

INTEGRATING TRADITIONAL AND DIGITAL MARKETING IN PRESENT-DAY ECONOMIC CONDITIONS

Boryana Trifonova

University of Mining and Geology “St. Ivan Rilski”, 1700 Sofia; E-mail: boryana.trifonova@mgu.bg

ABSTRACT. Though digital technologies have been around for several years, they have been on the rise within the past decade due to their ubiquitous use. The world experiences constant crises, whether of an epidemiological or military nature. The existence of humanity today is not possible without digital innovations. The most significant economic impact results from the mobile internet, knowledge automation, IoT, cloud technology, advanced robotics, and 3D printing. These technologies facilitate the development of many branches of the economy. In a period of transition and adaptation to the digital economy, a new marketing approach is needed to combine online and off-line interaction between companies and customers. In digital economy, online interaction alone does not suffice. Powerful differentiation is the result of the off-line connection with the customer. The aim of the report is to offer a comparative analysis of the impact of elements of traditional and digital marketing. Having examined in detail the characteristics of the two types of marketing, the conclusion drawn is that they have their place in contemporary economy when integrated.

Key words: traditional marketing, digital marketing, economic conditions, digital technologies.

ИНТЕГРИРАНЕ НА ТРАДИЦИОННИЯ И ДИГИТАЛНИЯ МАРКЕТИНГ В СЪВРЕМЕННИТЕ ИКОНОМИЧЕСКИ УСЛОВИЯ

Боряна Трифонова

Минно-геоложки университет „Св. Иван Рилски“, 1700 София

РЕЗЮМЕ. Дигиталните технологии съществуват от няколко години, но в последното десетилетие те са в своя възход благодарение на повсеместното им използване. На светът му се налага да живее в постоянни кризи, било то епидемиологични или военни. Съществуването на човечеството днес, не е възможно без дигиталните иновации. Най-значимо икономическо въздействие имат: мобилния интернет, автоматизация на знанието, интернет на нещата, облачната технология, напредналата роботика и 3-D печата. Тези технологии помагат за развитието на много сектори в икономиката. В този период на преход и адаптация към дигиталната икономика е необходим нов маркетингов подход, който да комбинира онлайн и офлайн взаимодействието между компаниите и клиентите. В дигиталната икономика само взаимодействие онлайн не е достатъчно. Силната диференциация се налага чрез офлайн връзката с клиента. Целта на доклада е да направи сравнителен анализ на въздействието на елементите на традиционния и дигиталния маркетинг. След като се разгледат подробно характерните черти на двата вида маркетинг, изводът който се налага е, че интегрирани, те намират място в съвременната икономика.

Ключови думи: традиционен маркетинг, дигитален маркетинг, икономически условия, дигитални технологии.

Introduction

Digital technologies have been around for several years; yet, the past decade has seen their rise due to their ubiquitous use. The world experiences constant crises, be they of an epidemiological or military nature. The existence of humanity today is not possible without digital innovations. The most significant economic impact results from the mobile internet, knowledge automation, IoT, cloud technology, advanced robotics, and 3D printing. These technologies facilitate the development of many branches of the economy, such as retail trade (e-commerce), education (online courses), healthcare (e-prescriptions and medical records), transport (electronics in automobiles), and even social relationships (social networks). Major retailers are experiencing upheaval caused by the digitally empowered new market entrants like *Amazon* and *Netflix*. Even a breakthrough innovator like Apple's *iTunes*, whose advent has displaced physical music retailers, has had a problem. Following the entry of *Spotify* with its business model of music streaming, *Apple's* revenue from music sales dropped in the beginning of

the 21st century. Thus, in 2015, *Apple* was prompted to launch its own music streaming service: *Apple Music*.

