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## CHAPTER II

### THEORY

#### 2.1 Literature Review

##### 2.1.1 Understanding Digital Marketing

“Digital marketing is a platform used by entrepreneurs, micro-investors, product-based companies, and other units to promote the products or services they offer.” Digital marketing is also used by businesses to improve branding, increase sales, to strengthen good relationships with consumers (Chole & Dharmik, 2018).

According to Susilo et al. (2021), Digital Marketing is the process and cause of a mix of daily barriers. It is a broad term that refers to advertising using both offline and online marketing channels. If there are not widely available and comprehensive training courses in digital marketing, almost every field will be highly demanded. Digital marketing requires a unique set of knowledge, and a person with a classical degree of marketing is not able to run digital campaigns sufficiently, so organizations mainly outsource digital marketing to agencies or do so independently and often with major mistakes.

The digital marketing strategy plays an important role in promoting the product. The entire digital marketing strategy, either in its planning, implementation, or evaluation, has its own uniqueness. It has

shown that the digital marketing strategy has been well managed within the company. Companies must implement strategies to improve the quality of their products.

The rapid development of digital marketing is supported by the use of social media, *e-commerce*, television and other various online facilities that are rife. Due to the rapid growth of users of online means, business implementers see an opportunity to effectively use the digital world as the primary means of business marketing.

### 2.1.2 The Differentiation between Marketing Concept with Sales Concept

The concept of marketing has been formulated with various patterns such as "Find the desire and fulfill it". "Make what you can sell instead of trying to sell what you can create" and so on. Sales concepts and marketing concepts are often mixed. These two concepts can be compared in the table below:

**Table 2.1 The Differentiation between Sales Concept with Marketing Concept**

Detail	Focus	Tools	Purpose
Sales Concept	Product	Sales and Promotion	Profit from sales volume
Marketing Concept	Consumer Needs	Integrated Marketing	Profit from consumer satisfaction

Source : Kanzunnudin (2009)

The concept of sales starts with existing products. Then massive sales and promotions are made to achieve profitable sales. The concept of marketing starts with the target consumers and their needs and wants. The company integrates and coordinates all activities that can provide consumer satisfaction. Companies achieve profits by creating and maintaining consumer satisfaction. In short, the concept of marketing is oriented to the needs and desires of consumers supported by integrated marketing efforts, which are directed at the creation of consumer satisfaction as the key to achieving the company's goals. (Kanzunnudin, 2009).

### **2.1.3 Digital Marketing for Doing Business in the Digital Age**

In this digital era, several things can be done through digital marketing to do business, which includes the following 3 things:

- a. Pay attention to customer journey or experience.

In the customer journey, marketers must be able to provide a pleasant experience through the platform's online network and offline presence. Both can be physical evidence (physical stores) or ambience both online and conventional.

- b. Utilize omni platform.

The customer shopping experience can be integrated using the omni channel platform. According to Kurniawan (2021), Omni channel is a communication channel that is universal by combining various communication channels in one form (interface). Omni channel focuses on the entire customer experience. It's not just individual experiences on different channels. In addition, omnichannel is an advanced stage strategy of the multi-channel strategy. This strategy allows users or customers to know the development of a brand in real time. Omni platforms do not necessarily change all forms of marketing towards digital technology only. But it forms a flow of shopping activities between online and conventional that support each other.

c. Increase *social media engagement*.

Social media engagement is the latest growth hack method to increase the value of social media accounts. It makes your potential users/customers believe in your brand on social media (Go Social, 2020). In carrying out marketing through omni platform, it is necessary to pay attention to brand interaction through existing social media so that communication can be built well in two directions and interactively. Communication not only stops at copywriting, but also through content marketing. The end goal is the

creation of social media engagement or attachment between brands and consumers through social media.

#### **2.1.4 The Main Benefits of *Digital Marketing***

Here are the benefits of marketing activities using digital marketing according to Chole and Dharmik (2018).

- a. Product and service information is transparent with digital information that only requires one click (internet) so that the public is able to get detailed, clear and transparent information about the product or service.
- b. Ease of updating product or service information so that customers can get immediate updates. Continuous improvements and updates on product or service information that continue to be used on the site and with ease in editing allow customers to get quick updates about the product or service.
- c. Comparative analysis with competitors, making it easy to compare one's own product or service with another person's product (competitor). With the advancement of technology, it becomes very easy to compare the products or services of a company and products or services from other companies, so that with these comparisons can help in improving the quality of their own products or services.
- d. The cost required is cheaper. With the help of digital marketing, it becomes easier to promote through social sites, media channels, and

personal email at a lower cost because it can reach a wider market in a short time.

### **2.1.5 The Main Differentiation Between Digital Marketing with Conventional Marketing**

The general difference between digital marketing and conventional marketing processes is better control over digital marketing, where brands can easily convey the message they want to convey through various media and applications. In addition, the capital that needs to be spent to do digital marketing is also relatively cheap, providing more opportunities for brands and business people to market their products and services in mass with minimal capital (Eid dan Trueman, 2002).

