products and services. Many businesses have been successful at adapting to these changes during the pandemic, and they still need to continue developing in digital marketing after Covid’s relieve. This study can help the e-commerce, and the scholars to know what definition of digital marketing, how to adapt digital marketing in international market, the type of digital marketing and the beneficial of its in international market products including its trend and challenges during the pandemic and in the future. The scholars can use this study for developing further studies post pandemic and to evaluate how the pandemic impacted during and post the virus spread.

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# APPENDIX

**Table 2. Implication of Terminology**

|  |  |
| --- | --- |
| **Terminology** | **Implication** |
| AI | Artificial intelligence is the development of computers and machines that learn to think and act like humans. It covers areas like problem-solving, language, reasoning, visual perception and knowledge. |
| Blogs | Personal online diary, journal or news source compiled by one person or several people. |
| Buy-side  e-commerce | E-commerce transactions between a purchasing organisation and its suppliers. |
| Business-to business  (B2B) | Commercial transactions between an organisation and other organisations  (inter-organisational marketing). |
| Business-to consumer  (B2C) | Commercial transactions between an organisation and consumers. |
| Campaign marketing | Campaign marketing is when a company plans and delivers a marketing campaign to reinforce their value proposition or to promote a particular product or service. |
| Client | A client is someone who is currently buying your services or who has done in the recent past. |
| Consumer | A consumer is a buyer but in a B2C context. The term is often used to describe someone who buys goods and services  online. |
| Content | Content is the design, text and graphical information that forms a web page. Good content is the key to attracting customers to a web site and retaining their interest or achieving repeat visits |
| Content marketing | Content marketing is a strategic marketing approach focused on the value of the content you use on your website and in campaigns. It can be used to reinforce or change customer behaviour. |
| CRM | Customer Relationship Management is a model for how companies can manage their customers/clients. It uses technology to provide a database and communication system involving sales, finance, marketing, technical and customer service support. |
| CTR | A Click Through Rate measures the number of times people view an online advertisement compared to how many times they clicked on it. |
| Customer | A customer is referred to as someone who is currently buying products either in a B2B or B2C context (or who has done in the recent past). For continuity, the term customer will be the most used term throughout the book to describe company buyers (B2B) and people who buy products and services in a B2C market. |
| Customer-centric marketing | An approach to marketing based on detailed knowledge of customer behaviour within the target audience which seeks to fulfil the individual needs and wants of customers. |
| Customer insight | Customers’ needs, characteristics, preferences and behaviours based on analysis of qualitative and quantitative data. Specific insights can be used to inform marketing tactics directed at groups of customers with shared characteristics. |
| Customer journey | A description of modern multi-channel buyer behaviour as consumers use different media to select suppliers, make purchases and gain customer support. |
| Consumer-to business  (C2B) | Consumers approach the business with an offer. |
| Consumer-to consumer (C2C) | Informational or financial transactions between consumers, but usually mediated through a business site. |
| Digital marketing | The management and execution of marketing using electronic media  such as the web, e-mail, interactive TV and wireless media in  conjunction with digital data about customers’ characterstics and behaviour. |
| E-government | The use of Internet technologies to provide government services to citizens. |
| Electronic business  (e-business) | All electronically mediated information exchanges, both within an organisation and with external stakeholders, supporting the range of business processes. |
| Electronic commerce  (e-commerce) | All financial and informational electronically mediated exchanges between an organisation and its external stakeholders. |
| E-marketing | Achieving marketing objectives through use of electronic communications technology. |
| Inbound marketing | Inbound marketing is a form of marketing which relies on the quality of information on a website and ease of navigation to it in order to attract potential customers. |
| Industry 4.0 | It is based on several technological enablers that have gained maturity in  the last decade, most notably Cyber-Physical Systems (CPS) and the Internet of Things (IoT). |
| Influencer marketing | Influencer marketing involves the paid marketing of products and services to a target audience who have an influence over what a customer might buy. This could be due to popularity, reputation or a company’s expertise. |
| Internet | The physical network that links computers across the globe. It consists of the infrastructure of network servers and communication links between them that are used to hold and transport the vast amount of information on the Internet. |
| Internet marketing | The application of the Internet and related digital technologies in conjunction with traditional communications to achieve marketing objectives. |
| Internet service  provider (ISP) | A provider enabling home or business users a connection to access the Internet. They can also host web-based applications. |
| Keywords | Keywords are words and phrases which are typed into a search engine like Google to try and match those on a company’s website. Marketers use them as part of the SEO and PPC process to make it easier for people doing a search to find their products and services |
| Multi-channel marketing | Customer communications and product distribution are  supported by a combination of digital and traditional channels at different points in the buying cycle. |
| Operating system | A mobile operating system is one which is designed for mobile and tablet devices. Apple uses an iOS system whereas Google uses Android. |
| Personalisation | Delivering individualised content through web pages or e-mail. |
| PPC | Pay Per Click is a form of Internet marketing where advertisers pay a fee every time one of their advertisements is opened (or clicked). It is a way of trying to ‘buy’ visits to a website rather than via SEO (although you can use both options simultaneously). |
| Sell-side  e-commerce | E-commerce transactions between a supplier organization and its customers. |
| SEM | Search Engine Marketing involves a payable promotion on your website to improve your Search Engine Results Pages (SERPs). It can use SEO and PPC to support this. |
| Sense and respond  communications | Customer behaviour is monitored at an individual level and the marketer responds with communications tailored to the individual’s need. |
| SEO | Search Engine Optimisation is the structure and promotion of digital marketing in the form of non-payable (organic) search engine results. It is designed to improve a website’s rankings and drive ‘traffic’ to it. |
| SME | Small and medium-sized enterprise  Small – up to 50 employees  Medium – between 50 and 250 employees |
| SMS, MMS | Short Message Service and Multimedia Messaging Service are both types of text messaging. The difference is that while an SMS is text only, an MMS allows users to send pictures, photos, video and audio files. |
| Social media | Social media is the group of online communication platforms used to create a ‘community’ of business and social interaction, for example Facebook, LinkedIn and Twitter. Although they differ in content, collectively they focus on areas like social networking, blogging and forums. |
| Streaming media | Sound and video that can be experienced within a web browser before the whole clip is downloaded. |
| Transactional sites | Sites that support online sales. |
| Uniform (universal)  resource locator  (URL) | A web address used to locate a web page on a web server |
| Web analytics | Techniques used to assess and improve the contribution of e-marketing to a business, including reviewing traffic volume, referrals, clickstreams, online reach data, customer satisfaction surveys, leads and sales. |
| Web browsers | Browsers such as Mozilla Firefox and Microsoft Internet Explorer provide an easy method of accessing and viewing information stored as HTML web documents on different web servers. |
| Web servers | Web servers are used to store the web pages accessed by web browsers. They may also contain databases of customer or product information, which can be queried and retrieved using a browser. |
| Website traffic | Website traffic refers to web users who visit a website. |
| World Wide Web | The World Wide Web is a medium for publishing information and providing services on the Internet. It is accessed through web browsers, which display site content on different web pages. The content making up web sites is stored on web servers. |

