

Impact of Digital Marketing on Organizational Performance: Study retail sector in Australia

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Abstract:

The study is based on analyzing the impact of digital marketing on organizational performance. The digital marketing and its usage by the retailers have brought various benefits in terms of attracting customers and creating an edge over competitors. The study has incorporated a sample size of 200 employees that were approached by the help of online survey which was backed by the deductive approach. The findings indicated that digital marketing via email, social media and mobile App usage by the retailers' has enabled them to stay in touch with their customers and thus, significantly affected organizational performance.

Keywords

Digital marketing, customers, retail,

1. Introduction

In the current challenging and competitive market environment, it has become harder for the retailers in Australia to expand their businesses overseas. It has become very necessary for the organizations to evolve their businesses with the innovation in technology and create a digital platform to ease the domestic and overseas reach of their products (Kannan & Li, 2017). The organizational performance majorly revolves around the marketing operations and strategies which the businesses aim to follow to achieve its goals and meet its sales targets. Thus, it is essential for all the retail organizations to improve their distribution process and make it digitalized in this competitive environment so that they can outperform in the global marketplace (Edelman & Heller, 2016).

The topic is significant as the corporations tend to create digital relationship with the customers by concentrating on devices such as Internet of Things (IoT), Smartphone and other smart technologies to significantly transform the lives of customers. In this modern era, internet has created a new buzz in the marketplace and has offered various opportunities to the retailers as well as customers in Australia to facilitate promotional strategies by sharing data online to manage internal and external operations (Rabazinski, 2013).

The main reason for selecting the topic is to analyze and evaluate the importance of digital technologies in the management of marketing operations and to study the usefulness of digital platform in gaining competitive advantage in the Australian retail sector. The research paper further focuses on the contribution of digital technology in creating a strong relationship between customers and retailers, as shown in the figure below:

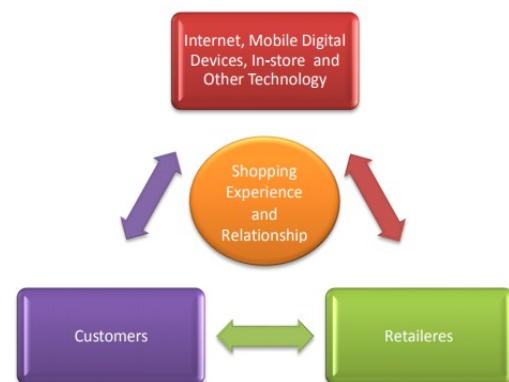


Figure 1: Interrelationships between Digital Technology, Customers, and Retailers
(Source: Self)

1.1. Significance of Australian Retail Sector

Retail companies of Australia especially those operating in grocery and supermarket sector focus significantly on various digital marketing operations to stay ahead in the competition and choose to opt for right marketing technology to personalize interactions and automate operations to save the time of consumption. While studying the impact of digital marketing strategy on the performance of the organization, the Australian retail sector cannot be ignored as it occupies a significant share in the country's economy (Farfan, 2017). According to the current statistics published by Trading Economics, the retail industry of Australia witnessed a y-o-y growth rate of approximately 5.99% between 1983 and 2016 (TradingEconomics, 2017). Despite the economic downturn in the recent years, the GDP of the country has not witnessed major downfall as the country's retail industry has contributed the maximum for the betterment of Australian economy due to the continuous rise in digital technologies, as published by Australian Computer Society (ACS) (ACS, 2017).

The objectives of this research paper are to study the various digital marketing channels opted by the Australian retail companies to improve their organizational performance. It also highlights the digital retail trends in the recent years that have helped the retailers in outperforming the market in comparison to those who followed traditional marketing approaches to reach the customers. Besides this, it also discussed the role of internet technology in promoting various products and the impact it has produced by offering new communication modes and information exchange channels on the buying decision of consumers.

2. Review of literature

This section focuses on the discussion and summary of the past studies published by various authors in regards to the impact of digital marketing on the organizational performance in Australian retail sector.

