

Digital Marketing Strategy in Enhancing Brand Awareness and Profitability of E-Commerce Companies

Dhiyah Eloise Rose*¹, John van der Merwe², Jack Jones³

¹Ijiis Incorporation, Singapore

²Ilearning Incorporation, Estonia

³Eduaward Incorporation, United Kingdom

¹eloiser@ijiis.asia, ²johnvander@ilearning.ee

³jacknes@eduaward.co.uk

*Corresponding Author

Article Info

Article history:

Received May 14, 2024

Revised May 27, 2024

Accepted May 29, 2024

Keywords:

Digital Marketing

E-Commerce

Companies

Profitability

Brand Awareness

ABSTRACT

Digital marketing has become a critical aspect in the marketing strategy of e-commerce companies in the current digital era. This research aims to investigate the impact of digital marketing on brand awareness and profitability of e-commerce companies. A quantitative research approach was employed by collecting data from 100 respondents consisting of marketing managers and executives of e-commerce companies. Data analysis was conducted using the Partial Least Squares Structural Equation Modeling (PLS-SEM) method with the assistance of SmartPLS software. The findings suggest that effective digital marketing strategies can enhance brand awareness and profitability. Consequently, managers can allocate resources more wisely and achieve competitive advantage. In the context of increasingly intense market competition, this understanding is crucial. This research contributes to the literature on digital marketing within the realm of e-commerce.

This is an open access article under the [CC BY-SA 4.0](https://creativecommons.org/licenses/by-sa/4.0/) license.



*Corresponding Author:

Dhiyah Eloise Rose (eloiser@ijiis.asia)

DOI: <https://doi.org/10.33050/atm.v8i2.2277>

This is an open-access article under the CC-BY-SA license (<https://creativecommons.org/licenses/by-sa/4.0/>)

©Authors retain all copyrights

1. INTRODUCTION

Digital marketing has become an integral component in the marketing strategy of e-commerce companies in the current digital era[1]. With the rapid growth of the internet and penetration of digital technology, e-commerce companies have experienced major changes in their marketing approach. Digital marketing is not only a tool for increasing brand visibility, but also has the potential to increase a company's profitability and competitiveness[2][3]. In an increasingly competitive e-commerce ecosystem, it is important for companies to utilize digital marketing effectively to strengthen brand awareness and increase their profitability[4].

Digital marketing offers a variety of strategies and channels, such as social media, PPC (Pay-Per-Click) advertising, SEO (Search Engine Optimization), and digital content, that can help companies achieve their marketing goals more efficiently[5].

Although digital marketing has become a major focus in e-commerce companies' marketing strategies, there is still a gap in understanding how this strategy specifically impacts brand awareness and company profitability[6][7]. Previous research tends to focus on certain aspects of digital marketing or only provides a surface view without thoroughly investigating the relationship between digital marketing, brand awareness, and profitability.

The main objective of this research is to investigate and analyze in depth the relationship between digital marketing, brand awareness, and profitability of e-commerce companies[8][9]. This research aims to fill the gap in the literature by providing a more comprehensive understanding of how digital marketing strategies can be implemented effectively to improve these two aspects. Specific objectives include:

1. Identify the most effective digital marketing strategies in increasing brand awareness of e-commerce companies.
2. Analyzing the impact of digital marketing strategies on the profitability of e-commerce companies.
3. Make practical recommendations for marketing managers in designing and implementing effective digital marketing strategies.

This research is expected to make a significant contribution to the literature on digital marketing, especially in the context of e-commerce companies. By understanding the relationship between digital marketing, brand awareness, and profitability, this research can provide valuable insights for marketing practitioners to increase the effectiveness of their marketing strategies.

The uniqueness of this research lies in its comprehensive approach in investigating the relationship between digital marketing, brand awareness, and profitability of e-commerce companies. This research does not just look at one side of the equation, but tries to understand the complex interactions between the three. Thus, it is hoped that this research can provide new insights and a deeper understanding of digital marketing strategies in the context of e-commerce[10][11].

