

I.V. ONYUSHEVA,¹
PhD, associate professor,
professor of RAM, RANH.

Q.Y. TING,²
MBA.
«Turan» University.¹
Stamford International University²

ADAPTIVE MARKETING STRATEGY WITHIN GLOBAL ELECTRONIC COMMERCE

This article is devoted to use adaptive marketing strategy to influence consumer behavior within global electronic commerce business platform and to induce customer loyalty and increase business revenue. The advancement of Internet has tremendously increased the E-commerce business in the current digital era. Nowadays, E-commerce has become an imperative platform for businesses as important tools in their daily business strategy as well as global strategy. Digital innovations can bring countries closer to sustainable prosperity. The globalization trend is enhanced with the fast development of telecommunication and information technology has created huge opportunities in the global E-commerce platform for many companies. Nowadays, consumers are flooded with lots of information and marketing campaigns whenever they are online using laptop, tablet and mobile in their daily life and the information received will eventually effect their buying behavior. The big data collected from the Internet has increased tremendously over the years and provide highly valuable information for marketers to utilize in creating effecting marketing strategies. Hence, it is imperative for marketers to enhance their digital marketing strategies with adaptive marketing that tailor to the consumers' needs and requirement based on their experiences from the big data to provide more precise marketing information to them and develop faster needs and desires through E-commerce platform.

Key words: adaptive marketing, consumers, electronic commerce, globalization, marketing, technologies, information.

According to the Organization for Economic Cooperation and Development (OECD), digital innovations can bring countries closer to sustainable prosperity. Top innovations such mobile Internet, automation of knowledge work, the Internet of things, cloud technology, advanced robotics, and 3D printing have had the most significant economic impact today. These technologies have brought multiple sectors in the economy such as retail (e-commerce), transportation (automated vehicles), education (massive open online courses), health (electronic record and personalized medicine), and also social interactions (social networks). Today, the mobile Internet has brought peer-to-peer connectivity and empowered customers to be much smarter and better informed than in the past. Therefore, a new marketing approach is required to guide marketers in anticipating and leveraging the disruptive technologies in the period of digital economy.

Kotler in 2017 introduce Marketing 4.0 approach, this is an approach that combines online and offline interaction between companies and customers [1]. Today, digital interaction is no longer sufficient, it also requires offline touch. It is important for e-commerce business or brand to be more flexible and adaptive due to fast technological trends, the authentic characters are important. Hence, as cited by Kotler, Marketing 4.0 leverages machine-to-machine connectivity and artificial intelligence to improve marketing productivity while leveraging human-to-human connectivity to strengthen customer engagement.

Digital marketing is getting importance in digital economy however it does not mean it would replace the traditional marketing. In fact, both should be utilize wisely interchangeable across the consumer journey.

From Figure 1 (p. 84) above, traditional marketing will be playing a more important function in building awareness and interest and once the interaction developed; customers will demand closer relationship with the companies and the importance of digital marketing will rises. The vital role for digital marketing is to drive action and advocacy. Digital marketing is driving for results while traditional marketing more concentrate on initiating customer interaction.

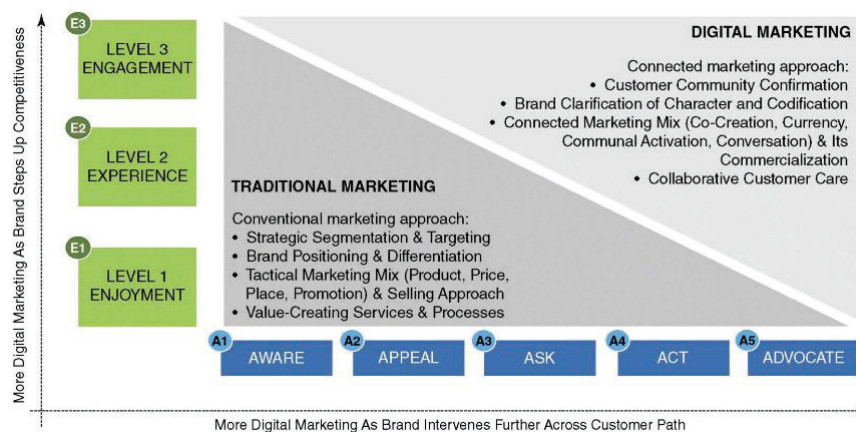


Figure 1 – The Interchanging Roles of Traditional and Digital Marketing

Note – Compiled on the base of [1–2].