"In general, marketing strategies through a web on the internet are the same as traditional marketing strategies, which include creating customer value, capturing customer value, and maintaining customer value. However, after all the marketing strategy through a web changed the concept of marketing mix that existed before. This is because a web influences development and decisions in marketing strategies especially marketing mixes (4C and 4P analysis)." Eid dan Trueman (2002:54).

According to Parkinson (1994) as cited by Peattie (1997:143), computer technology provides opportunities for micro marketing and better control of marketing relationships. Computer technology led to the

development of the internet. The Internet as one of the products of the information age allows products or services to be more creative and innovative in marketspace (Tjandra, 1996: 57). "Broadly speaking, the advancement of internet technology accompanied by the development of various access points such as the WWW which carries three main implications, namely: (1) the acceleration of industrial globalization, (2) multidimensionality of the value-addition process, and (3) the level of industrial entry barriers." (Chandra, 200:108)

To clarify the exposure of the above material, here is a direct comparison table between digital marketing and conventional marketing :

**Table 2.2 The Differentiation Between Digital Marketing with Conventional Marketing**

Digital Marketing	Conventional Marketing
Interactive communication	One-way communication
Internet channels are the main medium in communication.	Mass media is the most frequently used media.
Fast and adaptive communication	Time-limited communication
Publicly available and "on-demand upon request"	Publicly available but unable to be asked



Global	Local
Can be calculated	Can be estimated

### 2.1.6 Digital Marketing Workflow

According to Kotler, P., Herman K. (2019), there are various steps that can be done to carry out digital marketing to be more structured, namely:

- a. Define Strategy, Choosing Audience, Choosing Channel, Choosing Budgeting.

To define a strategy, it takes an analysis of Brand Identity first, where a SWOT analysis that describes Strengths, Weaknesses, Opportunities, and Threats is needed to identify how the company condition is currently and how to deal with the challenges and opportunities available in the future. It is also necessary to determine brand positioning and competitor analysis to determine how our brand differs from others in the eyes of consumers, as well as knowing the key success factors to survive and win in running a business in an industry. Then continued by choosing an audience that will be targeted by creating a persona that describes how the identity and character of the audience, ranging from demographics, interests and behavior, to the media channel that is the choice so that it can finally determine what strategy is appropriate to the customer

of our business and in accordance with the capabilities of our company.

b. **Creating Content Marketing.**

In digital marketing, there are 4 types of content with their respective goals, namely : Educate, Inspire, Entertain, and Convince. These four types of content can be combined according to the creativity of marketers. Educate is a content that educates the audience about product knowledge, science, or instructions for use in an interesting way to maximize services for the audience. Inspire is a content that inspires the audience, so it is expected to promote the channel and brand campaign to the community. Entertain is entertaining and funny content through interesting and entertaining stories so that the audience can feel relaxed and close to our brand like a friend. While convince is content that is persuading and convincing the audience that our products are interesting to buy, usually accompanied by a call to action to invite the audience to order our products.

c. **Social Media Marketing.**

Marketing through social media involves building a community or network and encouraging participation and

engagement. For example through Instagram, Twitter, Youtube, and other social media.

d. Search Marketing.

Namely marketing through search engines for customer acquisition and building a brand to become familiar in the eyes of consumers.

e. Measuring Social Media Activity.

To measure the effectiveness of activity on social media, every platform on social media has provided insights from our accounts. One example on Instagram, where we can see insights in the form of the number of likes, comments, shares, and saves; interactions in the form of profile visits; discovery in the form of the number of followers, reach, and impressions. Through it, we can measure whether the results of the content we upload have been in accordance with our initial target.

### 2.1.7 Digital Communication Channel

According to Chaffey (2018), online communication can be done through 6 types of channels, namely :

- a. Search marketing : It is a marketing through search engine with search engine optimization, pay per click, dan pay for inclusions feeds.

- b. Online public relation : conduct public relations activities through the website to build publisher outreach, community, dan participation.
- c. Online partnership : Work with other brands to shape responses and discussions. For example : affiliate marketing, sponsorship, and link building (websites are connected to each other).
- d. Interactive advertisement : it is an ads in the form of online videos (company profiles or promotional videos posted online), online advertising, interactive banner, and interactive media (website links included in media sosial or promotional videos).
- e. Optimize in email : for example in the form of cold email (marketing of consumer email data that has entered and subscribed to our website), advertisement in third party (advertising on third-party websites or platforms that inform consumers about the store, for example on marketplaces), and e-newsletter (inform you of new information or products that appear).
- f. Social media marketing : marketing through social media to build audience participation, social presences (easily found by the target audience), dan viral campaigns (viral content).

## 2.2 Research Models and Measurements of Digital Marketing Effectiveness

The methods used in this study use two methods, namely the method of action and the method of assessment. The method of action is a method that

practices the science that already exists in real action so that it can know the response to the field situation. While the assessment method is a method that is done to assess a change in an object. (Ardyanto, 2020).

