

Exploring the digital marketing practices in the Greek retail sector

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Abstract

The development of technology has made great leaps in the lives of people. Digital marketing is now an integral part of every business, irrespective of its size and nature. The growing importance of digital marketing has affected the way businesses promote their offerings to old and new customers. The goal of digital marketing is to make the most of the available practices to target and reach the right users, attract their attention, make a sale, and achieve overall customer satisfaction. Through a survey of 100 e-tailers, this study examines the internal and external factors that influence the adoption of digital marketing practices in the Greek retail sector. The results of a regression analysis show that business resources and related practices have a positive impact on the benefits that can be achieved through the adoption of e-marketing practices.

Keywords: digital marketing, e-commerce, retail sector

Introduction

Since its invention, the Internet has become an advantageous marketing tool giving rise to significant changes in shopping culture and consumerism (Eroglu, 2014) and has fundamentally changed today's business and consumer behavior with a variety of marketing strategies (Novak *et al.* 2000; Plaza, 2010). Social media marketing, content marketing, augmented and virtual reality, Internet of Things (IoT) are some of the advances that have had and will continue to have a significant impact on marketing efforts, as they allow companies to implement innovative forms of communication and co-create content with their customers (Borges and Verissimo, 2014). Some of the most popular practices and techniques used in e-marketing include Search Engine Optimization, Paid Search

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Marketing / Pay per Click, Social Media Marketing - Social Media Campaigns, Affiliate Marketing, email marketing, Video Marketing, Blog Marketing, Article Marketing, Google AdSense, banners etc. Companies using such practices enjoy various benefits such as: low cost, quick automation of actions, time saving, affordability, easier market segmentation, direct observation, and analysis of results.

Modern digital marketing capabilities within business processes give companies a new competitive dynamic. In this new environment, digital technology is an integral part of strategy, helping to identify new sources of value creation and new strategic frameworks (Yoo, 2010). Within this framework, digital technologies provide a modern marketing opportunity for companies to develop their business model online, achieve high performance from investments in technology and use it as a strategic asset to gain a competitive advantage.

These technologies, which are constantly evolving, have had a significant impact on the retail sector. Today, retail is a sector of really intense growth and modernization and companies seem to be using more and more improved techniques in their stores. Trends show a shift from traditional brick-and-mortar stores to online shopping (Keen *et al.*, 2004), and the number of online shoppers and the volume of purchases in the U.S. and Europe are increasing (Monuwe *et al.*, 2004). Despite this shift, it is important to state that retail sector is sometimes failing to capitalize on the opportunities that e-commerce presents (Lewis and Cockril, 2002). Finally, it must be mentioned that, whilst a significant amount of research has focused upon the success of e-commerce strategies in general (Doherty and Ellis-Chadwick, 2009), the literature about the perceived or actual effectiveness of retailers' web strategies appears to be considerably less extensive (Duffy, 2004; Golden *et al.*, 2004; Lunce *et al.*, 2006; Zhuang and Lederer, 2003). It seems that there is a lack of evidence in relation to the promotional activities that are influenced by the use of e-marketing and the resulting outcomes. Considering the above analysis, this study aims to investigate the digital marketing tools used in the Greek retail sector. In the European Commission Digital Economy and Society Index (DESI 2020), Greece ranks 27th among the 28 EU member states, which means that Greece has not made much progress compared to other EU member states. It is therefore worth exploring how Greek retailers are taking advantage of the opportunities offered by digitalization and whether they are benefiting from the adoption of digital marketing strategies.

1. Literature Review

E-commerce is a new way of conducting business transactions. Its influence on the global environment is constantly increasing over time (Chong, 2008). According to the literature, and with

reference to the research of Drennan and McColl-Kennedy (2003), the Internet is dramatically reshaping the retail service firms. With the growth and development of the internet and the resulting web technologies that can be seen today, the improvement of innovation and entrepreneurship can be managed through the use of the various new technological resources and data. The emergence of e-business and e-commerce has created new horizons and new opportunities for the development of an electronic-based market, a market that is very different from the traditional market in terms of laws and rules for management, organizational and operational conditions (Chaffey, 2008). Modern digital marketing capabilities within business processes give companies a new competitive dynamic. In this new environment, digital technology is an integral part of strategy, helping to create new sources of value and new strategic frameworks (Yoo, 2010).