*Source: Clay (2017)*

**Foundation, Structure and theorical approach of Digital Marketing in Global Business**

**1. Origin and foundation of digital marketing in business**

Marketing strategy of enterprises are the major equipment to generate sales and profits. It also illustrates competency and efficiency of itself and marketer. Many companies start to broadly adopt technology comprises of internet, social network, online applications or digital medias with their marketing and production process, in order to keep business in fashionable trend on every new innovation. This factor will not only assist their products and services to be well-known or build good reputation in customers, but it also escalates more profitable for firms. Marketers can acknowledge that digital medias represent as the middlemen to communicate and transfer information between suppliers and consumers. It determines that digitalization concerned throughout the multimedia market’s evolution, and it is a fundamental transform from generation to generation or traditional era to technological era of existing structure in the telecommunication, media industries, entertainment and computing, which have made the markets more digital, more competitive, more dynamic and more complex. In other word, it is a sustainable simplification and individualization tool reducing complexity and problem in operation process.

In the year 1970, the Harvard sociologist Daniel Bell has shaped the term “postindustrial society” describing the, at that time, anticipated change due to technology. In this society, the secondary sector in the economy loses importance because of an economic system that is primary rather shaped by information technologies than by production (Wirtz, 2021). The beginning of the 1980s, Bell’s academic start proliferating new phrasing in scope of information society. The sociological term describes the transfer of human labor and macroeconomic impact to the tertiary sector of a higher industrialized society (Wirtz, 2021). Businesses can perceive that it was the significant change, especially featured by technological development dynamics. They use Kondratieff’s cycle theory[[13]](#footnote-14) to demonstrate this evolution’s doctrine described in figure 5.1.

Industrialised Society Information Society

• Steam engine • Railway • Chemical industry • Petrochemistry • Information • ?

• Cotton • Stell • Electrical • Automobile technology

engineering industry

1780 1830-1850 1870-1890 1920-1935 1950-1980 2000-2005 20xx

6th Kondratieff

5th Kondratieff

4th Kondratieff

1st Kondratieff

2nd Kondratieff

3rd Kondratieff

**Figure 5.1 The six long waves of economic development**

*Source: Nefiodow and Nefiodow (2014)*

Referring to Kondrateiff wave, it illustrates that technological emergence influences on societal evolution through sine wave method. This new innovation has been modified economic structures which are indicated to hike in investment from domestic and foreign business. Once the inventors create such an innovation to adopt in society and industry, they need to explicate it and ensure that it conforms with a new generation technology or technological advance[[14]](#footnote-15), e.g., robot for health care, retailed business, house, wireless broadband, transportation by railways, etc. as a incentive for future investment, so as to deteriorate the issue of the associated investments dwindle substantially. It defines that the development of information and communication technology are the major instruments significantly impacted to digital revolution in society.