1.2 Library Survey

Digital marketing has become the center of attention in company marketing strategies in the digital era. To understand its role and impact in more depth, it is necessary to review the concept of digital marketing, its relationship with brand awareness, and its impact on company profitability[12][13].

1.3 Digital Marketing Concept

Digital marketing is a series of marketing strategies that use digital media to interact with consumers directly. Key elements of digital marketing include:

1. Social Media: Platforms like Facebook, Instagram, and Twitter are used to interact with audiences, promote products, and build brand awareness.
2. SEO (Search Engine Optimization): The practice of increasing the visibility of a company's website in organic search engine results.
3. PPC (Pay-Per-Click): An advertising model in which companies pay every time their ad is clicked on by a user.
4. Digital Content: Creation and distribution of relevant and valuable content, such as blog articles, videos, and infographics, to engage and educate audiences.

1.4 Relationship between Digital Marketing and Brand Awareness

Digital marketing has a significant role in influencing a company's brand awareness. Through various digital strategies and channels, companies can build strong relationships with their audiences and increase brand awareness[14]. Research has shown that engaging and valuable content on social media, as well as ranking

high in search results, can help significantly increase brand awareness. Apart from that, consumer involvement through direct interactions on social media can also help strengthen brand awareness[15].

1.5 Relationship between Digital Marketing and Profitability

Digital marketing also has a significant impact on a company's profitability. By increasing brand visibility and awareness through effective digital marketing strategies, companies can attract more potential customers and increase their sales. In addition, the right digital marketing strategy can also help companies optimize marketing costs and increase the efficiency of their marketing campaigns, which in turn can increase profitability[16]. Research has shown that companies that allocate resources to digital marketing tend to have better financial performance compared to those that don't[17].

2. RESEARCH METHODS

This study uses a quantitative research approach to collect and analyze data. This approach allows researchers to measure the relationship between the variables studied statistically, making it possible to gain a deeper understanding of the influence of digital marketing on brand awareness and profitability of e-commerce companies[18].

The population of this research is e-commerce companies that operate online. In this case, the population can include e-commerce companies of various sizes and industries[19]. However, due to time and resource limitations, we chose to use a sample from this population. The sample in this study consisted of 100 respondents randomly selected from various e-commerce companies[20]. Data was collected through questionnaires distributed to respondents who had knowledge and experience in digital marketing and e-commerce company management. The questionnaire consists of questions designed to measure respondents' perceptions about the effectiveness of digital marketing strategies in increasing brand awareness and company profitability. The questions in the questionnaire use a Likert scale to assess the respondent's level of agreement or disagreement with the statements given[21].

Table 1. Survey Questionnaire

No.	Question
1.	How often do you use social media (such as Facebook, Instagram, Twitter) to interact with an e-commerce company's brand or products?
2.	Do you often see online advertisements from e-commerce companies while browsing the internet?
3.	How often do you search for products or services using a search engine (such as Google) before making an online purchase?
4.	Do you often get information about products or promotional offers via email or newsletters from e-commerce companies?
5.	How often do you see digital content (like blog articles, videos, infographics) shared by e-commerce companies on social media or their websites?
6.	How familiar are you with the brand or products of a particular e-commerce company?
7.	Do you often remember brands or products from certain e-commerce companies when you shop online?
8.	How often do you recommend brands or products from certain e-commerce companies to friends or family?
9.	How confident are you in the quality of the products or services offered by a particular e-commerce company?
10.	How often do you interact with brand or product content from a particular e-commerce company on their social media or website?
11.	What do you think about the prices of products or services offered by certain e-commerce companies?

12.	How often do you make additional purchases or add items to your shopping cart when shopping on a particular e-commerce company's website?
13.	Are you satisfied with your online shopping experience at a particular e-commerce company?
14.	How often do you come back to shop again on a particular e-commerce company's website?
15.	What do you think about the advantages or benefits you get after shopping at a particular e-commerce company?

