

# Analysis of Externally-Environmental Changes to Marketing for Traditional Enterprises in the Digital Time

Lingzhi Zhu

Anhui University, Heifei 230000, China

805489657@qq.com

**Keywords:** Value chain; value webs; traditional enterprises; digital epoch; premier changes; externally-environmental changes.

**Abstract:** Advent of digitalization, these days, converts the single value chain into value webs centralizing customers, and the whole activities contained in individual value chain, from the perspectives of communication efficiency, targeted customer's accuracy and information timeliness, etc., have been revolutionized under the signboard of digitalization. Of these activities, marketing one is a crucial link of value creation plus delivery in traditional enterprises, so the enterprises, encountering transmutations of marketing environment catalyzed by the digital era, should roll with the punches. In essence, nevertheless, the pith of marketing has not been metamorphosed in the digital epoch, that is, demands management, building differentiated value and bedrock of sustainable trades. The inclinations of marketing vicissitude, thence, should be toward analysis of exogenous changes. Despite the fact that some pertinently exterior analyses are in the public eyes, however, the analyses are still utterly loose, so marketing strategist in the traditional industries or firms, more often than not, can not grab premier changes to make an anatomy. The paper, building on the problem, is to assist the marketing strategists in comprehending which priorities of externally-environmental changes are attention-worthy.

## 1. Introduction

In information era, marketing strategies formulated by traditional enterprises, on the side of consumption, concentrate on "people", "products" and "places", all of which are the objects of externally-environmental marketing analysis .In the digital era, though, the paradigm is ill-conceived. Digital age, according to the account of "*Digitalization Marketing*" authored by Doctor Jiacheng Yang, 'changes the center of marketing strategies, expedites information flow ,diversifies information channels and attenuates industrial boundaries, etc[1].' With headway of technologies and techniques, outward parameters affecting consumer behaviors, apart from that, can also be transformed in light of the descriptions of masterpiece "*Consumer Behavior: Building Marketing Strategy*" of David Mothersbaugh, Delbert Hawkins and Susan Bardi Kleiser. In the digital age, hence, the corresponding marketing analysis targeting at changes to exterior environment should be iterated and innovated to go alongside the time momentum.

## 2. Lopsidedness of Externally-Environmental Analysis of Marketing in the Digital Time

Externally-environmental analysis, in accord with depictions of "*Consumer Behavior: Building Marketing Strategy*", are to evaluate 'cultural values, social factors, household environment, demographic variations, etc., in a bid to roll out series of marketing strategies[2],' yet these variables, with time elapsing, could vary. The analysis of traditional enterprises thus should chivy the pace of time and, accordingly, is adjusted. In the digital era, externally-environmental changes are colossal and traditional firms can not deal with all changes, while they, through analyzing the lateralities beneath, can gain some insights.

### 2.1 Marketing Subjects

Seller's market, In the Information asymmetry age, dictates, so traditional enterprises contingent

on “bullet theory” and then monotonous design of marketing trajectories aimed at marketing subjects, namely potential consumers and the ones, subsequently, leveraged “STP theory” (Segmentation, Targeting, Positioning), concrete marketing strategies (i.e. undifferentiated marketing strategy, differentiated one and centralized one, etc.) and marketing tactical packages (i.e. 4P model, 4C model or 4R model, etc.) to apply their marketing trajectories into practice, in a bid to illuminate their subject’s image and attain these subject’s immediate value.