The 4Ps of marketing in E-commerce are still referring to Product, Price, Place and Promotion, the meaning each in the context of e-commerce will be described as below.

♦ Product.

In the digital perspective are around whether the product can/will sell online. What channels are open to product or proposition? Are there opportunities to make it flexible to be more appropriate for the online or mobile audiences? Does it provide real value for consumer and is it differentiated from competition? Is it being updated, serviced, maintained effectively to keep it strong? Are there features of it that can be added or should be excluded from the digital customer and is it fair to do this? Different customer may have different motivation and usage habits for the products, hence by understanding that is vital to getting marketing right in digital age.

♦ Price.

In digital context, price is not just discounts and offers but it is the concept of fast price comparison and the introduction of cash back and voucher sites that change consumer behavior. E-commerce business can leverage this through affiliate marketing programs that is where we promote products through a third party website in exchange for paying a commission or fee to the website when an action is taken. There is expectation in some sectors that prices in online should lower as there are no overheads and it is the same to selling online should be cheaper than selling in retail.

♦ Place.

Location is very important for brick and mortar business. But for e-commerce business, it relates to SEO (Search Engine Optimization), paid search and most other digital acquisition channels. For retail business, it must be easy for customer to find and locate your location otherwise they will go elsewhere. In e-commerce business, it is even important for customer to able to search you in the top list otherwise they will click on others much faster.

♦ Promotion.

Promotion has moved far beyond simple advertising and into dialogue. Smart marketing is about taking customers on a journey in standard approaches to good quality promotion like single-minded, insight-driven, integrated, communicating the features and benefits, creating clear call to action that apply to digital acquisition channels. However, in digital space, time and space are limited for communicating the product promotion. This has evolved the need to have impact messaging and being in a constant and evolving test cycle is vital to a culture of continuous improvement as key value in effective marketing.

Adaptability means a capability to show necessary respond and change for an existing or potential situation. As cited by Chakravarthy in 1982, adaptability is an ability to identify and capitalize growing market and technology opportunities by the company. E-commerce business can design their adaptive strategies according to their understanding about the environment. In 2012, a suggestion that adaptive

capabilities are reshaping of resources and coordinating of processes in time to develop more successful products and services [2]. The rule of marketing has changed drastically after the development of Internet and communication technology. There are many new marketing tools has been added into the traditional marketing tools such as social media, product placement, event marketing and viral marketing. Social media tools have become the main features for personal and commercial networks, and content sharing. Hence, today it is easier for organization to access the big data but vast majority of these companies cannot efficiently and properly use the data. On the other hand, this big data has over stressed the marketing departments' capacity and desperately need an approach to leverage it and utilize it effectively.

Today the demands of going local on a global and digital scale is rising, a brand's creative inspiration and output should better resonate with cross-cultural consumers and diverse audiences on a local level is a new global mandate for marketers. Marketers recognize that while traditional marketing assets are still a vital part of the customer journey, the ability to reach consumers in new digital channels is a top priority for creative deployment. 67% of marketers rank digital advertising as the most important element of their marketing mix, and 67% rank website design and content as most important (CMO Council, 2017).