Transformation from the post prosperity of industrial society to information society related to the quality and quantity of data. Beginning of information stage, data is not available widespread and popular in business, particularly the internet is the focal point in this context, enabling time- and location-independent as well as accurate access to a previously unimagined extent of knowledge.[[15]](#footnote-16) During the period of later modern industrial association, intellect was available merely in special group, but the accessing to information is more cheaper and without charge through the dynamic development of information and communication technologies. When information and intellect wider proliferate, it implies the principal specifying trait of the information association. This multidimensional phenomenon is demonstrated in figure 5.2.[[16]](#footnote-17)

Digital Business

Information

Society

Internet Economy

**Figure 5.2 Dimensions of the information society**

*Source: Wirtz (2021)*

From the diagram above, the internet economy and digital business stand for the two major keys that establish information society in the present. Digital business comprises of digital collaboration, electronic commerce, digital education, digital communication, and digital information/entertainment. It determines that economic, sociopolitical, and managerial sectors are expanding impacted by the information society and the internet economy considerably transforms former structures and interdependencies through the swift distribution of digital information and communication technologies.

#### 1.1 Evolution of information and communication utilizations

The evolution of information and communication utilizations have been created since in ancient and the Middle Ages eras. About 250 B.C., sieve of Eratosthenes, the first algorithm, was constituted to determine prime numbers. This algorithm defines a rule that consists of a finite number of steps and serves to solve problems. Algorithms represent the theoretical foundation of calculation by means of a computer. In the 1623, the astronomer and mathematician Wilhelm Schickard invents the first four-function calculator for the addition and subtraction of numbers. Approximately 50 years later, in the year 1672, Gottfried Leibniz creates the first mechanical calculating machine that is capable of the four standard calculation methods.[[17]](#footnote-18)

In 18th centuries, George Boole publishes the “Boolean algebra” for the portrayal of logical operators and set theory in 1854, which form the theoretical foundation of electronic technology. In term of developing technological communication infrastructures, Alexander Graham Bell puts the first telephone into operation in the year 1854 based on the fundamental research of Philipp Reis. After a patent for wireless energy transfer, Nikola Tesla patents electrical circuits in the year 1903. These achievements laid the groundwork for radio technology and thus the wireless transmission of signals via electromagnetic waves. Thirty-three years later, a decisive starting point for the theoretical informatics has been set. With the Turing machine, Alan M. Turing develops a model for calculating functions for the solution of different decision problems.[[18]](#footnote-19)

In 19th centuries, the construction engineer Konrad Ernst Otto Zuse builds the first fully automated, program-controlled, and freely programmable computer in the world in 1941, which primarily served for processing numbers. A few years later, in 1946, the first mobile network worldwide went into operation in the United States as an extension of radio technology which increase digitization of information and communication technologies. These digital information and communication technologies are characterized by the further support of new communication tools and improved information transmission. In 1948, William Bradford Shockley patents the transistor that provided for switching and amplifying electrical signals. Around the year 1953, color television was invented in the United States, and in 1956, IBM company introduces the magnetic hard drive (IBM 350) for storing data. This technical improvement by IBM not only enabled a quicker access time and greater storage capacity but also laid the foundation for secure data storage (Wirtz, 2021). The evolution of information and communication utilizations from 250 B.C. till 1956 is concluded in figure 5.3.[[19]](#footnote-20)

Eratosthenes develops an algorithm for determining prime numbers

With the Turing machine, Alan M. Turing develops a basic foundation of theorical informatics

Gottfried Libnitz constructs the first mechanical calculating machine that is capable of the four standard calculation methods

250 B.C. 1623 1672 1854 1867 1903 1936 1941 1946 1948 1953 1956

Konrad Zuse builds the first fully automated, program-controlled and freely programmable computer

Introduction of color television in the U.S.

William Bradford Shockley patents the transistor

Nikola Tesla patents the electrical circuits

IBM introduces the magnetic hard drive (IBM 350)

Implementation of the first mobile network worldwide in the U.S.

Alexander Graham Bell puts the first telephone into operation

**Figure 5.3 Evolution of information and communication utilizations (250 B.C. until 1956)**

Source: Wirtz (2021)

d

George Boole publishes the Boolean algebra

Wihelm Schickard constructs the first 4-function calculator

During the year 1966, the Disk Operating System/360 (DOS) has been provided as operating system for IBM mainframes. Therefore, the potential of the magnetic hard drive IBM 350 could be fully exploited for the first time. DOS facilitated a quasi-parallel diffusion of computer operations based on the directly addressable magnetic disc storage media. In the year 1969, Paul Baran and Donald Watts Davies create the cross-linked decentral network ARPANET, a precursor of Internet in the present. In the year 1971, Intel launches the first microprocessor 4004 that was produced in series for the first time.[[20]](#footnote-21)

In 1981, IBM launched the first personal computer and change the new possibilities of the world for evolution information and communication utilizations. In 1983, Motorola introduces the world’s first commercial mobile phone DynaTAC 8000x. Soon after, Microsoft releases Windows 1.0 for a simplified use of different devices. In the year 1985, Steve Case founds the online service Quantum Computer Services, which is renamed to AOL three years later. Six years later, in 1989, the World Wide Web was settled, the Internet increasingly influences the media and initiates a trend towards digital technologies that persist until today. An advancement of the enterprise software became necessary, leading SAP to offer its ERP software SAP R/3. Since that time, companies are able to connect different business areas by means of this software. In the same year, Toshiba introduces the first tablet PC Dynapad T100X.[[21]](#footnote-22)