The data collected will be analyzed using the Partial Least Squares Structural Equation Modeling (PLS-SEM) method with the help of SmartPLS software. PLS-SEM is a useful statistical method for testing relationships between complex variables in structural models[22]. This analysis will help in understanding how significant the influence of digital marketing variables is on brand awareness and profitability of e-commerce companies. The results of the analysis will be presented in the form of tables and graphs to facilitate interpretation[23][24].

By using a quantitative research approach and PLS-SEM analysis methods, we were able to gain a deeper understanding of the influence of digital marketing on brand awareness and profitability of e-commerce companies[25].

3. RESULT AND DISCUSSION

The results of the analysis using the Partial Least Squares Structural Equation Modeling (PLS-SEM) method with the help of SmartPLS software show several important findings in the relationship between digital marketing, brand awareness and profitability of e-commerce companies.

Table 2. Results of Brand Awareness Analysis

Variable	Path Coefficient (β)	T-value	P-value	Interpretation
Digital Marketing (X)	0.75	6.21	<0.001	There is a significant positive relationship between digital marketing and brand awareness of e-commerce companies.
Brand Awareness (Y1)	0.63	5.84	<0.001	E-commerce company brand awareness is positively and significantly influenced by digital marketing.

From the table above, it can be seen that the path coefficient between digital marketing and brand awareness is 0.75, with a t-value of 6.21, and a p-value of less than 0.001, indicating that the relationship between digital marketing and brand awareness is statistically significant. The analysis results also show that digital marketing has a significant impact on the profitability of e-commerce companies. The following are the results of the profitability analysis based on the data collected:

Table 3. Results of Profitability Analysis

Variable	Path Coefficient (β)	T-value	P-value	Interpretation
Digital Marketing (X)	0.52	4.98	<0.001	There is a significant positive relationship between digital marketing and the profitability of e-commerce companies.
Profitability (Y2)	0.48	4.65	<0.001	The profitability of e-commerce companies is positively and significantly influenced by digital marketing.

From the table above, it can be seen that the path coefficient between digital marketing and profitability is 0.52, with a t-value of 4.98, and a p-value of less than 0.001, indicating that the relationship between digital marketing and profitability is also statistically significant.

Table 4. Structural Equation Model Path Coefficients

Variable	Path Coefficient (β)	T-value	P-value	Interpretation
Digital Marketing (X)	0.75	6.21	<0.001	There is a significant positive relationship between digital marketing and brand awareness.
Brand Awareness (Y1)	0.63	5.84	<0.001	Brand awareness is positively and significantly influenced by digital marketing.
Digital Marketing (X)	0.52	4.98	<0.001	There is a significant positive relationship between digital marketing and the profitability of e-commerce companies.
Profitability (Y2)	0.48	4.65	<0.001	The profitability of e-commerce companies is positively and significantly influenced by digital marketing.

The results of the analysis show that digital marketing has a significant influence on the two variables studied, namely brand awareness and profitability of e-commerce companies.

A significant and positive path coefficient indicates that the greater the use of digital marketing, the higher the level of brand awareness and company profitability.

The findings from this research also have significant practical implications for digital marketing practitioners and managers of e-commerce companies. First, marketing managers can use these results to design digital marketing strategies that are more effective in increasing brand awareness and company profitability. In addition, understanding the relationship between digital marketing and e-commerce company performance can help managers in optimal resource allocation and better decision making.

4. CONCLUSION

This research has successfully demonstrated that digital marketing has a significant influence on brand awareness and profitability of e-commerce companies. The research findings indicate that digital marketing positively contributes to enhancing both of these variables. The significant and positive path coefficients in the relationship between digital marketing and brand awareness ($\beta = 0.75$, $t = 6.21$, $p < 0.001$) as well as profitability ($\beta = 0.52$, $t = 4.98$, $p < 0.001$) underscore the importance of digital marketing strategies in improving the performance of e-commerce companies.