Adaptive marketing is the use of data, technology and processes to build customer experiences that evolve instantly based on behaviors, interests and needs of real people. The goal is to create a more malleable strategy for engaging customer across channels. Adaptive marketing assumes that customer take non-linear paths in their journey. Rather than try to guess those paths or automate them into hypothetical journeys no one follows; companies should let customers dictate their own path and have a system that adjusts quickly and intelligently for them on the fly. Affected by a variety of environment and social economic factors, research has revealed that the key factors driving consumers to online channels are price, convenience and range. Through the growing of the Internet, retail or e-commerce is now borderless, consumer can and do purchase from international retailers that offer lower prices, wider variety of goods and free shipping. Local and international e-commerce businesses are recognizing the opportunities offered via digital channels and increasingly selling direct to consumers (PWC, 2012) Adaptive marketing consistently aligns business objectives and customer desires. Successful alignment is based on context and speed of customer data and with this marketers can leverage the full context of each customer relationship fast enough to personalize messaging in the moment regardless of the channel and order of interactions.

Hence, e-commerce companies can do four important things better with data-aware and adaptive marketing strategies [4].

1. Generate better insights. E-commerce marketers can leverage modern tools and techniques to combine vast, previously disparate data sets and make sense of them quickly.

2. Learn and grow (faster). Having data scientist, strategists, and creative collaborating to understand not just what worked and what didn't-but for whom, when, where, and even why-builds trust and accelerates learning.

3. Make bigger, bolder bets. Team can help protect their best, but potentially riskier, ideas from being dismissed.

4. Attract great talent. A dynamic, inquisitive, fearless environment sets up exceptional creative to be more exceptional.

The main goal of the study is to understand the adaptive marketing trend in global e-commerce and how marketers can use the adaptive marketing as a tool to influence consumer behavior in their purchasing journey.

To achieve the study goal and understanding, the following objectives has been drawn out:

- 1) to understand how consumer buy thing and customer path;
- 2) to study existing frameworks of adaptive marketing;
- 3) to explain why e-commerce should adopt adaptive marketing.

The research methods for this study is to discuss the ideas written in some of the literature review paper and provide a full flow of understanding from consumer behavior and adaptive marketing in digital era. There are a few frameworks have been suggested by scholars and authors and it is necessary for marketers in global e-commerce to understand and apply them accordingly.

The Five A's Framework. E-commerce companies should know that it is very important to stand out from the crowd and meaningfully connected to the customer with just a few critical interactions. Companies should map the customer path to purchase, and intervene in select touch points that matter. It is very critical for companies input efforts in intensifying communications, strengthening channel presence, improving customer interface to create strong differentiation. E-commerce businesses needs leverage the power of connectivity and advocacy. Today, customers trust their peers more than ever and it is important to delight customers and convert them into loyal advocates.

As coined by E. St. Elmo Lewis who was a advertising and sales pioneer in early days, the framework to explain about customer path is AIDA: attention, interest, desire and action. This is the basic rules of thumb that every marketers should remember, the advertising copy and sales pitch should be able to grab attention, initiate, interest and strengthen the desire to drive purchase action. Then in later stage, as cited in Kotler's book, AIDA was then modified by Derek Rucker of the Kellogg School of Management and its now called four A's: aware, attitude, act and act again. In four A's, attitude has been used to replace interest and desire from AIDA. This modification is to include the consideration of the post-purchase customer behavior and measure customer retention. The act again is to see action of repurchase as a strong indicator for customer loyalty. In four A's framework, during the evaluation of customers' consideration set, they will learn about the brand (aware), like or dislike the brand (attitude), decide whether to purchase it (act), and finally decide whether the brand is worth for repeat purchase (act again). In this scenario, the number of customers going through the process declines as they moved into the next stage [4, p. 89–92]. This framework reflect a primary consumer path and the influences on their decision making as they move across the path comes from companies touch points.

According to Kotler, 2017, is it necessary for four A's to upgrade in this digital era and especially important for global e-commerce business. Kotler quoted that in the pre-connectivity era, loyalty was often defined as retention and repurchase. In the connectivity era, loyalty is ultimately defined as the willingness to advocate a brand. He beliefs that customer might not need to continuously repurchase a particular brand due to a longer purchase cycle or might not be able to due to unavailability in certain locations. However, if customer is happy with the brand, he or she will willing to recommend it even though currently not using it, this a new definition of loyalty. Customers are actively connected with each other and building the ask-and-advocate relationship, they very active in customer forums. Customers will ask from more experience customer for more information about the brand and the experience customer biasness might either strengthen or weakens the brand's initial appeal. This connectivity among customer should not be ignored in e-commerce business.

