

The Impact of Digital Marketing and Indirect Customer Service On the Success of Service Institutions

Jackie Chong Cheong Sin, Radzali Hassan, Shafiz Shahrani

International Institute of Applied Science of Swiss School of Management, Switzerland

Abstract

Digital Marketing or e-Marketing has become an integral part of the marketing mix. Customers prefer to do online research themselves. Therefore, the companies that provide services should be ready that search engines, corporate web pages, profiles on social media sites should strengthen the image of service institutions and ensure better communication with customers. The aim of this paper is to explore the results of quantitative research regarding service institutions' online marketing activities and how they deal with their customers. It has been found that real service companies' websites provide customers with qualitative information. Some service companies offer an online communication experience through Customer Relationship Management (CRM) systems. Several service companies have created their profiles on Facebook and Twitter for customers to review and share knowledge and experience but not all of them use social media in an appropriate way. Service companies should learn how to use online marketing tools more effectively to get their customer satisfaction and loyalty.

Keywords: Digital Marketing, Customer service, Service Companies, Customer Loyalty, Customer Satisfaction, CRM.

1. Introduction

Digital technology has “shaken marketing at its core” with almost all of the current marketing and customer service subsumed into some form of digital marketing across most businesses and industries. The widespread availability of the Internet and its continued user growth over the past few decades have influenced consumer behavior in communication techniques, information acquisition, and search and purchase behaviors [1]. One of the most ubiquitous effects of the “digital revolution” is in the way innovations and developments in digital, social media, and mobile marketing disrupts and “shake up” industries by creating new experiences that allow buyers and marketer behaviors that had not been previously possible. As digital environments have evolved, they have influenced the buyer’s search behavior in line with the service after selling with the company's customers [2]. In service institutions, a competitive and fast-paced industry highly dependent on gathering and distributing product details in order to generate sales, digitizing the service process has been positively transformative and has affected how sellers and the service company agents. Digital marketing encompasses the use of diverse digital technologies and techniques available to

promote and market brands, products, or services. The diversity of these media choices is a “blessing to marketers” who can then use them to help consumers move more quickly along their path to purchase. Online searching, in general, shortens the stages of the consumer journey specifically in the consideration (e.g. search), [3] and evaluation stages and reduces search costs. The nature of the service companies is such that the “service,” the online services, are not homogenous, and thus, the search process can be costly for both buyers and sellers as they seek optimal matches for their preferences and properties for the after sell products as an example [4].

2. SERVICE COMPANIES

A service company is a business that generates income by providing services instead of selling physical products. A good example of a service company is a public accounting firm. They earn revenues by preparing income tax returns, performing audit and asset services, and even doing bookkeeping work, see figure 1 for more service companies’ examples [5].



Figure 1: Service Companies’ Examples

Accounting firms don’t sell physical products like retailers and merchandisers. Instead, they sell their services to clients and traditionally charge by the hour. This is true with almost all professional firms. Lawyers typically have set hourly rates and charge clients based on how long it takes to perform the services [6]. In essence, these firms are really selling their time. There are many other businesses other than professional firms that are in the service industry. Take a lawn care and landscaping business for example. You pay them to come to your house and perform services. You don’t get a physical product from a lawn care business. Since service companies don’t actually sell products, they don’t typically carry inventory on their balance sheets because they don’t own any. Accounting for service companies is simpler than

retailers because no inventory needs to be tracked and no cost of goods sold needs to be calculated [7]. Instead, posting a journal entry to record service revenue simply focuses on the cash received and the revenue earned. When an attorney bills a client for his or her services he records the sale with a debit to accounts receivable and a credit to service income [8]. Once the client pays his bill, the attorney debits cash and credits the accounts receivable account.