Newly emerging technologies not only inspire people as they lead to increased productivity, but also trigger fears about the possibility of people losing their jobs. 3-D printing offers opportunities for rapid innovation as it can reproduce/replicate almost anything, weapons even. Mobile Internet plays the most essential part since people feel permanently connected, informed, and even smarter due to it. However, the constant stare at mobile phones distracts people from what surrounds them, even suppresses their ability to feel empathy. It is necessary to find the ideal balance that enhances knowledge and at the same time does not harm relationships.

Shifting to digital marketing

Technology keeps developing. Not just that, but it does so very rapidly, regardless of anything happening in the world. The curve of its development points in an upper direction until, at

some point, we will not be able to predict any further. Increased computing power and advanced algorithms will make “smart” houses, cars, and cities possible. At some point, they will be able to simulate the work of the human brain. But then it is going to be difficult to assume what will happen, because those will merely go beyond the limits of human knowledge, of our capacities as a species, and of our worldview the way it has survived throughout human evolution. Logically, computers will one day turn out to be “smarter” than us, than all mankind put together - with all the conventionality of the term “smart”, because of which we keep using it in quotation marks as it is. This moment is called a “technological singularity” and was first employed by Ray Kurzweil (Director of Engineering Projects at Google since 2012). According to him, in 2029, technological systems will be able to recreate the work of the brain, and the technological singularity will ensue in 2045. Following its exponential development, technology will get to a point where it is so “smart” that we can only guess what will come next. (Karamanev, 2021)

In the current period of transition and adaptation to the digital economy, a new marketing approach is needed to guide us in predicting and employing revolutionary technologies (Kotler et al., 2020). The major shift is from product-oriented marketing (1.0), through customer-oriented marketing (2.0) and the emerging human-centered marketing (3.0). The marketing approach that combines online and off-line interaction between companies and customers is Marketing (4.0). In digital economy, online interaction alone does not suffice. Powerful differentiation is the result of the off-line connection with the customer. Despite the fact that brands need to be very flexible and adaptable due to the rapid development of technology, their originality has been more important than ever before. Another characteristic feature of Marketing 4.0 is that it incorporates artificial intelligence to improve productivity and enhance commitment through customer connectivity.

Traditionally, marketing begins with market segmentation, i.e. dividing the market into homogeneous groups based on their geographic, psychographic, demographic, and behavioural profiles. The next activity is targeting – selecting one or more segments that the company wants to pursue based on their attractiveness and in accordance with it. Segmentation and targeting are fundamental parts of marketing strategy that allow a company to effectively allocate its resources and position itself (Trifonova, 2023). However, these activities are related to the vertical relationship between the brand and its customers, as the decisions are made by the marketers without their customers’ consent. Customer participation is reduced to responses in marketing research, and they usually do not like this limited role.

In digital economy, customers are socially connected to one other in horizontal community networks. Currently, communities are the new segments (ibid.) Unlike the artificial segment formation, communities form by themselves. They define their own boundaries; therefore, they are immune to spam and irrelevant advertising. To engage a particular community of customers, brands must request permission. Seeking permission makes companies friends to the community because of the expected attitude when making a purchase decision. Similar to the Facebook mechanism, customers will have to make the decision to “confirm” or “ignore” the friend request. Thus, the horizontal relationship with customers is demonstrated. By staking on their transparency, companies can keep employing segmentation, targeting, and positioning.

The concept of brand is associated with the set of images (name, logo, slogan, etc.) which distinguishes the company’s product or service from those of its competitors. In recent years, we have adopted the brand because of the overall experience it provides us with. Since the 1980s, brand positioning has been associated with the battle for the customer’s mind. For greater effectiveness, the brand should be clear and manifest authentic differentiation. Brand positioning is essentially a compelling promise that companies make in order to win their customers’ minds and hearts. When these promises are kept, a customer’s trust is earned.

