



Prospects for the Development of Innovations in Digital Marketing

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Abstract

Digital innovative technologies are the driver of the modern economy, as they have a significant impact not only on the emergence of new professions, goods, and services, but also stimulate the activity of enterprises and organizations in various fields of activity. All this makes the purpose of the study—to study the prospects for the development of innovations in digital marketing—relevant. The problem-oriented approach, which makes it possible to focus on the analysis of innovative tools and technologies of digital marketing, has been chosen by the authors as the leading one. As a result, the article reveals the role of digital technologies at various stages of marketing development, analyzes the indicators of digital marketing development, identifies promising innovative tools, considers factors influencing the development of digital innovations, and outlines the directions of innovation development in digital marketing. The practical significance of the research results is the possibility of using digital innovation in business analytics and practice. The theoretical significance lies to highlight the scientific problem of the prospects for the development of innovations in digital marketing.

Keywords

Digital marketing • Innovation • Technologies • Tools • Development • Prospects

JEL Classifications

O30 • O31 • O33 • Q01 • Q02

1 Introduction

In modern conditions of market development, digital marketing is one of the most effective activities of organizations in every field. At the same time, the issues of innovation development in this sphere are not widely covered, which is one of the key problems of modern studies (Blanutsa, 2021). This determined the purpose of the work—to study the prospects for the development of innovation in digital marketing. The assumption of the leading role of innovation in the development of digital marketing is put forward as a working hypothesis. In accordance with the purpose, the article examines the role and trends in the development of digital marketing, reveals promising innovative technologies and tools, identifies factors affecting the spread of digital innovation, and identifies promising areas for the development of innovation in digital marketing.

The results of the study will be useful for the practical implementation of innovation in the field of digital marketing and are also of interest for further theoretical and practical developments.

2 Methodology

The theoretical and methodological basis of the research is based on the application of general and particular research methods. Analysis, synthesis, analogy, generalization, formalization, and others are used as general methods; comparison, measurement, and description are used as particular methods.

The logic of the study included the study of concrete and abstract concepts, judgments, and conclusions, which made

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it possible to put forward and substantiate the hypothesis of the study, to consider the main innovative tools of digital marketing, trends, and prospects for the development of innovations in digital marketing.

3 Results

Along with the active growth of scholarly interest in innovation in digital marketing, which can be seen in many works by Zastupov (2020), Malyshev (2020), Karieva et al. (2021), Oklander et al. (2018), Pirogova et al. (2021), Popkova and Sozinova (2022), issues affecting the prospects of innovation development have not widely covered in the domestic scientific literature, with the exception of individual publications. It should be noted the works of Penkova (2023), Budagov and Molchanova (2022), Suraeva and Kochetova (2021), Shendo and Sviridova (2022), Krasnov et al. (2018), Isaeva et al. (2022). The prospects for the development of innovation in the field of digital marketing are considered in more detail in the works of foreign scientists, in particular Sitlani and Agarwal (2018), Mukhammadiev and Kasimova (2022), Mazur (2023), Gowsalya et al. (2020), Varadarian et al. (2021). A review of the scientific literature has shown that the issues of prospects for the development of innovations in the field of digital marketing are not fully highlighted. In addition, the factors determining the success of the development of digital innovation have not been sufficiently studied. All of the above indicates the need for research on this topic.

One of the most comprehensive definitions of digital marketing was given by the British Institute of Direct and Digital Marketing (IDM): “Digital marketing is the integrated use of information channels in the virtual space to support the company’s marketing activities aimed at generating profit and retaining customers by recognizing the strategic importance of digital technologies and developing an integrated approach to best meet the needs of customers and to increase their awareness of the company, brand, products” (Luneva & Rebrova, 2021). During the development of Marketing 2.0, digital marketing means were mainly used to create advertising companies and segment customers. During the Marketing 3.0 period, digital marketing, which gave manufacturers new opportunities to promote brands, radically influenced the change in consumer behavior, where consumers turned from passive users into active participants in marketing activities. Marketing 4.0 is called a “reversal” from traditional marketing to digital. As F. Kotler states: “...Marketing 4.0 blends online and offline interaction between companies and customers, combines style with reality when creating brands and complements intercomputer communication with a human factor” (Kotler et al., 2019). In the Marketing 5.0 period, the role of

digital marketing is to reproduce human abilities, find unstructured data about consumers and useful patterns in their behavior: “... The goal is to create a new generation of customer experience... To achieve this purpose, it is necessary to use a symbiosis of human and machine intelligence” (Kotler et al., 2021). Thus, digital marketing makes it possible to realize the goals set for the functioning of the enterprise in a digital environment, while using innovative tools that expand the information field of organizations and customers, contributing to the growth of customer satisfaction.

