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Applied Digital Marketing Strategies in the FMCG sector

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Acknowledgement

I would like to dedicate this thesis first of all to myself as it consists a proof that I can still manage to accomplish my personal goals despite the difficulties that may rise which reminds me that every failure is only coming to make you stronger to move on better and higher.

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Abstract

The purpose of the current dissertation is to is to analyze how digital marketing strategy is integrated into the Fast-Moving Consumable Goods (FCGM) sector as well as explore applications that can boost ecommerce efficacy in the business. In today's fast-changing world, digitalization of commercial operations is becoming increasingly important for all types of businesses. During the covid-19 pandemic, this concept became critical for numerous enterprises attempting to remain profitable or viable. There is no wonder that we are living in a digitalized era and digital marketing strategy is, or should be, a big part of a corporate's strategy in which measurable goals are set and achieved through the use of valuable digital marketing tools. The innovative way of thinking, the customer-centric approach enables brands and enterprises to increase their digital presence and consumer base in their particular markets in order to fulfill marketing objectives. In this thesis, we did a systematic literature analysis to determine the importance of digital marketing strategy in a specific industry (FCGM), detect the digital marketing approach and finally suggest the tools that will optimize the market presence of the brands and their products and thus their profits.

Keywords: digital marketing, social media marketing, consumer-brand relationship, FCGM, SEO

Abbreviations:

3Ms: Men, Money, Minutes

CAGR: Compound Annual Growth Rate

CPG: Consumer Packaged Goods

CRM: Customer Relationship Management

CSR: Corporate Social Responsibility

FCGM: Fast Moving Consumable Goods

GDP: Gross Domestic Product

IOT: Internet of Things

KPIs: Key Performance Indicators

LAMEA: Latin America, Middle East & Africa

RACE: Reach Act Convert Engage

ROI: Return on investment

SAPMENA Zone: South Asia Pacific – Middle East – North Africa

SSA Zone: Sub-Saharan Africa

SEM: Search Engine Marketing

SEO: Search Engine Optimization

SMART: Smart, Measurable, Actionable, Reasonable, Timed

SMM: Social Media Marketing

SOSTAC: Situation analysis, Objectives, Strategy, Tactics, Actions and Control

SWOT: Strengths, Weaknesses, Opportunities, Threats

TOPPP SEED: Target markets, Objectives, Positioning, Process, Partnerships, Sequence or stages, Engagement, Experience, Data

USD: United Stated Dollars

USDA: United States Department of Agriculture

Chapter 1: Introduction & theoretical analysis

In this section there is going to be a theorical analysis of the main concepts of traditional marketing, digital marketing as well as strategic management and how these elements can contribute for a digital marketing strategy to built up. Thereafter is going to be explained via the literature research on various papers and studies why a digital marketing strategy is important for business growth and success in the retail commerce and how the digital marketing tools can enhance the process towards that direction.

1.1 Traditional & Digital marketing definition and meaning

As per Kotler & Keller "Marketing is the social process by which individuals and groups obtain what they need and want through creating and exchanging products and value with others." (Kotler, Keller, 2007). That consist a wide accepted definition of marketing. However, the purpose of this part is not to analyze the functions of the standard marketing mix, but to investigate the nature of traditional and digital marketing approaches.

The rise of the Internet age has led to the end of some traditional marketing strategies and the adoption of fresh approaches to product advertising and promotion. "Online research" has replaced "desk research." In this section are going to be analyzed the main philosophy of traditional and digital marketing as well as the core differences will be highlighted.

1.1.1   Traditional Marketing

Before the broad adoption of digital technologies, businesses and organizations used traditional methods and practices to market their goods and services. It includes a variety of offline platforms and channels to connect with and interact with a target audience. Traditional marketing frequently makes use of face-to-face communication, tangible products, and media venues. Print advertising in periodicals or newspapers, radio and television advertisements, billboards, direct mail programs, telemarketing, trade exhibitions, and public relations initiatives are a few typical examples of traditional marketing practices.

Traditional marketing strategies often involve a one-way information flow in which businesses convey their messages to a large audience without prompt feedback or interactive elements. These techniques frequently come at a high cost, take longer to produce and distribute, have a wider audience reach, but have limited targeting options. Traditional marketing relies significantly on the exposure and brand recognition that the campaigns create, making it difficult to quantify their efficacy precisely.

According to Bernard Schmitt Traditional marketing could be characterized by four basic factors elaborated as follows:

❖ Functional characteristics and superiority: Traditional marketing is focused on the superiority and functional qualities of the goods. Customers in any market search for certain qualities in the products that would benefit from the most. In traditional marketing, marketing professionals need to understand that consumer interest is not driven by the individual consumer but rather by the traits that each of them possesses. Lancaster expressed this viewpoint for the first time in 1966. He talks about a product's attributes; thus people react differently to the same thing because they value the positive attributes more. If we believe that consumers select products based on their features, then we must also differentiate products based on those same traits. Superiority is evident in a product's functional attributes. Superiority is a consumption attribute that a customer seeks out when making a purchase.

❖ Narrow determinate product categories and surrounding competitor limits: Traditional marketing presents a confined image to both the items and the competitors in the area. Traditional marketing distinguished between tangible products and services.

❖ Consumer as a rational thinker accepting decision: Marketing and economic experts view the consumer's decision-making process as reasonable because they just want to solve problems. J. Engel, R. Blackwell and P. Miniard (1999) separate seven consumer purchase process stages (Engel, Blackwell, Miniard, 1999):

1. Problem.
2. Search of information.
3. Estimation of versions.
4. Purchase.
5. Consumption.
6. Estimation of versions after purchase.
7. Release of the problem.

According to traditional marketing, the consumer is in charge of the situation and making a purchase makes sense. Consumers do this step when they wish to find a solution to an issue.

❖ Using analytical, quantitative and verbal methods: Traditional marketing is using analytical, quantitative and verbal methods. Instruments are being used too to the making research. According to the "Stimulus- Reaction" principle, all marketing strategies used in traditional marketing are consumer-focused (Van Vaterschoot, 2002). Because this frame of view is so constrained and is mechanical in other environments, it is the biggest marketing mix disadvantage. Other aspects like consumer individuality, emotions, feelings, and others are not estimated.

While conventional marketing strategies still have a place in some markets and industries, the growth of digital marketing and online platforms has resulted in a shift towards more specialized, data-driven, and interactive strategies. Businesses now frequently combine traditional and digital marketing tactics to develop integrated campaigns that take advantage of both approaches' advantages to reach a larger audience and accomplish specific marketing goals.

1.1.2 Digital Marketing

Companies first became aware of the advantages of having an online presence and the expanding market that the Internet was just after the 1990s, during the Internet boom. The forecast of a boom in internet purchasing led information technology experts and marketing specialists to marry their respective fields. While technology professionals developed new Internet information technologies and tools, marketing professionals were concerned about customers' behavior and their new marketing trends about technology use.

A customer is more likely to complete a purchase when the message is specifically focused toward him or her rather than being more generic in character, according to digital marketing experts and business leaders. Companies today recognize the value of data and are collecting it at a never-before-seen rate; they are continuously looking for client preferences, personal information, and other characteristics. They way they perform goes alongside to the level of their knowledge. Reaching the correct market and client is a company's primary objective, which may be achieved by learning details about their habits, income, age, preferences, hobbies, sex, occupation, and other factors. Due to its lower cost, the ongoing search for information has bred a ruthless competitive environment (Atshaya, 2016), which also draws new businesses to the market. (Dave Chaffey, PR Smith, 2017)

Digital marketing formerly referred to as e-marketing or Internet marketing is at the heart of digital business – getting closer to customers and understanding them better, adding value to products, widening distribution channels and boosting sales through running digital marketing campaigns using digital media channels such as search marketing, online advertising and affiliate marketing. It also includes using the web site to facilitate customer leads, sales and managing after-sales service. As with mainstream marketing, digital marketing is a way of thinking, a way of putting the customer at the heart of all online activities; e.g. getting different user groups to test your web site on different browsers in different settings on different connections.

As a result, this sort of marketing is less expensive and more targeted than traditional mass media marketing since it helps businesses to cut costs when contacting clients. It's not simply that many marketing and advertising tactics are significantly less expensive than traditional methods of advertising (Palmer, 2015). The traditional mass media has seen a significant decrease in demand. Because the Internet has become the most successful advertising medium, marketers have made every attempt to attract more consumers on the Internet.

When employing online marketing tactics, not everything is a gain; some companies do not know how to take advantage of internet marketing and its opportunity to advertise and promote the business at a lower cost. Furthermore, issues such as security, taxes, trading, and shipments are typically difficult to adopt or issue without increasing expenses. Companies who are unwilling to adapt their operations and react in order to expand their market share will fall behind competitors or simply disappear. Excessive usage of internet adverts can also cause client discomfort or generate the perception of a lack of seriousness from organizations, jeopardizing the entire customer experience, reputation, sale, and even profit.

Display advertising, search engine marketing, search engine optimization, social media marketing, email marketing, referral marketing, affiliate marketing, and content marketing are a few examples of the various forms of advertising used by marketers. A more thorough analysis of the digital marketing tools will be analyzed in a next section.

It is accurate to say that because to the wider selection of entertainment items, services, and pricing from various providers as well as the more practical ways to choose and buy, digital marketing has empowered customers.

1.1.3   Core Differences
There are two different ways to advertise goods or services: traditional marketing and digital marketing. The main variations between the two are as follows:

1. Medium of Communication: Traditional marketing mostly makes use of offline media like radio, TV, newspapers, magazines, billboards, direct mail, and live events. Online platforms like websites, search engines, social media, email, mobile apps, and different digital ad formats are used in digital marketing, on the other hand.

2. Reach and Targeting: Traditional marketing typically reaches a wider audience and may focus on a more varied group of people. A television advertisement, for instance, can reach a lot of viewers but may not be very well targeted. More specific targeting options are available with digital marketing. Advertising campaigns can be tailored and targeted by reaching particular demographics, interests, behaviors, and places.

3. Interactivity and Engagement: Higher degrees of audience interaction and engagement are possible with digital marketing. The content can be actively interacted with by users, who can also share it, give feedback, and even make instant purchases. Traditional marketing is frequently more passive and offers less opportunities for direct interaction or quick action.

4. Cost and ROI: Comparing digital marketing to traditional marketing is frequently a more cost-effective solution. Online advertising platforms frequently provide flexible budgeting options and real-time campaign measurement and optimization capabilities. Traditional marketing strategies might be more expensive, particularly for mediums with high viewership, like television or print. It might also be more difficult to determine the precise ROI for traditional marketing initiatives.

5. Speed and Flexibility: Real-time posting, prompt updates, and quick campaign deployment are all made possible by digital marketing. Changes can be done quickly, enabling marketers to adjust to shifting consumer preferences and market trends. Traditional marketing could need more time for manufacturing and delivery, which limits its ability to adjust to last-minute modifications or time-sensitive promotions.

6. Analytics and Data Insights: Digital marketing provides extensive data analytics and insights. Marketers can track and measure various metrics, including impressions, clicks, conversions, user behavior, and demographics. These insights enable marketers to make data-driven decisions, optimize campaigns, and refine targeting strategies. Traditional marketing generally lacks the same level of detailed data and analytics.

7. Global Reach: With the global reach that digital marketing provides, firms can reach and interact with audiences anywhere. Online platforms are not restricted by geography, and campaigns can be customized to particular locales or languages. The ability to reach a worldwide audience may be limited by the fact that traditional marketing strategies are frequently more regionalized.

Depending on the target demographic, sector, and marketing goals, both traditional and digital marketing strategies can be strong and productive. To increase their reach and efficacy, many organizations choose an integrated marketing strategy that combines components of both traditional and digital marketing.

1.2 Strategic Management definition and meaning

In this section, basic concepts of the strategic management will be examined, along with their significance in the business world.

1.2.1 Strategic management

The formulation of a strategy is a step of a great importance that needs to be taken for the good operation of a company. More specifically, setting up a company's strategy is the way for managers to exploit a company's core resources and competencies to generate a competitive advantage through a planned sequence of actions. The first tool for a manager to use in order to set up a strategy is a company's SWOT analysis. Starting by detecting the Strengths and Weaknesses of the company then a manager should further examine and analyze the Opportunities and Threats that takes place in the sector where the company operates. Once the SWOT analysis is being made, the manager can better decide which should be the next steps to be taken (M. Bala, D. Verma, 2018). Additionally and according to the 15th edition of "Strategic Management and Business Policy", Strategic management could be defined as a set of managerial decisions and actions that help determine the long-term performance of an organization. It includes environmental scanning (both external and internal), strategy formulation (strategic or long-range planning), strategy implementation, and evaluation and control. Originally called business policy, strategic management has advanced substantially with the concentrated efforts of researchers and practitioners. Today, we recognize both a science and an art to the application of strategic management techniques. (Wheelen, Hunger, Hoffman, & Bamford, 2018)

Strategy is a planned set of actions that managers use to make the best use of the company's core resources and competencies to gain a competitive advantage. When developing a strategy, managers start by examining the specific strengths and weaknesses of the company.

1.2.2 Competitive Advantage

Competitive advantage is a set of factors that differentiates a company from its competitors and gives it a unique position in the market so that it is superior to its competitors (Zimmerer & Scarbourourough, 2008). The essence of strategic management is to achieve and maintain a competitive advantage over competitors. A company is considered profitable in achieving a competitive advantage if the company can earn a profit above the industry average profit (Walker & Madsen, 2016). Competitive advantage is also defined as the advantage that occurs when a business unit acquires or develops an attribute or combination of attributes that makes it able to surpass its competitors (Nashiruddin, 2019). On the other hand, the competitive advantage according to Kim &Mauborgne (2005) states that there are two oceans in a competitive market, namely the Red Ocean and the Blue Ocean. The Red Sea is a market in which the boundaries of industrial space and the rules of competition are known. Whereas blue oceans are the creation of market space without competitors, therefore competition in these oceans is irrelevant because of the rules that shape the game. The main objective of this

strategy is to achieve a sustainable competitive advantage, which in turn will result in superior profit and profit growth.

1.2.3 Distinctive Competitive Advantage

Distinctive competencies are resources and/or core competencies that are better than those of the competition. When a company's competencies are superior to those of its rivals, it can stand out from the competition in its markets. In order for a company to own a distinctive competence against the competitors, this particular competence must answer positively to the following 4 questions also known as VRIO framework (Wheelen, Hunger, Hoffman, & Bamford, 2018):

1. Valuable: Does it provide customer value and competitive advantage?
2. Rareness: Does only one other competitor or preferably do no competitors possess it at relatively the same level?
3. Imitability: Is it difficult to imitate?
4. Organization: Is the firm organized to exploit the resource?

1.2.4 Benefits of Strategic Management

The major focus of a businesses strategic management is its long-term performance. While many businesses are capable of managing short periods of high performance, very few are able to maintain it for an extended period of time. Companies need to be able to perform current operations to satisfy an existing market, but they also need to be able to adapt those actions to serve new and evolving markets if they are to succeed in the long run.

According to research, (Wheelen, Hunger, Hoffman, & Bamford, 2018), strategic management helps firms function better than those that don't. An organization performs better when its strategy, structure, and processes are properly matched to, or "fit," with, the environment in which it operates. As the environment gets more unstable, strategic planning becomes more and more crucial.

According to a survey conducted on more than 50 firms from various nations and industries, the three most highly ranked benefits of strategic management are:

- A clearer sense of strategic vision for the firm.
- A sharper focus on what is strategically important.
- An improved understanding of a rapidly changing environment.

Strategic management, on the other hand, does not always have to be a formal process in order to be effective (Wheelen, Hunger, Hoffman, & Bamford, 2018). It could start with a few simple questions:

- Where is the organization now? (Not where do we hope it is!)
- If no significant changes are made, where will the organization be in one year? Two years? Five years? Ten years? Are the answers acceptable?
- If the answers are not acceptable, what specific actions should management undertake? What are the risks and payoffs involved?

Mission and vision statements, change management programs, and balanced scorecards were also highly ranked strategic management tools. According to studies of small and medium-sized enterprises, the greater the level of planning intensity, as defined by the presence of a formal strategic plan, the higher the level of financial performance, particularly when measured in terms of sales increases.

1.3 Digital marketing strategy – Why is it important?

Further to the theoretical analysis of the basic concept of digital marketing and strategic management, in this section we will discuss the concept of digital marketing strategy and the reasons why it is important for a company to have an established digital marketing strategy and what are the benefits for the operation of the company.

1.3.1 Digital Marketing strategy concept definition

A digital marketing strategy is a complete plan and approach that defines how a company or an organization will use digital channels, platforms, and technology to fulfill its marketing goals and objectives. It entails utilizing a variety of online tools and tactics to advertise products or services, engage target audiences, raise brand awareness, and drive targeted actions or conversions.

A digital marketing strategy typically includes the following main components:

1. Goals and Objectives: Goals and measurable objectives that are clearly defined and connect with broader marketing and commercial objectives, such as increasing website traffic, improving conversion rates, or expanding brand visibility.
2. Target Audience: Identifying and comprehending the strategy's exact target audience or client segments, including their demographics, preferences, behaviors, and needs.
3. Market Research and Analysis: Conducting extensive research and analysis of the target market, competitors, industry trends, and customer insights in order to inform decision-making and maximize marketing activities.
4. Channel Selection: Identifying the most effective digital channels and platforms for reaching the target audience, which may include websites, search engines, social media platforms, email marketing, content marketing, mobile apps, and other options.

5. Content Strategy: Developing a plan for creating and distributing relevant, valuable, and engaging content across various digital channels to attract, inform, and engage the target audience. This includes content types, formats, messaging, and editorial calendars.

6. Search Engine Optimization (SEO): Incorporating strategies to optimize website content and structure, keyword research, and other techniques to boost organic search engine rankings and visibility.

7. Paid Advertising: Paid digital advertising campaigns, such as pay-per-click (PPC) advertising, display ads, social media ads, or influencer partnerships, are planned and executed to increase reach, attract targeted visitors, and produce leads or conversions.

8. Social Media Marketing: Creating a social media presence and using platforms to engage with the target audience, establish brand loyalty, and market products or services via organic content, sponsored advertisements, influencer collaborations, or community management.

9. Measurement and Analytics: Creating metrics, monitoring tools, and analytics platforms to track and assess the performance of digital marketing activities, quantify campaign effectiveness, and make data-driven decisions for ongoing optimization.

10. Budget and Resource Allocation: Allocating financial resources, people resources, and technological infrastructure to effectively implement the digital marketing plan.

Digital marketing strategies are adaptable and dynamic, necessitating ongoing examination, adjustment, and optimization in response to shifting market dynamics, customer behavior, developing trends, and new technology.

1.3.2 Digital marketing strategy process

In this section there are going to be analyzed the stages that a company should go through in order to develop a digital marketing strategy. In order to better explain the usefulness and application of each of the stages we are going to use the SOSTAC model. SOSTAC is standing for Situation analysis, Objectives, Strategy, Tactics, Actions and Control and constitutes a simple, logical, process for writing a plan. This planning system has been applied by numerous professionals to produce all kinds of plans (marketing plans, corporate plans, advertising plans and digital marketing plans). (PRSmith, 2020).

Situation Analysis - where are we now? Analysis of a company's internal environment via SWOT analysis and external environment via PEST & Porter's 5 forces.

Objectives - where are we going? What are the targets that are set.

Strategy - how do we get there?

Tactics - details of strategy. What is the marketing/communication/social media mix to be applied?

Action - who does what? What are the processes to be followed and who is going to do them.

Control – measurement, metrics and evaluation to configure that the target is doable or fulfilled.

The SOSTAC model combined with the 3Ms (Men – Money – Minutes) could give the potential of a perfect marketing plan. The 3Ms include the three main resources that can determine if the marketing plan is realistic. M for men is actually men and women that constitutes the human resources, M for money refers to the budget required for the plan and minutes are about the time frame limitations of the plan and if time is sufficient for its completion.

Figure 1.1 SOSTAC model, source: PRSmith.org

➢ Stage 1: Situation analysis

A situation analysis must contain a thorough analysis of (Dave Chaffey & PR Smith, 2017):

- Competencies (including competitive advantage)
- Performance/Results (KPIs and strengths and weaknesses – SWOT analysis)
- Market trends (Political, Economic, Social and Technology (PEST) factors identify opportunities and threats)
- Customers
- Competitors
- Partners (and intermediaries)

First of all, in order for a company to determine its long-term strategy, it has to identify its strengths and weaknesses as well as to analyze the external environment and realize what opportunities and threats could be risen from the same (Zouni, 2021). It is therefore very important for a company to perform a thorough SWOT analysis. The first step to be taken is the analysis of the internal environment, which consist the first 2 elements of the SWOT analysis (Strengths – Weaknesses) in order to determine which are the company's/product's core and competitive competences and which are the vulnerability points and how this package can perform best to the external environments' opportunities and threats which consist the seconds 2 elements of the SWOT analysis (Opportunities and Threats). By examining both the external and internal environments, you gain a comprehensive understanding of your company's position in the market and can develop a well-informed marketing strategy.

Therefore, the situation analysis could be divided into two sections. The internal environment analysis which shall include the Competencies and Performance of the company and the external environment analysis which shall include respective review of market's trends, the customers, competitors and partners.

