THE EVALUATION OF ONLINE MARKETING CHANNELS EFFICIENCY IN LITHUANIA

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ABSTRACT
Advanced internet infrastructure and increasing internet usage both in corporate and home levels broadens opportunities for marketers. The internet as a marketing channel became one of the most important tools for communication between the seller and consumer. More and more companies rely on the internet and increases the budget for the next generation strategies. However, the channels (Search Engines Optimization, Search Engines Marketing, Email Marketing, Invasive Marketing, Syndicated content Marketing, Social Media Marketing and etc.) are chosen intuitively. There is no proven efficiency of different channel or tool. Marketers know the technical description, can calculate budgets but the efficiency differences are unclear. The purpose of the article is to analyse and describe the efficiency of each online marketing channel. Quantitative research method was used to analyse the efficiency of online marketing channels. A survey of Lithuania’s internet users reveals the most acceptable (efficient) online marketing channels. The article scientific aim is to identify which online marketing channels are the most efficient. The findings are valuable at least for Lithuanian market as it reveals the efficiency of different online marketing channels. Companies can make the strategic decisions and choose the most powerful and money efficient channels combination to achieve their marketing goals.

KEYWORDS: online marketing, internet marketing, marketing channels, Search Engines Optimization, Search Engines Marketing.

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Introduction

Internet is an innovation that brings more and more opportunities for marketers every day. Internet is both a technology and communication channel. Marketers can choose different directions for achieving their goals. The literature mainly focuses on identifying online marketing tools. Different authors present the various online marketing tools including: SEO, SEM, offline marketing and syndicated marketing, community and social networking marketing (Haligan et al., 2010; Lee et al., 2010; Parrott et al., 2011; Sharma, 2011; et al.). Some authors distinguish the factors for measuring online marketing performance (Gamma, 2011; Rust, Ambler et al, 2004, Stewart, 2009, Nwokah, Ahiauzu, 2009: 868). T. Gamma identified financial and non-financial measurement factors (Gamma, 2011), R. Rust, T. Ambler and others identified three trends for

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measuring marketing performance (Rust, Ambler et al, 2004: 1), DW Stewart analyzed 3 ROI effects: short, long-term effects and the real possibilities (Stewart, 2009: 641), NG Nwokah and AI Ahiauzu (2009: 868) analyzed the corporativity, competitiveness, consumers and exogenous factors (Nwokah, Ahiauzu, 2009: 868). It is still not clear how much each online marketing tool is effective and useful, so companies preparing online marketing strategy faces difficulties to make predictions and rationally choose the best online marketing tools mix.

Research object – online marketing channels efficiency in Lithuania.

The aim – to identify and measure the latest online marketing trends efficiency in Lithuania.

Research methods: quantitative research method (online survey, random sampling) was used to analyze the efficiency of online marketing channels.

1. The latest online marketing trends and its measurement criteria

It is necessary to use a proper web marketing tools while communicating with customers and sending messages. Scientists emphasize that all the online marketing tools are interrelated and should be analysed as a one system (Kaklauskas, 2002; Palmer, 2000). Different authors present different internet marketing trends. Inevitably online marketing direction of the web 2.0, creates a more natural user space, and which opens up more possibilities. D. L. Hoffman and T. P. Novak noted that users take over the control of developing the second generation network – WEB 2.0. The competitive environment changes from “one to one” or “one to many” to “many to many” market structure (Hoffman, Novak, 2009: 32). Marketing decisions must resonate with consumers’ needs changes. The new context highlights the importance of interactivity (Huang, 2003; Berman, Kesterson-Townes, 2012). The current online marketing trends are: adaption to changes, social communication (WEB 2.0), multiscreen, many to many strategy, personalized marketing, innovativeness, interactivity, localization.