In digital economy, customers are facilitated and empowered to explore and evaluate every single promise of the company. Due to the advent of social media, brands cannot make false and unverifiable promises. New technologies are forcing ever shorter product life cycles and rapidly changing trends in preferences. What should remain unchanged are the corporate symbols and codes. A brand needs to keep its original idea,

Comparative analysis of traditional and digital concepts

A foundation concept in traditional economics introduced by McCarthy and Perreault back in 1987 is the “marketing mix”. Later, Kotler and Armstrong defined the mix as a set of controllable marketing variables that a firm blends in order to respond to the needs of a target market (Kotler et al., 1989). A classic marketing mix contains the **Four Ps of Marketing: product, price, place, and promotion**. The *product* is developed on the basis of marketing research on market demand. Out of a multitude of product manufacturing solutions, companies select which one is most efficient in view of their own capabilities. When determining the market *price*, the choice is between cost-based pricing, competition-based pricing, or customer value-based pricing. Once companies know what to offer (product and price), they have to decide on how to offer it (*place and promotion*). The product must reach the customers in the most appropriate manner at the right place and at the right time. Concurrently, companies have to inform their target audience about product benefits through public relations, advertising, and various promotions. The right combination of the Four Ps in the marketing mix guarantees customer satisfaction and company profits.

This classic concept, however, is already dated and **needs** to be given a radically new meaning. Researcher Constantinides has created a model called “**The 4S Web Marketing Mix Model**” or “The 4S Internet Marketing Mix”. This model involves four steps leading to the introduction of a new site or the improvement of an existing one. The four steps of the 4S Internet Marketing Mix Model (Constantinides, 2002) are as follows: **scope, site, synergy, system**. The first step is related to the *scope* of the project implementation, which also defines the vision for it. In order to accurately determine the scope, the following are taken into account: market situation, potential customers, internal analysis, and strategic analysis of online activities. The market situation outlines the market potential of the site and the main competitors. The output of potential customers is in the direction of their needs and interests, as well as basic issues to solve. The internal analysis gives a correct idea of whether the company has sufficient resources to create and maintain the site, as well as to answer all customer inquiries.

Determining the strategic role of online activities is related to answering the question whether the site has achieved the objectives for which it was created.

The second element is creating the *site* itself, which must be user-oriented. The activities within this step need to be strategically planned towards achieving a goal that is defined with precision. One such goal could be providing information, or communication with customers, or improvement of the brand image, or customer service, direct sales, etc. Issues like customers' personal data protection, uploading of correct information, layout and access to the site, etc. should be carefully pre-considered. The answers to all questions should be tailored to the company's objects and its conviction to develop and improve. Consequently, the third element is incorporated: *synergy*, i.e. the implementation of activities in mutual connection and interaction. Interaction should be among the front office, the back office, and third parties. The front office includes the selling points, or how communication with customers is carried out. The back office focuses on activities like order processing, customer service, and logistics. Third parties are partner companies, internet search engines, and advertising platforms, all of which may contribute to the site development. The model is completed by the fourth element: a *system* which is critical for the success of the model. The system specifies the organisation activities, e.g. who is going to build and maintain the site, who will administer and host it, how online transactions will be processed and data archived.

Another model that we can reckon among the revisionist transformations of the marketing mix is Brian Featherstonehaugh's **4E Model of the Marketing Mix**. Brian Featherstonehaugh, the author of the model, is the executive director of the *Ogilvy One Worldwide global advertising agency*. (Peteva, 2021) He considers the classic 4P model to be irrevocably dated and in need of a substitute. Featherstonehaugh points out that the consumer has long taken control, and that the consumer experience should be the basis of the marketing mix model (Featherstonehaugh, 2009). The modern consumer is super-informed, price- and time-hypersensitive, and utility- and access-oriented. Empowering consumers has rendered them particularly demanding of companies and their products. The ever-connected customers should be offered a first-class user experience, all through the stages of purchase decision making, even after the purchase. The requirement for the experience is that it be equally exciting, whether online, off-line, or a combination of both.