Internal environment analysis:

An accurate and comprehensive SWOT analysis is a very important tool for a company's digital marketing strategy set up as is the way to elaborate the internal environment of a company, realize what are the elements that are done successfully and which have room for improvement and following the analysis of the external environment, a management team can better determine a company's strategy and tactics. Marketing-wise here are some examples of elements to be included in a SWOT analysis:

Strengths	Weaknesses
• strong company brand, • well established brand's reputation • good existing digital presence of the company (eg. Good website, proper SEO, social media presence etc) • good customer reviews (in google, in the website etc) • good connection of on-line and off-line means • high degree of customers loyalty	• weak online company brand, • poor quality of the digital precence (poor SEO, website performance, good existing digital presence of the company (eg. Good website, proper SEO, social media presence etc) • modest or bad reviews from customers • poor connection of on-line and off-line means (eg. Random campaigns not in line with the company's strategy
S	**W**
O	**T**
Opportunities	Threats
• opportunities for expanding in new markets, • opportunities for creating new products or services • cross-selling potentials (selling more and usually different kind of products and/or services) • co-branding (form of cooperation of two brands that can be combined) • increase website traffic • improve online customer service	• change of customers tastes (e,g due to financial crisis, trend etc) • new competitors with stronger digital presence, influencers utilization etc • new innovating competitive products or services in the market. • new innovating campaigns • new trending technologies

External environment analysis:

Market trends

A sufficient evaluation of the market trends should include the basic elements of the industry such us Political, Economic, Social, Technology, Ecological, and Legal. The PEST-EL analysis is the appropriate tool to study these factors.

PEST-EL stands for Political, Economic, Social, Technology, Ecological and Legal analysis of the market that a company is active at. Below are outline some basic elements that a PEST-EL analysis should incorporate (Wheelen, Hunger, Hoffman, & Bamford, 2018):

Political/Legal: Antitrust regulations, Environmental protection, laws, Global warming, legislation, Immigration laws, Tax laws, Special incentives, Foreign trade regulations, Attitudes toward foreign companies, Laws on hiring and promotion, Stability of government, Outsourcing regulation, Foreign "sweatshops"

Economic: GDP trends, interest rates, money supply, inflation rates, unemployment levels, wage/price controls, devaluation/revaluation, energy alternatives, energy availability and cost, disposable and discretionary income, currency markets, global financial system

Sociocultural: lifestyle changes, career expectations, consumer activism, rate of family formation, growth rate of population, age distribution of population, regional shifts in population, life expectancies, birthrates, pension plans, health care, level of education, living wage, unionization

Technological: total government spending for R&D, total industry spending for R&D, focus of technological efforts, patent protection, new products, new developments in technology transfer from lab to marketplace, productivity improvements through automation, internet availability, telecommunication infrastructure, computer hacking activity

Ecological: environmental protection laws, global warming impacts, non-governmental organizations, pollution impacts, reuse, triple bottom, line, recycling

"E" could also stand for "Ethical" factors or constitute an additional parameter that lately is affecting a lot company's decisions and customers' preferences. Some examples of those factors could be a customers' preference to cosmetics that uses vegan formulas or have a "cruelty-free" policy or they may avoid purchasing goods from companies known for having employees working in situations that are in violation of human rights. Neverthelss, some of these factors could be absorbed from the other categories. For instance the customer preferences in favor of "cruelty-free" products could be under "environmental" category and brands operating under inappropriate working conditions under legal category.

The PEST analysis can identify a markets' opportunities and threats for a company and can vary from market to market therefore a corresponding analysis on the under-study market is going to take place on the next chapter.

The scanning of the external environment apart from the PEST-EL analysis should also include the customer and competitors' analysis.

Customers' analysis

A thorough awareness of the customer's characteristics are vital for building up a digital strategy. To achieve the best possible knowledge of the same, these 3 questions have to be answered in depth: who? why? how?

Who?

- Who is your ideal customer? Who is your worst customer? Define their profiles.
- Who are your visitors and what stage of the buying process are they at?
- Who are your followers?
- Who are your influential customers, visitors and followers?
- Who else is talking about your type of product (and what are they saying)?
- Who is attending a particular conference or event (and what are they saying)?

Why?

- What are your customers' needs? What do they really want? Why do they buy?
- What do your customers like (or dislike) about your product/service?
- What are your customers' future needs?
- What are your visitors' needs and what are they interested in?
- Why do your visitors return to some sites and not to others?
- Why do your visitors not convert?
- What marketing content do your visitors specifically like?
- What marketing content do your influencers like?
- What part of your content (e.g. a webinar) does your audience like?

How?

- How do customers buy (what is their online journey)?
- How long and how many channels do your visitors use?
- What stage are your visitors at in the buying process?
- How many pages are ideal during a visit?
- When is the best time to post content and engage?
- How do your customers process information?
- How do customers prefer to view initial information?

- How do customers perceive your website?
- How do some videos work better than others?
- How do some words work better than others?
- What percentage of your visitors view your site on a mobile?
- How do customers see things differently on their mobile?

The better these questions are answered, the better knowledge of the customers is achieved.

Competitors – Partners

The tool to be used in order to approach and examine the competition in an industry is Michael Porter's 5 forces as shown in the below graph.

Figure 1.2 Michael Porter's 5 forces, source: mindtools.com

Although the Michael Porter's model suggests 5 forces, nevertheless, when building up a strategy and carefully scanning its industry, a corporation must assess the importance to its success of each of six forces: threat of new entrants, rivalry among existing firms, threat of substitute products or services, bargaining power of buyers, bargaining power of suppliers, and relative power of other stakeholders/partners. Despite the fact that Porter only lists five

forces, a sixth—other stakeholders—is included here to acknowledge the influence that governmental bodies, local communities, and other organizations from the task environment have over business operations.

> ➢ Stage 2: Objectives – Where do we want to go?

In this stage the following should be answered:

- Which is the company's mission?
- Which are the corporate's targets?
- Which are the Marketing & communication goals?

After having answered to these questions, then the proper design of the Digital Communication could get started.

Some indicative objectives of the digital communication are the following:

- Increase of the website's visitors
- Increase of the website's customers (leads)
- Increase of sales
- Increase of engagement
- Increase of the benefit (return) of the investment on the internet marketing (ROI)

One tool that could be efficient in order to determine if the set objectives are doable is the SMART test as described below:

- Specific: had to be described by numbers and data
- Measurable: to supervise the progress and verify the achievement
- Actionable: the ability of the team to reach the objective
- Reasonable: the goals need to be realistic
- Timed: specific timeframe for the goal accomplishment

Below are the five most common objectives of digital marketing are the 5S'- Sell, Serve, Speak, Save and Sizzle and could be analyzed as follows:

1. Sales. Increase of sales (through wider distribution, promotion and sales) as well as attracting and maintaining customers.
2. Serve. Add value (give customers bonus benefits online targeting to best possible customer satisfaction).
3. Speak. Get closer to customers (by keeping track of them, getting to know them, and asking them questions contributes to increased engagement).

4. Save. Reduce costs associated with administration, print, post, and sales transactions in order to boost transaction profits.
5. Sizzle. Extend the brand online. Brand values should be validated in a brand-new media that enhances website stickiness and visit duration.

Another set of objectives is each stage of the lifecycle of the marketing funnel known as RACE: Reach – Act – Convert - Engage

Depending on the company's maturity, establishment or whether there is a new product or service each stage of this cycle could constitute a digital objective of a company at a specific time for a specific product or service. More specifically:

1. Reach: Is the approach or brand awareness. The brand awareness is the capability of a customer to recognize the brand under difference circumstances with the ultimate goal to raise websites and microsites' visits or social network web pages
2. Act: Is short for "interact". The target of "acting" is to persuade the customer to take the next step. That would be for them to want to find out something more about the company or its products, to ask or search for a product or read a blog post
3. Convert: Website-wise, "convert" is achieved when the customer proceeds with the expected action. Supposedly if the expected action is the purchase of a product from an e-shop, then convert is achieved when the customer puts the product into the "basket" and proceed with payment.
4. Engage: This is the long-term commitment, the building of relationships with customers over time by means of multiple interactions using different touch points, such as your website, social presence, e-mail and direct interactions. Repeatable acts like repeat sales and social media content sharing can be used to measure it.

The RACE model is also illustrated in the below picture.

THE RACE MODEL

Enter your sub headline here

R
Reach

Approach Customers
Targeted the right customers at the right time, at the right place

A
Act

Take Actions
Try different things and study what works best

C
Convert

Obtain Profit
Monetize, diversifying your income sources

E
Engage

Build Customer Loyalty
Establish and track a relationship with customers

Figure 1.3 Race model, source: Sketchbubble.com

Here are some examples of objectives:

1. Sales increase: Increase sales by 10% from new customers by Dec 2023
2. Improve conversion rate: Improve organic traffic conversion rate by 25% by November 2023
3. Percentage of return visitors: 15% of visitors should be returners by the end of the year
4. Organic traffic volumes: Receive 20,000 visitors per month from Google natural results by year end
5. Reduce bounce rate: Reduce bounce rate below 40% for all traffic sources by Dec 2022

➢ Stage 3: Strategy – How do we get there?

The strategy actually summarizes the way that the objectives will be fulfilled. The aims are summed up in the strategy. Although it is the smallest section of the plan, it is probably the most crucial because it directs all the succeeding approaches. How will the sales be made? What trends are we addressing? Which positioning will be chosen? Which segments of the market will each proposition target? What communication tactics will be employed to assist customer enrolment, conversion, and retention? Which media mix will be utilized for new customer acquisition, and which contact technique will be utilized for customer retention and 'share of wallet' growth?

Although the strategy may consist the shortest part of the plan, it can also be the weakest one too as it is the most difficult to plan. Unlike the tactics which can easily alter during the

strategy implementation, the strategy is difficult to change as it is the one that gives direction so that all the subsequent details or Tactics can move in the same direction. his increases your impact in the market. (PRSmith, 2020). **TOPPP SEED** covers some key components which could be considered, maybe not all of them and not necessarily using the same order, so that a clear digital marketing strategy could be built up.

Target markets: this is an essential factor that needs to be defined very clearly. Time and effort spent thoroughly evaluating and determining who the best target market/s are is time well spent.

Objectives: It's always important double-checking that your plan achieves the 'big' goals (Mission and Vision), as well as the standard sales, market share, and ROI KPIs. Unexpectedly, strategy without some reference to objectives is unlikely to achieve those aims that's why some first want to see the major objectives mentioned while presenting their strategy.

Positioning: this is also very essential that you don't want to change it every year. Positioning refers to how you wish to be regarded (or positioned) in the eyes of your target audience.

Process: If you are introducing a new approach, a new process, a system or even new way of thinking, e.g., marketing automation, chat bots, AI etc., this can be strategic.

Partnerships: strategic partnership could be managing through strategic partnership/marketing marriages/marketing alliances

Sequence or stages: Develop credibility before raising visibility. There may also be other processes such as raising awareness, then developing brand preference before seeking sales, or other stages in a campaign such as obtaining endorsers, establishing relationships and advocates, and finally campaign deployment.

Engagement: the levels of engagement you wish your customers to have. There are various levels of visitor involvement, from cultivating advocates to cooperating and co-creating concepts and goods to encouraging visitors and consumers to leave ratings and reviews.

Experience: it has to be examined that the selected strategy supports the best possible customer experience.

Data: it has to be determined if and how data is important for your strategy and also if it's a part of the same.

> Stage 4: Tactics – How do we implement the strategy?

Tactics are basically the details of the strategy, i.e. the marketing mix, communications mix and channel mix are the tactical tools. While strategies are more long-term and enduring, tactics are typically more immediate and flexible. However, developing tactics must wait until the strategy has been decided upon and adopted. It is tempting to act in the opposite way: to have a great concept for a new marketing campaign or service offering and implement it straight away without considering the strategic implications. All the tactical e-tools to be used in a plan, in the sequence or stages are guided by the strategy. Strategy does not determine tactics. The route is not planned until the destination is chosen.

Jerome McCarthy first developed the marketing mix in the 1960s, and it is still a crucial tool for marketers to use when making strategic choices. Product, pricing, place, and promotion are its 4Ps. However, three more components, referred to as the 3SVCs (People, Processes, and Physical Evidence), have been added to the mix as a result of the growth of online services and the dynamic nature of products.

Product:

Products now include layered services, internet services, and even services that are sold as products, in addition to tangible commodities. Events and people can both be considered products. Customers always look for value, taking into account how well a good or service meets their wants, regardless of the form.

Price:

Options for pricing reflect the worth of the product while also reflecting how the provider wants to be seen by consumers. There are numerous pricing strategies, such as cost-based pricing, quality-based pricing, value pricing, economy pricing, and cost-based pricing. Different pricing strategies take into account various goals, such increasing market share or portraying superior quality.

Place (Distribution):

Even if online channels have become more popular, offline channels are still important in many areas. Intensive distribution, selective distribution, and exclusive distribution are all available distribution methods. Each channel type typically has both an online and offline presence, allowing for greater reach and responsiveness.

Promotion (Communication):

Important tactical decisions include selecting communication channels and setting communication frequency. It can be debatable if promotional expenditures provide a positive

return on investment. Advertising, public relations, sponsorship, sales force/agents/telemarketing, exhibitions/events/conferences, direct mail, retail store/office HQ, word of mouth, sales promotion, and merchandising/packaging are the ten tactical promotional tactics available. Each tool has a specific goal, such as increasing credibility, producing sales, or raising awareness.

The Extended Marketing Mix:

People, Processes, and Physical Evidence are components of the extended marketing mix that were initially intended for services but are now utilized to enhance both products and services. When referring to staff, people emphasize soft skills and customer contact while emphasizing the company image and quality. Systems, protocols, and practices are examples of processes that effectively supply the product or service. Physical Evidence includes observable components that affect the entire brand image and consumer experience, such as the setting, atmosphere, design, and branding.

In today's digital age, marketing automation, AI-driven chatbots, and the Internet of Things have further influenced the marketing mix, enabling personalized experiences, fast online responses, and expanding points of purchase.

The marketing mix and its extended components provide marketers with a comprehensive framework to strategically manage product development, pricing decisions, distribution channels, promotional activities, and customer experiences. By leveraging these elements effectively, companies can create a compelling value proposition and achieve their marketing objectives.

> Stage 5: Actions – Who? What? When?

Action is the detailed implementation of a strategy. How will the plan be communicated to the team? Who will do this? When and where (or on what platform)? How will you motivate/inspire your team? According to Bossiddy and Charan (2004), this is perhaps the weakest step in the planning process for the majority of businesses. Internal marketing is necessary (with training to assure effective implementation, motivation, and communication). This is frequently the weakest link, where managers neglect to devote time and resources to instructing and inspiring their own team to carry out the actions with passion and pride.

Internal Marketing comprises:

- Motivation
- Communication

- Training

Staff recruitment who truly desire to perform at a high level and who align with your company's brand values is also essential.

According to Larry Bossidy and Ram Charan's "Execution: The discipline of getting things done" the superior execution of strategies and tactics can create a competitive edge. Furthermore, incorporating a sense of purpose into a company's mission statement can foster a positive work environment and attract customers who value brands with moral values and a meaningful purpose. The concept of "Firms of Endearment" is introduced, showcasing how companies that prioritize passion and purpose outperform their competitors significantly, as evidenced by the 10-year growth comparison between S&P 500 and Firms of Endearment.

➢ Stage 6: Control: Process and procedures evaluation.

Control specifies what metrics you must use, when to use them, and what should happen when a blip is detected. The plan's control section makes sure you are aware of your progress—or lack thereof—before it is too late. The major web metrics like as visitors, durations, enquiries, subscriptions, sales, conversion rates, churn rates, loyalty levels, and more are here measured and regularly monitored by analytics systems. A strategy must include control, including who will report on certain control criteria (such as usability testing, online statistics analysis, and recognizing external trends) and how often. The areas of control are illustrated as follows:

Sales Forecast: companies can use either a "bottom-up" approach where each salesperson estimates their sales, or a "top-down" approach where management estimates total sales and allocates targets. The forecast is broken down by various parameters such as product type, customer type, or region.

Budget: To carry out your marketing objectives, strategy, and techniques, you require a marketing budget. The process of calculating a marketing budget can be done in a variety of ways.

Objective and task (or ideal approach): determining the broad goals, then dividing them into more detailed tasks, and determining the budget appropriately.

Modelling: Various econometric and simulation tools are used to examine the potential effects of different budget levels on performance (i.e. sales). Unilever's AMTES area market-testing model is a good example.

Profit optimization: seeks to identify the level of marketing expenditure that will provide the greatest amount of profit. It is built on making sure that each marketing communications action generates more marginal income than it costs to do so.

Percentage of sales: is a basic, speedy method of determining a budget. The percentage ranges from 0.5 to 2*% in B2B markets and from 5 to 20*% in B2C markets. *Budgets for new product launches must be too large.

Competitive Parity: studies the marketing communications budgets of rivals. In essence, it says that if a business wants to compete with a rival, it should spend equally as much.

Affordability: The opposite of the objective and task method is affordability, which is typically driven by accountants who create business plans, calculate profitability, and then allocate some budget to marketing based on what is affordable - based on what is affordable after accounting for all costs and taking a certain amount of profit from sales.

Payback period: is the amount of time needed for an integrated campaign to recover its marketing communications budget's costs.

Arbitration requires a senior employee to mediate between conflicting opinions held by the marketing team and the rest of the company.

In practice, many managers combine a number of these strategies. The "task approach," in which you first determine your precise requirements before establishing explicit objectives, is the best strategy.

Cost per order: calculating cost per order and cost per new/retained customer is essential.

Contingency Planning: this is mainly referred to 'what if' scenarios that corporates create and use in order to be prepared to unforeseen changes in the external environment of their business or even the reaction of the competitor to new product or campaign.

Embrace Change: this is a process of learning through the evaluation of what went well and what didn't. These finding should be shared among the involved parties on a regular basis. 'Learings' are reported alongside financial data by companies like P&G.

1.3.3 The benefits for establishing a digital marketing strategy

Developing a digital marketing plan has various advantages for a business. Some of the most significant benefits are outlined herewith below:

1. Increased Reach: Companies can reach a huge audience globally thanks to digital marketing. Businesses can communicate with potential clients globally through online channels including websites, social media, search engines, and email marketing, extending their reach and brand visibility.

2. Targeted Marketing: Businesses can target particular demographics, interests, and behaviors of their ideal clients through digital marketing. Businesses may send pertinent information to their target audience and boost conversion rates by using data-driven strategies like audience segmentation and tailored advertising.

3. Cost-Effectiveness: Digital marketing may be lower in cost than conventional marketing strategies. Online advertising systems provide a range of price options, enabling companies to set budgets based on their needs. Additionally, digital marketing offers improved statistics and tracking, allowing businesses to effectively manage resources and optimize their efforts.

4. Measurable Results: Analytics and precise data from digital marketing are used to assess the success of marketing initiatives. Key performance indicators (KPIs) like website traffic, conversions, engagement rates, and return on investment (ROI) can all be monitored by businesses. Making data-driven decisions for upcoming ads and analyzing consumer behavior are all made possible by this data.

5. Improved Customer Engagement: Direct and real-time communication with customers is made easier by digital marketing. Companies can interact with their audience, respond to questions, provide recommendations that are unique to each customer, and develop connections using social media platforms, email newsletters, and live chat assistance. Increased customer happiness, loyalty, and advocacy are results of improved customer involvement.

6. Enhanced Brand Awareness and Reputation: A successful digital marketing strategy aids companies in creating and sustaining an online brand presence. Both brand awareness and reputation are influenced by consistent messaging, interesting content, and satisfying customer experiences. Companies can reshape consumer image of their brands and position themselves as market leaders through the use of social media, online reviews, and content marketing.

7. Competitive Edge: In the modern digital environment, maintaining a strong online presence is essential for being competitive. A company can obtain a competitive edge by setting itself apart from rivals, properly targeting its audience, and implementing a solid digital marketing strategy. Businesses may more quickly adjust to shifting consumer habits and industry trends by utilizing digital platforms.

8. Flexibility and Scalability: Digital marketing also provides flexibility with regards to campaign duration, budget allocation, and targeting options. In order to improve

results, businesses can test and optimize their tactics in real-time. Additionally, digital marketing enables companies to scale their initiatives in accordance with their growth and expansion plans, reaching a larger audience while yet keeping expenditures under control.

Companies can take advantage of these advantages by utilizing the power of digital marketing in order to foster growth, boost sales, forge relationships with clients, and compete in today's cutthroat business environment.

1.4 Digital marketing tools analysis

The purpose of the digital marketing tools is to use digital technology on the Internet to accomplish the company's marketing objectives. The majority of digital marketing tools are affordable and generally simple to use, and their use varies significantly depending on the size of the organization.

Businesses and marketers consider technologies like email, websites, and social networking sites like Facebook, Instragram, Twitter, LinkedIn and Tic tock when beginning a digital marketing strategy. But others, including Content Management Systems and Search Engine Marketing (SEM), assist SMEs in quickly achieving their objectives.

1.2.1 Search Engine Optimization

Search Engine optimization consists a technical process which aims to increase the best possible presence of a company related to respective users' Google search. Program optimization does not have a short-term effect; the influence of its effects can only be realized after an extended period of use. Program optimization can take up to six months to complete the work at hand. However, the quantity may vary time-wise depending on the strategies, procedures, and efforts used within the engine optimizer. It is a fact that the completion of the whole optimization process could last a long time, nevertheless, the benefits derived from the optimization mechanism can me major and truly effective for the presence of a company in ecommerce. Google may perform program optimization compartmentalization and web site maps; before an organization site is included in the Google index, Google should examine and certify the net website's eligibility. Google is prepared to crawl and rank the positioning in search results because of the compartmentalization of the positioning.

The search results are an inventory created by Google, and inside that inventory are the websites of businesses found by potential e-customers international organization agency would need to assess the merchandise and services offered by the firms. (Ari Warokka, Herman Sjahruddin, Sriyanto Sriyanto, Endang Noerhartati and Kundharu Saddhono, (2020). There are different aspects related to the SEO such us labels, key-words, codes and

descriptions and all these combined supports the case and standing of the company that is indexed on Google. The contents of a program optimization improve an organization's ranking by increasing the speed of compartmentalization. Google can only include websites that are traceable, thus it's up to a company to ensure that it submits a website to Google Webmaster account that fits this requirement.