3. DIGITAL MARKETING

The development of digital marketing or e-Marketing is inseparable from technology development. One of the first key events happened in 1971, when Ray Tomlinson sent the first email, and his technology set the platform to allow people to send and receive files through different machines [9]. However, the more recognizable period as being the start of Digital Marketing is 1990 as this was where the Archie search engine was created as an index for FTP sites. In the 1980s, the storage capacity of computers was already big enough to store huge volumes of customer information. Companies started choosing online techniques, such as database marketing, rather than limited list brokers. These kinds of databases allowed companies to track customers' information more effectively, thus transforming the relationship between buyer and seller. However, the manual process was not as efficient. Digital marketing is also referred to as 'online marketing', 'internet marketing' or 'web marketing'. The term digital marketing has grown in popularity over time. In the USA online marketing is still a popular term. In Italy, digital marketing is referred to as web marketing. Worldwide digital marketing has become the most common term, especially after the year 2013. Digital media growth was estimated at 4.5 trillion online ads served annually with digital media spend at 48% growth in 2010. An increasing portion of advertising stems from businesses employing Online Behavioral Advertising (OBA) to tailor advertising for internet users, but OBA raises concern of consumer privacy and data protection. E-marketing is a process of planning and executing the conception, distribution, promotion, and pricing of products and services in a computerized, networked environment, such as the Internet and the World Wide Web, to facilitate exchanges and satisfy customer demands, see figure 2 [10]. Digital Marketing Channels (DMC) are systems based on the Internet that can create, accelerate, and transmit product value from producer to a consumer terminal, through digital networks. Digital marketing is facilitated by multiple Digital Marketing Channels, as an advertiser one's core objective is to find channels which result in maximum two-way communication and a better overall ROI for the brand. There are multiple digital marketing channels available namely [11]. Affiliate marketing - Affiliate marketing is perceived to not be considered a safe, reliable, and easy means of marketing through online platforms. This is due to a lack of reliability in terms of affiliates that can produce the demanded number of new customers. As a result of this risk and bad affiliates, it leaves the brand prone to exploitation in terms of claiming commission that isn't honestly acquired. Legal means may offer some protection against this, yet there are limitations in recovering any losses or investment [12]. Despite this, affiliate marketing allows the brand to market towards smaller publishers and websites with smaller traffic. Brands that choose to use this marketing often should beware of such risks involved and look to associate with affiliates in which rules are laid down between the parties involved to assure and minimize the risk involved.



Figure 2: Digital Marketing Types

Display advertising - As the term implies, online display advertising deals with showcasing promotional messages or ideas to the consumer on the internet. This includes a wide range of advertisements like advertising blogs, networks, interstitial ads, contextual data, ads on search engines, classified or dynamic advertisements, etc. The method can target specific audience tuning in from different types of locals to view a particular advertisement, the variations can be found as the most productive element of this method. Email marketing - Email marketing in comparison to other forms of digital marketing is considered cheap; it is also a way to rapidly communicate a message such as their value proposition to existing or potential customers. Yet this channel of communication may be perceived by recipients to be bothersome and irritating especially to new or potential customers, therefore the success of email marketing is reliant on the language and visual appeal applied. In terms of visual appeal, there are indications that using graphics/visuals that are relevant to the message which is attempting to be sent, yet less visual graphics to be applied with initial emails are more effective in-turn creating a relatively personal feel to the email. In terms of language, the style is the main factor in determining how captivating the email is. Using a casual tone invokes a warmer and gentle and inviting feel to the email in comparison to a formal style. For combinations; it's suggested that to maximize effectiveness; using no graphics/visual alongside casual language [13]. In contrast, using no visual appeal and a formal language style is seen as the least effective method. Search engine marketing - Search engine marketing (SEM) is a form of Internet marketing that involves the promotion of websites by increasing their visibility in search engine results pages (SERPs) primarily through paid advertising. SEM may incorporate Search engine optimization, which adjusts or rewrites website content and site architecture to achieve a higher ranking in search engine results pages to enhance pay per click (PPC) listings [14]. Social Media Marketing - The term 'Digital Marketing' has a number of marketing facets as it supports different channels used in and among these, comes Social Media. When we use social media channels (Facebook,