In the year 1994, Jeff Bezos founds the Internet shopping platform Amazon revolutionizing the global online trade in goods. One year after the introduction of Amazon, Pierre Omidyar founds the Internet auction house eBay Inc., which quickly becomes the world’s largest online marketplace for private and commercial distributors. At this point, information and communication applications may be subsumed under a generic term for a variety of services in the fields of electronics, electrical engineering, information technology, and informatics. These fields are frequently characterized by a digitization of their components and the possibility of interactive use (Wirtz, 2021). The evolution of information and communication utilizations from 1966 till 1994 is delineated in figure 5.4.[[22]](#footnote-23)

The information society is in a dynamic stage of development, which places high demands on the operating companies regarding their innovative power and flexibility. An important trend regarding the evolution of digital information and communication technologies begins with the introduction of the first smartphone, developed and distributed by Nokia in 1996. While at the beginning of the smartphone era the phones were rarely dispersed, they are now a mobile companion and very important for everyday life. In the year 1998, Lawrence Edward Page and Sergey Brin found the Internet service provider Google Inc. and offer a far-reaching search engine with the same name. In 1999, AT&T starts to market broadband in the United States and thus enables high data transmission rates. The company launches its service including digital subscriber line (DSL), cable modem, and wireless Internet access for corporate customers. Since the end of the 1990s, the information society has significantly gained in importance, particularly due to the development of the Internet economy.[[23]](#footnote-24)

Microsoft releases Windows 1.0

SAP releases the ERP-Software SAP R/3

Disk Operating System/360 (DOS) is introduced as operating system for IBM mainframes

Jeff Bezos founds the internet mail order business Amazon

Paul Baran and Donald Watts Davies create the first decentral network ARPANET

Motorola introduces the first mobile phone worldwide (Dynatac 8000x)

1966 1969 1971 1981 1983 1985 1989 1993 1994

Steve Case founds the Internet service Quantum Computer Services (renamed to AOL 3 years later)

Start of the World Wide Web

Innovation “Personal Computer” by IBM

Intel launches the first microprocessor 4004

**Figure 5.4 Evolution of information and communication utilizations (1966 till 1994)**

*Source: Wirtz (2021)*

The ubiquitous diffusion of an internet not only affect to augment of mobile networks section but also the competitive marketplace and economic conditions resulted in numerous foundations of dotcom companies since the year 1998. For example, the implementation of the first UMTS network at the Isle of Man by the local company Manx Telecom in 2001 is an essential milestone for the mobile information and communication technologies. This development increasingly facilities new Internet services, e.g., the Internet has emerged as a further distribution channel for the music industry. In this context, Apple’s introduction of iTunes in the year 2001 represents an important cornerstone. In the year 2004, Mark Zuckerberg founds the social network Facebook. The boom of the Web 2.0 and social media applications continues in the year 2005. Internet platforms like Facebook and Twitter reflect the emerging network growth of the Internet. Today, social media has become an integral part of the information society. In the year 2006, AT&T launch their brand U-verse, offering triple-play telecommunications services in 21 states of the United States and using the FTTP, VDSL, and ADSL communication protocols. Already in the year 2009, the Swedish company TeliaSonera puts the first commercial LTE network in Stockholm and Oslo into operation. In 2016, Oculus VR launches its virtual reality headset for customers. In addition, 5G broadband Internet partially already accessible in the United States in 2018, is offered on a broad scale in 2019. Here, the number of users is assumed to reach 1.5 billion by the year 2024 (Fisher 2019) (Wirtz, 2021). The evolution of information and communication utilizations from 1995 till 2019 is depicted in figure 5.5.[[24]](#footnote-25)

Innovation of 5G wireless networks

Pierre Omidyar founds the internet auction site called eBay

Oculus VR introduces the first VR glasses for technological lover

Nokia develops and distributes the first smartphone

Mark Zuckerberg founds the social network called Facebook

Implementation of the first commercial LTE-network of TeliaSonera in Stockholm and Oslo

AT&T introduces U-verse using the FTTP, VDSL, and ADSL communication protocols

1995 1996 1998 1999 2001 2004 2006 2009 2016 2019

Apple launches the first version of iTunes software

**Figure 5.5 Evolution of information and communication utilizations (1966 till 1994)**

*Source: Wirtz (2021)*

Manx Telecom implements one of the first UMTS networds at the Isle of Man

Introduction of DSL, cable modern, and wireless internet access in the U.S.

Lawrence Edward Page and Sergei Brin found the internet service provider called Google Inc.