The company only needs to submit a manual site map to Google Webmaster Central that includes all of the necessary information.

It would be undoubtedly very beneficial for a company to use an optimization program that could list its website in Google. This particular tool could enable a company to provide precise material that will entice potential customers to purchase its products. The use of keyword words could also help make the text more appealing.

SEO includes sites that are more direct and simpler to navigate through. The straightforward nature of the sites contributes in attracting a large number of e-costumers, because it is simple for them to find what they are looking for on these websites. Program optimization is one of the most effective strategies that a business may employ to outperform rivals that sell comparable goods online.

Nevertheless, there is another aspect of the Google's ranking process that makes experts quite skeptical about the actual usefulness of the tool. Google's algorithms are updated on a regular basis to ensure that only relevant results are displayed. Therefore, many experts believe that SEO is not that efficient and that the effort is pointless. However, Google attempts to prevent algorithm manipulation by filtering sites that do not deserve to be at the top of SERPs (Search Engine Result Pages) (M. Bala, D. Verma, 2018). So, the assumption here is that SEO is a undoubtfully a tool that a business should engage in. A business's website should address the technical aspects of content and query matching, spidering, indexing, and non-text content interpretation. Last but not least, it is the most cost-effective marketing method for driving organic traffic to a website.

1.2.2 Business to business digital marketing process

Although face-to-face meetings are typically the last stage in business to business transactions using the traditional approach, in nowadays this is only one of many shopper actions and behaviors that occur before and after the sale. In this approach the actual objective is to influence your prospective customer's personnel to make an acquisition decision while they interact with your company on numerous various communication touch points. A typical business-to-business customer purchasing path, also known as your buyer's journey, may advance from being unaware of a problem all because they become a representative for your

business. To achieve the highest sales potential, this simply involves selling already-existing products while also utilizing promotion strategies.

Such a nurse orientation may suit the internal condition of affairs in which a corporation keeps dead stock or otherwise offers a product that is in great demand, with minimal chance of changes in customer tastes reducing demand. Selling tactics was the profit generator. The idea of mercantilism didn't start until gift day. The mercantilism orientation has been used most frequently up to this point in mercantilism.
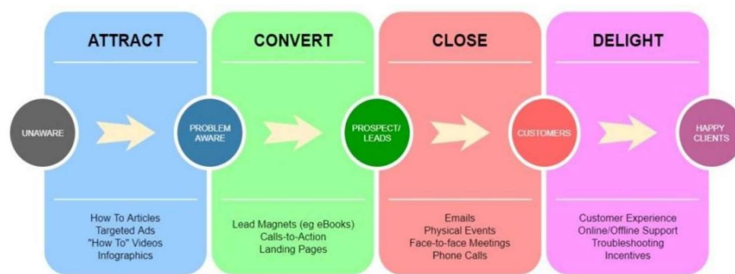

Figure 1.4 Business to digital marketing process

This graph visualizes the b2b marketing process. It mainly highlights that in order for corporate mercantilism efforts to be successful, the demands of the customer must be placed at their core. Only by effectively meeting customer needs can business survival, growth, and profit objectives be achieved. Its validity has been confirmed in numerous business activities. It incorporates product activity to accommodate fresh shopper tastes. As it is well known, a company's division will build a product that is responsive to the information supplied, using advertising strategies to make buyers aware that the product is available. This mercantilism concept backed up the accurate notion of consumer autonomy and choice.

1.2.3 Online Marketing tools

In this section there will be a shot presentation of main on-line marketing terms, their functions and meaning in the setting of a marketing strategy process.

1.2.3.1 E-commerce

Consists a very valuable means of the digital promotion. The internet promotion in a form of e-commerce had been expanded in a great variety of businesses. The capacity to provide ongoing access and support to clients is perhaps the most significant function offered by an organization's electronic form in the context of e-commerce. E-banking is a great example as it is now offered by all banks.

B2C (business to customer) refers to selling items to clients via the internet, whereas B2B (business to business) refers to trading products with businesses. Lead-based websites are individual websites that typically sell to consumers or businesses. Corporate promotion is another sort of e-commerce. This form of promotion is typically carried out as a contract between an internet freelancer and a corporation. Throughout this transaction, the corporation obtains a commission from the development of sales, trends, traffic growth, and/or clicks within the commercial component of the website's online environment.

1.2.3.2 On-line promoting

Online promotion is an instrument for developing and maintaining consumer relationships through electronic activities that promote the interchange of ideas, commerce, and services, with the ultimate goal of satisfying both businesses and buyers.

Internet marketing is also a part of electronic promotion. The 7 stages of internet marketing are analyzed below. (Elinsys, 2010)

Stage 1: Defining corporate and business unit strategy.

The interaction between the various business units inside the organization is covered by corporate strategy, which also includes decisions about which units should be kept, extended or spun off/sold. The focus of a business unit's strategy is on how that unit approaches the market segment where it is interested in establishing a competitive advantage.

Stage 2: Framing the market opportunity

This stage includes the analysis of market possibilities and the initial version of the business's concept which also requires gathering enough online and offline data to set the burden of evidence for opportunity assessment.

Stage 3: Formulating the Marketing Strategy

The Internet marketing strategy is based on the firm's corporate, business-unit, and overall marketing strategies. Marketing strategy goals, resources, and action sequencing must be carefully matched with business-unit strategy. Finally, both offline and online marketing actions are part of the entire marketing plan.

Stage 4: Designing the Customer Experience

In order to respond to a market opportunity, the organization should have a deep understanding of the type of customer experience that must be accomplished. The experience must be applicable to the company's positioning and marketing strategy. Thus, customer

experience design serves as a bridge between high-level marketing strategy (step 3) and marketing program tactics (step 5).

Stage 5: Designing the Marketing Program

The fifth stage is developing a specific set of marketing actions (referred to as levers) to take target clients from awareness to commitment. The Marketspace Matrix was utilized to perform this work. The internet marketer has six types of levers (i.e, pricing, community) at his disposal to increase target consumer awareness, exploration, and engagement in the company's offering.

Stage 6: Crafting the Customer Interface

The Internet has shifted the locus of exchange from the Marketplace to the Marketspace (i.e., screen-to-face interaction). The main difference is that the trading connection is now mediated through a technical interface. A desktop computer, tablet, personal digital assistant, mobile phone, wireless application protocol (WAP) device, or other Internet-enabled device can serve as this interface.

Stage 7: Evaluating the Marketing Program

This final stage entails assessing your overall online marketing program. This includes a balanced focus on both customer metrics and financial metrics. It emphasizes customer actions as well as financial metrics used to monitor the success of marketing programs.

1.2.3.3 On-line purchasing customers

The 7 stages analyzed earlier need to be guided by coordination and consistency. While business unit and company strategies can be shown as a straight line, marketing tactics can go through the seven stages.

The trade's purpose is to establish long-term relationships with the buyers. As a result, the primary goal switches from just finding buyers to a diverse set of committed and loyal customers. As a result, online promotion aims not just to develop electronic consumer relationships but also offline customer relationships.

1.2.3.4 Effectiveness

Following the evaluation of new technologies, it is critical to examine the benefits and drawbacks of both classic and new marketing media, which can be translated into effectiveness.

An effective promotion strategy will have a significant impact on how a firm offers its products and services on the internet.

A corporation can use this combination marketing tactic to track and maintain a long-term trend in the sales of its products. This marketing strategy is evaluated in two categories: online and offline shopping. Traditional markets are made up of clients and businesses from a previous age who have access to the internet for a variety of purposes other than e-commerce. Such individuals and organizations can easily become online clients.

Through newsletters, print ads, and e-mails to supporters and members, an online business can gain access to offline markets. Through advertisements and promotions published on the company's website, a corporation can also switch the business of assisting enterprises operating in offline markets to an online market. The online market consists of people who can access the internet via the global organization service, and the global organization corporation can even promote goods and services over the internet. In the case of an online market, the network can be the most significant tool for attracting clients.

Further to the theoretical analysis of the first chapter we have gone through the basic concepts of digital marketing, traditional marketing, strategic management and marketing as well as the digital marketing tools that contribute to accomplish the objectives that a company can set. The digital marketing tools and channels of communication that are applied are serving different kinds of targets but follow a similar direction within a certain frame within an industry. In next chapter it is going to be an analytical approach of the Fast-moving consumer goods (FMCG) industry. Main points of this analysis will be the market characteristics and trends and a PESTEL and Porter's forces analysis of this sector. The second part of this paper is essential to help make an evaluation of the external environment which will help the better understanding of the applied digital marketing strategies.

Chapter 2: FMCG industry analysis

In this chapter there is going to be an analysis of the FMCG industry which shall incorporate a theoretical reference of the segmentations that this industry includes, the global market share as well as the trends for the forthcoming years. Additionally and in reference to the objectives of current thesis, a PESTEL and the 5-forces Porter analysis is going to take place for the better understanding of the digital marketing strategies applied which are going to be further analyzed in the next chapter.

2.1 Market trends

Fast-moving consumer goods (FMCG), also known as consumer-packaged goods (CPG) is the largest group of consumer products. Food, drink, personal care, and home care products are among the durable and non-durable goods that are included. FMCG products are essential for daily living, some of them being necessary and some of them are serving as luxury products that make our living more pleasant and for some groups of people are also tending to become necessary. These products are widely consumed by members of every social class, who also spend a sizable percentage of their money on them. The FMCG product category contributes significantly to the economy. The items in the FMCG category have a rapid turnover. A vast variety of frequently bought consumer goods, both durable and non-durable, are available on the worldwide FMCG market. These include deodorants, soap, toiletries, cosmetics, tools for shaving and cleaning teeth, detergents, and non-durable consumer goods like glassware and other paper goods. The market's biggest revenue-producing segment overall was the food and beverage sector. (Dinesh T, Indranil C, Vidit G, & B, 2023)

Another characteristic of the FMCG sector is that is known for its rapid speed and capacity to adapt swiftly to shifting consumer demands. To be competitive, businesses in this sector must constantly innovate and adapt. To make sure their products reach customers quickly and effectively, they must manage intricate distribution networks and supply chains.

The global FMCG market size was valued at USD 11329646.0 million in 2022 and is expected to expand at a CAGR of 5.03% during the forecast period, reaching USD 15207825.5 million by 2028. (Industry research biz, 2023). Also, according to a new report published by Allied Market Research, the global FMCG market size is expected to reach $18,939.4 billion by 2031 at a CAGR of 5.1% from 2022 to 2031.

To secure a sizeable market share, the top competitors in the FMCG industry concentrate on offering consumers specialized solutions. The leading players have also benefited from tactics like product launches and acquisitions to increase their share of the global FMCG industry and take advantage of current market opportunities. Procter & Gamble, Unilever Group, The

Coca-Cola Company, Pepsico Co., Kimberly-Clark Corporation, Patanjali Ayurved Ltd., Dr Pepper Snapple Group Inc., Revlon Inc., Johnson & Johnson, L' Oreal and Nestle are a few of the major companies highlighted in the study. (Dinesh T, Indranil C, Vidit G, & B, 2023)

Global population growth is inversely correlated with rising consumer goods demand. This is one of the main elements influencing the growth of the global FMCG market. Additionally, the increased middle-class population's discretionary income, the frequency with which manufacturers introduce new products, the effectiveness of brand advertising, and the market's robust distribution system all contribute to the expansion. Increased income leads to more FMCG product purchases.

Therefore, increased access to consumer goods for average individuals also helps the market expand. The industry is expected to rise as a result of changes in consumer lifestyles in both developed and emerging nations. The increase in competition among the key industry participants, however, has had an impact on the growth of the FMCG market. Retail execution is yet another element that limits the market's ability to expand. The expansion of the FMCG network in rural parts of emerging nations, the rise in the trend of online shopping, and R&D for new brands and goods are the factors projected to create growth opportunities for the global FMCG industry.

Additionally, the market has grown significantly as a result of increasing urbanization and the premiumization of FMCG goods. About 55% of the world's population currently lives in urban areas, and by 2050, that percentage is expected to climb to 68%, according to figures provided by un.org in 2018. According to estimates, there may be 2.5 billion more people living in cities by the year 2050, with Asia and Africa accounting for 90% of this growth. The gradual movement of people from rural to urban areas is known as urbanization. Urbanization is an international trend that has a big impact on a lot of things, such food, water, health care, home care, and other things. To satisfy the demands of the growing urban population, market players have to increase their output.

On the contrary, consumers in the middle-income bracket tend to spend their money on mass-market goods rather than extravagant items that provide superior practical advantages. Personal care, consumer electronics, and other premium categories have all experienced tremendous premiumization during the past five years. The FMCG market is expanding as a result of customers' increasing adoption of premium goods.

In the twenty-first century customers are aware of the benefits of digitalization as everything has become available online. Everything is available online in the twenty-first century, and customers are aware of the advantages of digitization. The bulk of consumer purchases are

made online or through e-commerce in large metropolitan areas, and this tendency is increasingly spreading to non-metropolitan areas as well. Due to the significant expansion in internet connection across metros and non-metros, mobile app shopping is becoming a popular trend in the FMCG industry. Consumers will continue to gain influence over the next ten years through utilizing new communication technology. India added 260 million new internet users in 2015, and by 2025, it's anticipated that there will be 900 million internet users there. By 2020, it is anticipated that 75–90 million consumers will have bought FMCG products online and that 55–60 million consumers, with 12–20 million of them doing so, will have been digitally touched by FMCG. Mobile commerce is anticipated to be stimulated by the development of wireless features and device integration, such as wallet phones, enabling the expansion of the FMCG sector.

Due to established markets like the U.S., China, and others, the FMCG market has increased tremendously. Over 70% of the increase in consumer spending expected globally is anticipated to come from these. By 2030, India would have surpassed Japan and Germany to become the third-largest market in the world in terms of overall consumer spending, according to World Bank predictions.

New business sectors and a new generation of globally conscious enterprises from these growing markets will emerge as economic capacity shifts to developing countries like China and India. In the upcoming ten years, it's likely that new economic behemoths like China and India will emerge. India's economy is one of the world's largest in terms of purchasing power. This change in power will make the world economy unstable for the next ten years. A new generation of globally aggressive organizations from emerging nations will emerge, further reinforcing their position in the heart of the global economy and enabling the FMCG industry to grow at a healthy rate. Emerging trade sectors will continue to grow.

2.2 FMCG divisions

The market is divided into segments based on product type, production type, distribution channel, and region, according to the analysis of the FMCG market. By product type, it is classified as food & beverages (juice and drinks, tea and coffee, fresh food, frozen food, processed and packaged food, and others), personal care and cosmetics (body care, hair care, oral care, skin care, and baby care), healthcare (over the counter, vitamin & dietary supplements, feminine care, and others), home care (cleaning products, fragrances, and others), footwear (formal footwear, athletic footwear, casual footwear), footwear accessories, and others. By production type, it is classified as inhouse and contract based. The distribution channel segment comprises of supermarkets & hypermarkets, grocery stores, specialty stores, e-commerce, and others. By region, it is analyzed across North America, Europe, Asia-

Pacific, and LAMEA. The graph below demonstrates in detail the FMCG breakdown into following categories:

Aspects	Details
By Product Type	• Food and Beverage o Juices and Drinks o Tea and Coffee o Fresh Food o Frozen Food o Processed and Packaged Food o Others • Personal Care and Cosmetics o Body Care o Hair Care o Oral Care o Skin Care o Baby Care • Health Care o Over the Counter OTC o Vitamin and Dietary Supplement o Feminine care o Others • Home Care o Cleaning Products o Fragrance o Others • Footwear o Formal Footwear o Athletic Footwear o Casual Footwear • Footwear Accessories • Others
By Production Type	• Inhouse o Food and Beverage o Personal Care and Cosmetics

	o Health Care
	o Home Care
	o Footwear
	o Footwear Accessories
	o Others
	• Contract Based
	o Food and Beverage
	o Personal Care and Cosmetics
	o Health Care
	o Home Care
	o Footwear
	o Footwear Accessories
	o Others
By Distribution Channel	• Supermarkets and Hypermarkets
	• Grocery stores
	• Specialty stores
	• E-commerce
	• Others
By Region	• **North America** (U.S., Canada, Mexico)
	• **Europe** (France, Germany, Italy, Spain, UK, Russia, Rest of Europe)
	• **Asia-Pacific** (China, Japan, India, South Korea, Australia, Thailand, Malaysia, Indonesia, Rest of Asia-Pacific)
	• **LAMEA** (Brazil, South Africa, Saudi Arabia, UAE, Argentina, Rest of LAMEA)

Figure 2.1 FMCG Market categorization, source: Allied Market Research

On the basis of product type, the food and beverage category, which held the major market share of 84.8% in 2021 and is predicted by the FMCG market forecast to maintain its market share over the course of the projected year. The growth of the population, more multiculturalism, and rising disposable income are what are driving the food and beverage industry. The growth of the food and beverage industry has been significantly impacted by the trend toward better eating. More people are starting to adhere to "special" diets as consumer

health awareness has increased, and they want to enjoy these healthier alternatives both at home and when dining out. People's purchasing decisions increasingly link quality with health. Consumers today are increasingly aware of and accepting of the foods and beverages that people from different cultures enjoy. The food and beverage market is expanding as a result of all of the aforementioned factors.
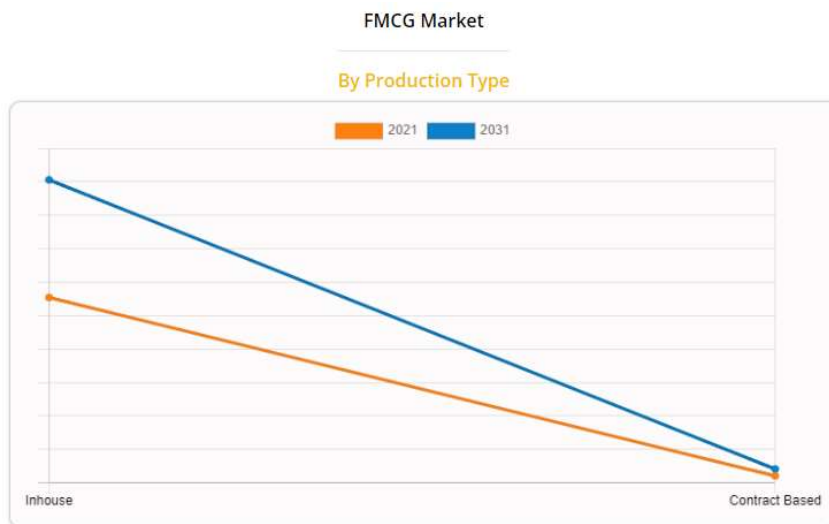

Figure 2.2 FMCG Market by type, source: Allied Market Research

Figure 2.3 FMCG Market by product type, source: Allied Market Research

The inhouse sector got a significant market share of 96.4% in the global market in 2021, according to FMCG market trends, and is anticipated to hold onto that market share during

the forecast period. The most common method of product manufacturing in the FMCG industry is internal manufacturing. Globally recognized FMCG corporations are conducting internal manufacturing procedures. The corporations are spending a significant amount of money opening new facilities in various places in order to expand their reach. The rise of in-house manufacturing processes in the FMCG sector is being fueled by the substantial investment made by the FMCG companies.

According to distribution channel, the segment of supermarkets and hypermarkets held over 54% of the global market share in 2021 and is anticipated to keep that position during the projected period. Consumers can have a convenient experience of various shopping under one roof in supermarkets and hypermarkets. Customers benefit greatly from shopping at supermarkets and hypermarkets because there is a greater selection of chocolate confectionery products available at lower prices, sales associate assistance is available, and checkout is simple. During the projection period, these benefits are anticipated to fuel the rise of supermarkets and hypermarkets. Additionally, and in reference to our study area, e-commerce performs the greater variation comparing to the rest of the categories, grocery stores, specialty stores and others.

Figure 2.4 FMCG Market By Distribution Channel, source: Allied Market Research

According to region, the fast-moving consumer goods market was dominated by the Asia-Pacific with a share of 35.1% in 2021 and is anticipated to continue dominating over the projected period. Asia-Pacific is a developing region where countries like China and India have seen rapid economic growth in recent years. The countries in this region have sizable

populations, and consumer goods are much sought after. Asia-Pacific shoppers are price conscious and seek out the best deals. Globalization and the rise in the working population are driving changes in lifestyle. The consumption of processed and packaged items has increased along with the expansion in internet and social media use and the affluent population.

2.3 Logistics in FMCG

2.3.1 Logistics trends and factors that affect

In 2022, the size of the global FMCG logistics market was estimated to be USD 108.50 billion. According to projections, the market would increase from USD 111.43 billion in 2023 to USD 143.26 billion in 2030, with a CAGR of 3.66% for the period 2023–2030. The largest assortment of consumer goods is known as fast-moving consumer goods (FMCG), which includes a wide range of products in the health, home, personal care, food, drink, and daily needs categories. (Fortune Business insights, 2023)

The ease of access, quick changes in consumption patterns, and changes in lifestyle are the main growth factors for the consumer products sector. Customers anticipate finding a large variety of products both offline and online. To accomplish this, a corporation that sells consumer goods integrates its efficient, adaptable, and sustainable worldwide supply chains. Manufacturers of fast-moving consumer goods rely on cooperative logistics strategies to get products to stores more quickly and affordably. To satisfy consumer demand while reducing costs and assuring product freshness and quality, this encompasses a variety of supply chain activities such as inventory management, transportation, distribution network design, warehousing, and demand forecasting.