As a results, Kotler has proposed to rewrite the four A's to five A's framework which is aware, appeal, ask, act and advocate. Kotler's five A's has used Appeal and Ask to replace Attitude in four A's and Advocate to replace Act again, this is because he thinks that in the connectivity era, the initial appeal of a brand is influenced by the "community" surrounding the customer to determine the final attitude. As a result, customers now are actively connecting with each other and build up the ask-and-advocate relationship; which will impact the brand appeal positively or negatively. And today loyalty is best described as willingness to advocate a brand. Therefore, we can map the customer path with five A's as shown in Figure 2 (p. 87) to see how to build the advocacy.

The customer path may not always straightforward as above, it can be spiral; customer might skip a certain phase along the path or even return to previous stage such as creating a feedback loop. In Five A's stage one, aware, customer are exposed to a lots of brands from past experience, marketing communications, and/or the advocacy of others. In this stage, advertising driven by companies and word of mouth by other customers is major source of brand awareness. Then in stage two, appeal, customer will processed all messages their exposed and then shortlisted the brands (consideration set), in here memorable brands-with wow factors – will be high chance to be in the shortlisted list. In the highly competitive e-commerce industries, brand appeal must be strong. In stage 3, ask is the stage where customer will actively research their consideration set for more information or advice from all channels mainly friends and family, media, online product reviews or directly from the companies and then evaluate the gathered information. This is the stage where customer change from individual to

social and the decision is made based on the outcome of the conversation. Curiosity plays an important factor here and companies need create appropriate level of customer curiosity. Once customers are convinced in ask stage they move to act stage, in this stage customer not just purchase the product, they will start to measure the consumption experience of the product. Companies need to engage customers and make sure that their total ownership and usage experience is positive and memorable. In advocate stage, customer develop the sense of strong loyalty and active advocates that spontaneously recommend brands they love without being asked, unfortunately most advocates are passive and dormant which need to be activated by a query or a negative advocacy. Advocates are mostly will buy more the brands in the future. The five A's framework is a flexible tools that is applicable to all industries. It provides insights into a company's relationship with customer in comparison with its competitors.

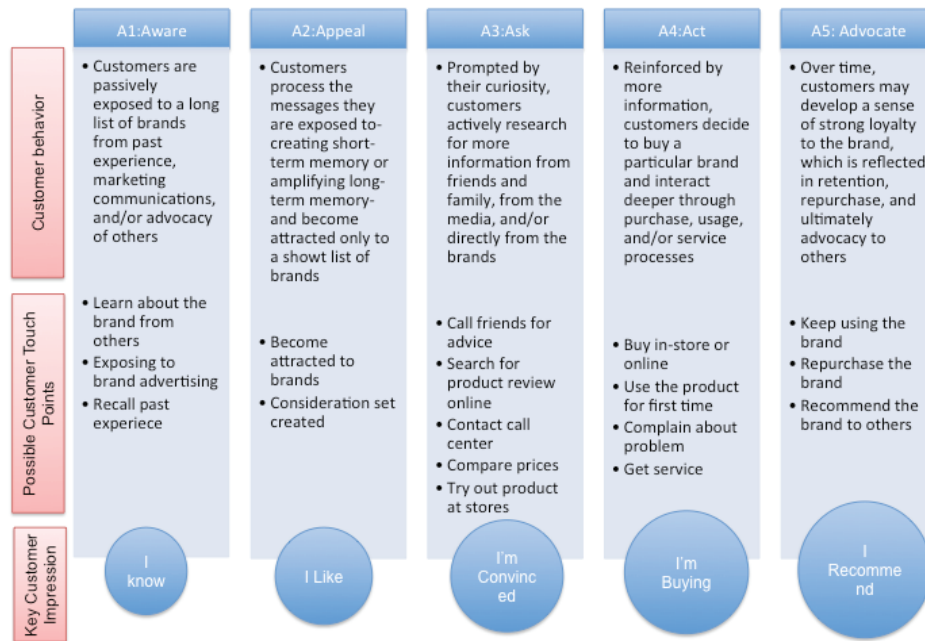


Figure 2 – Mapping the Customer Path with Five A's

Note – Compiled on the base of [1–3].