Twitter, Pinterest, Instagram, Google+, etc.) to market a product or service, the strategy is called Social Media Marketing [15]. It is a procedure wherein strategies are made and executed to draw in traffic for a website or to gain the attention of buyers over the web using different social media platforms. Social networking service - A social networking service is an online platform which people use to build social networks or social relations with other people who share similar personal or career interests, activities, backgrounds or real-life connections. In-game advertising - In-Game advertising is defined as the "inclusion of products or brands within a digital game. The game allows brands or products to place ads within their game, either in a subtle manner or in the form of an advertisement banner. There are many factors that exist in whether brands are successful in the advertising of their brand/product, these being: Type of game, technical platform, 3-D and 4-D technology, game genre, congruence of brand and game, prominence of advertising within the game. Individual factors consist of attitudes towards placement advertisements, game involvement, product involvement, flow, or entertainment. The attitude towards the advertising also takes into account not only the message shown but also the attitude towards the game. Depending on how enjoyable the game is will determine how the brand is perceived, meaning if the game isn't very enjoyable the consumer may subconsciously have a negative attitude towards the brand/product being advertised. In terms of Integrated Marketing Communication "integration of advertising in digital games into the general advertising, communication, and marketing strategy of the firm. Is important as it results in more clarity about the brand/product and creates a larger overall effect [16]. Online public relations - The use of the internet to communicate with both potential and current customers in the public realm [17]. Video advertising - This type of advertising in terms of digital/online means are advertisements that play on online videos e.g. YouTube videos. This type of marketing has seen an increase in popularity over time. Online Video Advertising usually consists of three types [18]: Pre-Roll advertisements which play before the video is watched, Mid-Roll advertisements which play during the video, or Post-Roll advertisements which play after the video is watched. Post-roll advertisements were shown to have better brand recognition in relation to the other types, where-as "ad-context congruity/incongruity plays an important role in reinforcing ad memorability". Due to selective attention from viewers, there is the likelihood that the message may not be received. The main advantage of video advertising is that it disrupts the viewing experience of the video and therefore there is a difficulty in attempting to avoid them. How a consumer interacts with online video advertising can come down to three stages: Pre attention, attention, and behavioral decision. These online advertisements give the brand/business options and choices. These consist of length, position, and adjacent video content which all directly affect the effectiveness of the produced advertisement time, therefore manipulating these variables will yield different results [19]. The length of the advertisement has shown to affect memorability where-as a longer duration resulted in increased brand recognition. This type of advertising, due to its nature of interruption of the viewer, it is likely that the consumer may feel as if their experience is being interrupted or invaded, creating negative perception of the brand. These advertisements are also available to be shared by the viewers, adding to the attractiveness of this platform. Sharing these videos can be equated to the online version of word by mouth marketing, extending the number of people reached. Sharing videos creates six different outcomes [20]: these being "pleasure, affection, inclusion, escape, relaxation, and control". As well, videos

that have entertainment value are more likely to be shared, yet pleasure is the strongest motivator to pass videos on. Creating a 'viral' trend from a mass amount of a brand advertisement can maximize the outcome of an online video advert whether it be positive or a negative outcome. Native Advertising - This involves the placement of paid content that replicates the look, feel, and oftentimes, the voice of a platform's existing content. It is most effective when used on digital platforms like websites, newsletters, and social media. Can be somewhat controversial as some critics feel it intentionally deceives consumers [21]. Content Marketing - This is an approach to marketing that focuses on gaining and retaining customers by offering helpful content to customers that improves the buying experience and creates brand awareness. A brand may use this approach to hold a customer's attention with the goal of influencing potential purchase decisions [22]. Sponsored Content - This utilizes content created and paid for by a brand to promote a specific product or service. Inbound Marketing- a market strategy that involves using content as a means to attract customers to a brand or product. Requires extensive research into the behaviors, interests, and habits of the brand's target market. SMS Marketing: Although the popularity is decreasing day by day, still SMS marketing plays huge role to bring new user, provide direct updates, provide new offers etc. Push Notification: In this digital era, Push Notification responsible for bringing new and abandoned customer through smart segmentation. Many online brands are using this to provide personalized appeals depending on the scenario of customer acquisition [23]. It is important for a firm to reach out to consumers and create a two-way communication model, as digital marketing allows consumers to give back feedback to the firm on a community-based site or straight directly to the firm via email. Firms should seek this long term communication relationship by using multiple forms of channels and using promotional strategies related to their target consumer as well as word-of-mouth marketing.

4. CUSTOMER SERVICE IN DIGITAL SYSTEMS

In the 1990s, the term Digital Marketing was first coined, With the debut of server/client architecture and the popularity of personal computers, the Customer Relationship Management (CRM), see figure 3 [24], applications became a significant factor in marketing technology. Fierce competition forced vendors to include more service into their software, for example, marketing, sales and service applications. Marketers were also able to own huge online customer data by eCRM software after the Internet was born. Companies could update the data of customer needs and obtain the priorities of their experience. This led to the first clickable banner ad being going live in 1994, which was the "You Will" campaign by AT&T and over the first four months of it going live, 44% of all people who saw it clicked on the ad [25]. In the 2000s, with increasing numbers of Internet users and the birth of the iPhone, customers began searching products and making decisions about their needs online first, instead of consulting a salesperson, which created a new problem for the marketing department of a company. In addition, a survey in 2000 in the United Kingdom found that most retailers had not registered their own domain address. These problems encouraged marketers to find new ways to integrate digital technology into market development [26]. In 2007, marketing automation was developed as a response to the ever evolving marketing climate. Marketing automation is the process by which software is used to automate conventional marketing processes. Marketing automation helped companies segment customers, launch multichannel marketing campaigns, and provide personalized information