Hub-and-spoke business models are used by the majority of FMCG logistics companies, which thrills customers with quicker deliveries. A hub-spoke model is a centralized delivery and storage system that resembles the design of a bicycle wheel. The hub or delivery center is located in the middle of the wheel, and the delivery direction is represented by each spoke. To ensure quick delivery to customers, the majority of FMCG logistics companies site their distribution centers in the middle of developed cities. Additionally, to close the gap between sales planning and operational processes, enhance forecasting, reduce inventory, and accelerate delivery times, fast-moving consumer goods companies are outsourcing their logistical operations.

The COVID-19 pandemic in 2019 caused supply chain activities to be affected globally. Resources for logistics and transportation were under extreme stress as a result of the crisis. Due to the implementation of exit restrictions in some countries, shippers encountered uncertainty when transporting the goods. Networks in the FMCG logistics sector were badly

disrupted by demand and supply imbalances as well as a lack of capacity to deliver long-distance and last-mile fulfillment services. The epidemic also changed consumer behavior as a result of panic purchases and stockpiling of necessities. Due to strict social distancing standards forcing stores to close, the majority of consumers preferred purchasing items online, which led to a surge in e-commerce sales throughout the epidemic. This compelled the whole FMCG sector to transition to online product sales. Numerous FMCG businesses have resumed operations while observing strict social distance restrictions. No matter the restrictions, the demand for FMCG logistics increased whatsoever.

- E-commerce's increased adoption in the FMCG industry would provide a favorable trend for market expansion.

E-commerce is the term for the buying and selling of things over the Internet. Currently, e-commerce makes up roughly 7% of the worldwide FMCG market. By providing a variety of shipping alternatives, including tracking, simple returns, visibility into inventory availability, and anticipated delivery timeframes, it is transforming the worldwide retail sector. Additionally, FMCGs are made easily available by online grocers and retailers like Flipkart, Big Basket, and Amazon with discounts, holiday sales, same-day delivery choices, and more.

Additionally, the introduction of direct-to-consumer sales initiatives by FMCG businesses has made it possible for customers to order FMCG products online and have them delivered right to their homes, fueling the expansion of the FMCG logistics market. For instance, PepsiCo introduced two direct-to-consumer websites in May 2020 where customers could order the brand's goods. A direct-to-consumer ecommerce venture called shop.storiafoods.com was introduced by Storia Food & Beverage in August 2020. In order to distribute items more quickly and affordably, consumer goods firms and e-commerce platforms are collaborating with logistics service providers, which is driving the global market.

- Increasing use of cutting-edge technologies in logistics will fuel market expansion

The logistics sector has been completely transformed by the increasing adoption of cutting-edge technologies including Internet of Things (IoT), AI, robots and automation, blockchain, drones, autonomous vehicles, data analytics, and supply chain visibility in FMCG applications. Companies have begun integrating these technologies into their FMCG supply chains. By establishing a physical connection between physical goods and the internet, IoT is a key component of FMCG logistics. Inventory levels, temperature and humidity levels, product quality, and even vehicle performance may all be tracked and monitored with IoT sensors and devices. Companies can streamline their supply chains, cut waste, and guarantee prompt delivery of goods and services thanks to this real-time data.

In FMCG logistics, the use of drones and autonomous vehicles for last-mile delivery is being investigated. In crowded urban areas, drones can deliver small products fast, while autonomous vehicles have the potential to improve transportation routes, speed up delivery, and cut costs. For instance, Google debuted their drone delivery network technology in March 2023. The business believes that within a year, the drone delivery network would have fulfilled millions of orders.

- Increased use of Cloud-Based Logistics Management to Expand the Market

Technological advances are increasing in the logistics and transportation sector. Small businesses want to spend twice as much on technology by 2025. The large firms operating there are focusing on technological advancements in order to maintain their stranglehold on the market. All large organizations are digitizing their supply chain management systems. Many logistics companies are also creating cloud-based transportation management systems (TMS) and moving their current TMS to the cloud. Benefits of cloud-based TMS include automation, the painless elimination of manual tasks, workflow simplification, a decrease in additional IT infrastructure costs, and others. Additionally, it pulls data from a variety of internal and external sources, increasing visibility. A cloud-based TMS can be set up and used anywhere in the world.

Manufacturers and merchants must rely on the dependability, skill, and consistency of their logistics service providers even if they have no direct control over the process in this instance. Because they can't even see the work being done in their warehouses, manufacturers run the risk of compromising the quality and safety of their products. Outsourcing logistics to third- or fourth-parties (3PL/4PL) may put the privacy of client information, as well as the security of goods and technology, at risk. The market's potential growth may be hampered by this lack of control over logistical services.

2.3.2 Logistics Segmentation
- Logistics segmentation by mode of Transportation Analysis

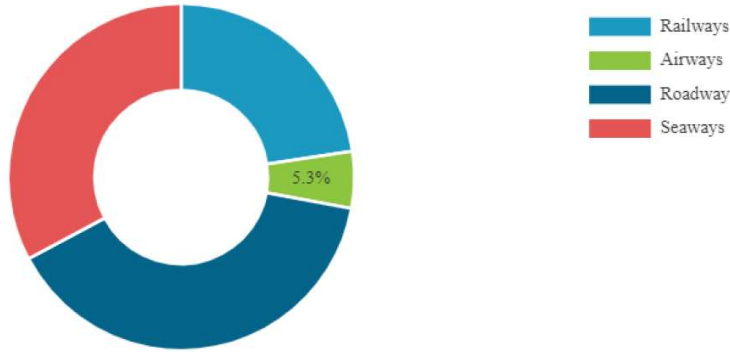**Global FMCG Logistics Market Share, By Mode of Transportation, 2022**

Figure 2.5 FMCG segmentation by mode of Transportation Analysis, source: /www.fortunebusinessinsights.com

Railways, airplanes, seaways, and roadways are the different segments of the market based on the mode of transportation. The roadway sector now has the biggest market share, and it is anticipated that it will continue to dominate the market from 2023 to 2030. In Europe, Asia, Africa, and North America, roads are one of the most frequently used forms of transportation. The seamless transfer of products between different states and nations is guaranteed by a single customs documentation process. It provides full door-to-door service and is one of the most affordable modes of transportation. Over the years 2023–2030, this factor is anticipated to keep road transportation at the forefront.

The market's highest CAGR is anticipated to be achieved by the seaways segment between 2023 and 2030. Global demand for imported commodities has increased as a result of rising trade agreements, shorter trade routes due to improved infrastructure like canals, and rising consumer disposable income. These elements will allow the seaways segment to maintain its second-place ranking from 2023 to 2030. Between 2023 and 2030, the rail and airway transportation sector is anticipated to expand steadily. Railroads can have many wagons that are driven by a single driver and consume less fuel than on-road vehicles. As a result, many commodities can be sent in a single run at a lower cost. Spending on new and current rail networks continues to rise globally. According to the global population, the requirement for transportation of people and products is growing as business and commercial operations expand. In addition, airplanes offer various benefits like quicker travel, fewer paperwork requirements, and improved cargo security. However, it is more expensive and has weight and size limitations than other forms of transportation.

- Logistics segmentation by mode of Product type Analysis

The market is divided into food and drink, personal care, household care, and other consumables based on product type. The largest portion of the global market belongs to the food and beverage industry. Several food & beverage industries, including those in dry packaged products, drinks, cheese/dairy, frozen foods, ingredient suppliers, and meat processors, are responsible for the segment's growth. The majority of food and beverage executives supported these new supply chain methods, according to a poll by Tompkins Associates, McHugh Software, and Symbol Technologies. A strategic priority is to make the corresponding investments in emerging technology. The emphasis should instead be on improved logistics and transportation functionality and lower operating expenses. A few requirements related to food and beverage logistics include air-conditioned storage and transportation, sophisticated warehouse management systems, sophisticated packaging solutions, and product safety tracking technology.

Likewise, as public awareness of healthy eating has substantially expanded, demand for clean-label products is rising quickly. No additives, artificial flavors, colors, or preservatives are included in clean label products. People are increasingly looking for special drinks to keep them hydrated and nutritionally balanced, and the demand for functional beverages is growing. Over the years 2023-2030, these variables are projected to keep the food and beverage segment dominant.

The second-largest market sector is made up of personal care goods. These goods include toothpaste, eye and facial makeup preparations, lipsticks, shampoos, perfumes, and moisturizers for the skin. The easy accessibility of personal care items through a variety of distribution channels, including specialized shops, pharmacies, and beauty parlors, has helped the segment's revenue expand. Furthermore, given that male consumers are increasingly focused on skincare to enhance their appearance and take better care of their skin, it is anticipated to present significant potential opportunities. Increased funding for product development and research is also encouraging for the expansion of the market. Manufacturers have been inspired to introduce new products and broaden their worldwide reach as a result of rising consumer knowledge of vegan, organic, natural, and eco-friendly cosmetics.

For instance, a socially conscious French beauty brand called SO'BiOétic launched its organic beauty line in the United States in June 2021, offering natural and healthy beauty products. The aging population and rising per capita spending on cosmetics and personal care items are what are essentially fueling the market expansion of the personal care and other consumer goods divisions. As consumer awareness of personal and household cleanliness increased in the wake of the COVID-19 outbreak, the market for laundry and home care goods will likely have a promising increase.

- Logistics segmentation by Regional Analysis

North America, Europe, Asia Pacific, and the rest of the world are the geographical segments of the market. The Asia Pacific market had a value of USD 54.97 billion in 2022 and is anticipated to grow at a CAGR of 4.03% to reach USD 74.75 billion by 2030. Over the years 2023-2030, the region is expected to dominate the market.

Asia Pacific is anticipated to account for the biggest market share for FMCG logistics between 2023 and 2030. Due to decreasing production costs brought on by commercialization and rising middle class purchasing power, the market in the area is steadily expanding. The industry will be fueled by forecasts for rapid development in value-added services in China and other emerging nations, as well as rising demand for pricey consumer items and perishables that need logistics management for improved safety and handling. This demonstrates the wide spectrum of changes taking place in Southeast Asia, which is quickly emerging as a location for the market for consumer goods to expand. In order to grow its network for express delivery, freight forwarding, and container logistics in Southeast Asia, SF Express, the top express delivery firm in China, acquired Kerry Logistics in 2021 for USD 2.3 billion.

Due to its abundance of various coastlines and cruise locations, North America is the second-largest region in the industry. One of the key factors driving this region's growth is the increased demand for green logistics to meet growing environmental concerns. The market is also predicted to be driven between 2023 and 2030 by the expanding e-commerce industry and the popularity of online shopping in countries like the US and Canada. As the use of electric vehicles in the area rises, low-emission FMCG logistics are growing. The advancement of batteries and new-generation engines may make it feasible to employ electric automobiles in urban logistics to transport orders to physical locations of sale and private houses. As an illustration, in 2022 Maersk purchased 110 electric Volvo VNR trucks for North America. This aspect is predicted to help the region maintain its second-largest market share between 2023 and 2030.

In the upcoming years, it is anticipated that Europe would have the fastest growth. Significant potential prospects for the regional market will be provided by the region's growing fast-moving consumer goods industry, burgeoning e-commerce market, and rising use of cutting-edge logistics technology. The expansion of FMCG logistics in the region will be significantly impacted by an increase in mergers and acquisitions in the logistics sector, greater emphasis on truck platooning among logistics providers, and rising acceptance of the sharing economy, but a lack of qualified drivers, expensive operating costs, and hefty

technology investment prices could limit market expansion. In order to expand more quickly, vendors must concentrate on openings in quickly expanding markets while holding onto positions in slower-growing ones.

2.4 External environment analysis

In this section there is going to be a PESTEEL and Porter's Forces analysis which will assist to gain an adequate picture of the external environment of the industry at this study.

2.4.1 PESTEEL analysis of the FMCG sector

The analysis of the main external factors which are affecting the FMCG industry is constantly evolving in a higher pace nowadays than it used to be. The COVID is without a doubt a major parameter which changed a lot of aspects within the industry, and others of course, that altered geopolitical facts, consumers' behavior and preferences and that's what makes this industry so competitive that forces the companies to struggle to constantly be up-to-date. (Adam Kasi, 2023)

- **Political Factors**

The preservation of political stability is necessary for the FMCG industry's supply chain to function. Any deterioration in the political climate may cause supply operations to be hindered and delayed. For instance, the conflict between Russia and Ukraine significantly affected China's ability to provide corn, a key component of various FMCG products.

Furthermore, conflict has caused the cost of items like wheat and palm oil to rise. The tumultuous political climate also contributed to an increase in packing material and shipping costs due to the raise in gas/oil prices. The price structure of their products had to be altered by the FMCG producers as a result of the price increase.

Tax and trade policies of the government are among the major elements that affect the sector. A supportive political climate encourages investors to contribute, which may help the FMCG sector grow. As a result, a country's ability to provide stability and sound policies is correlated with large FDI, which is a critical factor in the industry's growth.

- **Economic Factors**

Recession has a detrimental influence on a nation's overall economic health, which has a significant impact on consumers' purchasing power and decisions. Higher inflation brought on by a bad economy makes it harder for people to buy even necessities. The GDP of the nation is negatively impacted by the customers' decreased spending.

The operational costs of FMCG companies are affected by inflation, which drives up product prices. The cost of goods determines whether consumers would buy certain FMCG product kinds. When the economy is bad, people might prefer lower cost alternatives since they have less money to spend on their homes.

High unemployment is another economic indication that lowers sales and income for the FMCG sector. Additionally, COVID's high rate of job loss had detrimental effects on the sector. Cost-cutting measures were required by the firms to address the financial pressure, but rising unemployment decreased consumers' disposable money.

- **Social Factors**

The FMCG industry has a chance as a result of the growing population because there is a bigger demand for goods and products. Concern over obesity has led to the development of new organic foods and healthy substitutes. The development of products that are in line with consumers' inclinations toward organic food is also influenced by their preferences.

The younger generation strongly favors fresh brands. To capture this market group, well-known brands must reinvent themselves and provide some cutting-edge items. The fact that millennials choose lower-priced products due to differences in inflation and income from the older generation is another aspect in which their buying behavior differs.

The pandemic had a clear impact on consumer purchasing patterns since there was a rise in the demand for products connected to health and hygiene. In addition, folks were stockpiling groceries to cut down on trips to the market. People's concentration on buying less expensive goods increased as a result of COVID.

- **Technological Factors**

Technology advancements and the epidemic have made it necessary to use digital media to help consumers. The popularity of social media and the apps that enabled individuals to shop online have benefited the FMCG business as well. The companies can manage all of the supply chain activities and their available stock thanks to technology.

Social distancing restrictions also forced businesses to develop or enhance their online presence. Even companies that weren't using digital media before realized how important it was to interact with the market through social media and technology. The FMCG sector was further helped by digital payment solutions to make it easier for customers to shop.

The utilization of big data, which enables firms to obtain insight into the market patterns, is another significant development in the sector. The businesses may then make informed

decisions about the product supply chain. Artificial intelligence helps FMCG businesses make judgments about product placement, supply chain management, and even pricing.

- **Environmental Factors**

The FMCG industry's environmental concerns extend from the usage of recyclable packaging materials to the adoption of renewable energy programs in the businesses. The companies in the sector are also expected to publish their carbon reporting and environmental preservation initiatives.

The sourcing methods used by the firms are another way that the environmental protection laws have impacted the FMCG sector. The management makes an effort to choose vendors who follow sustainable business practices, therefore environmentally friendly procedures are also taken into consideration throughout the procurement process.

- **Ethical Factors**

The ethical sourcing is an issue that is concerning a lot the younger groups of consumers and affects the FMCG industry in a significant way. Customers are becoming more aware of the ethical business practices used by the FMCG companies, such as sourcing, working conditions, testing on animals on certain products etc.

The Corporate Social Responsibility (CSR) is getting to become a key element of a company's strategic plan. Through CSR efforts, businesses are expected to make a good contribution to society, which may have an impact on their brand image as consumers tend to value and prefer those companies that are engaged to social matters' initiatives.

- **Legal Factors**

The FMCG sector must abide by the regulations governing food quality in order to carry on with operations and uphold accountability within the sector. These businesses are required to take food off the shelf if it has been prepared, packaged, or sold in a contaminated form. Certain product domains are governed by particular departments.

For instance, the USDA inspects and approves meat products, and the Meat Inspection Act provided instructions on the anticipated requirements for items that are advertised and sold. The foundation for consumer laws is laid by the basic premise of food regulations, which is that food is safe for consumption.

To be able to operate in the retail sector, FMCG companies must also adhere to the licensing and permit requirements. Additionally, pertinent employment laws and rules. In addition to

upholding regional labor regulations, management must concentrate on Occupational Health and Safety requirements.

Additionally, intellectual property protection is another crucial matter that needs serious attention. Protecting brand names, logos, and innovations is essential in the highly competitive FMCG sector.

2.4.2 Michael Porter's 5 Forces Model on the FMCG industry

In this section we are going to examine the forces of the external environment impacting on the FMCG industry according to the Michael Porter model. Following the analysis of each force, the magnitude of their impact is also going to be determined. As mentioned in the previous chapter these forces include: the threat of new entrants, the bargaining power of suppliers, the bargaining power of buyers, the threat of substitute products and the competitive rivalry.

1. **Threat of new entry**

The FMCG industry has historically been a competitive one with low entry barriers. An industry loses appeal as more competitors enter the market, increasing competition. The threat posed by new competitors is greatly influenced by the entrance barriers. While certain industries, like shipbuilding, have very high entrance barriers, others, including real estate, dining, and FMCG, have very low entry barriers. (Stella Dulcie Davis, 2017)

Key barriers to entry include:

- Economies of scale
- Product differentiation
- Brand Identity
- Customer switching costs
- Access to industry distribution channels
- Capital requirement
- Access to technology
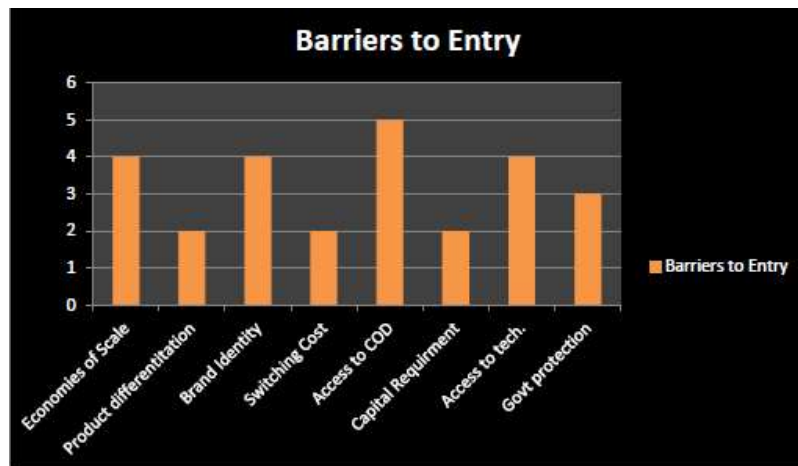- Government Protection

Figure 2.5 Michael Porter's 5-forces – Threats of new entry, source: Stella Dulcie Davis, 2017

For any firm, economies of scale are the primary factors of market structure and entry. The FMCG industry benefits greatly from economies of scale since goods are manufactured in extremely big quantities for very little money.

By contrasting a product's distinctive attributes with those of rival products, differentiation aims to increase a product's attractiveness. In the FMCG industry, differentiation has been achieved through color, size, form, number, etc. Product differentiation in the FMCG industry is quite appealing.

A brand's most noticeable components include its colors, design, logotype, name, symbol, etc. Potential customers can more easily understand a company's personality and the value of its products thanks to a strong brand identity, which also promotes brand awareness, affiliation, and loyalty. Because there are many competitors in the market, brand identity is quite high in the FMCG industry, and consumer switching costs are relatively low.

There are several different FMCG distribution channels, including manufacturers, retailers, wholesalers, and others.

2. **The bargaining power of suppliers**

Depending on the type of items being supplied, suppliers' negotiating position can change in the FMCG industry. Suppliers might have greater sway over proprietary or specialized items than they might over commoditized ones. This force can be influenced by variables like supplier concentration, alternative availability, and sourcing possibilities.

Most FMCG companies are price takers because suppliers to the industry want to take as much profit as they can along the value chain. Prices are often set by international commodities markets. The FMCG firms negotiate better rates during periods of high input cost inflation because of the long-term ties they have with suppliers and others. Suppliers will raise prices to get a bigger cut of the profits if an intermediary is making excessive profits.

The bargaining power of suppliers includes:

- Number of suppliers
- Availability of substitute
- Supplier's threat of forward integration
- Industry's threat of backward integration
- Contribution to cost
- Industry's importance to supplier

Figure 2.6 Michael Porter's 5-forces – Bargaining power of suppliers, source: Stella Dulcie Davis, 2017

Due to the availability of a large number of replacement suppliers, the bargaining power of the suppliers is low in this sector for both raw materials and intermediate goods.

Every company must understand that it competes with companies that make substitute items, which are capable of meeting the same client needs but are produced by companies outside the sector and have unique qualities. Therefore, the FMCG industry has a very high level of replacement availability.

Low-margin, high-volume due to the engagement of manufacturing, packaging, and fast-moving consumer goods industry, cost contribution was moderate, and supplier relevance was also moderate.

3. **The bargaining power of buyers/consumers**

Due to the abundance of options and cheap switching costs, consumers in the FMCG sector frequently have significant bargaining power. Companies may be under pressure to maintain competitive prices and quality as a result. Further empowering consumers are the proliferation of private-label brands and internet shopping platforms.

Bargaining power of buyers or consumers depends on:

- Number of buyers
- Availability of suppliers
- Switching cost
- Contribution to quality
- Contribution to cost

Figure 2.7 Michael Porter's 5-forces – Bargaining power of buyers, source: Stella Dulcie Davis, 2017

While businesses want to maximize their return on invested capital, customers are more concerned to make value for money purchases on the various products they need. Customers bargain for higher quality or higher levels of service at the lowest price through fostering competition among businesses in the industry in order to minimize cost or increase value. There are many buyers available in this market.