Talijūnas (2004) extracts the main online marketing tools: website, banners, email marketing, search engines, blogs, backlinks. J. Owyang (2004), D. Chaffey (2009) provided the main online marketing instruments: SEO, SEM, email marketing, invasive marketing, syndicated content, RSS, social media. Other authors analysed more deeply each of the defined online marketing channel. SEO is a very powerful way for marketers to reach the client and for client to find the right product or service (Yannopoulos, 2011). Many potential clients uses SEO during the product search phase (Owyang, 2008). Getting to the top position on the search results page means website validation and high quality level (Thurow; 2006; Davis, 2006; Ledford, 2009). Search engines marketing is based on pay per click or pay per thousand displays. It allows companies to appear on the search results page and the same time to provide valuable information for visitor (Noaman, 2006, Nunan, Knox, 2011). Advertising on search engines (SEM) may disappoint customer as the brand can appear in a not favourable context and provide not the naturally best information (AGOF, 2008; Chen, Liu, Whinston, 2009; Drennan, Cornwell, 2004; Sohn & Jee, 2005; Telang et al., 2004). Email marketing is not dominating online marketing channel, but from the costs perspective it is still probably the most efficient method. Dehkordi, Rezvani et al, 2012). It is frequently associated with SPAM – not undesirable commercial information (Kiškis, 2009). Social media marketing allows to communicate with customer (or potential customer) directly and very naturally in a way that is favoured by customer (Evans, McKee, 2010; Zarella, 2010; Owyang, 2008). Social media allows to use the “word of mouth” opportunities (Trusov, Bucklin et al, 2009). Information distribution on a traditional media is non directional but blogging provided a new interactivity paradigm (Chiang, Hsien, 2011). Customer communities create emotional value. Customers create society relations that are related with brands, products or services (Cova, White, 2010). Many blogs are tended to act as an information filters with the author comment (Saxton, 2008). There are 4 blog types: personal, theme, individual and commercial (Krishnamurthy, 2002). According to previously analysed sources, at the moment there is a fixed list of Online Marketing tools that are presented on Table 1.
Combining D. Stewart, and R. Rust, T. Ambler ideas, there are 3 dimensions for evaluating the efficiency: short and long term efficiency, real abilities (Stewart, 2009: 641). Short term dimension is represented by increasing sales and long term effect is mirrored by brand awareness (Rust, Ambler et al, 2004: 1). The online marketing measurement key criteria are: Customer preferences for the specific marketing tool, online visitors traffic, ROI and conversion rate.

2. The research methodology

The research is based on quantitative research method. During the quantitative study Lithuanian internet users were interviewed to find out the most preferred (efficient) online marketing channels. Research object – Online marketing channels efficiency. The aim - to determine which online marketing channels are the most effective.

Research tasks: to investigate how important online marketing content to different screens of electronic devices; to identify the importance of localization in online marketing; to identify the effectiveness of Web 2.0; to find out which online marketing tool is the most effective.

The research hypothesis and questions to check those hypotheses are presented in the Table 2.

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Question</th>
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<tr>
<td>H1: The majority of users uses 1 screen for browsing the internet but in the near future users will require 2-3 screens for browsing the same content.</td>
<td>1. Do you have a phone or a smartphone? 2. Do you intend to buy a smartphone or tablet? 3. For what purpose you are using or use a smartphone, tablet PC? 4. Does your smart phone and tablet you want to achieve different information than the computer?</td>
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<tr>
<td>H2: Internet users prefer only localized information.</td>
<td>1. When you are looking for the information in search engines, would like first to see the information, related to your area?</td>
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<td>H3: Web 2.0 is an acceptable channel, which helps to reach the majority of users. Social networks are more effective than blogs. The most popular social network in Lithuania is Facebook.com</td>
<td>1. When looking for information about certain products or services, what sources do you trust most? 2. Do you trust a company more, when you see its advertisements online constantly?</td>
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<td>H4: The most effective online marketing tool is SEO (Search Engine Optimization), but the companies that are constantly visible on the internet, has an advantage.</td>
<td>1. Which social networks are you registered at? 2. Do you follow company news on social networks? 3. Do you prefer companies that provide information on social networks? 4. Do you read blogs?</td>
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</table>
The research data collection methods: written questionnaire.

The research general set: 1 659 351 Lithuania’s residents. According to the Statistics Lithuania, 65 % of the Lithuania’s population aged 16–74 use the internet. 16–74 Lithuania’s population is 2 552 849 (Statistics Lithuania, 2011; Census data, 2012).

The selection method and survey sample: not accidental convenient sampling.

Not accidental convenient sampling: randomly selected Lithuanians who use the internet and questionnaires are sent by e-mail.

Sample size: the sample size is calculated based on the formula:

\[ n = \frac{1}{\left(\Delta^2 + \frac{1}{N}\right)} \]  

Where \( n \) – sample size; 
\( N \) – general set; 
\( \Delta \) (delta) – permitted inaccuracy, the difference between the sample group and the average of general set. It is optionally chosen according to the previous researches and data accuracy requirements (Leonavičienė, 2007).

The correction range is 5 % (\( p = 0.05 \)) and the reliability of the value of – 95 %, which is \( \Delta = 0.05 \). The sample size is 400 Lithuanians who use the internet.