The digital share of marketing costs is constantly growing. In 2020, the global digital marketing market was estimated at \$350 billion and is projected to reach \$786.2 billion by 2026 (165 statistics, 2023). Digital marketing is also actively developing in Russia: if in 2017 the digital share in marketing costs was 40.6%, then in 2021 it was more than 52% (Market Sentiment Index, 2021). The segment ranking by digital share in budgets for the period 2020–2021 is presented in Table 1.

During the period under study, digital technologies showed the highest rates of development in the field of medical services and in the segment of communications. The transport segment noticeably lost ground, shifting from 6th place to 10th.

In the context of the dynamics of the digital market share for the period 2017–2021, almost all segments showed growth, with the exception of e-commerce (– 2.3%) and the segment of construction, finishing materials, plumbing (– 0.3%). The largest growth was shown by Internet services (+ 32.7%), trade (+ 25.9%), medical services (+ 25.8%), transport services (+ 24.9%), and the segment of medicines and dietary supplements (+ 22.5%) (Fig. 1).

In the context of industries, the largest volumes of digital marketing fall on advertising: in 2022, global spending on digital advertising was estimated at \$441 billion and, according to forecasts, will reach \$85 billion in 2023 (165 statistics, 2023). According to the Russian Association of Communication Agencies, the share of the Internet advertising market increased from 31.5% in 2015 to 82.9% in 2022, with growth rates exceeding market volumes (Advertising market volumes, 2022).

Every year, the marketing system is updated with innovative digital technologies and tools for influencing customers. The following are recognized as the most promising.

1. Short video formats that give commercials the effect of a reality show. At the same time, the cross-country differences determined the presence of a strong video trend in developed markets (The state of consumer technology, 2022). Users of the world’s leading economies mainly focus on marketplaces, while in emerging markets social

Table 1 Segment ranking by digital share in marketing budgets

Place in the ranking		Segment	Digital share, %	
2021	2020		2021	2020
1	1	Audio, video products, games	74.4	73.9
2	2	Internet services	67.7	64.7
3	10	Medical services	66.1	58.3
4	3	Car dealers	65.8	64.4
5	4	Educational institutions	65.6	62.2
6	5	E-commerce	64.3	61.7
7	7	Tourism, sports, and recreation services	61.9	60.3
8	9	Real estate services	61.2	58.6
9	8	Appliances	60.0	60.0
10	6	Transport and related products	60.0	61.3
11	16	Communication facilities and equipment	58.3	51.1
12	13	Audio, video, film, and photographic equipment	57.5	53.8
13	11	Computer equipment and software	57.1	55.2
14	12	Mass media	55.4	55.0
15	15	Beauty and health products	53.2	51.7
16	17	Financial services	52.5	50.3
17	14	Entertainment industry services	52.5	52.5
18	18	Clothing and shoes	48.6	43.6
19	20	Catering services	46.1	40.6
20	19	Construction, finishing materials, plumbing	45.4	42.1
21	21	Medicines and biologically active supplements	44.7	38.5
22	22	Trade services	40.9	37.8
23	23	Food products	39.4	36.8
24	25	Communication services	38.9	32.0
25	24	Alcoholic beverages	35.5	32.1
26	26	Medical equipment and materials	34.5	30.5

Source Developed and compiled based on (Market Sentiment Index, 2021)

networks are more actively used. This is confirmed by the statistics available in the Report on the state of consumer technologies and durables for 2022 (The state of consumer technology, 2022).

The reasons why companies resort to video formats in marketing are shown in Fig. 2.