#### 1.2 The Revolution in Technology

Several technologies together have facilitated the rise of digital marketing. Technologies that will be addressed here are the Internet, browsers, widespread computing, and database technology. First, the commercialization of the Internet made the technology widely available to most consumers. The Internet was developed for government use in the early 70s by the Defense Advanced Research Projects Agency (DARPA) and used primarily for the transfer of large data files and the facilitation of communication among scientific researchers. In those days, most individuals did not have access to this vast network of information. It is useful to think of the Internet as exactly what the name implies, a network which is interconnected through technology. According to network theory, many relationships can be visualized by their relationship as nodes on a network. These nodes are represented usually as circles and the interrelationships between the circles as lines.

Almost anything can be represented by the nodes on a network. Much of social network theory represents individuals on the network as nodes and the lines represent the connections between individuals. In telecommunications theory, the nodes represent areas on the network where information is processed before moving on to another “node.” Nodes tell us how our cell phones get information from one point to another as well as how information is communicated from one person to another. In Figure 5.6, A is “centric” in that A knows everyone but not everyone in the network knows each other. The dark lines represent strong “ties” or relationships, and the lighter lines represent weaker relationships.[[25]](#footnote-26)

**Figure 5.6 One way of representing network relations, nodes, and ties**

*Source: Zahay (2015)*

Networking theory represents a powerful tool for the representation of information and how it travels. Networking theory also helps to explain the phenomenal growth of the Internet as a marketing tool. The browser is a way of navigating the nodes of the Internet and another technological innovation that spurred the growth of digital marketing, this is the beginning of change in commerce to e-commerce. Internet and technological innovation influence to revolution in market rapidly every day. The browser becomes a vast network connecting businesses and individuals, and it is easier to navigate the Internet. In fact, Internet technology was adopted more quickly than any previous technology, in part because of the effects of networks and how they facilitate growth and information sharing. It has taken less than 20 years for the Internet to reach 40 percent of the world’s population, perhaps the most rapid growth of any technology except the mobile phone, which is also related to Internet usage. Browser technology, software programs that allow the user to navigate the web, also facilitated the growth of the Internet. The first browser was called Mosaic and was developed by programmers at the University of Illinois.[[26]](#footnote-27) Other browsers rapidly followed, with the most popular today being Microsoft’s Bing, Google Chrome – largest market share, and Mozilla Firefox. Mozilla remains as a not-for-profit company, on the other hand, the other enterprises recognized the vast commercial potential of the Internet. In the beginning of web browsers, the Internet was the domain of the young, with the typical user being the 20-something male who spent the vast majority of his time, “surfing” the net. Interfaces were simple. Online chat forums are a good example of a simpler form of communication.

Furthermore, the forums and discussion boards are a way for individuals interested in a particular topic to interact on the Internet and keep a record of their discussions. This type of interface is used to this day, but other means of communicating on the Internet have become more prevalent. The proliferation of devices with which to access the Internet also facilitated its growth. The availability of desktop and laptop computers and now mobile devices, thin clients, and notebooks mean that the Internet is everywhere and literally at everyone’s fingertips. The Internet would be nothing without the data behind it. Database technology is used to capture Internet transactions, place advertisements, and analyze browsing history, all leading to a more satisfactory web experience targeted to the needs of the individual customer. The growth of the Internet would not have been possible without data processing and analysis. We can comprehend the internet mechanism from Amazon, platform of online bookstores, it was developed as an online firm and had the ability through a process known as collaborative filtering of the orders its customers made from the beginning to make recommendations online that were based on customer preferences. Offline booksellers struggled to differentiate themselves in the marketplace and many ultimately failed. These traditional bookstores are defunct and they latter need to shut down. Amazon stated with an excellent database management system and did not have to play catch up to discover its customer’s preferences and identities.

Interactive marketing also required the use of a database that was developed by direct marketers, most importantly to address the individual customer in a relevant fashion. Moreover, digital marketing came to mean using the Internet to facilitate the marketing process. The evolution of marketing terminology from direct communication to engagement diagram is delineated in figure 5.7.

**Figure 5.7 The evolution of marketing terminology from direct communication to engagement**

*Source: Zahay (2015)*

The interactive or communication marketing defines that marketing would become a conversation. The marketing conversation swiftly rise and the shift in control of the process from the marketer to the customer. In fact, digital marketing can be defined as using any digital technology to facilitate the marketing process, with the end goal to facilitate customer interaction and engagement. In other words, customers are involved with the brand and creating and developing their own content around the brand. For the beyond engagement, its trend may move to less control by the marketer and more control by the customer, aided and abetted by marketing technology that will be enabled to make choices for the marketer. Digital marketing includes the ability to interactively communicate with customers through electronic channels, such as the web, e-mail, smart devices such as phones and tablets, and mobile applications and the popular recognized techniques of digital marketing are social, mobile, analytics, and e-commerce.

In order to manage digital marketing workflow, the marketing makers shall comply along each step of transparency development actions for every marketing step. Figure 5.8 shows, objectives can be categorized as conducting research, raising awareness, branding, generating leads, acquiring customers, customer management and communication, up-selling and cross-selling, retention and loyalty and, finally, the identification of customers who can be brand advocates. Technology plays a role each step of the way but is not the main focus of the company. Thus, the firm must first consider how it creates and delivers value in order to develop an effective digital marketing strategy.