The Australian retail industry has been evolving as a new, dynamic and competitive sector that focuses on the e-commerce strategies to force the retailers to opt for digitalized business models. With the increase in global shipments of Smartphone and emergence of new technologies such as mobile applications and website development, the revolution has been observed in the usage of social networks and mobile digital services (Sashi, 2013). Shoppers across Australia and around the world are highly attracted towards the digitalized shopping behavior and gain an upper hand over the retailers as the retailers have to shift their services and business approach to a more technological system to fulfill the expectations of customers. Ignoring the idea of expansion of retail services to the digital platform would make them incompetent and eventually demolish their businesses (Nyamamu, 2014). Organizational performance of the Australian retailers, as measured as the actual output against the goals and objectives of the organization, is dependent on factors which are monitoring the progress towards the goals, identifying the strengths and weaknesses, efforts to survive and flourish in such competitive environment and being proactive in times of the occurrence of unexpected events (Singh, et al., 2015).

2.1. Digital marketing

With the emergence of new digital tools in the recent years, technological innovation has not only transformed the implementation of marketing but also the perspective of the consumer when buying a product. Everyone has a mobile device these days and the MMS and SMS have gained good popularity as it allows the e-marketers to send personalized messages instantaneously. Also, online videos showcased on websites such as You

Tube attract a lot of traffic. SEO marketing plays a vital as it eases the availability of any web page easy and customers can distinguish it from thousands of other similar pages published on the internet.



Figure 2: Tools for Digital Marketing (Source: Self)

Pay per click (PPC) option helps the online marketers in expanding their businesses online as when a user click PPC ads, the company's some amount to the host website. It can be done via Bing Ads, Facebook Ads and Google Adwords (Khan & Siddiqui, 2016). Social media beats the other tools of digital marketing as its' increasing popularity among Australians encourages them in spending a lot of time in commenting, sharing, liking and watching videos and images on SMM websites such as Facebook, LinkedIn, and Twitter (EY, 2015).

The acceleration in digital trends is mainly driven by the evolution in new procedures such as webinars in which web-based video conferencing is hosted over the internet to attract viewers and listeners across the world (Zara, 2017). Google Analytics is another tool that measures the behavior and dimensions of visitors by analyzing who they are and what do they do on the website (Kannan & Li, 2017).

The impact of digitization has made e-commerce as the main driving force with a vital role in retail sales of Australia. The e-commerce mainly focuses upon website content and blogging to generate fresh content which act as a catalyst to increase search traffic on the website, as Australians show a great interest in purchasing and reviewing products through digital channels rather than stepping into bricks and mortar stores (Edelman & Heller, 2016).

2.2. Organizational performance

The organizational performance in the Australian retail sector has shown a long term move towards the creation of new benefits modeling innovation to add more profits by strengthening the bond between customer and retailer. With the increase in online word of mouth marketing through digital media, the genuine recommendations, likes and dislikes are checked and read

by the customers which prove to be a competitive advantage for the retailers (Prepletany, 2013). Besides this, the direct feedback of customers help the companies in encompassing the scope of improvement, thereby gaining an edge over other retailers that follow traditional and non digitalized approach to marketing. Australian retail brands are working hard to retain old customers and attract new customers by developing virtual reality (VR) stores which help them in browsing the endless range of products. One such example is Myer which has launched the VR departmental stores and the new move has helped in the improvement of organizational performance (Williams, 2016).

2.3. Effects of digital marketing

The tools of digital marketing help the small and big retailers in competing, surviving and growing as a secured and stable business organization. Further, the digital platforms increase the interaction with the target audience and help in tapping the more insight information from consumers which is shared and expressed through various digital marketing platforms (Google, 2014). The most important effect that has brought turbulence in the retail industry of Australia is the word of mouth marketing which is open to all reviews and feedbacks. Another effect is the transformation of complex multichannel retailing into omni-channel retailing that has improved the performance trajectory of retailers (Zara, 2017). For instance, Australian brands such as Kogan, Temple and Webster and The Iconic concentrate upon the omni-channel approach that service and answer the demands of customers through the single integrated system (Smith, 2015). Also, digital marketing has complemented the use of physical space by transforming it into digitalized virtual space to ease the shopping experience of the customer.