Theoretically, this research provides a deeper understanding of the relationship between digital marketing, brand awareness, and profitability of e-commerce companies. The practical implications are that marketing managers can use these findings as a basis for designing more effective digital marketing strategies to achieve their marketing objectives. By understanding the significance of digital marketing in enhancing brand awareness and profitability, companies can allocate resources more wisely and attain a competitive advantage in an increasingly competitive market.

As specific recommendations based on the research findings, it is suggested that e-commerce companies focus more on digital marketing strategies such as search engine optimization (SEO) and compelling digital content to increase brand awareness. Additionally, investments in pay-per-click advertising (PPC) and effective use of social media can enhance profitability. By implementing these strategies, companies are expected to improve overall performance and maintain a competitive position in the market.

The analysis highlights that companies allocating resources to digital marketing tend to have better financial performance compared to those that do not.

5. ACKNOWLEDGMENT

Although this research provides valuable insight into the relationship between digital marketing, brand awareness, and e-commerce company profitability, there are several limitations that need to be noted. First, the use of a sample limited to only 100 respondents may limit the generalization of the findings. In addition, the method of collecting data through questionnaires can cause respondent bias and lack of response validity. Furthermore, this research also does not consider external factors that could influence the results, such as market conditions and industry competition.

For future research, it is recommended to expand the sample and use more diverse data collection methods to obtain more representative results. Apart from that, further research can also consider external factors that influence digital marketing strategies and e-commerce company performance

REFERENCES

- [1] J. R. Saura, "Using data sciences in digital marketing: Framework, methods, and performance metrics," *J. Innov. Knowl.*, vol. 6, no. 2, pp. 92–102, 2021.
- [2] M. K. Peter and M. Dalla Vecchia, "The digital marketing toolkit: a literature review for the identification of digital marketing channels and platforms," *New trends Bus. Inf. Syst. Technol. Digit. Innov. Digit. Bus. Transform.*, pp. 251–265, 2021.
- [3] R. KANAKRIYAH, "Dividend policy and companies' financial performance," *J. Asian Financ. Econ. Bus.*, vol. 7, no. 10, pp. 531–541, 2020.
- [4] D. S. S. Wuisan, R. A. Sunardjo, Q. Aini, N. A. Yusuf, and U. Rahardja, "Integrating Artificial Intelligence in Human Resource Management: A SmartPLS Approach for Entrepreneurial Success," *Aptisi Trans. Technopreneursh.*, vol. 5, no. 3, pp. 334–345, 2023.
- [5] R. Handfield, S. Jeong, and T. Choi, "Emerging procurement technology: data analytics and cognitive analytics," *Int. J. Phys. Distrib. Logist. Manag.*, vol. 49, no. 10, pp. 972–1002, 2019.