According to Featherstonehaugh, the 4E model consists of the following elements: **experience, everyplace, exchange, and evangelism**. Their proper combination guarantees the success of the company marketing. An issue with one of the four components brings about a loss of competitive positions. The first element is *experience* that replaces the product element from the traditional marketing mix. Currently, customers are immersed in a vast ocean of information and can choose not just a better product, but a better offer. They use their experience with the brand, the company or the product in order to target the combination of utility and emotional appeal. The second element, *everywhere*, denotes that consumers have their own choice as to where they could purchase the product. The dated concept of distribution postulates that it is the company which determines the places for offering the products - physical shops, warehouses, online stores, etc. The interconnected consumers expect to obtain the product in a manner which is personally the most convenient. The company is supposed to be presented on

multiple online and off-line channels so as to attract customers and offer them adequate experience with the brand.

The third element, *exchange*, represents consumers' new demands to brands and products. Incentives in the form of free gifts and discounts cannot generate differentiation in the long run. Present-day customers cherish companies which value their time, respect their priorities, and support important causes. The price is no longer rigidly fixed as it used to be in the past. Instead, it is flexible and contains not just the financial resources, but also the users' time, attention, and mental and emotional energy. The *evangelism* element corresponds to the promotion component of the older model. Creating an effective strategy for advertising, sales promotion, and public relations is no longer sufficient to achieve an exciting experience for the user. The reason is that the consumer journey during the purchase does not end with the purchase itself, but continues way afterwards. A satisfied customer is a source of positive information about product, brand, and company. They readily share their experience with their relatives and friends, even with the public. It is evangelism precisely that promotes and builds the brand image thanks to consumers. A company's best marketing success is to convince people that supporting and advocating for that business is a good cause.

The transformations of the variety of marketing mix concepts are summarised by Kotler, Kartajaya, and Setiawan in **the 4C digital marketing concept**. In a world of connected customers, the marketing model is changing to enable their involvement in the game. The traditional marketing mix (**the four P's**) should be re-defined as **the 4 C's: co-creation, currency, communal activation, and conversation** (Kotler et al., 2020). The new strategy in the digital economy is *co-creation* and early customer involvement at the conceptual stage of new product development. Co-creation also allows customers to customise products and services, thus bringing their best proposal to market. The digital era also requires the application of dynamic price-formation, i.e. setting flexible prices based on market demand and filled capacity. For several years, such pricing has been in use in hotel accommodation and airline transport, but new technologies have introduced it to other industries as well. Even online retailers are collecting arrays of data about their customers and offering personalised pricing. Therefore, price in digital economy is compared to *currency*, which varies according to market demand.

In the economy of sharing, where distribution is person-to-person, the channel concept is also undergoing a change. Companies like *Airbnb, Uber, Zipcar, and Lending Club* are making their way into the hotel, taxi, rental car, and banking industries. They provide customers with easy access to products and services owned by other customers. Such person-to-person spread will be accelerated due to the advent of 3D printing, whereby a consumer will receive the product within minutes, printed in front of them. In a world of connectivity, customers expect to access products and services in nearly an instant, which is achieved through *community activation*.

Traditionally, promotion has been monolateral with the company sending messages to customer audience. Currently, owing to a multitude of social networks, users can respond to these messages. What is more, in social networks, customers assist other customers in their choice. Rating systems, such as *TripAdvisor* and *Yelp*, have also emerged, wherein users converse about brands and rate those. In digital economy, companies can survive thanks to the connected marketing mix (the 4 C's). However, this mix also requires a shift in sales

techniques from passive to active. Increased customer commitment in the sales process is necessary.

Integrating traditional and digital marketing

In traditional economy, prior to the purchase, customers were treated as targets, and following the purchase they were regarded figuratively as royals. In digital economy, companies view them as equals. The shift is from a service strategy to a strategy of concern for them. This demands careful listening, tracking, responding, and fulfilling the conditions of both parties: company and consumers. In traditional services, service staff is responsible for the sales, whereas in the connected world, the key to success is customer care. Consumer involvement in the sales process is achieved through the use of self-service facilities.