2.4. Technology Acceptance Model (TAM)

TAM concentrates upon the acceptance and usage of technology by the customer based upon his or her intention and perception about the extent of usefulness of a new technology. This model was introduced by Fred Devis in 1986, which mainly revolves around the acceptance of information technology systems (Lai, 2017). In retail, this model is used to evaluate the acceptance of digital technology by the customers and retailers of Australia.

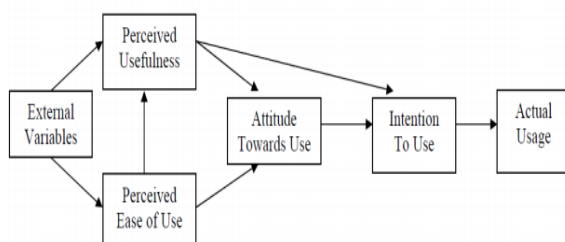


Figure 3: Technology Acceptance Model (Lai, 2017)

Previous studies conducted by Pantano & Pietro (2013) and Aboelmaged & Gebba (2013) have shown that behavioral intention to use social media channels, online websites and mobile app technology have created a positive impact on the attitude of customers, which has further helped the retailers to improve its online and social presence to understand the perception and buying behavior of customers. For instance, the latest ongoing technology observed in the Australian retail fashion brands is the virtual mannequins, in which once the customer removes the hanger from the rail; he/she is able to see the models in those selected apparels. This technology has been strongly accepted by the customers. Further, the digital marketing education provided by various online websites has increased the usage of mobiles by supporting the integration of advertisements with online content.

2.5. Influence of digital marketing on organizational performance

As per the research conducted by Frost and Sullivan (2013), these days the customers are no more “just customers”, they are advertisers, marketers and creators. This is because the evolution of digital media has given them the power of spreading the online word-of-mouth and accessing the technological innovations by commenting, reviewing, and revealing their likes and dislikes about any product (Frost & Sullivan, 2013). The digital marketing has reduced the time and cost of retailers as various social media channels and Smartphone apps have helped the customers in advocating the quality of the product and thus they are always informed and interactive towards the paid and free media, thus increasing the overall awareness. It is believed that digital technologies would create an exceptional impact on the retail industry by 2020. This is because according to an article published by Benedict & Warner (2016), the sales through digital channels in Australia are expected to increase by 79% by 2020; this is because the retailers have witnessed an incredible growth in the sales revenue achieved through digital channels. This has further forced the retailers to focus more on digital investments to increase their top line customers and to decrease their infrastructural costs. Social media has shown an outstanding performance among all the digital channels in marketing and promotion of the product. According to the statistics published by Experian Marketing Services, Australians are highly addicted to social networking sites, especially Facebook, and spend a lot of time in commenting, sharing, liking and watching videos and images. The customers love to put the images of newly launched products bought from departmental stores on Facebook and their posts receive tremendous comments and likes within a short duration, as a result, giving a genuine feedback to the reader and thus helping others in making their own buying decision (Experian, 2014).

Other digital modes such as SEO and mobile commerce have gained a lot of importance in the recent years. According to a research conducted by AIMIA (Australian Interactive Media Industry Association), there are many retail brands in Australia that help the customer in collecting a wide range of data through a range of digital platforms such as SEO and mobile commerce. One such brand is Disney Magic Brand which offers extensive information depending upon the lifestyles, sociodemographics, preferences, and behaviors to help them avail a personalized and high-quality service. As a result, the brand has become very popular among children and has contributed to the brand's sales growth (AIMIA, 2014).

Another research conducted by Durmaz & Efendioglu (2016) showed that digital marketing is an expensive strategy and consumes a lot of time, which means that the results are not generated upfront, but keeps on growing with the passage of time. On the contrary, the Australian retailers also believed that digital channels help in giving value added services to the customers and help them save time and money by launching different online promotional offers and discounting schemes (Pantano & Pietro, 2013). Thus, the organizational performance of the retail brands have improved at a tremendous rate, as evident from the research conducted by Budde (2016), 30% growth was witnessed in the online retailing of the country in 2015 (Budde, 2016).