**Figure 5.8 Customer acquisition and relationship management: A continuous process**

*Source: Zahay (2015)*

**2. Structure of digital marketing in business**

#### 2.1 Explanation and division of Digital Business

Digital Business – well-known synonymously as e-business or e-commerce – has many different meanings depended on marketers, business administrators and scholars provide its in scope of various markets such as retails market, transportation market, educations market, communication market, land & property or construction market, entertainment market etc. In other word, people have a heterogeneous comprehension and there is no standard of its definition. Moreover, these explanations often be connected to determine in some situation and this express of its inconformity depended on the purpose of utilization. Table 2 illustrates popular explanation’s example of digital business.

**Table 3 Example of explanation of digital business**

|  |  |
| --- | --- |
| **Author(s)** | **Explanation** |
| IBM (1997) | A secure, flexible, and integrated approach to delivering differentiated business value by combining the systems and processes that run core business operations with the simplicity and reach made possible by Internet technology. |
| PricewaterhouseCoopers  (1999) | Hereafter, e-business will be defined as the application of information technologies to facilitate buying and selling of products, services, and information over public standard-based networks. |
| Wirtz (2000e) | Digital business [...] is defined as the initiation, negotiation, and/or transaction of a business between economic subjects which is electronically realized through telecommunication networks. |
| Rayport and Jaworski  (2001) | E-business can be formally defined as technology-mediated exchanges between parties (individuals, organizations, or both) as well as the electronically based intra- or interorganizational activities that facilitates such exchange. |
| Rayport and Jaworski  (2001) | E-business can be formally defined as technology-mediated exchanges between parties (individuals, organizations, or both) as well as the electronically based intra- or interorganizational activities that facilitates such exchange. |
| Jelassi and Enders (2005) | The use of electronic means to conduct an organization’s business internally and/or externally. |
| Chen (2005) | Business that is conducted using electronic networks or electronic media, sometimes used synonymously with e-commerce and sometimes used more widely to include other business activities in addition to buying and selling. |
| Papazoglou and Ribbers  (2006) | E-business can be defined as the conduct of automated business transactions by means of electronic communications networks (e.g., via the Internet and/or possibly private networks) end-to-end. |
| Chaffey (2009) | All electronically mediated information exchanges, both within an  organization and with external stakeholders supporting the range of  business processes. |
| Laudon and Traver  (2014) | [...] is the use of Internet, the World Wide Web (Web), and mobile  apps to transact business. |
| Schneider (2017) | The term electronic commerce (or e-commerce) [...] includes all  business activities that use Internet technologies. Internet  technologies include the Internet, the World Wide Web, and other  technologies such as wireless transmissions on mobile telephone  networks. |

*Source: Wirtz (2021)*

In order to determine the definition of the digital business and what the proper meaning that should refer to each business, it is essential to analyse a term of using into functional subject-related and teleological aspects. These sections imply that the subject-related aspects pertain with subject and structure of the sequent content, while functional aspects cite to its productivity and teleological aspects concern to its goal and target.

First, in term of the subject-related aspects, it is used to define processes and transactions of business and it may indicate to innovation of information technologies, e.g., IBM (1997) used the term of “Internet technology” in their original definition of digital business, which has been unified to “information technology” or “information and communication technology” in several subsequent definitions. In addition, the expressions “use of electronic means” and “by means of electronic communication networks” have been used synonymously for electronic information technology (Jelassi and Enders, 2005) (Wirtz, 2021). Furthermore, the subject-related aspects also depend on generating of new technologies. i.e., wireless transmissions via mobile phone, laptops, car stereo, or other electronic gadgets that comprise of internet networks and applications on its.

Secondly, the functional aspects, this section is not scarcity information to support or explain itself, e.g., limiting digital business between organization leads to constrain the number of users of some explanations and repercussion is less understanding of its. Some explanations may increase the number of users by compounding intraorganizational and customer-related visions. Moreover, this aspect still adopts without explicit consensus referring the escalate of business processes in digital business. Nevertheless, it still modifies for advocating many business activities through electronic networks to electronic implementation.

Thirdly, the teleological aspects, the definitions show a certain heterogeneity. PricewaterhouseCoopers (1999), for example, emphasizes the support of buying and selling processes of products, services, and information. On the other hand, Wirtz offers a more specific definition of digital business: it is the initiation as well as the partial or full support, transaction, and maintenance of service exchange processes between economic partners through information technology (electronic networks).[[27]](#footnote-28)

These explanations also including tangible and intangible goods and services exchange processes, traded off regarding demand and supply of its market. With reference to electronic networks, this sector concerns to transmission of electronic data by incorporating of physical and mobile connections.

#### 2.2 Actors, Interaction Patterns, and Service Exchange

Actors in digital business scope consist of suppliers and recipients who exchange electronic-based or electronic-induced service. Consequently, businesses, administrations, and customers are the actors that interact each other and form the matrix of interaction patterns, which may be fulfilled by an intra-level, superseded the service exchange within a single group of these actors. Figure 5.9 illustrates the interaction pattern between the actors.