High brand loyalty for a product deters customers from switching brands. Low switching costs and aggressive marketing tactics, however, in the face of fierce rivalry between FMCG companies, encourage customers to switch between goods, resulting in better prices for customers. On the other hand, high brand loyalty could also drive companies to enhance quality but also raise prices.

4. **The threat of substitute products**

In the FMCG industry, substitutes may be a significant factor. The market for traditional items may become more competitive when consumer preferences shift and new products are introduced. Alternatives that cater to these changing preferences have emerged as a result of environmental concerns, lifestyle changes, and trends in health and wellness.

Because replacement products keep prices in control, they make the FMCG sector more appealing and profitable.

The threat of substitute products depends on:

- Availability of close substitute
- Switching cost
- The relative price and performance of substitutes
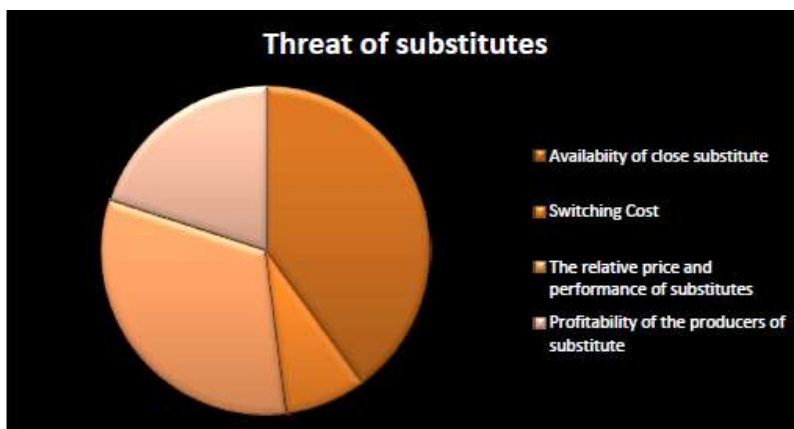- Profitability of the producers of substitutes

Figure 2.8 Michael Porter's 5-forces – Threat of substitutes, source: Stella Dulcie Davis, 2017

Consumer goods are an essential good, thus demand is flexible. Many brands have a limited range of differentiating products. Pricing competition among businesses entering a category

or vying for market share leads to an increase in product substitution. As a result, the FMCG business faces a serious threat from substitutes.

When switching costs are low, it is simple for customers to do so; however, if switching costs are high, it becomes challenging. In the FMCG sector, switching costs are low since items are readily available.

In this industry, the relative cost and substitute performance are tightly related, and producer profitability is dependent on substitute performance.

5. Competitive rivalry

Due of the numerous participants and ease of product duplication, competitive rivalry is frequently fierce in the FMCG sector. Pricing, brand awareness, product difference, and marketing tactics are just a few of the many ways that businesses compete. This competition is fueled by the introduction of new items and the ongoing requirement to adjust to shifting consumer demands.

Rivalry among competitors includes:

- Number of competitors
- Industry growth
- Differentiation
- Switching cost
- Openness of terms of sale
- Excess capacity
- Strategic stakes

During the economic crisis, FMCG has been a safe industry for investors looking for reliable margins and steady profits. Thus, we may conclude that the FMCG sector is seeing rapid industry growth.

The FMCG Sector has a moderate level of product differentiation, which also translates to a moderate level of competition differentiation and low switching costs between companies.

When a lot of different enterprises depend on an industry's performance, intense rivalry becomes stronger. For instance, a diversified company's success could have an impact on how effective it is in other industries, particularly if those businesses are interdependent or related. Because of the numerous rivals in this industry, we can state that the excess capacity is significant and the contribution of investors and stakeholders is also substantial, which has an impact on an organization's long-term profit potential.

What is noticeable following the analysis of FMCG industry is that is a rather dynamic field that is constantly evolving as the external environment parameters are changing in a fast pace as well. Hence it is viable for the players to be up to date and follow the contemporary trends of the business. That is why the digital marketing is tending to be a viable tool for today's businesses in the FMCG sector and not only of course/ In the next chapter it is going to be examined the applied digital marketing practices by the major players of the industry.

This chapter gives a thorough examination of the Fast-Moving Consumer Goods (FMCG) sector, covering topics such as market trends, worldwide market size, important players, and growth factors. The FMCG industry includes a diverse range of consumer products such as food, beverages, personal care, and home care items. These items are necessary for daily living and have a big impact on the global economy. In continuance, emphasis is given to the nature of the FMCG industry and pushing organizations to stay current with current trends. It alludes to the importance of digital marketing in the industry, promising to delve into applied digital marketing methods by significant industry participants in the following chapter.

Chapter 3: L' oreal Digital Marketing strategy

Following the analysis of the previous chapter on the FMCG industry, the competitive nature of the same was observed as well as the fast pace of keeping up to the latest trends. The examination of its' external environment also identifies the necessity of companies that are active within this industry to be updated all the time in order to be viable and competitive.

A digital marketing strategy application is of paramount importance for an active business especially when applies to the FMCG sector which is characterized as fast-pace industry with high bargaining consumers power and low switching cost. Consumers are more and more seeking value for money products and through the emerge of the e-commerce the latest years have an easier access through the internet to various web-sources to compare products and services that satisfy their needs the best. Alongside withe e-commerce that rose due to Covid-19, logistics methods were also impacted due to the necessity of efficient goods transportation that contributes to the best possible customer experience. Another significant factor that challenges businesses' strategies is the environmental awareness that demand a clear and evident strategy plan that will incorporate a sustainability plan which will show a company's commitments to carbon footprint reduction and other environmental areas that need of certain corporate actions. In the digital appearance of a company, apart from the positioning on the commercial side, sustainability actions as well as human rights support and more socially trending matters are very important to be observed.

In this chapter, a major player of a certain division of the FMCG "umbrella" is going to be examined showing in the extend of an external observer, as some internal objectives cannot be discovered dure to their sensitive content, how digital marketing strategies are being applied by a leader in the under-examination subindustry. The major under discussion will be Cosmetics, the player is going to be L'oreal and the tool to used in order to illustrate the applied digital marketing strategy is going to be the SOSTAC analysis as went through the previous chapters. The internal environment of a major player on the under-study industry is going to be analyzed which shall include a SWOT analysis, its website performance and research of the applied digital marketing strategies.

3.1 L'oreal – Situation analysis

L'Oréal entered the FMCG sector a long time ago and offers premium brands of beauty and cosmetic items that have thrived and have been able to rule in people's hearts for a very long time thanks to superb marketing and branding positioning. Through research and innovation, L'Oréal meets the needs of women from many cultures in terms of beauty.

L'Oréal S.A. was founded in 1909 by Eugène Paul Louis Schueller and it is headquartered in Clichy, Hauts de Seine, with its head office in Paris. In 1909, the business was founded with a branch office. It is the first category of cosmetics in the world. L'Oréal started out as a hair color company but has since evolved into a variety of industries, including dermatological, toxicological, and tissue engineering goods, as well as cleaning, hair care, skin care, sun protection, cleaning, and perfumes. L'Oréal has 42 manufacturing facilities, 6 research and development centers, and around 40 subsidiary enterprises spread across five continents and more than 130 nations.

In the following sections it is going to me a more analytical presentation of key points referring to L'oreal's financial performance, social and environmental presence and actions on sustainability and social awareness matters as published by the Group in the official annual report 2022..

3.1.1 Cosmetics industry and L'oreal's Financial Performance

The cosmetics industry is still supply-led and innovation-driven, with customers constantly seeking out goods that meet their needs in terms of performance, quality, and tangible outcomes in addition to how they feel. Worth more than €250 billion, the global cosmetics sector is notably strong and has proven to be resilient in the face of unstable geopolitical and economic conditions. Consumers of cosmetics are quality-conscious and value new ideas, trends, and cutting-edge technology highly.

Following a year in which retail locations reopened nearly entirely and internet sales surged, 2022 proved to be a stormy year, but the beauty industry managed to adjust and solidify its standing as a robust and adaptable sector in the face of external upheaval. Outside of North Asia, which was impacted by China's zero-Covid policy, all Zones had notable development, with double-digit growth mostly seen in SAPMENA - SSA and Latin America.

The global estimated cosmetics market in 2022: > €250 billion euros[1]

BY GEOGRAPHIC ZONE

- EUROPE **22%**
- NORTH AMERICA **28%**
- NORTH ASIA **32%**
- SAPMENA - SSA **10%**
- LATIN AMERICA **8%**

BY PRODUCT CATEGORY

- SKINCARE **41%**
- HAIRCARE **22%**
- MAKE-UP **16%**
- FRAGRANCE **11%**
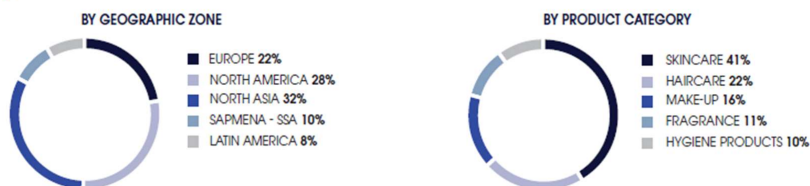- HYGIENE PRODUCTS **10%**

Chart 3.1 Allocation of market worth by Geographic Zone and Product Category – L'oreal annual report 2022

The below table demonstrates L'oreal's financial performance as was published in its official website for the Annual Report for 2021 and 2022.

	2021	% Increase 2021	2022	% Increase 2022
Sales	€ 32,28 Bn	16,10%	€ 38,26 Bn	18,50%
Operating profit	€ 6,16 Bn	18%	€ 7,45 Bn	21%
Investments	€ 1,07 Bn			
Capital expenditure			€ 1,34 Bn	
Net Debt	€ 3,59 m		€ 3,03 m	
Operating margin	€ 6,17 Bn		€ 7,46 Bn	
Earnings per share	€ 8,82	20,9%	€ 11,26	27,6%
E-commerce	€ 9,30 Bn	25,7%	€ 10,80 Bn	8,9
Market Capitalization at 31 December	€ 232,50 Bn		€ 178,50 Bn	

Table 3.1 Financial Performance of L'oreal – 2021 & 2022 published Annual Reports

As we can observe is the table, the COVID-19 has shown its impact but the full recovery seems on the way as there was a good sales increase in 2022 and debt's decrease. The revenues' increase are more visible in the below table from "Statista" as well as L'oreal's market share worldwide in 2022 per region.

Comparing the global cosmetics market share and L'oreal's market share per region we can observe a non-sequence in the matter of market share allocation per region. In terms of the global market share in 2022, North Asia accounted for 32%, followed by North Marica (28%), Europe (22%), SAPEMNA-SSA (10%), and Latin America (8%). Conversely, L'Oreal appears to be more successful in the European region, holding a 19% market share. North America, North Asia, South America, and SAPEMNA-SSA follow with 14%, 13%, 10%, and 11% of the market share, respectively. (Statista.com) This is making easy sense as L'oreal Headquarters are located in France hence there is a cultural compatibility.

L'Oréal's market share worldwide in 2022, by region

L'Oréal's market share worldwide 2022, by region
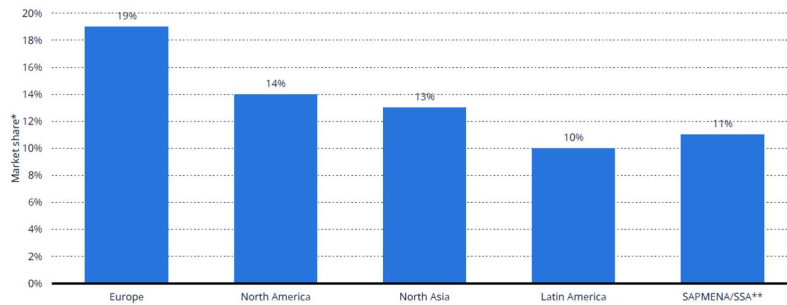
Chart 3.2 L'Oréal's market share worldwide in 2022, by region– Statista

Consolidated sales of L'Oréal worldwide from 2009 to 2022
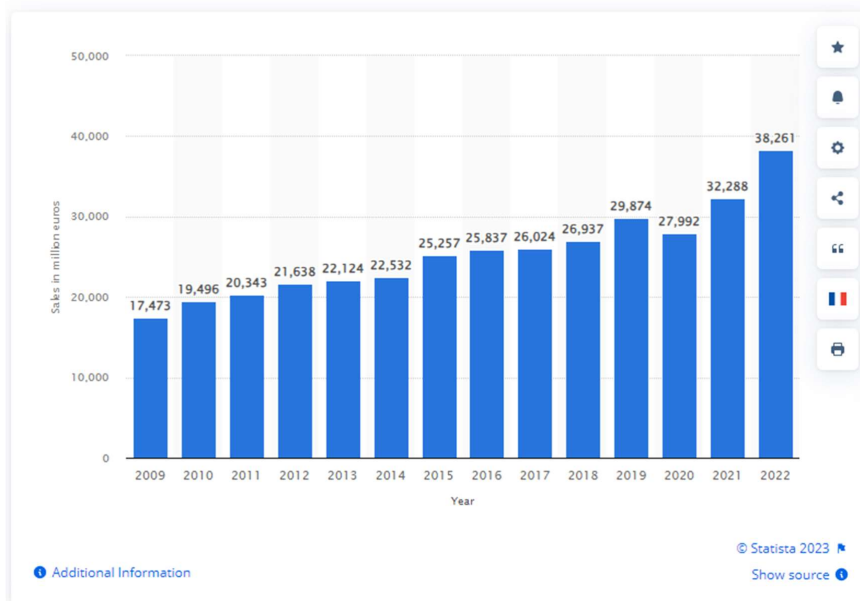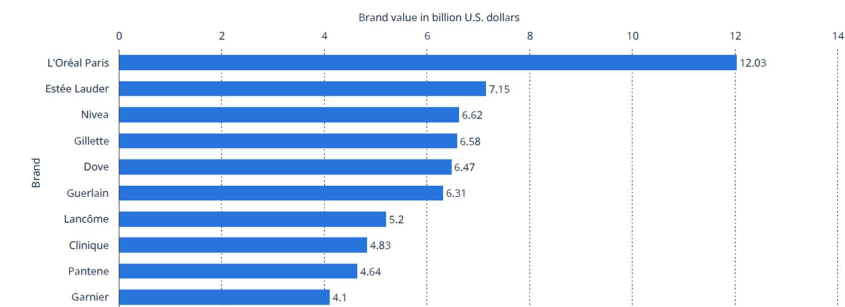### (in million euros)

Chart 3.3 Consolidated sales of l'Oreal worldwise from 2009-2022 – Statista

In the below charts the leading position of L'oreal Paris is more than obvious as is holding the no. 1 rank in 3 categories: beauty manufacturers, personal care and cosmetics. It is important to mention that the top position is not referring to the group of L'oreal but to the cosmetics brand of consumer products "L'oreal" as we can see in lower positions "Garnier",

"Maybelline" and "Lancome" which consist brand under L'oreal group. On the contrary, in the chart 1.3, the revenue of the leading 10 beauty manufacturers worldwide in 2022 refers to the L'oreal Group as it competes with the other 2 major FMCG players, Unilever and P&G. In chart 1.3 it is also seen that L'oreal's markets share rank first in the European region.

Chart 3.4 Revenue of the leading 10 beauty manufacturers worldwide in 2022 (in billion U.S. dollars) – Statista

Chart 3.5 Brand value of the leading personal care brands worldwide in 2023 (in million U.S. dollars) – Statista

Brand value of the leading 10 cosmetic brands worldwide in 2023 (in billion U.S. dollars)

Brand value of the leading 10 cosmetic brands worldwide 2023

Brand value in billion U.S. dollars

Brand	Value
L'Oréal Paris	12.03
Estée Lauder	7.15
Nivea	6.62
Gillette	6.58
Dove	6.47
Guerlain	6.31
Lancôme	5.2
Clinique	4.83
Pantene	4.64
Garnier	4.1

30 Description: This statistic shows the brand value of the leading 10 cosmetic brands worldwide in 2023. In that year, L'Oréal Paris was at the top of the list, with a brand value of about 12.1 billion U.S dollars. Read more
Note(s): Worldwide; 2023
Source(s): Brand Finance

statista

Chart 3.6 Brand value of the leading 10 cosmetic brands worldwide in 2023 (in billion U.S. dollars) – Statista

It was predicted that between 2023 and 2028, the global revenue in the beauty and personal care market's "Cosmetics" segment would rise steadily by a total of 25.1 billion U.S. dollars (+24.18 percent). The indicator is predicted to reach 128.89 billion US dollars, a new top in 2028, following the eighth year of increases.

3.1.2 Social and Environmental Innovation and Sustainability

L'oreal is the no. 1 leader in the beauty sector worldwide. Operating in 150 countries with approximately 87.400 employees.

The Group has seen a dramatic transformation thanks to digital technology, which is now completely integrated with all businesses, jobs, and nations. It is built upon a strong network of more than 3,800 digital specialists, close to 62,000 skilled workers, and a plethora of internal expertise. L'Oréal's strengths have been amplified tenfold by digital, which also signifies more growth and prospects. It increases the appeal of products and brands, strengthens the bond with customers, and produces new services, experiences, and personalization.

As per L'oreal's published annual report 2022 herewith below are some milestone facts and achievements which are directly linked with L'oreal's social responsibility, as well as technological and innovation initiatives which are the value-added factors to brands' strength.

Research, Innovation and Technology

• 561 patents filed in 2022

• €1,139 million: 2022 expenditure (3% of sales)

• 20 cosmetics research centres,

13 assessment centres, 1 advanced research centre

• 4,222 employees in the Research team

• Colorsonic and Coloright,winners of the CES Innovation Awards 2022

For more than 15 years, L'Oréal has dedicated itself to eco-designing its products. Refillable containers, which are currently offered in all product categories, are one example of the innovative package design and application that the Group relies on. For instance, Lancôme's well-known scent La Vie est Belle is now available in refillable bottles.

One great example of innovation developed by L'oreal that also contributes to social matters too is the HAPTA applicator which consists an incredibly accurate smart cosmetics applicator that enables people with restricted hand and arm movement to apply lipstick at home. HAPTA will help individuals feel more independent, confident, and empowered to enjoy the self-expressive power of beauty(2). HAPTA will be launched in 2023 by Lancôme, first as a lipstick applicator followed by additional makeup applications.

Social and environmental awareness

L'Oréal made a commitment to develop alternatives to animal testing in the 1980s in order to assess the safety of its chemicals and products. The business has entirely stopped using animals for safety testing by 1989. Innovative techniques like recreated skin, which provides more precise cosmetics and ingredient testing on human skin, were created by L'Oréal. In order to lessen the necessity for animal testing, these techniques are now used by L'Oréal's subsidiary Episkin in France, China, and Brazil. Governments, organizations, and other businesses can also access these techniques.

L'Oréal actively supported alternative safety testing methods, even in China, and helped several of them get approved for use in testing its products. L'Oréal worked with Chinese authorities over the years to get rid of the need for animal testing on cosmetics. Animal testing for locally produced non-functional cosmetics like shampoo and makeup was outlawed in China in 2014. Animal testing will no longer be necessary for imported non-functional cosmetics as of 2021, as long as they adhere to manufacturing best practices.

The revolutionary HCE SkinEthicTM reconstructed cornea model was first presented by L'Oréal's Episkin in 2022 and is currently offered in multiple nations. The OECD test guidelines adopted the Time-To-Toxicity (TTT) evaluation approach in 2022 as a result of

this progress. An important step has been taken in the campaign to minimize animal testing in the cosmetics sector with the development of this approach, which predicts eye irritation with a single in vitro test.

Sourcing

• 1,145 social audits were conducted in 2022
• €6.4 billion in production-related purchases
• 82% of newly-listed raw materials are renewable
• 24% of the number of newly-listed raw materials sourced from green chemistry

Factories and logistics centres

38 high-tech factories run by L'Oréal are positioned strategically close to their target customer markets across the globe. These facilities are always altering to make room for the company's expansion, incorporate acquisitions, incorporate outside ideas, and keep up with the quickly evolving beauty industry. To manage demand changes, L'Oréal also works with subcontracting partners. In 2022, 97% of the Group's factories are ISO 9001 certified and 100% comply with the ISO 22716 standard.

The manufacturing division of the Group places a strong emphasis on technological specialization in order to maximize best practices, improve agility, increase production, and make effective use of resources. For example, the Paris region's Aulnay-sous-Bois factory, which marked its 30-year anniversary in 2022, adapted its manufacturing to include perfumes for the Luxe Division in response to rising demand. This demonstrates L'Oréal's flexibility, its proficiency with "French-style luxury," and its ties to regional production. In order to fulfill the rising demand for this product category, the Operations Division also adjusted its skincare manufacturing capacity globally in 2022, taking on major projects in North Asia, Europe (France), and the United States.

Additionally, below are reported the Environmental goals for 2030

- 95% of the formula ingredients will be biobased, meaning they come from plentiful minerals or cyclical processes.
- All products of the Group will be eco-designed
- All employees of our strategic suppliers will get at least a livable salary.
- All of the water used in the industrial activities will be recycled and reused in the loop.

3.1.3 L'oreal - Digital presence

By giving consumers direct advice, physicians, beauty consultants, and influencers increase brand recognition. A smoother road to purchase is produced by these social interactions, which increasingly incorporate entertainment and personalization. L'Oréal was leading in terms of share of influence in 2022 and already has a strong foundation in this online sales approach. (L'oreal annual report 2022)

Because it allows us to reach new customers wherever there isn't a current distribution network, e-commerce is both an additional source of revenue and a growth accelerator. Between 2015 and 2022, the percentage of the Group's sales that came from e-commerce increased by over six times (from 5% to 28%(1)), with growth occurring in all Zones and Divisions. L'Oréal wants to grow its online business to account for up to 50% of total revenues.