There are 3 adaptive marketing approaches as guideline for the marketers to implement their adaptive marketing strategies – Listen, Engage and Customize. Listen is the approach using social monitoring and listening tools to identify new adaptive opportunities. Engage is to invite customers to provide specific ideas for new and enhanced products, services, and experiences. Use evaluation mechanisms (voting, experts) to assess and progress. Customize is enable customers to adapt the product/services and experience in real-time, often via personalization and customization [3, p. 185–193]. E-commerce business marketers can take these approaches for their adaptive marketing strategies in developing their product and service and meet the customers' requirement and enhance their competitive advantage. Table 1 (p. 88) below the example of different adaptive approaches for products and services which e-commerce company can apply.

From the pros and cons on different approaches, e-commerce marketers should able to choose the right approach for their product or services accordingly.

Table 1 – Different adaptive approaches for Products and Services

	Listen	Engage	Customize
Approach	Use social monitoring and listening tools to identify new adaptive opportunities	Invite customers to provide specific ideas for new or enhanced products, services, and experiences. Use evaluation mechanisms (voting, experts) to assess and progress.	Enable customers to adapt the product, service, or experience in real-time, often via personalization and customization.
Leaders	Netflix	Starbucks, LEGO	Coca-Cola, Disney, Dell
PRO'S	Low-cost and low-touch approach. Doesn't require any customer knowledge or engagement.	Open approach to encourage customers to provide ideas and suggestions, which in itself may build loyalty and advocacy. A private invitation only approach is also possible when wishing to get input from a specific set of customers	If valued by the consumer, this approach offers the ultimate personalized experience with the brand. Can drive loyalty, advocacy, and most importantly margin
Con's	A passive approach that may miss opportunities and ideas that customers would suggest if given the opportunity	Requires greater on-going commitment to manage the program. Marketers must also demonstrate that they are evaluating and acting on the suggestions.	Highly dependent on manufacturing and functional feasibility. Also must align with brand positioning and customer desires.
Note – Compiled on the basis of [4, 5].			

Within the adaptive marketing strategies, E-commerce marketers can also use the real-time data to gain competitive advantage in one of the most important parts of the customer path – the actual purchase of a product or service. Adaptive pricing is one of the models that use real-time data to create better business outcomes by adjusting prices based on anticipated demand and existing supply. For example, Uber's surge pricing—a model that adjusts the prices of some of its cars in real time based on variables, such as day and time, whether a big event is being held, and the weather. One data point and one strong correlation to the price a consumer is willing to pay based on variables. Below are common variables.

- ♦ Weather: Highly localized data, such as temperature and precipitation, can be used to determine anticipated demand and optimal pricing. Companies like the Weather Channel can provide real-time weather feeds that can be plugged into adaptive pricing models.

- ♦ Location: Your exact location, either home or on the move, can be used to adapt pricing to encourage store visits or a quick online purchase. Most media networks offer either location detection or geolocation targeting ability with their advertising.

- ♦ Device/Operating System: Operating system, device, installed applications, even carrier can provide useful proxy data on target audience to refine recommendations and pricing.

- ♦ Health: A relatively new variable. Biometric and fitness-related data from health applications and devices can be used when allowed by a consumer to adjust promotions and pricing.

- ♦ Behavior. An individual's behavior, including searches and visits to websites or applications can be used to refine pricing to close the sale.

Adaptive marketing approaches can be widely used by different functions in a business, product development, customer service, pricing, sales and retail. As in Table 2 (p. 89), in Listen approach, e-commerce business can use online data to better inform the commerce strategy, including pricing. In engage approach, e-commerce using mobile platform to enable people to adaptively purchase products. Lastly, in customize approach e-commerce use data and technology to adapt the online and offline retail experiences.

