

Why digital marketing works, why it hasn't

"The biggest issue facing digital marketing is a mind shift," says Jacques van Niekerk CEO of Acceleration who maintains that digital marketing will only work once it is considered an integral part of the marketing mix.

 By Jacques van Niekerk ^{3 May 2002}

People live in both the traditional and digital world, and marketers should too. Digital marketing will only deliver once marketers realise that they need to build relationships in the mediums their customers experience their products and services, including digital platforms. Just as advertising is one part of a total marketing mix that needs to be considered to create business success, so too digital marketing is one element that needs to be brought into the mix. It isn't an 'add on' or a means of spending extra budget that left over. Digital marketing will only deliver once it is contextualised within the marketing mix. The online advertising rush has hamstrung digital marketing. In the hurry to get online marketers focussed too strongly on the medium and not on the marketing plan. Expectations were huge, but with a lack of understanding or no marketing basics in place, the medium didn't deliver what it could have.

Over the past four years the digital advertising industry has gone from birth to boom to bust and beyond. Right now the industry is in a revival led by marketers who understand and work with the medium, yielding good results. The industry has learnt some hard lessons and is proceeding from more realistic base. Digital marketing specialists know what works, what can't and how to realistically deliver results. The biggest benefit that marketers can enjoy from digital media is customisation and measurability. The medium allows marketers to customise communication in a way that cannot be achieved through traditional marketing. Offline marketing is widely broadcast, but digital marketing can achieve real one-to-one communication with customers. The benefits of digital marketing are played out through targeted acquisition based activities, focussed relationship marketing activities and the ability to measure the results of these activities. No other medium allows you to measure return on investment in quite the same the way that digital marketing does. By unlocking industry learnings over the past five years, digital marketing can complete a campaign in a way traditional marketing cannot. It can help marketers to build and deepen relationships with customers and to grow sales and loyalty.

An exciting development is the strong resurgence in digital marketing use from big corporates and traditional marketers who are mixed in their understanding of how to use the medium in the marketing mix. Marketers who have a greater understanding of the medium and how it can be used effectively are achieving the best results. The automotive and travel industries in particular are leading the way. These industries have been big spenders in the traditional space, but have come to realise that digital marketing completes and enhances their mix. They have been using the digital medium to help drive acquisition, relationships and sales. In the auto industry the online medium is used as a prelude to the sale. It is an environment where consumers can go in, get product information and literally 'test drive' the car. It provides a powerful means pre-selling the car before the customer gets onto the showroom floor. In this context, email marketing has been used successfully to create personal and customised relationships with clients or potential clients. The platform enables the marketer to build a database that is used to dialogue with a receptive audience. What has emerged from this sector is that digital marketing delivers by:

- Helping with acquisition strategies by building a receptive database that marketers can communicate with
- Helping to reinforce and deepen relationships with customers once they have made the sale.

Despite a recession in the advertising industry, digital marketing has grown. There's good growth in digital marketing but the consumption of digital marketing exceeds spend in what is a global trend. 4% of South Africans are online, while ad spend is roughly pegged at only 1%. About 8-9% of the US is online, but ad spend is only 4-5%. This gives an indication of how big the gap is, there is a lot of growth that has yet to take place in this industry. Future growth will be dependent on how quickly the technology can become integrated and user-friendlier. As for the future of digital marketing, the demand for measurability and accountability is going to increase. I don't believe that marketers and advertisers want to spend millions, if they can't show some sort of measurability on campaigns, and the beautiful part about digital marketing is that you can measure that ROI.

Digital marketing can deliver if it is viewed as more than a "left over" that absorbs excess budget. If marketers want results they should realise that the medium is maturing, get to know how to use it and what they could expect from it. It should be viewed as an integrated marketing component that allows intense personal communication with customers that cannot be achieved through traditional marketing.

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