The obtainment of single subject and value, nonetheless, is not motivations of digital marketing. The subjects of digital marketing, horizontally, are compartmentalized into two genres. Targeted customers, actual users and consumption influencers are the first genre. Traditional enterprises, in the set, need to clarify who the three elements represent and to pay more heed to four-faceted value of the elements (i.e. present, history, communication and pending- development value). In the 1980s, for example, the buyers of the insulin industry were doctors and they also influenced the purchase of individual consumer in need of insulin. The paramount concern for doctors, besides, was the purity of insulin, so the entire industry already regarded the purity the first competitive factor. With the advancement of technology, however, the purity difference between products has been minimal, so the insulin industry has entered the Red Sea market. Nevertheless, Novo Nordisk, when shifting the target from the buyers and influencers (doctor) to the actual users (patient), found that the most important thing for patients is the convenience of injecting insulin. Because diabetics need to inject insulin many times a day, it can be cumbersome to use a syringe to draw from a vial and inject it again. Novo Nordisk, therefor, invented the Novo Pen, which is like a water pen. It is not only easy to carry, but also has a very large capacity, which can be used for a week when fully charged. When Novo Nordisk launched the product, the product immediately cut a swathe through the market. The triumphant example of Novo Nordisk exemplifies that the company redefined the consumer’s groups and consummated the transformation of value among buyers, influencers and actual users. Synergic subjects, furthermore, are reckoned with as well, as companies, in the digital age, are not only to operate their value chain, but to integrate their value chain into industrial value webs, thereby becoming a part of the commercial ecosphere. Industrial collaborators and cross-boundary coadjutant are the sources of synergic subjects. The industrial collaborators denote that a company require cooperation with other sides of the industry that it has entered and is equipped with marketing competence of reverse thinking, because with the exception of tangible values known by the populace, a company, propelled by the digital time, entails delving into other potential values incubated in industrial webs. A company located in the downstream, for example, can well-connect midstream and upstream enterprises to generate synergic effects and value of the synergic effect, regularly, lurks in the customer’s communities of the enterprises in which there are numerous subjects to be value-transformed.

## **2.2 Demographic**

Demographics refer to demographic size, structure and distribution and causality emerges in the externally-analytical approach and the deployment of marketing strategies and tactics. Highly-dense populated societies, for example, could be featured by collective trends and a venture thus can adopt the undifferentiated marketing strategy. Societies accentuating hard-working value, moreover, could stove economic growth and shape directly or vicariously the demographics, so a venture can resort to analysis of “demand theory” of Maslow and “psychological motivations theory” of McGuire to match its marketing strategic pathway. When traditional firms attempt to formulate marketing strategies pertaining to targeted markets, hereto, they must measure the demographics of these markets.

## **2.3 Reference Groups**

Reference groups, according to marketing definition, is consumption cohorts that individuals, under some circumstances, could reference and, accordingly, could show similar consumption behaviors in accordance with.

Traditional enterprises, prior to the digital time, could hammer out an array of marketing tactics by dint of reference groups as the figure 1 shown below.

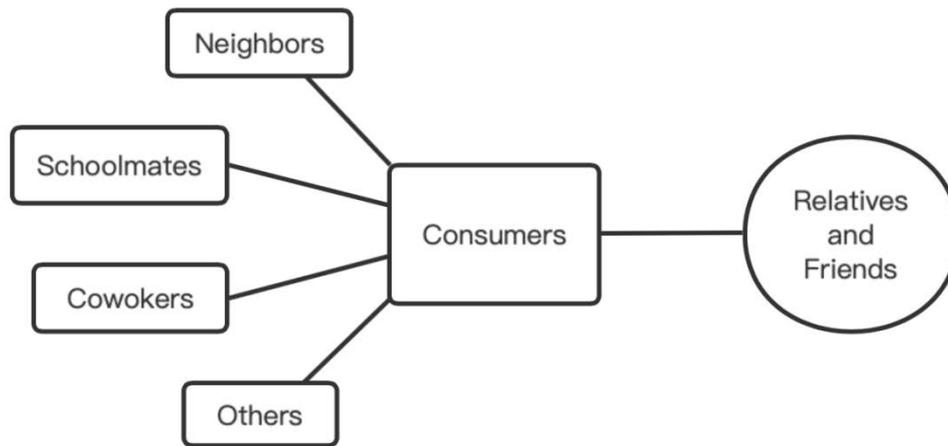


Fig. 1 Reference groups

In the digital time, because of the timeliness of information communication, the reference groups above are also longitudinally-aggrandized. Of these aggrandized groups, KOL (Key Opinion Leaders) figure. The digitalization-driven derivative comes off as a connector between consumers and enterprises, which guarantees multiple dissemination of information. On the consumption side, furthermore, KOL is the character ensuring information diffusion of relevant products and collection of consumer's opinions among the communities and reinforcing the sentimental links between the consumers and products. On the supply or the enterprises side, besides, the character is to provide enterprises with consumer's feedback and the enterprises drilling down into the feedback can tweak functions, quality or price, etc. of the products. The whole process is shown as the figure 2 below.