In this study, methods of action are used to practice the science of digital marketing on Instagram that already exists to Instagram Viona Mask. Here, the team of authors teaches and explains the sciences in the form of theories, then will be practiced by partners. While the assessment method is used to find out how effective digital marketing is done on Instagram. The objects measured are Feeds Post Ratio, Visit Ratio, Follow Ratio, Engagement Rate, Story Post Ratio and Sales. For more details, you can see Table 2.2 on the criteria for measuring how effective the implementation of this digital marketing program is :

**Table 2.3 Measurement of Digital Marketing Effectiveness**

<i>Feed Post Ratio : Insights, Interactions, Discovery</i>		
<i>Visit Ratio : how interesting and useful the topic of content</i>	$\frac{\text{Profile Visit}}{\text{Reach}} \times 100$	Minimal 1%
<i>Follow Ratio : how many readers believe in our account and follow (Feed, Konten, Bio, Highlight in accordance with the reader)</i>	$\frac{\text{Follow}}{\text{Profile Visit}} \times 100$	Minimal 20%
<i>Engagement Rate : relevance of content to audience interests.</i>	$\frac{\text{Like} + \text{Comment} + \text{Share} + \text{Save}}{\text{Post Reach}} \times 100$	Minimal 10%

*Story Post Ratio : Replies, Share, Profile Visit, Engagement Factor*

*Positive Engagement Factor : Back dan Forward*

*Negative Engagement Factor : Next Story dan Exit*

Sales: increasement in new customers based on message communication.

Source : Niko Julius (2020)

The digital marketing effectiveness measurement is gotten from Niko Julius suggestion. Niko Julius is an Instagram Expert in Indonesia that teach about how to optimize Business Instagram, starting from algorithm, hashtag, deep analisa, optimation, and other related topics about Instagram education. He is open for consultation and discussion, he also open classes related to Instagram and Facebook, like Instagram Class, Facebook and Instagram Advertisement Class, and Direct Message Automation Class. And he have gotten 21.000+ member in his class community. His Instagram is @bynikojulius.

### 2.3 Previous Research

There are several studies that have discussed the role of digital marketing to improve MSME marketing, including journals of Anggoro (2020) titled “Implementasi Digital Marketing pada UMKM Guna Meningkatkan Pemasaran dan Penjualan di Masa Pandemi Covid-19”. The background in this study is due to the impact of Covid-19 which poses a threat of SMEs in its sales, one of which is SME Garage Wood. The problem is how to make it easy for customers to find these SMEs in search engines and how owners can interact with users and update product information. Therefore, the researcher conducted

digital marketing implementation of the SME by methods of conducting analysis, implementation of activities, and evaluation. Researchers concluded that digital marketing can increase marketing and product sales even in the presence of the Covid-19 pandemic.

Other related research discussing the role of digital marketing was also conducted by Setiawan (2020) titled “Penerapan Digital Marketing Menggunakan Instagram Pada Toko Indoraya Furniture”. The purpose of this research is to find out the application of digital marketing in Indoraya Furniture Stores. Researchers conducted implementations on digital marketing ranging from creating Instagram social media accounts to uploading product photos to Instagram.

Other research discussing the role of digital marketing was also conducted by Priyatna (2020) titled “Digital Marketing Untuk Usaha Mikro Kecil Menengah (Studi Kasus Pada Coffestrip Bandung)”. The purpose of this research is to help Coffestrip's MSME business to increase sales. The method used is to collect data from the owner and follow up instagram management by creating content. The result of these activities is the filling of content and increasing Instagram insights from MSMEs.

From some of these related studies, there are differences with the research that the authors conducted. Where in previous research, there has not been discussed the measurement of the effectiveness of digital marketing in terms of aspect ratio, one of which is engagement (interaction) with the audience. While in this program, the team of authors measured the effectiveness



using various aspects that can be measured through Instagram, which can be seen in detail in Table 2.3.

While studies related directly to Instagram digital marketing is the research conducted by Susilo et al. (2021) titled “MS Glow For Men: Digital Marketing Strategy on Men's Facial Care Products”. The purpose of this research is to analyze how the digital marketing strategy carried out by MS Glow For Men on Instagram. The method used is the content analysis chosen to describe the aspects and characteristics of the post content. The conclusion of these activities is the contents containing the promotion indicators of the MS Glow For Men dominate the Instagram posts compared to the advertising and sales promotion. So, The digital marketing strategy of MS Glow For Men in the @msglowformen Instagram post has more to do with promotions that highlight information about MS Glow For Men and the benefits of using MS Glow For Men.

From that studies, the difference with the author studies is that The author focuses more on how to create interactive Instagram content through analysis of insight feed post, story posts, and the number of communication additions, while in Susilo et al (2021) research focuses more on analyzing what types of promotions are most attractive to the audience through the analysis of the types of advertising promotion, sales promotion, public relations and publicity, personal selling, and direct marketing.