Table 1. Comparison of traditional and digital concepts in terms of consumer path

The 4 P's	The 4 S's	The 4 E's	The 4 C's	Consumer path
product	scope	experience	co-creation	1. Awareness 2. Attraction
price	site	exchange	currency	3. Application
place	system	everyplace	communal activation	4. Action
promotion	synergy	evangelism	conversation	5. Advocacy

Table 1 offers a comparison of traditional and digital concepts in terms of consumer path. The similarity among them is their main requirement: that the elements act in a system, i.e. interconnected, in order to bring about a synergistic effect. The essential difference is in their philosophy: it is expressed in the direction of marketing activities. Digital marketing models are primarily oriented towards consumer experiences and knowledge, while traditional marketing is aimed at satisfying consumer needs through products. Purchase decisions today are grounded on the so-called consumer journey: from the very first moment they come into contact with the product, through its purchase, and even beyond that. In reality, customers are willing to engage with the company on a deeper emotional level. They expect to be offered an emotional narrative that can easily be shared from mouth to mouth and thus act as free advertising, even reaching the stage of co-creation whereby products and services are customised and the best offer is presented on the market.

In contrast to the dated concept of distribution in physical and online stores, today's companies should be present on a multitude of online and off-line channels. Thanks to the advent of 3D printing, a consumer can obtain the product printed within minutes in front of them. The price is now flexible and contains not only the financial resources, but also the consumers' time, attention, mental, and emotional energy. Even online retailers are collecting arrays of data about their customers and offering

personalised pricing. In the modern digital age, consumers are constantly in social networks, where they share their experiences and knowledge in the course of purchasing a certain product. To incorporate evangelism into their marketing mix, companies should target a high-quality customer experience. In this manner, they will win satisfied customers who will make repeat purchases and, above all, will recommend the product to other people and become active supporters of that product.

Conclusion

The conclusion to be drawn is that traditional and digital marketing have their places in the contemporary economy. They need to alternate their roles along the consumer path: from product concept, through appeal creation, desire to buy and actual purchase, until reaching the stage of advocacy. At the early stage of the interaction between company and consumer, traditional marketing plays the major part in creating awareness and interest. As the interaction progresses and as customers seek a closer connection, the role of digital marketing increases. It drives consumers to action and advocacy. The focus of the first type of marketing is to achieve results, whereas the newer type of marketing is aimed at initiating interaction with the customer. The expectation of digital marketing is to present the dynamic roles of both types of marketing in gaining consumer support. A company's best marketing success is to convince people that supporting and advocating for that business is a good cause. This result is achieved when consumers are provided with an adequate and memorable experience throughout the entire purchase decision process and beyond.

References

- Constantinides, E. 2002. The 4S Web-Marketing Mix Model. *Electronic Commerce Research and Applications*, 1, pp:57-76
- Fetherstonhaugh, B. 2009. *The 4Ps are out, the 4Es are in.* (Online) Available from: http://www.ogilvy.com/on-our-minds/articles/the_4e_are_in.aspx
- Karamanev, G.. 2021. Singulyarnost: kogato kompyutrite stanat „po-umni“ ot nas. - *Journal InGlobo*, 34 (in Bulgarian).
- Kotler, P., G. Armstrong. 1989. *Principles of Marketing*. 4th ed., Prentice-Hall, Englewood Cliffs.
- Kotler, P., H. Kartajaya, I. Setiawan. 2020. *Marketing 4.0: ot traditsionoto kam digitalnoto*. Sofia, Lokus Publishing. (in Bulgarian)
- Mason, B., M. Mayer. 1990. *Modern Retailing. Theory and Practice*. 5th ed., Boston: Irwin.
- Peteva, V. 2021. Transformations of the Marketing mix in Conditions of the New Digital Reality. - *Izvestia Journal of the Union of Scientists – Varna*, t.10, №3, pp: 145-156 (in Bulgarian with English abstract).
- Trifonova, B. 2023. *Menidzhmant na marketinga na visokite tehnologii*. Avangard Prima, Sofia (in Bulgarian).