This calls for enhancing its industrial adaptability, reworking the downstream value chain right away, and adjusting its supply chain using a "omnichannel" strategy.

The Metaverse, which offers countless chances to engage with customers and even promote products in virtual worlds, is the next frontier in L'Oréal's digital journey.

When speaking about digital presence of a brand is actually meant how optimized its website is in the search engines, what is the row of appearance, what is the brand presence in the social media and what is the consistency of updates and uploads. This section concerns apart from the performance of the website, the company's presence in the social media and the interaction it has with the potential customers. For a better illustration of this research's findings, we are going to compare website's performance and social media presence with a top competitor in the cosmetics' sector, Estee Lauder.

<u>Website presence</u>

It makes no surprise that due to its strong brand name L'oreal global website ranks 1st when google it with 162.000.000 results per 0.72 seconds. However, the outcome that appears when typing "L'oreal" is mainly specific categories of cosmetics.
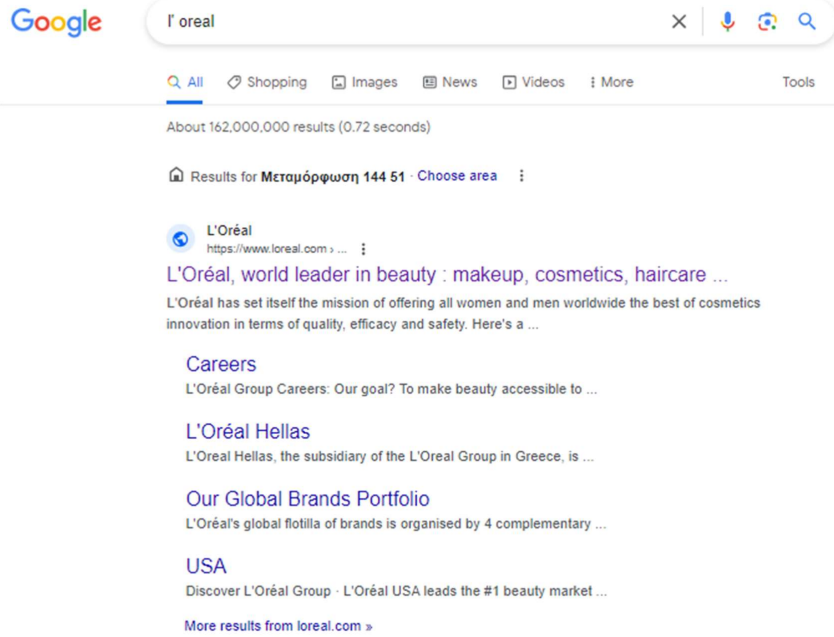
Picture 3.1 Google.com – L'oreal search results
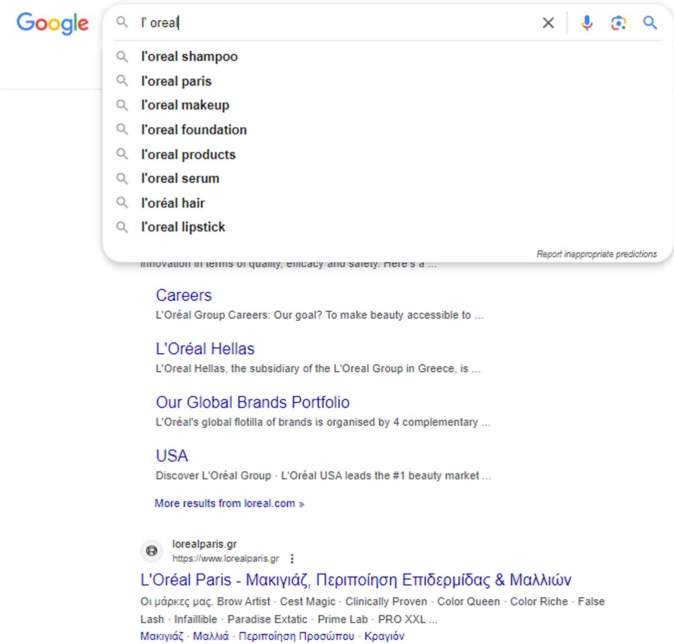
Picture 3.2 Google.com – L'oreal search results

Google Trends is another tool that illustrates the "search" results and gives great results especially in comparison with other players. In the following charts is showing the global search trend from 1/1/18 until 7/11/2023 for the brand name of these top cosmetics' players: L'oreal, Estee Lauder, Nyx, Maybeline and Guerlain along with region breakdown. The leading position of L'oreal is also proven via Google Trends both by brand and region search.
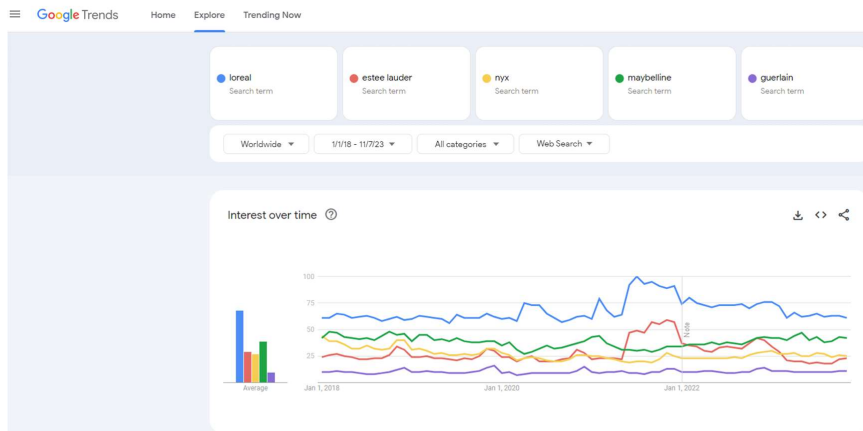
Chart 3.7 Google trends by brand name - trends.google.com
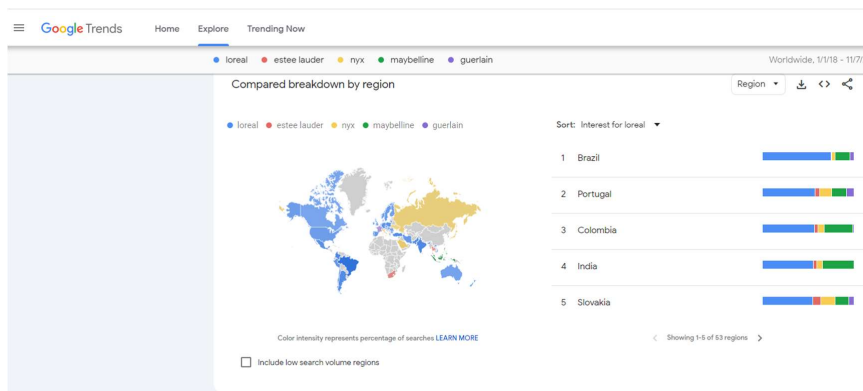
Chart 3.8 Google trends by region - trends.google.com

In the below chart a google trend analysis is being made per product segments where is shown that tha major search is being made for the makeup and skincare while the other 3 segments, skincare, fragrance and hair coloring are much lower in the search Results. Another assumption made is the increase of the "skincare" as a search term while the make up search term, despite being the top search term. Remains steady overtime from 2018 until now. That is possibly related to the increase of the awareness of the importance of the skincare.
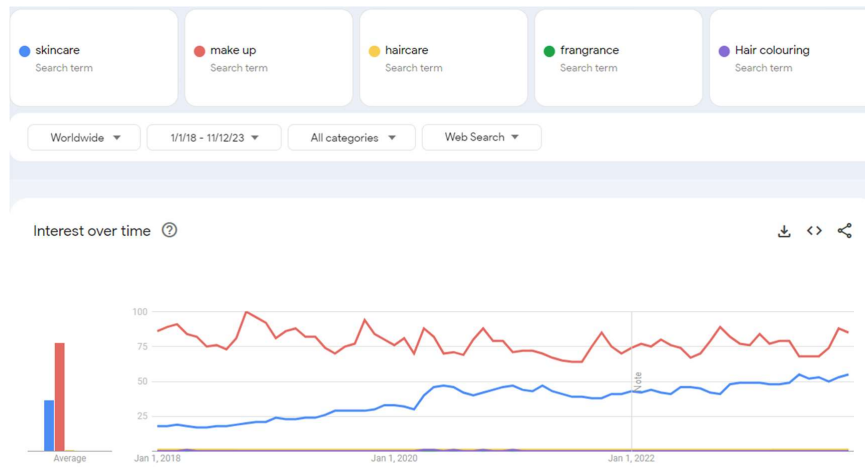
Chart 3.9 Google trends by product segment - trends.google.com

Website's performance

In order to analyze the website's performance, we are going to use two online tools the SEOptimer and the Website Grader. These websites useability is to analyze the website by inserting the web address and produces results for some specific areas: On-Page SEO, links Usability, Performance and Social. For each category the website generates a rank from A to E based on various SEO metrics and standards for its website analysis as keyword analysis, on-page SEO factors, backlink analysis, and more. To gather and examine user activity and website traffic, SEOptimer and Website Grader may employ web analytics technologies or standards such as Google Analytics. (SEOptimer.com)

Below you may see the results provided for the L'oreal website where we can see the following results:
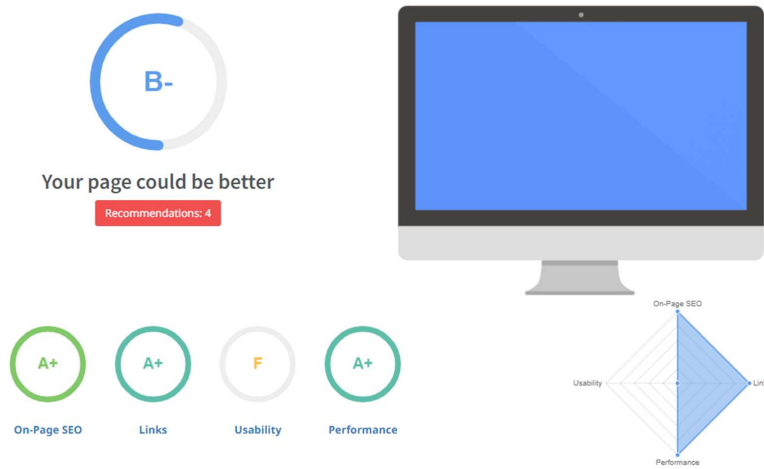
On-Page SEO: A+. The On-Page SEO is a very important tool indicating that the search engines can understand the content of the website and help it rank for relevant keywords. should test content updates for incremental gains in order to maintain its strong position. L'oreal seems already do it well since has the optimum grade. Its monthly traffic volume received from it's Keyword ranking as per SEOptimer is 1,763,917.

Links: A+ This result means that this page has a strong level of backlink activity in the aspect of domain address (@loreal.com) and the page.

Usability: F. The website is weak in this mode as the page faces usability issued across devices. That could indirectly affect the search engine rankings.

Performance: A+. High performance was expected for the global leader. Because of the excellent performance, users should be able to navigate the page quite quickly and easily. To guarantee a positive user experience and lower bounce rates, which can also have an indirect impact on your search engine rankings, performance is crucial. Periodic performance monitoring could guarantee that there aren't any sporadic variations.

Picture 3.3 L'oreal search results - SEOptimer.com

Picture 3.3 L'oreal search results, recommendations - SEOptimer.com

At this stage it would be interesting to compare the results generated for the official website of the Group L'oreal with a local L'oreal Paris branch in Greece as follows.

Audit Results for www.lorealparis.gr
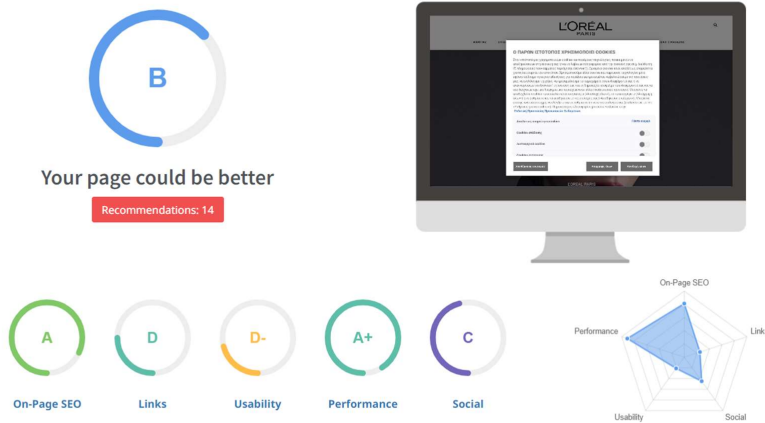
Picture 3.4 L'oreal Paris search results - SEOptimer.com

L'oreal Paris has an approximately similar overall website performance but reveal some key differences. First of all, there is a new element appeared in the L'oreal Paris search results which is the "Social" category. The C grade indicates that the social links inside the website could be better elaborating further that e-customers might not be able to view the website's profiles, but it doesn't seem like you are very active on social media. Social media interaction is crucial for building brand awareness, fostering consumer communication, and using it as a marketing tool to increase website traffic. It is advised that all the social media are listed in the company's profile in order to enhance its visibility. As is observed in the below picture, in L'oreal's website there are links for Instagram, Facebook and You Tube while TikTok, Linkedin and Twitter are not included.
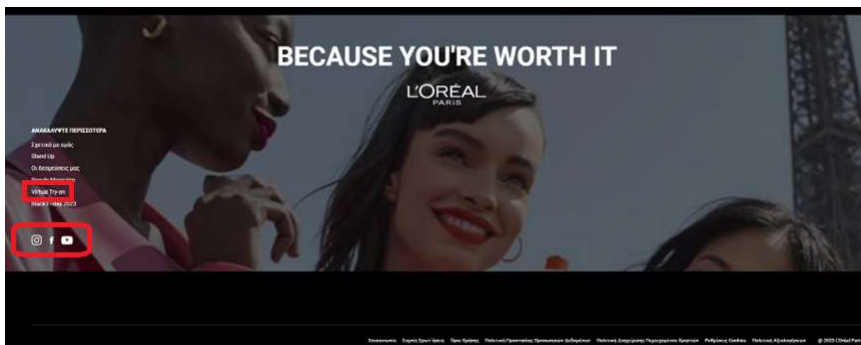
*Picture 3.5 L'oreal Paris Social links*

For the last two could be easily assumed that due to absence of relevant content there are absent from the website page. Although L'oreal performs a rapidly well-established presence in TikTok, we could suppose that the reason that same is not appeared in web page is that is relatively new and not matured enough as a social media channel. It is very likely that TikTok is added to webpages as a social media link the coming years as it records huge publicity.

Recommendations

Toggle: On-Page SEO | Links | Social | Performance | Other Improvements | Usability

Recommendation	Category	Priority
Optimize for Core Web Vitals	Usability	Medium Priority
Add H1 Header Tag	On-Page SEO	Medium Priority
Update Link URLs to be more human and Search Engine readable	Links	Low Priority
Add Alt attributes to all images	On-Page SEO	Low Priority
Create and link your Twitter profile	Social	Low Priority
Use your main keywords across the important HTML tags	On-Page SEO	Low Priority
Optimize your page for Mobile PageSpeed Insights	Usability	Low Priority
Optimize your page for Desktop PageSpeed Insights	Usability	Low Priority
Create and link an associated LinkedIn profile	Social	Low Priority
Setup & Install a Facebook Pixel	Social	Low Priority
Remove inline styles	Performance	Low Priority
Add Local Business Schema	Other Improvements	Low Priority
Create Google Business Profile	Other Improvements	Low Priority
Review and Increase Font Sizes across devices	Usability	Low Priority

Picture 3.6 L'oreal Paris search results, recommendations - SEOptimer.com

The usability is another main noticeable difference on the displayed results on the SEOptimer as in this case there is some activity that here as well needs to be improved. However, in L'oreal Paris' website we can observe two critical point that can explain the utilization of the website and those two are the option to proceed with purchase through the retailer's e-shops and webpages and the availability of the "Virtual Try-on" where the customer can virtually put on certain products, in fact certain lipsticks and hair color products, by using their camera and try the various shades live in order to select the one of their choice. This innovative tool is

one the examples of the Groups' innovation projects. Another factor that explains the low usability for both websites is that neither of them have an online service chat, or a Q&A section that could assist on line the customer to find what he needs.
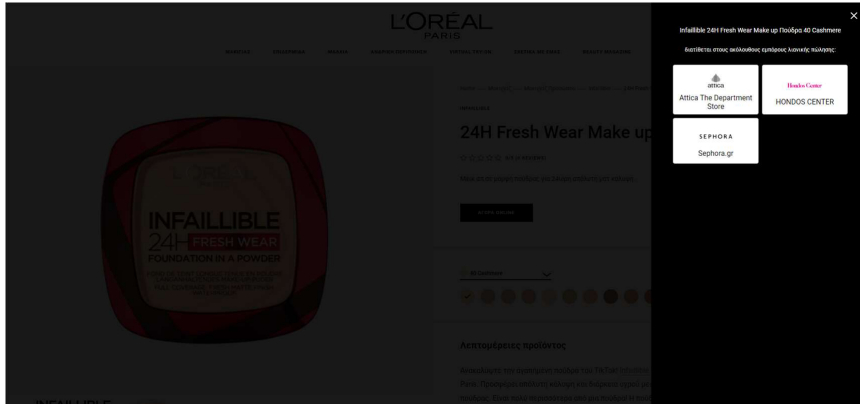
Picture 3.7 L'oreal Paris purchase option through retailers

The results generated by the Website.grader.com have metrics with different criteria and therefore, cannot be identical to the SEOptimer's but relatively close to the results' content.

The L'oreal's page Performance scores 14/30 and Website.grader suggests its optimization as is crucial to increasing traffic, improving conversion rates, generating more leads and thereafter increasing revenue.
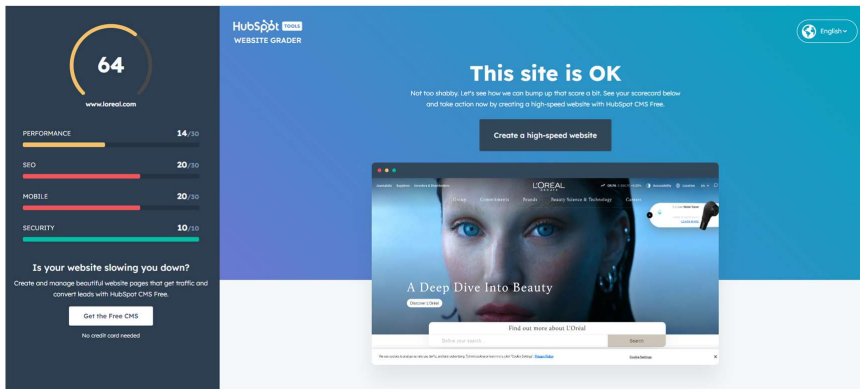
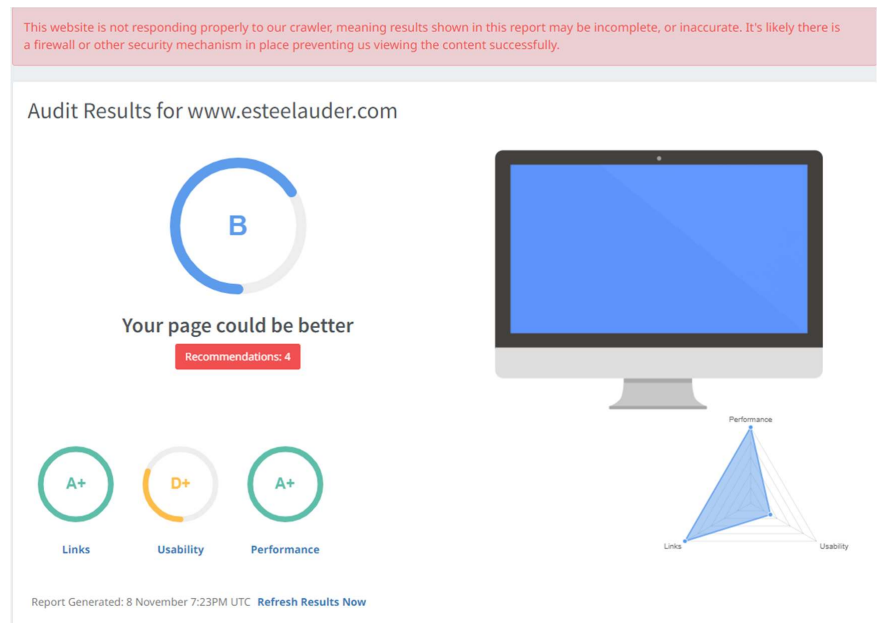
Picture 3.8 L'oreal search results- website.grader.com

SEO scores 20/30. Optimization of the website content for search helps the brand company drive organic traffic to the website. That might be accomplished by offering both users and web crawlers an excellent experience.

Mobile scores 20/30. Traffic from mobile devices is growing fast. Optimization of the website for mobile could prevent from the loss of valuable traffic, leads and revenue.

Security score 10/10. These days, the norm for an SSL-certified, vulnerability-free website is security. Search engines and users alike adore secure websites.

In order to have a better point of view of the results that the two websites generated for L'oreal, a comparison with the results for the Estee Lauder website is going to take place.