for customers. [27], based on their specific activities. In this way, the user's activity (or lack thereof) triggers a personal message that is customized to the user in their preferred platform. However, despite the benefits of marketing automation many companies are struggling to adapt it to their everyday uses correctly. Digital marketing became more sophisticated in the 2000s and the 2010s, when the proliferation of devices' capable of accessing digital media led to sudden growth. Statistics produced in 2012 and 2013 showed that digital marketing was still growing. With the development of social media in the 2000s, such as LinkedIn, Facebook, YouTube and Twitter, consumers became highly dependent on digital electronics in daily lives. Therefore, they expected a seamless user experience across different channels for searching product's information [28]. The change of customer behavior improved the diversification of marketing technology.



Figure 3: Customer Relationship Management (CRM) - Domains

5. DIGITAL MARKETING IN SERVICE INSTITUTIONS

In many ways, the process of developing a digital marketing strategy parallels the process for developing your overall strategic marketing plan or your marketing budgets [29].

i. Start with your business goals

Strategic marketing, whether digital or traditional, starts with your firm's strategic goals. What are you trying to achieve? Do you want to grow the firm? Are you trying to gain visibility for your brand? Position the firm for acquisition? Should understand which segments of the practice are you targeting with your digital strategy. Most firms have a range of client types that buy a variety of specific services. Which ones are you targeting with your

digital strategy? Which segments will be the easiest to reach? Once you have narrowed your choices, it is time to get a deeper understanding of your target audience, See figure 4 [30].



Figure 4: Digital Marketing Services

ii. Research Your Target Audiences

The next step in preparing a digital marketing strategy is to identify and research your target audiences. The value of this research is evident when you consider that high-growth professional services firms are three times more likely to perform frequent research as their slow-growth peers.

Service company target audiences are the groups of people you need to reach to execute your digital strategy. Here are a few common examples of target audiences [31]:

i. Potential clients

This target audience could be further segmented by industry, role or other persona characteristics, if those distinctions are important.

ii. Influencers

Individual influencers, and sometimes a formal selection committee, often advise the final decision maker and can be valuable targets in a digital campaign.

iii. Referral sources

In some circumstances, referral sources can be so influential that they become de facto decision makers. Industry analysts and influential thought leaders can also play a pivotal role.

iv. Talent

In many industries, talent shortages can severely impact a firm's ability to deliver on its promises. This makes potential employees or subcontractors important target audiences. Think of these efforts as building your digital employer brand.

6. CONCLUSION

Marketing includes those business activities that are designed to satisfy consumer needs and wants through the exchange process. Marketing managers use the “right” principle to get the right goods or services to the right people at the right place, time, and price, using the right promotional techniques. Today, many firms have adopted the marketing concept to enhance their growth strategies. The marketing concept involves identifying consumer needs and wants and then producing products (which can be goods, services, or ideas) that will satisfy them while making a profit. Relationship marketing entails forging long-term relationships with customers, which can lead to repeat sales, reduced costs, and stable relationships. Digital marketing has permeated the service companies' activities. With the ever-evolving innovation of marketing technology and Digi-savvy buyers, it is imperative to have empirically based evidence to help determine which digital marketing efforts have a favorable impact on market outcomes, and thus justify the additional expenses and investment for service providers, sellers, and agents. Research results indicate that service companies understand the importance of Internet presence. service companies have a CRM system to contact and get comments from the customers as well as websites that present all the necessary information to customers and inform them about companies' additional services. Companies present qualitative information about the services that they are providing and the information is clear, complete and customers can easily understand the presented information. Some service companies are open to establish closer relationships with customers and offer online communication. Unfortunately, there are not many successful Facebook or Twitter usage examples by service companies. Communication in social networks is insufficient. Future research could be related to the analysis of service company customers' opinions – how customers evaluate digital marketing methods and content.

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