The providers of service exchange processes facilitate a service exchange within electronic networks. They provide goods and services that recipients use on their own initiative or request. In practice, the B2B and B2C sectors are most important. The B2B sector summarizes the electronic service exchange between several companies. Thereby, the company may take the role of both the buyer and the seller. Business activity opportunities in the context of B2B are diverse, ranging from online shops to B2B marketplaces and integration of customers and suppliers (Timmers 1998).

Intra-Administration

Administration

to

Administration

Administration

to

Consumer

Administration

to

Business

Administration

Provider of Service Exchange

Consumer

Consumer

to

Administration

Consumer

to

Business

Consumer

to

Consumer

Intra-Business

Business

to

Administration

Business

to

Consumer

Business

to

Business

Business

Intra

Administration

Business

Consumer

Recipient of Service Exchange

**Figure 5.9 Matrix of interaction patterns in digital business**

*Source: Wirtz (2021)*

Regarding the value creation in the B2C segment, there are companies on the supply side and customers on the demand side. The service exchange may involve physical goods, digital goods, or services. An example of a service exchange with regard to physical goods is the purchase of textiles through an online shop. For digital goods, the service exchange, for instance, may include the provision of a voice-over-IP call and the additional sale of paid content. Services, in contrast, could be consulting services, purchase recommendations, or processing of user comments, for instance.

In the context of digital business, B2A refers to the performance of administrative processes between businesses and public entities via electronic information and communication media. These include, for example, transactions with government bodies, such as the processing of companies’ tax matters (e.g., VAT, income tax). Intra-business refers to internal digital business applications of a company. An example in this context may be the offer of a network-based, intraorganizational advanced training. For instance, employees of Volkswagen can visit e-learning centers to improve their foreign language skills.

The C2B constellation is mainly characterized by the individuals’ voluntary exchange or disclosure of data to a company. This, for example, may happen by means of databases for job applications, such as monster.com or craigslist.org, through which individuals offer their manpower to companies.

Transactions between private individuals in the digital business domain refer to C2C. These transactions are not necessarily only direct purchase-sale processes, like eBay transactions; they also capture the exchange of digital goods. The Web 2.0 or social media is particularly relevant in this context. For example, a digital exchange of goods between individuals takes place on the video portal YouTube that allows its users to upload free video clips and to watch videos of other users. In general, the Internet is increasingly influenced by the interaction and networking of the users (Wirtz et al. 2014).

In the area of C2A, government is the recipient of a service exchange. The customers, who in this case represent citizens, use electronically networked resources in order to transmit information to government institutions. An example is the electronic tax return (efile) of income tax. Especially in this area, the acceptance of C2A has increased steadily in recent years. In the year 2019, more than 138 million income tax returns for the tax year 2018 have been submitted electronically in the United States (e-File 2019).

Transactions in the A2C area are rather non-commercial. A supplier of customer services in A2C is the Federal Labor Office, for instance. It offers a job exchange as well as supports and manages the interaction between the applicants and employers regarding job vacancies online. Nevertheless, in A2C there are also fee-based offers, for instance, customer information regarding specific products or companies.

The A2A area in digital business refers to the electronic handling of certain information tasks between national and international authorities. Some public authorities, for example, are service providers for other authorities. Individual public authorities are also increasingly inter-connected internationally. For example, national police forces are working under the direction of Europol and mutually exchange information electronically.

The intra-administration constellation refers to internal activities of public authorities, such as network-based, intraorganizational training opportunities for administrative staff. The role of the provider and recipient of the service exchange process is not determined a priori. In particular, the emergence of Web 2.0 or social media applications leads to an abandonment of traditional business structures. While formerly customers were solely recipients on the Internet, they are now able to be service providers by providing problem-solving information in the course of customer integration. Since digital business affects all areas of the value chain, its actors may be both provider and recipient of the service exchange at the same time.

#### 2.3 Stages of Digital Business Development

The integration of digital business in organizations and institutions includes four stages of development that particularly differ with regard to their complexity and added value. In its simplest form, a digital business solution is limited to a purely organizational and product/service presentation, as well as to the publication of information for relevant target groups, such as potential customers or investors. In a further stage of development, the Internet service is personalized, as in the case of commercial companies that add pre- and post-sales activities to their business offers. These include customer inquiries, communication via email, general offers, or sending information. In a third stage, there is further the possibility of completing transactions online. Finally, at the fourth stage of development, there is the possibility of electronically integrating transaction partners in the value-added processes. Figure 5.10 illustrates the various stages of development of digital business.