The first more apparent observation is the absence of the On-page SEO for Estee Lauder. That most possibly means that the company has either not worked the its website optimization or has very strict security mechanism that prevents the SEOptimer to analyze the data. Nevertheless, the Links and Performance scores are A+ which means that the website is optimized as well in that aspect and Usability score D. This is a good rate compared to L'oreal's score in that category. The main difference observed in the two Groups' websites is the Estee Lauder website provides the option for the user to subscribe to newsletter (e-mail marketing) while in the L'oreal's website that option is not available. Would like to underline again that the two compared websites correspond to Groups' website and not the brands separately. For instance, lorealparisusa.com provides the option to sign up with the email for future brad's updates and newsletters but not the global group's website.
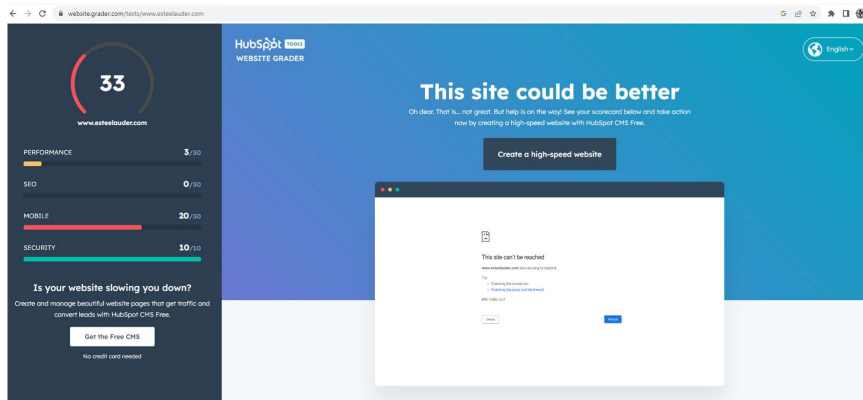

Picture 3.9 Estee Lauder search results - SEOptimer.com
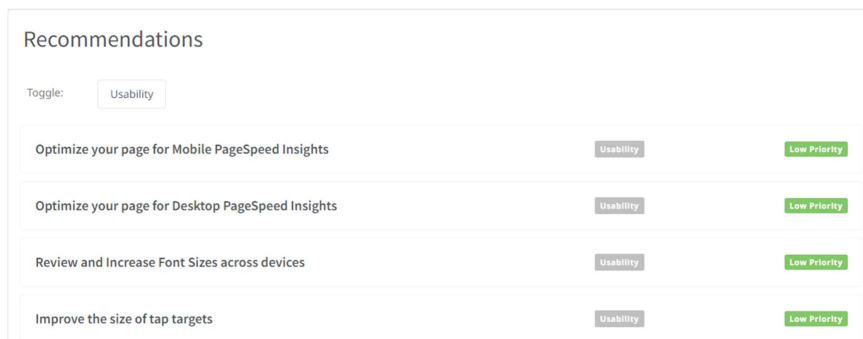
Picture 3.10 Estee Lauder search results, recommendations - SEOptimer.com

Likewise, the results in the Website.Grader also appear difunctional for Estee Lauder as the SEO scores again zero and is shown that the page cannot be reached. In Grater though the Performance has a rather low ranking (3/30) compared to the SEOptimer but has a medium score (20/30) in the mobile category. The optimized category for the Estee Lauder is the security that scores 10/10. That could similarly explain the disability of the Grader to produce results for the website's SEO.

Picture 3.11 Estee Lauder search results- website.grader.com

The below table summarized the two companies scores as analyzed in this section. The two major player have similarities in their scores in the aspect of performance and security while it seems that they work differently their SEO tools an investigation that would not be feasible to make as these consist sensitive internal information for the two companies.

SEOptimer	L' oreal	Estee Lauder	Website.Grander	L' oreal	Estee Lauder
On-Page SEO	A+	n/a	Performance	14/30	3/30
Links	A+	A+	SEO	20/30	0/30
Usability	F	D+	Mobile	20/30	20/30

Performance	A+	A+	Security	10/10	10/10

Table 3.2 Summary table for L'oreal and Estee Lauder – SEOoptimer & Websiter Grander

Social Media Presence

Social media is a fantastic tool for marketers to track client preferences, positive and negative customer experiences, current trends, rivals, partners, brand mentions, and corporate reputation. It facilitates the identification of "influencers" or potential customers as well as suggestions for campaigns, product and service development, and content enhancement. (Bax et al., 2013, Dunant, 2014, Chaffey and Smith, 2013)

L'oreal has strong presence at all major social media: Facebook, Instagram, Twitter, TikTok, You Tube and Linked in. Evaluation table for Facebook Instagram and Tiktok will follow for the two major cosmetics players. The selected social media are the ones that are contemporary and strong and linked with e-commerce. Twitter is still active with 132.1 followers but its utilization from the brads is very poor (last post from both L'oreal and Estee Lauder is dated back in 2022) and linked mostly with the brand awareness in reference to sociocultural and environmental/ innovation matters. In You Tube, the subscribers' number is also sufficient for L'oreal (23.3K) but noticeably weaker than the current trending social media platforms. The content in YouTube is divided into videos with information on the life and people inside the Group, presentation of new innovative products and projects. Estee Lauder is doing better in its' subscribers' number counting 93.3K subscribers. The posting activity has slowed down for both firms as they both haven't uploaded a video for more than 8 months since this research whereas the uploading consistency was more frequent from that point backwards. In reference to the brands' presence on Linkedin, both brands are holding a strong position with 5M and 1.5M of followers respectively for L'oreal and Estee Lauder. Linked in consist a contemporary and very important social media tool which is focus on the brand's awareness from the businesses point of view. It is also a valuable tool for recruiting. It is beyond doubt that all social media regardless of their connection with the e-commerce have a significant impact on brands' awareness and hence increase of potential customers' reach.

In the below comparison tables what could be assumed is the L'oreal's greater adoptability to the new trends in the social media world. In the first table with Facebook evaluation the number of likes is significantly lower that Estee Lauder low but its presence on Instagram and TikTok, that are trending higher for products promotion, campaigns etc., is much stronger comparing to Estee Lauder which have less than half of L'oreal's followers.

Facebook	L'oreal	Estee Lauder
Total Page likes	2,7M	4.1M

Website connectivity	yes	yes
Social Media Connectivity	yes	yes
Post Frequency	quite often	quite often
Posts likes	few (count in hudreds)	a lot (count in thousands)
Photos	yes	yes
Videos	yes	yes

Table 3.3 Facebook evaluation table

Having a closer look on the utilization of the social media for the various products campaigned we can also observe that both brands are using celebrities and influencers to promote their products. We can also observe that Facebook is somewhat outdated and is not particularly used for the current campaigns. Nevertheless, sponsored advertisements are popping up by celebrities. For example, in L'oreal Paris in Greece, the content the last post was on 2021 but the brand is using sponsored ads with celebrities as Nicole Mavridis, a professional dancer that won the "Dancing with the Stars" competition in Greek tv on 2018, for the campaign of a skin care product, Revitalift clinical Vitimin C. Nicole has 64.8K followers which comparing to Greek standards is a good ranking. In the L'oreal Group Facebook account the majority of its use is mostly the groups activities rather one products campaign.
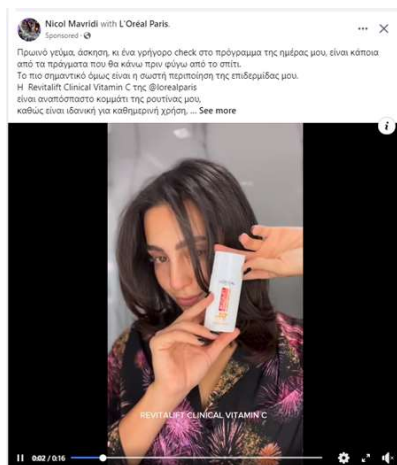
Picture 3.12 L'oreal sponsored ad – Facebook.com

Picture 3.13 Estee Lauder campaign post – Facebook.com

Instagram and Tiktok are being used for products promotion. For example, for the campaign of the new lipstick "Infallible Matte Resistance", L'oreal hire the famous model Kendall Nicole Jenner (294M followers) while on TikTok uses various "TikTokers", influencers with strong Tik Tok presence.
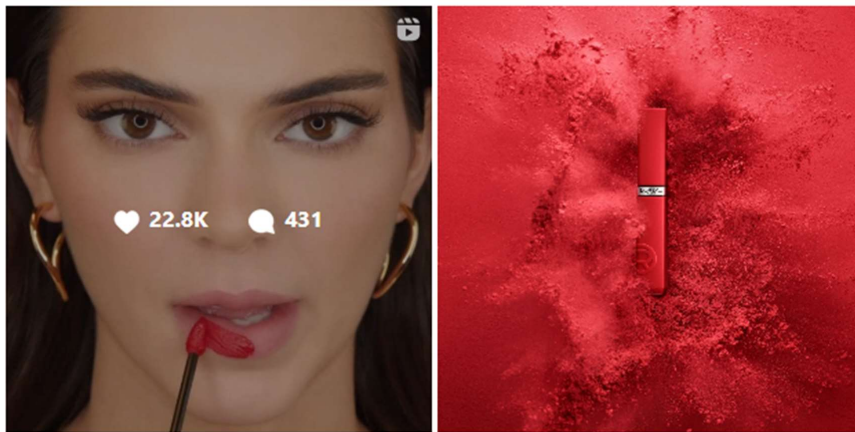
Picture 3.14 L'oreal Infallible Matte Resistance Instagram campaign – Instagram.com
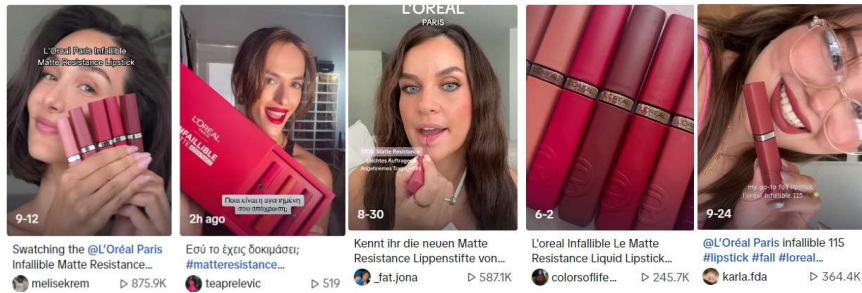
Picture 3.15 L'oreal Infallible Matte Resistance TikTok campaign – TikTok.com

Estee Lauder on the contrary is hiring professional models over celebrities for Instagram campaigns and "TikTokers" for the respective campaigns on Tiktok.

Picture 3.16 Estee Lauder "Advanced Night repair" Instagram campaign – Instagram.com

Picture 3.17 Estee Lauder "Advanced Night repair" TikTok campaign – TikTok.com

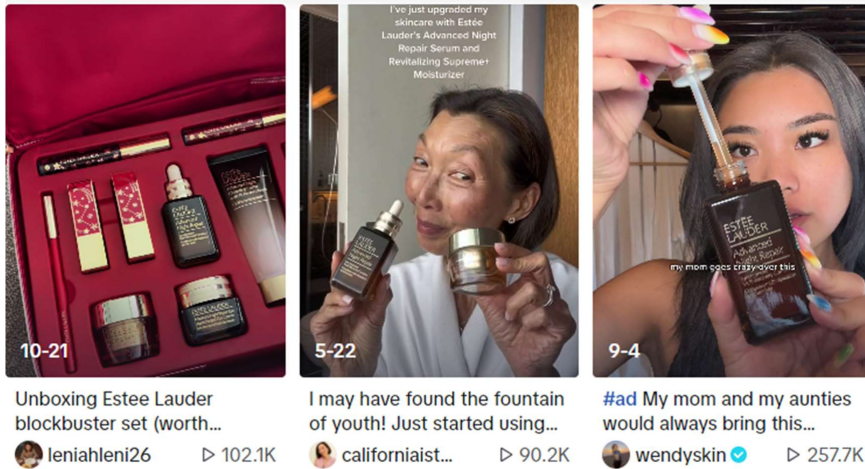| Instagram	L'oreal	Estee Lauder
Followers	10,7M	4,5M
Following	55	508
Header photo	logo	logo
Total posts	3,685	6,323
Highlights	yes	yes
Website connectivity	yes	yes
Reels	yes	yes

Table 3.4 Instagram evaluation table

TikTok	L'oreal Paris	Estee Lauder
Followers	670,4K	164,6K
Following	35	144
Header photo	logo	logo
Website connectivity	yes	yes
Social Media Connectivity	yes	yes
Post Frequency	very often	
Posts likes	a lot (count in thousands)	a lot (count in few thousands)
Photos	no	no
Videos	yes	yes

Table 3.3 Tik tok evaluation table

3.1.1 Distribution channels

Apart from the digital tools under examination, we cannot overlook the physical distribution channels which consist a daily process for the brand's products distribution in the market. The Supply Chain Department of the Group arranges and maximizes the delivery of each of the more than 6.5 billion L'Oréal goods to all clients and to customers directly. It is in charge of guaranteeing that the goods are delivered in the best possible condition, on schedule, and for the lowest possible price. In 2022, the Supply Chain Department and its distribution centers demonstrated a high degree of strategic responsiveness to facilitate L'Oréal's expansion in a very volatile market.

L'Oréal stands out in the worldwide market because to its wide array of distribution channels and broad variety of beauty and cosmetic product categories. L'Oréal consistently improves all physical and informational exchanges from suppliers to consumers.

Presence across all distribution channels

HAIR SALONS

LOCAL RETAILER
IN NEW MARKETS

E-COMMERCE

TRAVEL RETAIL

MASS-MARKET
RETAIL CHANNELS

DEPARTMENT STORES
PERFUMERIES

PHARMACIES
DRUGSTORES
MEDISPAS

BRANDED RETAIL
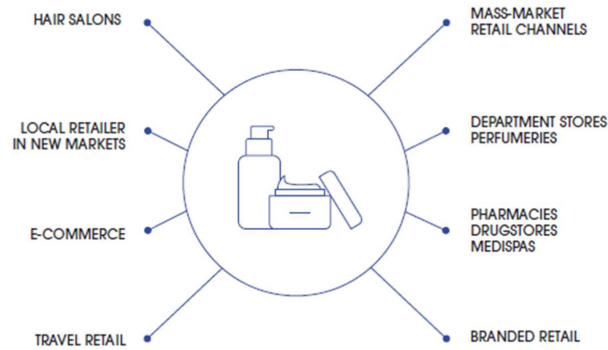
Picture 3.18 L'oreal's Distribution channels – L'oreal Annual report 2022

L'Oréal is strategically transforming its supply chain network of 152 distribution centers into Fulfilment Centers, driven by automation and data to provide personalized services, product customization, and improved delivery options to consumers. They enhance omnichannel stock management and product traceability. In 2022, the company initiated the construction of its first "Intelligent Fulfilment Centre" in Suzhou, China, focusing on personalized beauty services. L'Oréal is also actively reducing its environmental impact through collaborative efforts with carriers to develop low-carbon, multimodal transport solutions, adopting renewable energy globally for its plants, and opening eco-friendly distribution centers such as the one in Jarinu, Brazil. The new Vennecy distribution center in France, operational since October 2022, stands out for its environmental performance with features like enhanced insulation, energy-efficient lighting, passive air conditioning, photovoltaic power, and biomass-fired boilers, using data and automation to optimize operations and market adaptability.

Focusing on the e-commerce part which is our analysis main concern, we can focus on the below digital marketing distribution channels that the brand uses.

1. E-mail marketing. Through the current research, L'oreal group does not provide a newsletter subscription, in comparison with Estee Lauder, which is necessary for the customers to be informed of the products, however, the major retailers that the brand affiliates with do provide this option. The following picture shows the e-mail marketing application from "Galerie de Baute" for L'oreal products. Respective advertisements are provided by other vendors too like Hondos Center, Notino etc.
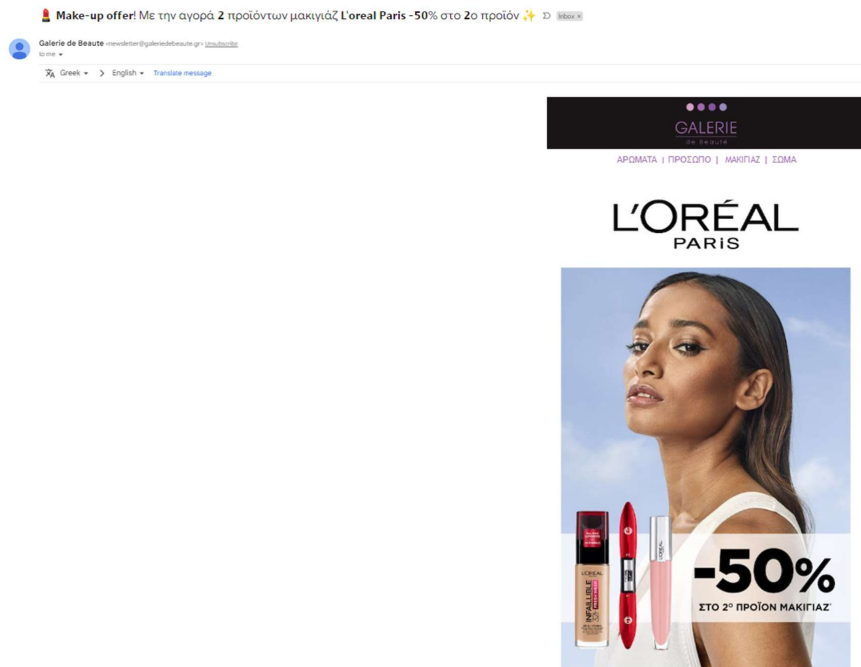
2. Social Media Marketing: L'Oréal maintains a strong presence on platforms like Facebook, Instagram and TikTok. The brand use these channels to showcase their products, share beauty tips, engage with customers, and run targeted advertising campaigns.

3. Influencer Marketing: L'Oréal works with bloggers and beauty and fashion influencers to produce content that spreads the word about their products to a wider audience. Within the beauty industry, this is an often used tactic.

4. Content marketing: On their website and social media pages, they produce and disseminate informative content about skincare, cosmetics, and beauty. Tutorials, movies, and articles can all be a part of this content.

5. Affiliate Marketing: L'Oréal offers its goods on a number of third-party e-commerce sites and e-shops, including Scarlet beauty, Notino, Pharmacy Dicsount and more in addition to its own website. In exchange for a cut of revenue, they might collaborate with affiliates who market their goods on their websites or via other online platforms.

6. Search Engine Marketing (SEM): As mentioned previously, the SEO was a strong benefit for the brand. L'Oréal makes an investment in sponsored search advertising to make sure that, when customers search for relevant keywords, their items are displayed prominently on search engine results pages.

7. Search Engine Marketing (SEM): L'Oréal makes an investment in sponsored search advertising to make sure that, when customers search for relevant keywords, their items are displayed prominently on search engine results pages.

8. Display Advertising: To raise brand awareness and advertise certain items, L'Oréal uses display advertising on websites and mobile apps. Social media sponsored ads are a part of this channel.

9. Mobile Marketing: L'Oréal probably makes investments in mobile advertising and optimizes its website and content for mobile consumers, given the growing use of mobile devices.

10. Virtual Try-On and Augmented Reality (AR): L'Oréal has enhanced the online purchasing experience by enabling clients to virtually try on beauty goods through the use of AR and virtual try-on technologies.

3.1.5 L'oreal – E-SWOT analysis

The situation analysis is the longer part of the SOSTAC analysis because it analyses all aspects that contributes to the realization of where a brand is standing in order to further plan its strategic steps to reach its goals. All the analysis made up to this point is necessary to conduct the e-SWOT for L'oreal.

Strengths

- Very strong online company brand. In line with the leading role of the brand in the industry, L'oreal is appears first in the google search results, had a satisfactory number of followers and post and posts uploading consistency.
- Excellent function of the SEO and respectively the SEM marketing. The brand's name appears first in google results.
- Excellent website performance
- Excellent website security application
- Good ratings of the products in affiliate retailers like Amazon.
- Good description of the products on the website
- The website is compatible with mobile usage
- Hiring of popular celebrities as brand's ambassadors enhance the further engagement of the customers through social media platforms

Weaknesses

- The low usability of the official website. Due to nature of the group's operations, the brand has no option for purchase through the website, no option to register and subscribe to newsletters.

- There is no live chat or communication box in the website
- The mobile usage needs improvement

Opportunities

- Data management and supply chain digitization are significant opportunities and difficulties, particularly for the retail industry and L'Oréal-managed outlets.
- L'Oréal can further tailor product recommendations and experiences for customers, increasing loyalty and revenue, thanks to developments in AI and data analytics.
- Products that are eco-friendly and sustainable are gaining popularity among consumers. L'Oréal can promote its product lines and sustainability initiatives through its online presence.

Threats

- Intense on-line competition with strong rivals holding an equally good digital presence.
- Changing Consumer Behavior: L'Oréal's digital strategy may be impacted by changes in consumer behavior, such as a preference for online purchasing over physical storefronts.
- Regulatory Obstacles: A number of laws pertaining to marketing and product safety apply to the beauty business. Regulation changes may have an effect on e-commerce and digital marketing strategies.
- Emerging Technologies: Should L'Oréal lag behind in implementing these advances, the quick development of technologies like augmented reality could become a danger.

3.2 L'oreal – Objectives

L'Oréal has articulated a distinct vision that may be divided into two main areas: Beauty for All and its Sense of Purpose (raison d'être), which is discussed above. In order to satisfy all of their demands and fulfill all of their desires for beauty in all of their diversity, L'Oréal wants to provide men and women with the best cosmetics available worldwide in terms of quality, efficacy, safety, sincerity, and responsibility. L'Oréal's vision comes to life more than ever, serving as a solid compass in this increasingly complex and unpredictable world.

L'Oréal relies on a single strategy – Glocalisation – meaning the globalisation of its brands with a detailed understanding and respect for local differences. The goal of the Glocalisation strategy is to offer bespoke and inclusive beauty by responding to the specific aspirations of consumers in every region of the world. In contrast to standardisation, it is based on careful attention to consumers and a deep respect for their differences.