Table 2 – Different Adaptive Approaches to Retail and Sales

	Listen	Engage	Customize
Approach	Use online data to better inform your commerce strategy, including pricing	Use of mobile to enable people to adaptively purchase products	Use data and technology to adapt the online and offline retail experiences
Leader	St. Louis Cardinals, L'Oreal, Orbitz	Yihaodian, Topshop	Burberry, Nordstrom, Target
Pro's	Quick means to better match supply and demand	Capitalizes on mobile phone growth and make it easier for people to buy your products	Makes for a more relevant omni-channel customer experiences
Con's	Need to ensure it's ethically done and no rules are broken	Can create a dependency on third-party applications	In some cases it requires investment and commitment to make it really work
Note – Compiled on the base of [4, 5].			

Today, we can see adaptive marketing's provide potentials in there emerging areas: social advertising, predictive intelligence, and connected devices. The advancement of Internet and information technology has brought our world to a highly connected community. Global e-commerce has been growing fast and consumer behaviors changed drastically in this digital era. Adaptive marketing strategies have become imperative for all e-commerce business globally. To be effectively implementing the adaptive strategies, adaptive marketers have to understand the change of consumer behaviors. Customer path has change from traditional straightforward framework to now a more complicated and spiral journey. There are huge data in this digital era and it is imperative for adaptive marketers to be able to access and analyze this Big Data and provide them precise insights on consumer behavior. There are there adaptive marketing approaches as listen, engage and customize, adaptive marketers with the real-time data can apply these three approaches effectively in terms of product development, customer service, sales and retails.

Global e-commerce business that are into adaptive marketing can using five A's framework to map their customer path and then implement various adaptive marketing strategies such as pricing, content marketing, product development through various Omni-channel and different ways of customer engagement activities online. Adaptive marketers has a much wider roles compare to traditional marketing, they do not only sell, they work to serve each customer throughout their journey, leveraging the power of mobile, social media, connectivity, and data to provide personalized, real-time experience that exceed expectations for all involved [5].

To conclude, in the highly connected digital era, all consumers are in the network community that vast information and data are directly and indirectly collected by companies via all channels, Internet, social media, mobile devices and so on. These data are very useful for e-commerce businesses in their adaptive marketing strategies. Those businesses which can act fast and be flexible at the right time and also those are able to adapt marketing strategies are the leaders of the global markets. Therefore, adaptive marketing can provide E-commerce to implement flexible marketing plan with the ideas like align the strategy with customer's communication and produce involvement life cycle by treating each customer differently with micro-segment level. This can achieve by aligning the marketing spending and media mix to the different stages of the life cycle (acquisition, on-boarding, retention, win-back). E-commerce business also have to shift from transactions to interaction using adaptive marketing, company can be interpreting customer behavior to predict preferences and using data to build relationship development. By adopting adaptive marketing, e-commerce also should move customer engagement to a more genuine and authentic basis as power shift to consumers nowadays has have them become generators of comments and content that is shared across the network. Therefore, e-commerce business should encourage dialogue among consumers and responding with personalized information than with a promotional marketing pitch. E-commerce should increase the speed and accuracy of customer responses, ensuring fast and consistent at different customer touched points-sales,

marketing, customer service, products support. Last but not least, the adaptive marketing is important tools for e-commerce to effectively target their audience with a more personalized experience and create customer advocacy.

LIST OF LITERATURE

- 1 CMO Council. (2017). The age of the adaptive marketer: meeting the needs of the connected customer with adaptive brand content. HHGlobal.
- 2 ECLAC. (2002). Electronic commerce, international trade and employment: review of the issues.
- 3 Johnston N. (2015). Adaptive marketing: leveraging real-time data to become a more competitive and successful company. New York, NY, USA: palgrave macmillan.
- 4 Kingsnorth S. (2017). Digital marketing strategy-an integrated approach to online marketing. KoganPage.
- 5 Lukas B. (1999). Strategic type, market orientation and the balance between adaptability and adaptation. Journal of business research, 45. P. 147–156.