Today, numerous companies around the world offer their products to consumers via the Internet. The use of new technologies has created an interdependence between customers and companies, with the Internet being the main technological tool for the information and communication technology revolution. This has changed the way marketing works in terms of promoting ideas and selling goods and services and provides a tremendous opportunity for businesses and organizations to increase profits and productivity. From the consumer's point of view, the main benefits of e-commerce are as follows: Ease of searching for the right product, saving time, ease of finding reviews, ratings of products, coupons and offers, etc. However, e-commerce is also associated with some disadvantages, such as privacy and confidentiality issues, difficulties in tracking product quality, "hidden" fees, delays in receiving products, problems with Internet access, etc. (Turban *et al.*, 2015). From a business perspective, the benefits that characterize the use of e-commerce are the following: Increased customer base, increased sales, round-the-clock availability, expanded reach, and direct transactions. However, as with consumers, many dangers lurk in e-commerce for businesses, namely the following data security problems, problems with credit cards, additional costs and know-how for using e-commerce, problems with Internet services, constant maintenance, etc. (Turban *et al.*, 2015).

Regardless of the challenges, the presence of Web 2.0 technologies has changed the environment in which consumers operate. The retail sector is certainly affected by this, considering that the shopping experience has shifted from physical stores to online shopping (Haenninen, Kwan and Mitronen, 2021). The retail sector is a market with strong growth and modernization, and companies seem to be using more and more improved techniques in their stores every day. Retail electronic marketing plays a catalytic role in these growth and improvements, especially through social networks. Facebook, Twitter and similar sites have a huge user base, they provide great

information sharing and improve communication channels, leading to an increase in credibility and sales for retail businesses. Social media and advances in mobile technology have changed the way retailers engage new and existing customers to understand and meet their needs (Shanahan, Tran, and Taylor 2019). Retailers now know that social networks play an important role in their customers' purchasing decisions. Resorting to comments, making suggestions, and generating streams of communication on social media sites and blogs make interaction more effective for many retail entrepreneurs and contribute to a more successful online marketing strategy (Mehtainc, 2019).

The academic background of this paper draws from the research on the role of e marketing in retail business. E-marketing in retailing is playing a catalytic role in this growth and improvement, especially through social networking websites. Facebook, Twitter and similar sites have a huge user base, they offer great sharing of information and improve communication channels leading to increased credibility and sales for retail firms. Retailers have today understood that social networking sites play an important role in buying decisions of their consumers. Relying on comments, making suggestions and generating communication streams on social media sites and blogs make interaction more effective for many retail business owners and contribute to a more successful online marketing strategy (Mehtainc, 2019).

The review on the literature showed that a significant amount of research has focused on the success of e-commerce strategies in general (Doherty and Ellis-Chadwick, 2009) but there has been limited interest in the effectiveness of retailers' web strategies (Golden *et al.*, 2004; Duffy, 2004; Lunce *et al.*, 2006; Zhuang and Lederer, 2003). For this reason, we formulate the following research questions:

RQ1: Which are the most important company resources needed for the adoption of the e-marketing strategy?

RQ2: Which are the internal factors that are forcing companies adopt e-marketing tools?

RQ3: Which are the external factors that are forcing companies to adopt e-marketing tools?

The growing investment in e-commerce has sparked academic interest in finding a useful measure of e-commerce success (Zhuang and Lederer, 2003) and understanding the benefits to retailers. For this reason, we formulated the following research question:

RQ4: Which are the benefits reaped from the adoption of the e-marketing strategy?

2. Methodology

Data for this study were collected by means of a web questionnaire that was distributed to 100 retailers who own e-shops and are active in the website Skrutz.gr in Greece. This is the most famous ‘best price comparison’ web site in the Greek retail sector. The sampling method that was used was the simple random sampling. The data collection process started at 16/05/2019 and ended at 24/06/2019. The questionnaire consisted of three parts and sixteen closed type questions in total. The 5-point Likert scale had been employed. Data analysis was conducted with the use of SPSS.

The sample demographics are summarized in table 1 and table 2. The companies in our sample operated in the fashion industry and they had all been using e-marketing tools.

Table 1. Type of business

Industry type	Frequency	Percent	Valid Percent	Cumulative Percent
Fashion Clothes	67	67.0	67.0	67.0
Footwear	5	5.0	5.0	72.0
Fashion Clothes and footwear	28	28.0	28.0	100.0
Total	100	100,0	100,0	

Table 2. Months of using e-marking tools

Time	Frequency	Percent	Valid Percent	Cumulative Percent
0-6 months	28	28.0	28.0	28.0
7-12 months	10	10.0	10.0	38,0
1-2 years	16	16.0	16.0	54.0
2-4 years	29	29.0	29.0	83.0
4+ years	17	17.0	17.0	100
Total	100	100	100	

3. Inferential Statistics and Findings

Exploratory Factor Analysis (EFA) and Varimax rotation were employed to test the reliability of the scales and obtain the minimum number of factors. 6 factors were extracted and are depicted in table 3 long with their respective Cronbach’s Alpha coefficient (Cronbach, 1951). We used Cronbach’s to measure the internal reliability of the scales. All scales satisfied the cutoff point of 0.7 (Nunnally and Bernstein, 1994).