The research process. The questionnaire was developed and published on the internet (Google Forms Tool). The questionnaire was accessible to anyone with a link. The link was sent by e-mail via mailchimp.com platform to 8281 recipients. Subject line was neutral (the questionnaire). E-mail content were created on the basis of the AIDA model: 1. attention 2. Interest, 3. Demand, 4. Action. All emails were personalized by using recipients’ names. Respondents were not compelled to answer every question, they were free to decide whether to complete the questionnaire. There were no mandatory questions. For the best results letters were sent 4 a.m. on Tuesday. 5608 emails were delivered to recipients. Usually the average opening rate should be only 14.3 %, and the click rate – 3 %. During this research 32.08 % of recipients opened and read the e-mail. 19.23 % of people who received the letter clicked and opened the survey. 11.02 % of recipients made an action – filled the questionnaire. The questionnaire was filled by 634 Lithuanians who use the internet. All questions were answered carefully.

Some demographical results. 32 % of respondents were male (196 respondents), and 68 % – women (425 respondents). This breakdown should not affect the data validity, since the sample should be only 400 Lithuanians. 87 % of respondents live in a city/town, 7 % live in a suburb and 6 % of respondents live in a village. Most of the respondents belong to 24–29 age group – 29 %. 30–40-year-old – 24 % respondents, 40–49 year olds – 19 %. 67 % of respondents have at least undergraduate degree, 12 % reported an incomplete higher education, 7 % were studying and 9 % of the respondents had a secondary education degree. Distribution of the respondents by income corresponds to the Statistics Lithuania data. 40 % of respondents reported receiving from 290 to 580 EUR income. 20 % reported from 580 to 870 EUR income and 15% of respondents earn up to 289 EUR. 85 % of respondents’ income varies from 0–870 EUR.

3. Internet marketing tools efficiency in Lithuania

44 % of the respondents have a smartphone, only 5 % have the tablet, 11 % have both devices, and 40 % do not have any of the smart devices.
The answers depend on person’s age. It was noticed that the older the person is, the less smart devices (phone, tablet) he or she has. The fracture appears when analysing the 40 years and elder respondents. This means that older people use only one screen while younger people prefer multiple screens for browsing the internet.

The possession of smart devices depends on the person’s income. The higher income is, the bigger probability is that the person will have a smartphone and a tablet (Figure 1). Only 11.5 % of the respondents with more than 1740 EUR income pointed that they do not have a phone or tablet. Meanwhile, 56.2 % of the respondents having 145–290 EUR income did not have any smart device. This means that people having lower income are more likely to be accessed by only one screen. Individuals, who earn more, require the content on different devices, different screens.

59.5 % of those who do not have a tablet, intends to acquire it in the future, while 27.9 % said they do not know. In most cases in the near future tablet will be bought by those respondents who already have a tablet (27.87 %). However, 50 % of tablet owners do not intend to buy the new one.

Smartphone in the near future will be bought mostly by those respondents who have both a smartphone and a tablet (42 % of people who have both devices). Most rarely smartphone is going to be purchased by persons who do not have it. 73 % of those who have neither a smartphone nor a tablet do not intend to buy it or at least do not know what they will do.

The smartphone is mainly used for calling (31.3 %) and for communicating in social networks (28.5 %), searching for information on the internet (25.5 %), and as an alternative to a PC when where there is no access to a computer (19.1 %) (Figure 2). It means that the smartphone is a frequent alternative of a computer but not its replacement. 52 % of internet users do not know what the purpose of a tablet computer is, 30.3 % use it when where there is no access to a computer and 17.3 % of respondents search for the information online (Figure 3). A tablet is a replacement of computer.

The most popular social network is facebook.com. 83.4 % of respondents indicated that they use this network (Figure 4). The second most popular social network is Google+, however, only 42.4 % of internet users use this social network. 54.2 % of respondents use only one social network, 84.7 % – 2 social networks.
43% of respondents follow company news on social networks, 55% do not do that and 2% do not know if they follow company news on social networks or not. The most frequently company news are followed on social networks by the respondents who live in suburbs (Figure 5). 55.6% of people living in suburbs admitted that they follow company news on social networks. Internet users in rural areas follow company news on social networks the most rarely (33.3% of the rural population who use the internet).

40% of respondents prefers companies that provide information on social networks. 37% of respondents answered that they do not prefer such companies and 23% of respondents did not know if they prefer or not.

Blogs can be an effective internet marketing tool. Blogs are read by 42% of respondents. 56% internet users told that they do not do that.
49% of respondents said that they would like to receive localized information, but most of them want the option to choose whether to see localized information or not. 37% do not want localized information. Internet users do not tend to trust companies whose advertisements online are displayed more frequently. 52% of respondents do not trust the companies, frequently advertised on the internet. Only 4% internet users trust such companies more and 38% of respondents partially trust them more.