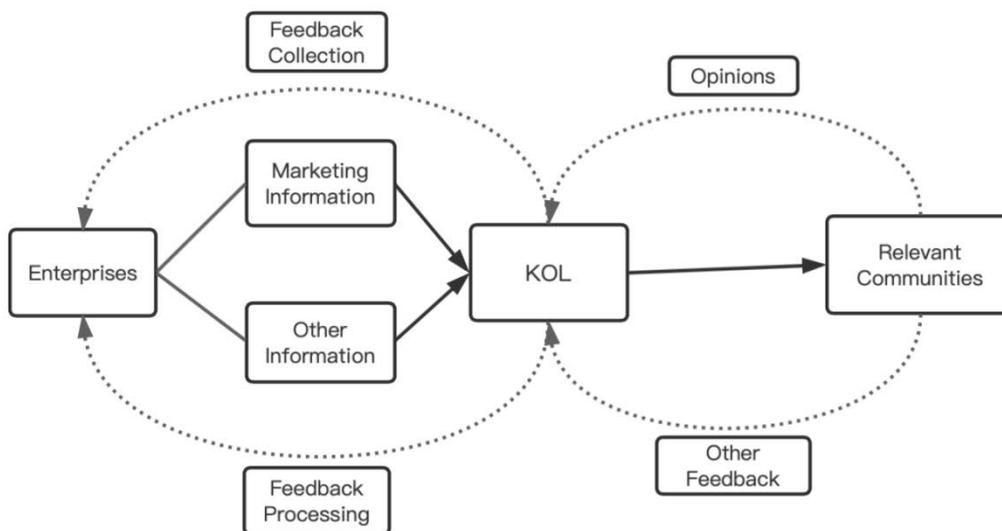


Fig. 2 Longitudinally-aggrandized reference group (KOL)

## 2.4 Media and Commercials

New media works, validated by the marketing domain. Radio, Television, Billboards or Newspaper etc., were broadly-branded among traditional firms. The medias, though, taper off with digital techniques developing and, consequently, are superseded by the new one. YouTube, TikTok, Facebook and so on, in regard to the new media, always spring to people's mind, while the new media, meticulously, is not formation of the neoteric platforms. It, conversely, transubstantiates the rules of old medias and underscores individualization, transparency, spice, interactivity, rapidity and accuracy.

The presentation of commercials are transmuted withal, due to attributes of the new media. Companies, tracing back to traditional media era, bombarded their expected customers on the way, with an inundation of repetitive yet substantially same commercials. Currently, however, the method can not count. Jack Trout proposes in his book *“Positioning: The Battle for Your Mind”* that ‘the average human brain, according to Harvard psychologist Dr. George Miller, can process up to 7 units of information simultaneously[3].’ The simplicity of commercials, thence, is prioritized. Timing, in addition, is a factor when designing a commercial, but selective timing of commercials, nowadays, dose not only touch on festival-pertinent timing that traditional companies used to wield. The timing selection, more appreciably, exploits online platforms to create “information buzz”. ‘Durex, for instance, is an expert in the timing selection. In 2011, Beijing, the capital of China, suffered an unprecedented heavy rain. The Durex marketing team, back then, came up with the idea of putting Durex condoms on shoes to protect them from the rain. The Durex marketing team, however, could not accurately predict the reactions of netizens (maybe they like it, or they may dislike it), so they first, to be on the safe side, used the private Weibo (a Chinese Twitter) account of a company employee to send an arresting message and the message also came with three pictures that demonstrated the entire process of making waterproof shoe covered with Durex condoms. The effect of the Durex’s Weibo was conspicuous, because it, within less then two minutes, was forwarded more than 200times[4].’ The story of commercials, furthermore, must also be encompassed in commercials, since the story of commercials could connect your potential customers with explicit situations and then stimulates the consumer’s purchase behaviors when consumers confront the similar situations. The story, save the role above, can help enterprises strike a cord with consumers by corporate value expression in the story of commercials. Commercials, aside from that, should also pay more attention onto gamification. People’s lives, in the digital age, are accelerated and their attention is seriously distracted, so the proper design of gamifying commercials can grab customer’s eye balls by view of spicing commercials, intensifying people’s interactive experience and can help enterprises clear up brand image in customer’s mind.