Economic Activity/ Value Creation

Stage of Development 4: Value and Partner Integration

Stage of Development 2: Communicational Interaction

Stage of Development 3: Commercial Transaction

- Electronic integration of transaction partners into value creation processes

- Highest stage of interactivity

- Product and business description

- Static content

- No personalization

- Publication of company information

Stage of Development 1: Static Presentation

- Pre-and aftersales services

- Customer request, e.g, via email

- Sending information

- Online transaction, e.g., conclusion of sales contracts

- Back-office integration

Complexity

**Figure 5.10 Stages of digital business development**

Source: Wirtz (2021)

1. Dave Chaffey, et al., 2006. Internet Marketing: Strategy, Implementation and Practice. Pearson Education Limited, p. 4. [↑](#footnote-ref-2)
2. Dave Chaffey et al., (2006), p. 5. [↑](#footnote-ref-3)
3. Ibid., p. 2. [↑](#footnote-ref-4)
4. A method of using technology to collect, process and condense information with a goal of efficient management. Most large enterprises have a central IM function to facilitate this coordination. The primary technologies needed are contained in a set of modeling tools that either have or interface to a production-worthy repository where the information is stored and managed. The repository and tools must be capable of receiving information in a “top-down,” “bottom-up” or “middle-out” evolutionary manner. [↑](#footnote-ref-5)
5. Rich Site Summary or Really Simple Syndication, RSS is a text-based format that delivers content from sites that are updated on a regular basis, such as news sites or blogs. Presented in a standard XML format to avoid compatibility issues, RSS feeds save the user time by eliminating the need to visit a site on a regular basis to check out the latest news and information. Applications known as aggregators, or feed readers, allow a user to subscribe to feeds from multiple sites and review them in one convenient location. [↑](#footnote-ref-6)
6. Wikis is a server program that allows users to collaborate in forming the content of a Web site. It is a good platform for digital marketing might be a shocker to digital marketers, and it is also one of the places where successful businesses have been flocking to market their products. [↑](#footnote-ref-7)
7. Widget is a graphical element of interaction that can be found on mobile devices or websites. It shows important information for users, e.g. about the weather, date or time. In the case of websites, it is usually an element placed in the footer or side panel. Widget adds its code to the page so that users can carry out various actions. Installing a ready-made widget is time-saving for web developers. The digital marking use widgets to obtain businesses an opportunity to spread the word from their site and social presences to other sites as widgets can be embedded in others' sites and services. [↑](#footnote-ref-8)
8. Peppers and Rogers, 1993. The One to One Future. Currency Press. [↑](#footnote-ref-9)
9. Zahay and Griffin, 2003. Information Antecedents and Consequences of Personalization and Customization in Business-to-Business Service Markets. Journal of Database Marketing 10, no. 3, pp. 255–271–326. [↑](#footnote-ref-10)
10. J.A. Deighton , 1996. The Future of Interactive Marketing. Harvard Business Review 74, no. 6, pp. 151–160. [↑](#footnote-ref-11)
11. A complementary metal-oxide semiconductor (CMOS) consists of a pair of semiconductors connected to a common secondary voltage such that they operate in opposite (complementary) fashion. Thus, when one transistor is turned on, the other is turned off, and vice versa. [↑](#footnote-ref-12)
12. Guanxi (pronounced gwan' CHē) is a Chinese term meaning relationships; in business, it commonly refers to the networks or connections used to open doors for new business and facilitate deals. In other word, it is the condition to have personal trust and a strong relationship. [↑](#footnote-ref-13)
13. Kondratieff Wave, named after Russian economist Nikolai Kondratieff, refers to cycles, lasting about 40 to 60 years, experienced by capitalist economies. It is a long-term economic cycle, indicated by periods of evolution and self-correction, brought about by technological innovation that results in a long period of prosperity. Kondratieff Waves are also relegated to a branch of economics called "heterodox economics," meaning that it does not conform to the widely accepted, orthodox theories espoused by economists. [↑](#footnote-ref-14)
14. A change in the way a product or service is produced or delivered that reduces the resource input requirements for production or delivery. For instance, a technological advance in the wireless broadband industry might enable more efficient use of scarce spectrum, resulting in greater speed and capacity for wireless broadband. [↑](#footnote-ref-15)
15. Bernd W. Wirtz, 2021. Digital Business and Electronic Commerce; Strategy, Business Models and Technology. Springer, p. 5. [↑](#footnote-ref-16)
16. Ibid., p. 84. [↑](#footnote-ref-17)
17. Wirtz, 2021., p. 10. [↑](#footnote-ref-18)
18. Ibid., p. 85. [↑](#footnote-ref-19)
19. Wirtz, 2021., p. 11. [↑](#footnote-ref-20)
20. Wirtz, 2021., p. 12. [↑](#footnote-ref-21)
21. Ibid., p. 87. [↑](#footnote-ref-22)
22. Ibid., p. 87. [↑](#footnote-ref-23)
23. Wirtz, 2021., p. 14. [↑](#footnote-ref-24)
24. Ibid., p. 88. [↑](#footnote-ref-25)
25. Zahay, 2015. Digital marketing management : A handbook for the current (or future) ceo. Business Expert Press., pp. 8. [↑](#footnote-ref-26)
26. Mosaic was the first published browser that automatically displayed pictures along with text, as in the pages of a magazine layout or an illustrated book. [↑](#footnote-ref-27)
27. Wirtz, 2021., p. 17. [↑](#footnote-ref-28)