- [6] Czaplewski, and T. M. Key, "Business strategy and the management of digital marketing," *Bus. Horiz.*, vol. 64, no. 2, pp. 285–293, 2021.
- [7] A. Ghezzi, "How Entrepreneurs make sense of Lean Startup Approaches: Business Models as cognitive lenses to generate fast and frugal Heuristics," *Technol. Forecast. Soc. Change*, vol. 161, p. 120324, 2020.
- [8] S. Kingsnorth, *Digital marketing strategy: an integrated approach to online marketing*. Kogan Page Publishers, 2022.
- [9] S. Pranata, K. Hadi, M. H. R. Chakim, Y. Shino, and I. N. Hikam, "Business Relationship in Business Process Management and Management with the Literature Review Method," *ADI J. Recent Innov.*, vol. 5, no. 1Sp, pp. 45–53, 2023.
- [10] I. Handayani, D. Apriani, M. Mulyati, N. A. Yusuf, and A. R. A. Zahra, "A Survey on User Experience of Blockchain Transactions: Security and Adaptability Issues," *Blockchain Front. Technol.*, vol. 3, no. 1, pp. 80–88, 2023.
- [11] S. Krishnaprabha and R. Tarunika, "An analysis on building brand awareness through digital marketing initiatives," *Int. J. Res. Eng. Sci. Manag.*, vol. 3, no. 7, pp. 266–270, 2020.
- [12] I. Khong, N. A. Yusuf, A. Nuriman, and A. B. Yadila, "Exploring the Impact of Data Quality on Decision-Making Processes in Information Intensive Organizations," *APTISI Trans. Manag.*, vol. 7, no. 3, pp. 253–260, 2023.
- [13] A. S. Ajina, "The role of content marketing in enhancing customer loyalty: an empirical study on private hospitals in Saudi Arabia," *Innov. Mark.*, vol. 15, no. 3, pp. 71–84, 2019.
- [14] L. Bell, R. McCloy, L. Butler, and J. Vogt, "Motivational and affective factors underlying consumer dropout and transactional success in ecommerce: an overview," *Front. Psychol.*, vol. 11, p. 546302, 2020.
- [15] D. P. Alamsyah, C. I. Ratnapuri, R. Aryanto, and N. A. Othman, "Digital marketing: Implementation of digital advertising preference to support brand awareness," *Acad. Strateg. Manag. J.*, vol. 20, no. 2, pp. 1–10, 2021.
- [16] S. B. Utomo, J. P. Nugraha, R. Indrapraja, and F. A. B. K. Panjaitan, "Analysis of The Effectiveness of Integrated Digital Marketing Communication Strategies in Building MSMEs Brand Awareness Through Social Media," *J. Sistim Inf. dan Teknol.*, pp. 8–13, 2023.
- [17] O. Mulyani and N. Hermina, "The Influence of Digital Marketing and Brand Awareness on Increasing Brand Image and its Impact on Purchasing Decisions," *Prism. Sains J. Pengkaj. Ilmu dan Pembelajaran Mat. dan IPA IKIP Mataram*, vol. 11, no. 1, pp. 132–145, 2023.
- [18] J.-H. Cheah, R. Thurasamy, M. A. Memon, F. Chuah, and H. Ting, "Multigroup analysis using SmartPLS: Step-by-step guidelines for business research," *Asian J. Bus. Res.*, vol. 10, no. 3, pp. I–XIX, 2020.
- [19] J. Moscato, "Evaluating Organizational Performance Using SmartPLS: A Management Perspective," *APTISI Trans. Manag.*, vol. 7, no. 3, pp. 273–281, 2023.
- [20] H. Ko, S. Lee, Y. Park, and A. Choi, "A Survey of Recommendation Systems: Recommendation Models, Techniques, and Application Fields," *Electron.*, vol. 11, no. 1, 2022, doi: 10.3390/electronics11010141.
- [21] N. P. L. Santoso, R. A. Sunarjo, and I. S. Fadli, "Analyzing the Factors Influencing the Success of Business Incubation Programs: A SmartPLS Approach," *ADI J. Recent Innov.*, vol. 5, no. 1, pp. 60–71, 2023.
- [22] M. Al-Emran, V. Mezhuyev, and A. Kamaludin, "PLS-SEM in information systems research: a comprehensive methodological reference," in *Proceedings of the International Conference on Advanced Intelligent Systems and Informatics 2018 4*, 2019, pp. 644–653.
- [23] A. R. A. Zahra, D. Jonas, I. Erliyani, and N. A. Yusuf, "Assessing Customer Satisfaction in AI-Powered Services: An Empirical Study with SmartPLS," *Int. Trans. Artif. Intell.*, vol. 2, no. 1, pp. 81–89, 2023.
- [24] Q. Aini, E. P. Harahap, and F. Faradilla, "The effects of sales reports business intelligence on employee performance," *Aptisi Trans. Manag.*, vol. 4, no. 1, pp. 83–91, 2020.
- [25] N. N. Hien and T. N. H. Nhu, "The effect of digital marketing transformation trends on consumers' purchase intention in B2B businesses: The moderating role of brand awareness," *Cogent Bus. Manag.*, vol. 9, no. 1, p. 2105285, 2022.