## **2.5 Information Presented in Products**

Content-oriented presentation of information, compared with the past presentation, is tenor of the digital time. Jonah Berger exemplifies five distinctions of content-centered information in his book *“Contagious: Why Things Catch On”*, that is, ‘distinguishing, unexpected details stimulation, reverse thinking, mystery and contradiction[5].’ Distinguishing is intelligible. Distinguishing quality, price performance and service, etc. of products can all be attached to product’s contents and in the digital era, the superb peculiarity, in virtue of information minimalism, can conquer customer’s mindsets at a breakneck rate. No one, above all, can renumber NO.2. Unexpected details stimulation can be remarkably demonstrated in an experiment conducted by psychologists at the University of Illinois. The psychologists recruited many students to research the correlation between groups and merits. They requested the students to cook together in the kitchen and set secretly a roach to crawl all over the ingredients prepared by the students in the middle of cooking. The students, at the outset, panicked when finding the roach and did not how to handle the pest, but the panic was quenched when the psychologists solved rapidly the problem. The experimenters, after a while, put a halt to the experiment while students was pulling their sleeves to cook. Eventually, the subjects, because of the abrupt stop, went back homes with some groaning whispers. A follow-up interview after the experiment, nevertheless, indicates that almost all students had different descriptions regarding process of the experiment, yet one thing was the same, that is, the roach and all students revolved around the roach to start discussions, so a result of the experiment is that some out-of-the-blue added details can fill contents with more attraction. Revers thinking is actually a kind of marketing tactic, the intent of which is to take advantage of customer’s cognitive process in furtherance of product’s value conferring (e.g. The Veblen effect). The mystery and contradiction of contents are both efficacious weapons to sustain information diffusion, since the both can motivate customer’s curiosity. Curiosity is the nature of human and the curiosity-driven human, at times, could be spurred by mysteries and contradictions lurked in the products, thereby

making consumption behaviors.

## 2.6 Marketing Operation

Traditional firms, one century ago, dedicated to consolidating productive force to forging scale economy, so they transported myriad substantially-same products into relevant markets for the sake of predominance of the targeted markets and off-one consumption of prospective customers. The stereotype, back five decades ago, was shifted into the maintenance and operation of distribution plus retailing channels and then into the operation of customers. The operational model, contemporarily, has progressed to intensifying customer's dependence by making the most of data as Nir Eyal in his book *Hooked: "How to Build Habit-Forming Products"* claims that 'more and more companies, today, have clearly realized that having a large customer base alone is not enough to constitute a competitive advantage. The customer's dependence on the product is the key to determine its economic value[6].' In the digital time, indubitably, multiple traditional enterprises, all utilize online shopping platforms to sell their products and the online shopping platforms can also help the enterprises bolster the solidity of relationship between consumers and their products via providing consumer's data analysis services. The companies on the platforms can manipulate the services to plumb potential value of consumers and prolong the lifelong value of them and thus enhance customer's fidelity. Etekciti founder Grace Yang, for example established Etekciti on Amazon at the end of 2011. The company positions its main product lines in household products, consumer appliances and outdoor products. At the beginning of the company, Etekciti was just a small online store in the basement. Soon after, it seized the opportunity of Amazon to open stores nationwide and, with the support of Amazon in consumer's data analysis and logistics, began to develop rapidly in various Amazon sites. When the company was developing, apart from that, the sales skyrocketed linearly as well, since it figured out, whereby Amazon offered germane data services, the real demand of customers and how to maintain customer's stickness and develop their potential value.

## 3. Summary

The paper elaborates on the accents of marketing externally-environmental variations in a simple way and commits to offering traditional enterprises some professional suggestions with respect to which marketing external changes, in the digital time, should be contemplated. It, moreover, can help marketing artistes elicit their diffusibility thinking and prop up their structural thinking. It, last but vitally important, can make some traditional enterprises in the struggling status quo acquire epiphanies and can straighten their threads out to deploy their marketing strategies.

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