Table 3. Factors extracted from the Exploratory Factor Analysis.

Constructs	Variables	Cronbach' Alpha
Resources	Qualified and skilled marketing staff	0.84
	Good technological infrastructure	
	Sufficient financial resources	
Internal factors affecting the adoption of e-marketing strategy	Improvement of the quality of the work	0.867
	Greater control over the work	
External factors affecting the adoption of e-marketing strategy	Competitive pressure.	0.713
	The Business environment	
The e-marketing practices adopted	Creation or rebuilding of the website	0.893
	Social Media Marketing	
	Online advertising	
	Search Engine Optimization	
E-marketing practices	Customer satisfaction	0.897
	Increased Profits	
	Customer Relationships	
	Reduction of costs	
	Faster discovery of customer needs	
	Greater customization of products	

Having formed the necessary factors, it was easy to form 2 propositions to express the relationship between the use of E-marketing practices, the company resources and the benefits expected from the adoption of e-marketing strategy.

P1: The company resources will have a positive impact on the benefits reaped from the e-marketing strategy.

P2: The e-marketing practices will have a positive impact on the benefits reaped from the e-marketing strategy.

For the purposes of this study, the 'Resources' as well and the 'E-marketing Practices' were considered as the independent Variables (IVs) and the Benefits became the dependent variable (DV). In order to test and quantify the relationship between the set of IVs and the DV, we performed regression analysis. The two propositions were tested. Table 4 summarizes the model evaluation and ANOVA results which are discussed in the subsequent section.

According to our findings, the key resources needed for the adoption of an e-marketing strategy are: qualified and skilled marketing staff, good technological infrastructure and sufficient financial resources. The internal factors that drive the adoption of e-marketing tools are greater control and improved quality of work; the external factors, on the other hand, are the industry (business environment) and competition. The e-marketing practices mostly used from the companies in our sample are: the online presence with a website, Social Media Marketing, Search Engine Optimization and online advertising. The expected benefits that can be reaped are customer satisfaction, improved

relationships with customers, increased profits, new products, reduction of costs, faster discovery of customer needs and product customization.

Table 4. Results from the multiple regression analysis

	Propositions	R²	F	Sig	Result
P1	The company resources will have a positive impact on the benefits reaped from the e-marketing practices	.431	42.372	0,000	accepted
P2	The e-marketing practices will have a positive impact on the benefits reaped from the e-marketing practices	.529	110.216	0,000	accepted

The results from the regression analysis show a positive statistical relationship between the company resources and expected benefits. 43% of the variance in our dependent factor (e-marketing practices) is explained by the quality of the company resources. A strong positive statistical relationship was also found between the e-marketing practices and expected benefits as almost 53% of the variance in the dependent factor is explained by the use of e-marketing practices (see Table 4).

Conclusions

The purpose of this research is to examine the factors that drive e-marketing practices in Greece and how these practices can in turn provide organizational benefits. Primary data were collected through a questionnaire distributed to 100 companies in the fashion and footwear industry. Exploratory Factor Analysis with Kaizer Normalizations was used for variable reduction and extraction of 5 factors. Two of them provide the items to measure the internal and external factors that can drive the adoption of e-marketing in Greek companies. The third factor represents the key resources that are considered important for the adoption of e-marketing practices. The fourth factor represents the e-marketing practices adopted and the fifth factor measures the expected benefits. Our results support previous findings that the adoption of such strategies depends mainly on the nature of the firm and the intensity of competition. (Dlodlo and Dhurup 2013; Kohn and Husig, 2006). Adoption of these practices is positively correlated with organizational benefits, implying that managers need to adopt e-marketing practices and tools to enjoy benefits such as customer satisfaction and product customization.

If we follow the technological developments, we can say that digital marketing on social networks is part of our daily life. In a society that is constantly evolving technologically and where

consumers know more about using social networks, e-retailers should focus more on the opportunities they offer. They should build a strong bond with their customers by motivating them to follow and interact with their accounts on social networks. The competition is fierce, and the opportunities are numerous. Therefore, proper, and more frequent use of social networks is mandatory. Policymakers should remain vigilant in updating their social networks and look for practices that attract or maintain more audiences

As with all research studies, there are some limitations. The sample of 100 respondents is quite small to apply inferential statistical techniques and derive conclusions about cause-and-effect relationships. Another longitudinal research design could possibly further explore the measurement of predictors and dependent constructs.

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