Аңдатпа

Бұл мақала электрондық сауданың жаһандық бизнес-платформасы, клиенттің адалдығын ынталандыру және бизнестен кірісті ұлғайту аясында тұтынушылардың мінез-құлқына әсер ету мақсатында бейімделген маркетингтік стратегияны пайдалануға арналған. Интернетті дамыту сандық технологияның қазіргі дәуірінде электронды сауданың бизнесін айтарлықтай кеңейтті. Қазіргі уақытта электрондық сауда күнделікті бизнес-стратегияда, сондай-ақ жаһандық стратегияда маңызды құрал ретінде бизнестің ажырамас платформасына айналды. Сандық инновациялар елдердің тұрақты өркендеуіне бағытталған. Жаһандану үрдісі телекоммуникация мен ақпараттық технологиялардың қарқынды дамуы арқасында нығайып келеді, бұл көптеген компаниялар үшін электрондық сауданың жаһандық платформасында үлкен мүмкіндіктер тудырады. Қазіргі уақытта тұтынушылар күнделікті өмірде ноутбук, планшет немесе ұялы телефонды қолдана ақпараттық және маркетингтік компаниялардың шектен тыстығын сезінеді, ақырында алынған ақпарат сатып алушылардың мінез-құлқына әсер етеді. Интернет алаңында жиналған массивті деректер соңғы жылдары айтарлықтай өсті және белгілі бір маркетингтік стратегияларды құру, таңдау, бейімдеу және пайдалану мақсатында маркетингтерге құнды ақпарат береді. Демек, маркетингтер нақты маркетингтік ақпаратпен қамтамасыз ету және электрондық сауда платформасы арқылы сұраныс пен ұсынысқа жауап реакциясының жылдамдауын дамыту мақсатында тұтынушылардың қажеттіліктері мен талаптарына бейімделе, массивті деректермен жұмыс жасаудағы олардың тәжірибесіне негізделі өздерінің сандық маркетингтік стратегияларын жақсартулары керек.

Түйін сөздер: бейімделген маркетинг, тұтынушылар, электрондық сауда, жаһандану, маркетинг, технология, ақпарат.

Аннотация

Данная статья посвящена использованию адаптивной маркетинговой стратегии с целью влияния на поведение потребителей в рамках глобальной бизнес-платформы электронной торговли и стимулирования лояльности клиентов и увеличения доходов от бизнеса. Продвижение интернета резко увеличило бизнес электронной коммерции в нынешнюю эпоху цифровых технологий. В настоящее время электронная коммерция стала неотъемлемой платформой для бизнеса и важным инструментом в своей повседневной бизнес-стратегии, а также в глобальной стратегии. Цифровые инновации направлены на устойчивое процветание стран. Тенденция глобализации усиливается благодаря быстрому развитию телекоммуникационных и информационных технологий, что создает огромные возможности на глобальной платформе электронной коммерции для многих компаний. В настоящее время потребители испытывают переизбыток предложения со стороны информационных и маркетинговых компаний, находясь в сети, на современных электронных устройствах – ноутбуке, планшете и мобильном телефоне в своей повседневной жизни. При этом полученная информация в конечном итоге повлияет на их покупательское поведение. Массивы данных, собранные из просторов интернета, за последние годы значительно увеличились и представляют очень ценную информацию для маркетингистов в целях создания, выбора, адаптации и использования тех или иных маркетинговых стратегий. Следовательно, маркетинговым необходимо совершенствовать свои стратегии цифрового маркетинга с адаптивным маркетингом, адаптируясь к потребностям и требованиям потребителей, основываясь на их опыте с большими массивами данных, чтобы представлять им более точную маркетинговую информацию и развивать более быструю ответную реакцию на спрос и предложение посредством электронной коммерческой платформы.

Ключевые слова: адаптивный маркетинг, потребители, электронная коммерция, глобализация, маркетинг, технологии, информация.