"Our goal is to offer each and every person around the world the best of beauty in terms of quality, efficacy, safety, sincerity and responsibility to satisfy all beauty needs and desires in their infinite diversity."

An organization's objectives constitute a sensitive content that most of the times cannot be disclosed. Especially concerning the digital marketing objectives, it would be very unlikely to observe statements like "a main digital target for next year is to double our followers on tiktok". Nevertheless, there are other objectives that could really contribute to the brand's digital marketing and enhance the websites' RACE model (reach, act, convert and engage) as mentioned in previous subchapter 1.3.2. We can therefore, make a hypothesis on the digital marketing objectives through the business goals the brand declare it sets and its achievements that has already concur that could reveal the objective behind them. It important to mention that each digital marketing strategy's main purpose is to support the

- The organization's Global IT Department sets the direction for its IT systems, focusing on using ERP and Cloud services to drive digital transformation. The Information Systems Security Policy, aligned with industry standards, covers cybersecurity and personal data protection. It promotes common goals, best practices, and cybersecurity controls. The policy includes two codes of practice, one of which pertains to social media use, and an independent security audit program. The better the security applied to systems relating to the social media of the brand the better the engagement of the customers. These set of directions, could contribute to the engagement of the brand.

- The Living Wage and Solidarity Sourcing programme. L'Oréal is committed to fair pay for all employees and aims to ensure that by 2030, all employees of its strategic suppliers receive at least a living wage. The company collaborates with the Fair Wage Network and implements a pilot program with 20 strategic suppliers to explore the concept of a decent living wage. The Solidarity Sourcing program, established in 2010, utilizes L'Oréal's purchasing power to promote social inclusion by dedicating part of its purchases to suppliers providing sustainable income for marginalized communities. The program aligns with Diversity, Equity, and Inclusion values and aims to enable over 100,000 people from underprivileged communities to find work by 2030. The activities of L'Oréal fit nicely with a digital marketing goal that emphasizes sustainability and corporate social responsibility (CSR). To spread the word about these initiatives, build a positive brand image, and establish a connection with socially conscious consumers, digital marketing tactics can be used. L'Oréal's dedication to equitable compensation, social inclusion, and community empowerment

can be emphasized through the use of social media campaigns, content marketing, and online engagement. This can strengthen the company's values in the digital sphere, improve brand reputation, draw in socially conscious customers, and contribute to a positive online presence.

- The cosmetics industry will get increasingly digital and competitive over the course of the next ten years due to the entry of new competitors from e-commerce, luxury, and fashion, among other industries. The knowledge and proficiency of L'Oréal in building and cultivating well-known brands that are valued by customers worldwide will be crucial resources in this situation. L'Oréal has always been able to produce standout items, from the debut of new franchises to inventions that become "icons" over time. The marketing departments of L'oreal's brands and laboratories provide valuable talents that are essential for the cooperative and flexible development of novel products, services, and customer experiences.

- L'Oréal's core model centers on innovation, stemming from its founder Eugène Schueller's groundbreaking invention of safe hair dye. The company believes in combining science and creativity to meet consumer expectations for unique experiences. Through research and marketing, L'Oréal constantly evolves its products. It's committed to being a leader in cosmetics innovation, focusing on Green Sciences for sustainability and Beauty Tech for technological advancements. The integration of data, AI, robotics, and nanotechnology propels L'Oréal towards becoming a pioneering company in Beauty Tech.

- L'Oréal for the Future program aims to make sure that the Group's operations are compatible with a planet with finite resource. The following are the primary environmental and societal goals of the program pertaining to subsidiaries:
  - climate: achieving "carbon neutral"(3) status by 2025 for all facilities in operation through increased energy efficiency and the use of 100% renewable energy. Additionally, L'Oréal pledges to cut their product's transportation footprint in half by 2030;
  - biodiversity: Compared to 2019, every building we manage and every industrial site will have a beneficial influence on biodiversity by 2030. In 2022, a monitoring approach for the Group's biodiversity commitment was established and implemented across all sites. Achieving "biodiversity net positive" status requires fulfilling two requirements: enhancing the capacity to support biodiversity on the Group's properties and cultivating an environment that values biodiversity among staff members.

- natural resources: by 2030, all waste produced at our operated locations will be recycled or reused.
- water: all water used in our industrial processes will be recycled and reused in a loop. Additionally, L'Oréal pledges to stop disposing of garbage in landfills.
- Through the L'Oréal Fund for Women, we will have given 50 million euros by 2023 to help the most vulnerable women.
- By 2030, 3 million people will benefit from our brands' social engagement initiatives.

All these business objectives can also lead to the brand's strong awareness regarding its ethics and social responsibility values that contributes indirectly to enhance each one of the RACE model steps. Nevertheless, the ultimate goal for each business is the increase of income and sales. L'oreal in this case is experiencing losses the last two years, it is therefore unquestionable that increase of sales is an alongside target together with the key objectives as determined by the prior analysis:

- Engagement and Digital Presence
- Personalized Customer Experience
- Sustainability and CSR Promotion
- Innovation and Technology Leadership
- Environmental and Societal Impact
- Increase of sales

By setting the key objectives what is also achieved in that process is the determination of the company's KPIs. KPIs provide a review of the efficacy of digital marketing communication efforts at each stage checkpoint and a comparison of actual performance outcomes to targets in the final Control phase. Breaking down the performance of the company on its objectives using the RACE model we can also judge if the SMART criteria are being met.

RACE Model Integration:

Reach:

- Utilize SEO/SEM strategies to increase online visibility.
- Collaborate with influencers to expand the brand's reach on social media platforms.
- Increase of views in social media posts

Act:

- Implement artificial intelligence algorithms to improve customer interactions and personalize experiences.
- Launch campaigns promoting environmentally friendly items to urge customers to take action.

Convert:

- Improve the usability of the website to enhance conversion rates.
- To convert interested users into consumers, utilize targeted advertising.

Engage:

- Encourage participation by providing regular content updates and interactive marketing.
- Use social media to involve customers in environmental efforts.

3.3. L'oreal - Strategy

Using the SWOT analysis to identify a company's strengths, connecting them with the company's objectives, and matching them with available resources supports the development of a realistic strategy. To ensure that strategy supports objectives, a technique for aligning strategy and objectives can be utilized. Due to the brand's local presence and its main vision for glocalization, the segmentation for L'oreal can be very wide.

Segmentation by Demographics

Depending on the particular items they sell, L'Oréal may target a variety of age, gender, and financial brackets. For instance, their approaches to anti-aging products may differ from those to those intended for younger consumers. Other brands of L'oreal refers to a low to medium income customers such us L'oreal Paris, Garnier and Maybelline, and other brands refer to a medium to high income customers such as Lancome, Armani, Prada etc.

Segmentation by business

The main categorization of the sub-beauty sectors are the following:

- Skincare and sun protection
- Make up
- Haircare
- Fragrances
- Hair coloring

Segmentation by Geographic Zones

- Europe
- North Asia
- North America
- Latin America
- SAPMENA - SSA

Positioning

L'oreal is the beauty brand that is linked with inner beauty and the confidence that the consumer must feel when wears their products. As stated in the brands' last published report: "We know that beauty is more than just looking good. Beauty gives us confidence in who we are, in who we want to be, and in our relationships with others.". The classic L'oreal Paris moto "Because you worth it" illustrates perfectly this positioning.

Given the company's elaboration on its characteristics, main strength and weaknesses we can divide its strategy according to the set objectives in the previous sub chapter:

Engagement and Digital Presence:

Utilize SEO/SEM, collaborate with influencers, and ensure consistency in social media posts. This is the most effective way to achieve the main glocalization target that L'oreal has set. Each celebrity/influencer has its own audience and followers around the globe covering all Geographic Zones that L'oreal operates. It is very likely that a local influencer will achieve better reach targets than a world-famous celebrity. Each influencer can have the social media where its followers are more active and certain promotion activities could be arranged accordingly in a good consistency mode that L'oreal already performs.

The utilization of the webpage is another factor that could increase the customers' reach, act and convert. Since its SEO performance is optimized, the addition that could be useful to be made is the addition of certain section, i.e. subscription newsletter that would increase customers' reaching to the new products, activities of the group as well as innovation and environmental projects.

Personalized Customer Experience:

Use artificial intelligence algorithms to improve interactions and generate campaigns pushing individualized product recommendations. More sponsored ads concerning the AI tools that the company has developed could have been a useful strategic step for this objective. For example, the "Virtually try on" module could be prompted more often in a sponsored ad

mode through the social media channels increasing the customers' familiarization with certain products and subsequently the visibility of the webpage.

Sustainability and CSR Promotion:

Publish social media campaigns promoting L'Oréal's dedication to fair pay, social inclusion, and environmental aims. Customers tend to engage to those brands that are illustrating an ethical operation of their businesses. L'oreal is already utilizing the social media channels to speak their sustainability initiates mainly though Facebook.

Innovation and Technology Leadership:

Integrate data, AI, robots, and nanotechnology into product development and marketing to position L'Oréal as a technology pioneer. Again, in this and following objective, L'oreal has shown respective motion through Facebook on this matter but there not enough utilization on TikTok that is highly trending to the younger generation. In order to achieve to expand its brand awareness to the generation Z (born 1997-2012) and the next years to come to the generation Alpha (2013-2025) L'oreal must adopt and also communicate its vales through the target social media in order to achieve the building of customer relationships for the younger generations as well.

Environmental and Societal Impact:

Communicate accomplishments using digital media, with a focus on climate, biodiversity, natural resources, water, and social involvement.

L'Oréal's digital marketing strategy is in line with business goals, resulting in a holistic approach that addresses reach, act, convert, and engage. The approach capitalizes on the SWOT analysis's strengths and is consistent with the company's commitment to glocalization, innovation, and sustainability. The RACE model's incorporation ensures a holistic and quantitative approach to meeting L'Oréal's digital marketing objectives.

3.4. L'oreal – Tactics & Actions

The sum of all the actions that L'oreal has taken for an optimum, SEO, the utilization of Google trends, the e-commerce applications, the hiring of local influencers and celebrities as brand ambassadors that were analyzed in previous sections, are all tactics and actions by L'oreal to achieve their glocalization objectives.

Through L'oreal's achievements, its tactics for establishing the brand awareness as well as increasing the customers' engagement would be summarized as below:

- Strong web and social media presence
- Investment on IT programs and digital services.
- Active in sociocultural and environmental matters with details sustainability plan
- Constant commitment to innovation

Here is a clearer tactical analysis following the set objectives from previous section.

- ❖ Digital Presence and Engagement:
  - ➢ Tactic 1: SEO/SEM Optimization.

    Action: Update website content with relevant keywords on a regular basis.

    Action: Invest in paid search advertising to ensure first-page rankings in search results.
  - ➢ Tactic 2: Influencer Collaboration.

    Action: Identify and collaborate with influencers who share L'Oréal's brand values.

    Action: Create compelling content with influencers to increase reach.
  - ➢ Tactic 3: Social Media Consistency

    Action: Create a content calendar to ensure consistent publishing across all social media platforms.

    Action: Use Instagram stories, reels, and other tools to keep your audience interested.
- ❖ Personalized Customer Experience:
  - ➢ Tactic 1: AI Algorithms Implementation

    Action: Use client data to implement personalized product suggestions.

    Action: Incorporate AI chatbots for real-time customer care and personalized help.
  - ➢ Tactic 2: Personalization Campaigns

    Action: Send out targeted email campaigns with individualized product recommendations.

    Action: Use client input to fine-tune and improve personalization algorithms.
- ❖ Sustainability and CSR Promotion:
  - ➢ Tactic 1: Social Media Campaigns for Sustainability and CSR Promotion

    Action: Create compelling social media campaigns that highlight fair pay efforts and solidarity sourcing.

    Action: Use video content to provide success stories and impact measurements.
  - ➢ Tactic 2: Content Marketing

    Action: Publish blog entries and articles on sustainability activities on the corporate website.

    Action: Create combined campaigns with influencers that are concerned about sustainability.

- ❖ Innovation and Technology Leadership:
  - ➢ Tactic 1: Product Launch Events

    Action: Host virtual events to showcase the use of technology in the launch of breakthrough items.

    Action: Work with tech influencers to review and promote new goods.
  - ➢ Tactic 2: Social Media Teasers

    Action: Teasers concerning impending technical developments should be released on social media sites.

    Action: Engage followers through surveys and Q&A sessions to build anticipation
- ❖ Environmental and Societal Impact:
  - ➢ Tactic 1: Status Reports

    Actions: Using blog articles and infographics, regularly inform the public on progress toward environmental goals.

    Actions: Share behind-the-scenes content highlighting sustainable practices.
  - ➢ Tactic 2: Community Engagement

    Action: Encourage user-generated content on sustainability and CSR efforts.

    Action: Host virtual events or webinars to explore the environmental and socioeconomic implications.

As per L'oreal's 2022 annual reporting, the development of digital criteria performed better than expected. Some of the detailed actions taken could be summarized herewith below:

- The brand awareness is the number one objective for a brand and its on line presence. L'oreal has well established its brand awareness for a long time now but keeps being up-to-date to maintain same and enhance it through its partnerships.
  - o Web 2.0 launch: L'Oréal concentrates its digital advantage on consumer interaction through data-driven marketing, influencer/advocacy marketing, and developing platforms.
  - o Metaverse & Web3:
    - ▪ Nyx PMU announced the world's first beauty DAO (decentralized autonomous organization);
    - ▪ First multi-brand avatar partnership with Ready Player Me;
    - ▪ First beauty partnership with Opensea (the largest NFT marketplace globally);
    - ▪ Collaboration with Meta at Station F to promote creativity and inclusivity in the Metaverse and Web3; AGORN.
    - ▪ Digital Village IO Inc. (creator of virtual worlds and experiences) is an investment made by the Bold Female Founders Fund.

These initiatives are increasing brand's awareness and so reaching the website.

- Establishment of new consumer interaction models
    - L'Oréal leads the influencer market share (up 1.4 points from 2021) thanks to its skincare and haircare categories, solid leadership, and growing presence on TikTok.
    - Netflix: With access to a premium audience, L'Oréal is one of the top marketers on Netflix in over six markets
    - Retailer Media: an up-and-coming channel with a 14% increase
    - Websites: creating interactive websites that provide a novel shopping experience (items enhanced with QR codes).
    - Beauty augmented by technology: Beauty Tech creates a new area of growth and innovation for L'Oréal at the nexus of science and technology by broadening the definition of beauty.
- Digital services
    - 10 patents filed in 2022.
    - L'Oréal Digital Services now offers 10-star services across all beauty sectors.
    - Ongoing service rollout in 110 countries, with 1,400 direct services.
    - 72 partnerships with retailers and independent businesses
- Continuation of the Company's digital transformation
    - Over 5,900 digital experts in all areas of digital.
    - Recruitment and training in 2022: 67,500 persons have received training in digital and e-commerce. 80% of the community involved in digital and e-commerce has received training, with 17,000 individuals in e-commerce and 4,300 in the metaverse and gaming across the Group. Industry recognition and the L2 Digital ranking by Gartner
- Gartner L2 Digital ranking /Industry recognition
    - Regarding media market share and influencer market share, L'Oréal held the top spot globally.
    - In Gartner's 2022 Digital IQ Index: Personal Care U.S., L'Oréal came in first place, followed by Maybelline at number one and CeraVe at number two.
    - Out of the Group's 20 brands, seven are included in the index.Kantar's Brand Footprint presented L'Oréal Paris with the "Fastest Digital Transformation"
- L'Oréal for the Future program and digital sustainability
    - establishing L'Oréal as a pioneer in lowering the negative effects of media and content on the environment.

- o Partnership with the French start-up Impact+ to measure and reduce the carbon footprint of the Group's marketing initiatives.

The study' advised approaches and activities are extremely related to the accomplishments revealed in L'Oréal's 2022 annual review. The described initiatives complement the company's focus on digital transformation, innovation, sustainability, and community participation. The connection strengthens the recommended approaches' efficacy in contributing to L'Oréal's overall digital marketing objectives and business goals.

3.6 L'oreal – Control

The monthly economic indicator reporting system makes it possible to consistently and continuously monitor each subsidiary's performance and makes sure that it is in accordance with the goals established.

This reporting and consolidation system, which is used by all entities, uses blocking rules that take effect prior to the financial data being uploaded to the group level, ensuring the consistency and accuracy of figures at the level of each subsidiary. Because a single reference framework is utilized, the operating profit and loss account by destination, which is shared by management and general accounting, strengthens the control of accounts in the financial statements.

The structure of the Group is based on reporting from each subsidiary, which is sent directly to L'Oréal, the parent company, by the respective nations. For the great majority of the subsidiaries, there are no intermediate aggregates. This technology makes data transfer and information completeness optimal and makes data accuracy checking easier.

A joint representation letter, signed by the chief executive officer and chief financial officer of each subsidiary, commits them to providing the Group's Operational Finance Department with accounting and financial information that is accurate, dependable, and complete.

General Control measures to be taken in order to ensure proper function on all previous steps of the SOSTAC analysis could be summarized as follows:

- Regularly analyze website analytics, social media metrics, and SEO performance.
- Monitor customer satisfaction through feedback and reviews.
- Track progress towards sustainability goals and report on achievements.
- Conduct regular audits of AI algorithms for effectiveness and ethical use.
- Evaluate the impact of digital marketing efforts on brand perception and reputation.

3.7 Recommendations

L'oreal is holding the leading spot in the cosmetics industry and one of the top ones in the wider FCMG sector. It is therefore pre-assumed that its digital marketing strategy could act as an example for every company within the sector. Through the analysis of the current thesis its strong digital presence and strategy is well shown.

A recommendation that could be made was for L'oreal group to include the option for a newsletter subscription. The usability of the website would be improved and also the act and convert steps of the RACE model. Though these newsletters the Group could communicate with the fans the values of the company, the innovation projects, the new products of each one of the Groups' brands and link them with the individual webpages. This tool could boost the brand's awareness as much as the engagement of the loyal customers.

Moreover, L'Oréal could accelerate its digital transformation by investing in cutting-edge technology such as AI, augmented reality, and virtual reality to improve customer experiences. The brand's success in developing digital criteria should be used, and study of prospects in the metaverse and Web3 should fit with the brand's dedication to Beauty Tech and innovation. L'Oréal's positive influence on the environment and society would be enhanced by strengthening sustainability measures and boosting community participation through digital media.

Building on its influencer market share leadership, the brand could diversify relationships and develop interactive websites enriched with QR codes for a better online buying experience. L'Oréal's brand awareness will be strengthened further by using worldwide collaborations for market expansion, particularly in developing regions. Furthermore, continual investment in people development ensures that the digital workforce has the most up-to-date skills and knowledge, connecting training programs with rising trends like the metaverse and gaming.

Concerning the rapidly competitive FMCG industry and the businesses operating within same, in order for them to maintain their competitiveness, the firms should embrace digital marketing strategies that emphasize data-driven marketing, influencer collaborations, and creative platforms for increased brand visibility and interaction. Enhancing online presence and user experience, as well as optimizing e-commerce channels, will adapt to the expanding trend of online purchasing and changing customer behavior. To streamline distribution and prevent unforeseen interruptions, new logistics technology and business concepts, such as hub-and-spoke systems, must be used to strengthen supply chain resilience.

Environmental sustainability in product development, packaging, and distribution, as well as ethical sourcing procedures, will link FMCG companies with consumer values and generate

favorable brand perception. Adapting to market dynamics requires tailoring product offers and marketing tactics to various market segments based on product kind, production type, distribution channel, and regional preferences. Continuous monitoring of industry trends, technology breakthroughs, and consumer behavior will be critical to remaining ahead of the competition in the FMCG market.

Dicsussion

The purpose the current research was to illustrate the significance of a corporate digital marketing strategy and how same should be implemented in a very demanding industry as that of FMCG. In order to focus on the right aspects, make wise judgments, and accomplish business objectives, a well-thought-out digital marketing plan is required. Planning of the exact marketing tactics and methods are of great importance in order for a company to accomplish its goals and objectives. In a fast-pace evolving business world the necessity to adopt to new trends and practices are of great importance.

The companies FMCG industry a very demanding sector characterized of a fast-pace development and excessive need for up-to-date practiced for the brand to stay competitive and hold their share in the pie. L'oreal is the leader in one subcategory in the FMCG sector and sets an excellent example for competitors and companies of the sector to follow and enhance their digital marketing strategy. L'oreal's constant commitment to innovation, it's environmental and sociocultural awareness, its social media engagement, its website content and security applications are their competitive advantages that make them a very strong brand and leading group in the cosmetics and FMCG industry. Adopting to the new trends and utilizing digital marketing tools are tending to be of paramount importance for the businesses to stay active and profitable when operating in a competitive environment.

Finally, the in-depth examination of L'Oréal's digital marketing strategy, along with insights from the Fast-Moving Consumer Goods (FMCG) business, presents a strategic roadmap for both L'Oréal and FMCG companies. The proposals for L'Oréal revolve upon exploiting digital innovation, improving environmental programs, expanding community participation, and retaining global leadership through strategic alliances. L'Oréal's concentration on personnel development and alignment with emerging trends positions the company for long-term success in a volatile market.

The focus for FMCG companies is on embracing digital marketing integration, maximizing e-commerce platforms, strengthening supply chain resilience, and prioritizing environmental and ethical considerations. Adaptability to changing consumer needs will be ensured by

tailoring products and tactics to varied market niches and continual monitoring of industry trends. The study emphasizes the necessity of staying current with trends, recognizing the dynamic nature of the FMCG industry, and emphasizing the role of digital marketing in generating success. Overall, the guidelines aim to steer both L'Oréal and FMCG companies toward a future-proof, consumer-centric, and ecologically responsible strategy in the ever-changing consumer products market landscape.

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