The most trusting people with income higher than 1740 EUR (trust and partial trust – 53.8%). E-mail marketing information is trusted and partially trusted by 30% of respondents. Do not trust and partly do not trust 36% of internet users. E-mail information most trusted by 60 years and more old people. 85% of 60–69 year-olds partially and fully trust this information. 75% of 70 years old people trust the information received by e-mail information. Younger people (10–23 years old) tend not to trust it. 50% of 10–19 year olds do not trust and do not trust partly the information that they receive by e-mail. There were 42.9% such persons in the age group from 20 to 23 years.

E-mail marketing is not trusted by 28.6% of men and 17.2% of women (Figure 6). It is trusted and partially trusted by 33.7% of women and only 22.1% of men. Search engines provided information is trusted by 17% of internet users, partly trusted by 50% of respondents. Search engines provided information is more trusted by women (Figure 7). It is fully and partly trusted by 70.1% of women and only 59.6% of men.

Internet users trust the information, provided on companies’ websites. It is trusted by 33% of respondents, partially trusted by 43%. Partly do not trust and do not trust at all only 9% of respondents. Younger users tend to trust it more. It is mostly trusted by 24–29-year-old internet users. The most frequently it is not trusted by 60 years old and older people.

People tend to trust discussion board messages (Figure 8). Discussion board messages are usually trusted only partially (40% of respondents). It is absolutely trusted by 9%, partly do not trusted and absolutely not trusted by 24% of the surveyed internet users.

Comparing respondents by income, discussion boards are most frequently trusted by individuals who have higher income. Partly often trusted by 145–870 EUR income earners.

Individuals tend more to trust than not to trust articles on the web portals (Figure 9). It is partially trusted by 44% of internet users, 12% of respondents trust it absolutely. Partly trust 9% and 7% of respondents do not trust it at all.
Most often trust the older internet users. A special trust is observed in a group of over 60 years old people. 70% of 60–69 year olds partly trust and 75% of 70 year and older group absolutely trust the information, provided on the web portals.

57% of respondents do not trust pop up advertisements. Absolutely trust and partial trust only 6% of respondents.

Social networking friends published information is trusted by 10% of respondents, partially trusted by 36% of respondents.

People tend not to trust banners (Figure 10). Banners online are not trusted by 31% of internet users. Partly do not trust 17% of respondents. It is trusted by only 1% of people browsing the internet, while partially it is trusted by 13% of respondents. Internet users do not have an opinion about Search Engines Marketing (SEM) – Google AdWords. 40% of respondents neither trust nor distrust it (Figure 11). It means that users are unable to see any difference between SEO and SEM.

Conclusion

The latest online marketing trends are: adaption to changes, social communication (WEB 2.0), multiscreen, many to many strategy, personalized marketing, innovativeness, interactivity, localization. It is strengthened with online marketing tools: Search Engines Optimization (SEO), Search Engines Marketing...
The evaluation of online marketing channels efficiency in Lithuania

(SM), Email Marketing, Syndicated Content and RSS, Review Websites, Social Networks, Discussion Boards, Podcasts, Blogs, Widgets.

The criteria for evaluating online marketing trends are: consumer preferences for specific online marketing tools, website traffic, ROI and conversion rate.

It is important that online marketing content should be accessible on different electronic devices. Currently 44% of internet users have 2 different size screens (PC and Smartphone) for browsing the internet. 11% of respondents have 3 devices with different size screens. 99% of people browsing the internet use computer. Websites layout adaptation to different electronic devices is important, but only a small part of users is able to use this advantage. Usually those people are younger than 40 years old and having higher than the 580–870 EUR income. In the future the need to provide adaptive layouts for different screens will grow. The hypothesis H1 was confirmed.

Localized content is important. 49% of respondents prefer localized content, but most of them want the option to decide themselves what information should be displayed. The best strategy would be to localize the advertisements and provide the ability to switch the website content from local to global and vice versa. Hypothesis H2 was confirmed partly.

WEB 2.0 (the second generation WEB) is a very powerful online marketing tool. Social networks and blogs are equally useful. Company news on social networks are followed by 43% internet users and 42% of respondents read blogs. In most cases they are living in suburbs (55.6%), most seldom – people living in rural areas (40%). 40% of respondents favored the companies that are active in the social networks. The most popular social network in Lithuania is Facebook.com (83.4%). Other social networks are not very popular. WEB 2.0 trends are most effective in communicating with existing customers. It is difficult to attract new customers. Hypothesis H3 was confirmed partly.

Consumers preferred an identified as the most effective online marketing tool is search engine optimization (SEO). Hypothesis H4 was confirmed.

References


INTERNETINĖS RINKODAROS KANALŲ EFEKTYVUMO LIETUVOJE VERTINIMAS

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Santrauka


PAGRINDINIAI ŽODŽIAI: internetinė rinkodara, rinkodaros kanalai, paieškos sistemos optimizacija, paieškos sistemos rinkodara.

JEL KLASIFIKACIJA: M310.