2.6. Research Gap

It has already been discussed in the article that various researches have been conducted on the impact of digital marketing on the businesses. The research conducted by Durmaz & Efendioglu (2016), highlights the evolution of digital marketing with the help of various mediums such as social media, SEO, Google Analytics and Adword. Similarly, in the research conducted by Edelman & Heller (2016) retail sector of Australia has gained a lot of attention with the increasing interest in digital modes of shopping. Another research conducted by Prepletany (2013) showed online word of mouth marketing has emerged to be a key digital platform that has influenced the consumer buying behavior. But very few studies such as the one conducted by Zara (2017) and Williams (2016), focussed upon the on channel approach and virtual reality (VR) store concept of retail business that is going digital. These gaps would be covered in this research as they help in utilizing the physical space in a best-digitalised way possible.

3. Research methodology

Research approach used in this study would be a deductive approach which is defined as a testing theory in which a hypothesis is formed on the basis of an existing theory and research strategy is applied to test the formed

hypothesis to check the acceptance or rejection of the hypothesis. Research philosophy is positivism philosophy theory in which hypothesis formed is tested using the existing theories and concepts discussed in the research in regards to the impact of digital marketing on the organizational performance of Australian retailers. Quantitative research methodology would be used in this research in which primary data is collected with the help of survey questionnaire which would be filled online. The sample size for the research is considered to be 200. The results of the survey would be assimilated and put in SPSS software for further analysis.

H₁: There is a significant impact of digital marketing on organizational performance

H₀: There is no significant impact of digital marketing on organizational performance

4. Research Framework



Figure : 4 Research Framework

5. Results

The findings are discussed with the help of data gathered from the employees of the Australian retailers. The findings are mentioned below:

5.1. Correlation

		DigitalMarketing	OrganisationalPerformance
DigitalMarketing	Pearson Correlation	1	.612*
	Sig. (2-tailed)		.000
	N	200	200
OrganisationalPerformance	Pearson Correlation	.612*	1
	Sig. (2-tailed)	.000	
	N	200	200

**. Correlation is significant at the 0.01 level (2-tailed).

Table : 1

The correlation test helps the researchers in analyzing the relationship between the variables of the study. The correlation also enables in knowing the extent how much influence independent variables have on the dependent variables. For assessing the impact of digital marketing on organizational performance, there is a significant association as the value of Pearson correlation is 0.612 which is more than the required standard, that is greater than 0.50. This association is also significant at 99% confidence interval. This thus elucidates digital marketing is very important and has influential power on the performance of the organization because, with the help of digital marketing, an organization takes a stance of increasing its customer base and also affecting their profitability. Digital marketing by the end Australian

retailers helps in increasing the performance as well as the functionality of the overall sector.

5.2. Regression

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.612 ^a	.375	.372	.66082

a. Predictors: (Constant), DigitalMarketing

Table : 2

The dependent variable of the study is organizational performance and the independent variable is digital marketing. For analyzing the impact of the independent variable on independent variable, a regression test is considered. However, from the table above R-square is deemed to be 0.375 and adjusted R-square has the value of 0.372. 37.5% are the variations in the regression which thus proves that any variations that occur in the dependent variable are from the end of the independent variable.

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	51.855	1	51.855	118.747	.000 ^b
	Residual	86.463	198	.437		
	Total	138.318	199			

a. Dependent Variable: OrganisationalPerformance

b. Predictors: (Constant), DigitalMarketing

Table : 3

The significance value is also interpreted from the data above, which is $0.000 < 0.05$ which means hypothesis has been accepted.

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.138	.151		7.532	.000
	DigitalMarketing	.603	.055	.612	10.897	.000

a. Dependent Variable: OrganisationalPerformance

Table : 4

With the help of table above, the regression model for the study can be completed which is mentioned as under:

$$Y = B_0 + B_1 + e$$

$$Y (\text{Organizational Performance}) = B_0 + B_{(\text{Digital Marketing})}$$

$$Y (\text{Organizational Performance}) = 1.138 + 0.603 = 1.741$$

The model includes the values of Beta and the independent variable that impacts organizational performance. The overall variations in the model are 37.5% as indicated by the Model summary Table.