2. Chatbots, available 24/7, instantly respond to requests. Over the period 2021–2022, the volume of the chatbot market grew by 92%, where 58% of B2B enterprises and 42% of B2C websites use them. At the same time, the reduction of operational costs for customer support reached 30% (Todorov, 2023). It is assumed that the development and customization of chatbots will become one of the most popular professions with a low entry threshold and high demand (Chatbot development trends, 2022).
3. Voice search with voice recognition, which helps to make orders and manage smart devices. According to a Microsoft report, 72% of users search for information through voice assistants and 25% of users make such purchases (Voice report, 2019). According to forecasts, in 2024, the global market for intelligent voice-activated speakers may reach \$30 billion. It is expected that voice applications will become more intuitive, responsive, and easy to use in the future, which determines their further development.
4. Virtual (VR), augmented (AR), and mixed (MR) reality. According to the portal hypergridbusiness.com, 75% of the world's leading brands have already integrated technology into their marketing strategy (Raiskaya, 2019). Currently, there are about 80 thousand jobs in the field of VR, and it is expected that by 2030 their number will reach 2.32 million. The expected average annual growth of the market will reach 31.4% (Virtual reality statistics, 2023). The largest growth is predicted in the gaming industry, in the areas of manufacturing,

Fig. 1 Dynamics of the digital share in marketing budgets by segment. *Source* Developed and constructed based on (Market Sentiment Index, 2021)

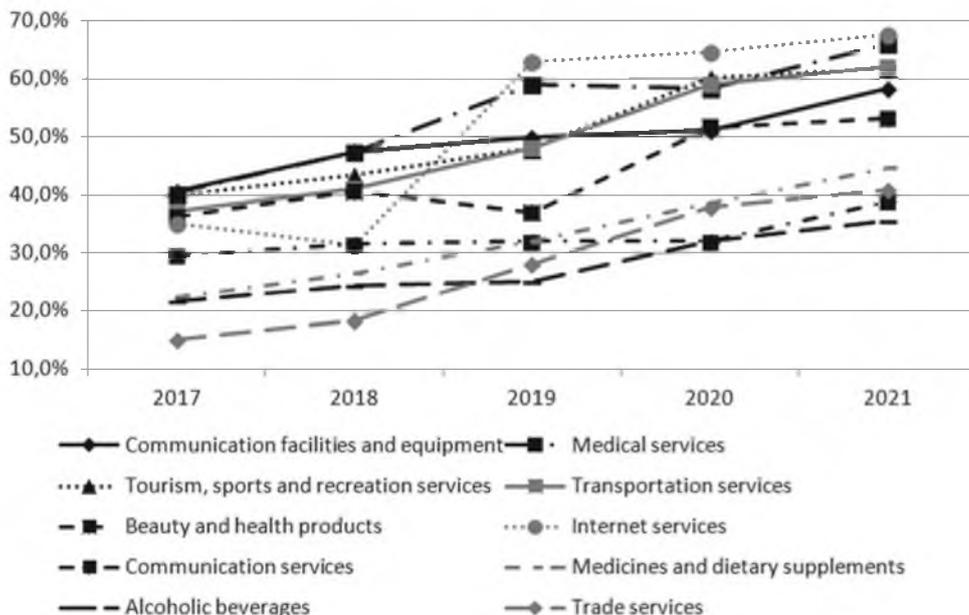
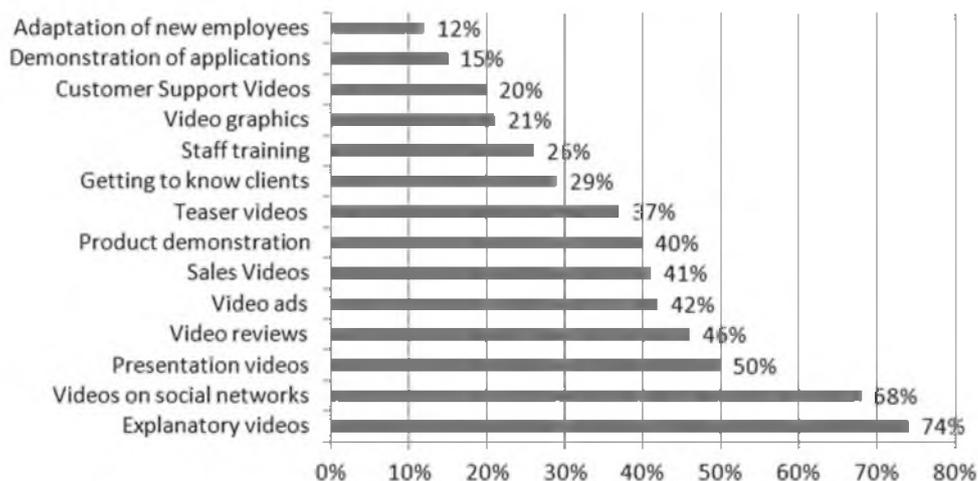