5.3. Descriptive statistics

During the online survey of 200 employees of the retail industry in Australia, 46% respondents were female and 54% were male. More respondents were belonging to the age group of 28-37 which includes 46% in total. 35% were falling in age interval of 18-27. 35% of the

employees were professional when it comes to qualification and 35% were holding a university degree and remaining was post graduate. 40% of employees were having 3-5 years of experience. 30% had experience of fewer than 2 years and remaining were having experience of 6-9 years and more.

A total of 56% of the employees stated that their company makes the use of digital marketing, however; just very few negated which includes 18% of total respondents. In addition to it, 58% employees were supporting the fact that their firm makes the use of email marketing which is one of the components of digital marketing, 14% remained neutral showing to some extent email marketing is done by their retail company. The display advertising is also another concept that falls into the category of digital marketing, when asked about whether their retail company makes the use of display advertising, 25% employees strongly agreed thus, 18% remained neutral and 13% strongly disagreed.

On the other hand, when questioned about the inclusion of mobile App designed for the customers, it is highlighted that the Aussie retailers do have mobile Apps to offer ease to the customers as 57% were agreed and 16% remained neutral. In contrast, 27% disagreed which indicates the use of Apps is not made. Similar to this, when approached regarding the retailer's presence on social media including FaceBook, Instagram and Twitter 15% were neutral which means to some extent the use of social media platforms are exploited by the retailers in Australia. To this, 23% strongly agreed.

The retailer's performance has been enhanced due to the consideration of digital market as 52% of the overall respondents were agreed, 13% strongly disagreed and 23% hold moderate views. In addition, 34% were agreed that their organization has gained a competitive edge by the incorporation of digital marketing. To this statement, 26% respondents disagreed. On the other hand, the customer base has been increased with the help of digital media because it leads to staying communicated and close to the customers as per this 21% were strongly agreed and 19% were neutral. Moreover, 18% also negated with the statement. Employees were highly satisfied with the fact that their company is exploiting social media up to its best as it has helped in establishing a positive brand image. To this, 48% were agreed and 20% were neutral thus 21% negated. Many valuable customers are attached to the use of digital marketing as it has helped in spreading positive word of mouth. 23% were strongly agreed, 17% were neutral and remaining was disagreeing with the statement.

6. Discussion

From the findings above, it is pinpointed that digital marketing does impose an influence on the organizational performance because it leads to the increase

in the customer base in case of Australian retailing industry. Moreover, it has also enhanced the performance by spreading positive word of mouth. The retailers also keep the customers updated with the help of digital marketing. It is also found that the retailers also have created mobile Apps in order to stay connected with the customers and also offer them ease by making purchases which is just a click away. As far as the performance is concerned, the retailers in Australia are exploiting social media which is the part of digital media which has positively affected the retailers' performance. This aspect has been supported by the positive correlation between the variables of the study that is quite positive and has proven a positive relationship. Similarly, the impact of digital marketing on the organizational performance has also been proven that is significant at 0.000 sig values.

7. Conclusion

The analyses have proven a positive association between digital marketing and organizational performance, it is also highlighted that the use of digital marketing offers the firms with the competitive edge over their rival firms. The analysis has also proven that the use of email marketing and display advertising are being used by the Australian retailers for staying ahead of their competitors. In addition to it is also concluded that the adoption of advanced technology is now an increased need of the retailers as the number of retailers are increasing and thus the competition as well which means the environment is becoming extremely competitive. The digital marketing is the concept every other company is opting for and thus is bringing a positive influence on the organizational performance. Overall, emails, mobile App development, display advertisements, social media including Face Book, Twitter and Instagram are the determinants of digital marketing which highlights the firm's use of digital marketing.

8. Practical implications

The findings are practically implied by the managers as they are likely to consider the results which mean they can examine the use of digital marketing for enhancing business performance, they can devise their strategies accordingly. They are also likely to incorporate the use of virtual reality in stores in order to make them more in-line with the modern technology and attracting customers.

9. Study limitations

The limitations of the study are listed below:

- The study is specific to retailing industry in Australia
- Limited sample size being surveyed online
- No collection of qualitative data which makes study less generalized

- Results cannot be generalized at all as only Australian retailing companies can make the use of results.

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