Fig. 2 Reasons why companies use video. *Source* Developed and built based on (Digital Marketing, 2023)



automotive, marketing, and advertising. It is supposed to actively introduce technologies into educational processes.

5. Accelerated mobile pages (AMP). As a result of the use of technology, the download speed increases up to five times. Studies have shown a higher efficiency of contextual advertising on AMP compared to conventional pages: showing ads in the visible part of the screen increased by 80% and the clickability of ad blocks—by 90% (What AMP is, 2023).
6. Progressive web applications (PWA), which are the boundary between a regular website and an application. You can download such an application on an ordinary personal computer, as well as on a trading terminal and other device with Internet access. PWA development and

support costs up to 70% cheaper than mobile. The creation of new, unique advanced products and technologies in the field of digital marketing is an essential element of the development of the economies of countries and one of the stimulating factors of innovative development in general. To date, it should be noted the most promising directions for the development of innovation in digital marketing.

1. Active implementation of artificial intelligence, which allows expanding contact with the audience through accurate audience profiling, improving the quality of information collection and analysis, retrieving customer behavior patterns, personalizing advertising exhibitions and design formats, etc.

2. Increasing attention to the formation of user experience, which is the basis for satisfying and creating a segment of loyal customers as a result of rising brand perception.
3. Development of influencer marketing. At the same time, it is assumed that the segment of influencers will gradually give way to content creators who are more focused on original content, rather than on creating an audience for which influencers receive payment.
4. Development of omnichannel marketing, which enables the interconnection of various channels for a more holistic interaction with customers, building stronger relationships, facilitating the process of making purchases, tracking the process of interaction with potential customers.
5. Development of technologies aimed at supporting employees, where their personal assets are often a more effective and loyally perceived tool by customers than business accounts and company assets.
6. Work with niche communities and forums, which are a safe space for participants to interact and a good way for customers to share information, get support, and also allow brands to adjust their algorithms.
7. Increasing attention to the creation of relevant, informative and high-quality content available to users at all digital points of interaction, minimizing the need to search for information elsewhere.

The undoubted advantages of innovation in digital marketing are the possibility of a more accurate understanding of the values and needs of customers, the creation of unique customer experiences, the wider use of communication channels, the processing of significant amounts of data, and so on. At the same time, there are still difficulties in implementing the innovative concept of digital marketing, in particular, insufficient competence of personnel, the complexity of integrating technologies into the marketing infrastructure, the possible opacity of decision-making by artificial intelligence, data leakage, and so on. Nevertheless, it is innovation that is the basis for the modern development of digital marketing, which allows, through the reasonable integration of technology and human resources, to effectively interact with customers, promptly respond to the needs of the target audience, evaluate, and predict the results of marketing decisions.

4 Conclusion

Thus, innovation in the field of digital marketing is gaining increasing popularity, being the basis for the emergence of new services. The largest growth over the past five years has been shown by services in the field of trade, medical,

transport services, and the segment of medicines. Innovative technologies and digital marketing tools such as short video formats, chatbots, voice search, virtual, augmented and mixed reality, accelerated mobile pages and progressive web applications should be mentioned as the most promising. Promising areas for the development of innovation in digital marketing are the introduction of artificial intelligence; increased attention to the formation of user experience; the development of influencer marketing; the development of omnichannel marketing; work with niche communities and increased attention to the creation of useful content.

Radical innovation has been replaced by a constant transformation, which has led to the progressive active development of digital technologies in marketing, which enables companies to manage marketing activities, evaluate it at any point of interaction with the client, and increase the degree of customer satisfaction.

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