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## AWARENESS AND USAGE OF DIGITAL MARKETING IN SERBIA\*

Svest i upotreba digitalnog marketinga u Srbiji

### Abstract

With the rapid development of new technologies and the propensity of today's online shoppers towards the digitalised media, integrating digital marketing into the strategic marketing function and business goals has become a challenge. Managing today's marketing function requires a constant review of new digital opportunities which, if successful, lead towards operational transformation into e-business. Compared to the global trends, due to the unfavourable demographic and economic conditions, media investments in Serbia still favour the traditional channels, although recent national studies show that Serbian consumers are increasingly shifting to digital channels, using the internet throughout their purchase journey. The objective of this article was to explore the state of digital marketing within the business marketing function of the leading advertisers, based on the research question: *Has digital marketing in Serbia become an integral part of the strategic marketing function in its organisational, functional and budgetary terms?* The findings suggest that in Serbia, similar to the global trends, trust in both traditional and digital marketing performance measurement remains an issue, as does the ability to develop digital talents and to overcome the drag of legacy technologies. The leading domestic advertisers strive to achieve a deeper integration of their digital marketing activities into the strategic marketing function, and to foster the support of senior executives to the digital transformation of the entire business, starting with marketing and sales.

**Keywords:** *digital marketing, strategic marketing, marketing executives, leading advertisers, Serbia*

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### Sažetak

Sa ubrzanim razvojem novih tehnologija i sklonostima današnjih kupaca ka elektronskim kanalima prodaje i medijima, izazov je kako integrisati digitalni marketing u stratešku marketinšku funkciju i ka poslovnim ciljevima. Upravljanje marketingom u današnje vreme zahteva neprekidno razmatranje novih prilika iz digitalnih medija koje, ukoliko su uspešne, vode ka operativnoj transformaciji poslovanja u elektronsko poslovanje. U poređenju sa svetskim trendovima, usled nepovoljnih demografskih i ekonomskih činilaca, marketinške investicije u Srbiji još uvek daju prednost tradicionalnim medijima, iako novija istraživanja u zemlji pokazuju da srpski potrošači sve više koriste digitalne kanale tokom celokupnog potrošačkog ciklusa. Cilj članka bio je da se istraži stanje digitalnog marketinga u poslovnoj marketinškoj funkciji kod vodećih oglašivača, na osnovu istraživačkog pitanja: *Da li je digitalni marketing u Srbiji postao sastavni deo strateške marketinške funkcije u organizacionom, funkcionalnom i budžetskom pogledu?* Nalazi ukazuju da u Srbiji, slično globalnim trendovima, poverenje u merenje učinka tradicionalnog i digitalnog marketinga ostaje problem, kao i sposobnost razvoja digitalnih talenata i prevazilaženje otpora nasleđenih tehnologija. Vodeći oglašivači u zemlji nastoje da ostvare bolju integraciju svojih digitalnih marketinških aktivnosti sa strateškom marketinškom funkcijom, i da podstaknu podršku izvršnog rukovodstva u digitalnoj transformaciji celokupnog poslovanja koja počinje sa marketingom i prodajom.

**Ključne reči:** *digitalni marketing, strateški marketing, marketing menadžeri, vodeći oglašivači, Srbija*

## Introduction

Of all the differences between traditional advertising, the media and the emerging world of digital communications, none is greater than the fundamental difference between the idea of communication in terms of delivering messages through the media channels, versus communication being about an electronic world of networks, algorithms and automated systems for managing the connections between information and people [39, p. 86]. The massive information and communication technology (ICT) development and its increasing acceptance contributed to the changes in all areas of business, including marketing, assisting the consumers in bonding and communicating with each other and in establishing a two-way connection with brands, products and services [21], [23], [32]. Since the appearance of the first banner ad in 1994, online advertising has redefined the global advertising landscape [40]. Technology advancement and the changes in the consumers' media habits consequently contributed to the global rise in online advertising and the occurrence of new diverse platforms which, according to Austin and Pinkleton [3], include the services that enable customer relations management, search engine optimisation (SEO), trackable analytics, social media engagement and networking, online advertising, e-mail marketing and content-based applications. Advertising has evidently evolved from a mass-media marketplace to one driven by digital and mobile media. Consequently, the rise of a transformative global society headed by massive social, marketing and media changes redirected advertising allocation from traditional to digital media [29]. We already witnessed the internet surpassing television (TV) to become the top media category in Europe in 2015 [25], whilst it is forecasted that in 2017 the internet will be the largest advertising medium in twelve key markets, representing one third of the global ad spend [45], [56]. From the marketing perspective, the expanding role of the digital environment has created two important opportunities for companies: firstly, they have access to a vast array of new digital tools that can be utilised for marketing purposes, and secondly, the digital environment has made marketing more measurable by enhancing

the ability to access, collect, process and report data on marketing activities [27, p. 102].

Our research was conducted on companies in Serbia, a country which is still lagging behind the global trends in terms of digital media usage. On one hand, according to the data of the Statistical Office of the Republic of Serbia [47] related to the usage of ICT between 2011 and 2014, the usage of digital media rises each year, together with the number of internet users. The internet consumption in Serbia also grew by 11.2% year-on-year at the expense of all traditional media [25, p. 15], [57, p. 160]. However, comparing the online ad spend per capita, a metric that shows how much an online consumer is worth in terms of advertising, €49.6 per person was spent in Europe on online advertising in 2015, versus only €2.8 in Serbia [25, p. 18]. The reasons for such a small online ad spend in Serbia could be explained by the fact that most of the national advertisers allocate their digital marketing investments in line with the overall domestic investments in internet advertising [1], [26], driven by strong marketing and media buy outsourcing facts and the fact that native digital media consumers (under the age of 18) make up a very small percentage of the total population of 17.6% [46].

## Methodology

In our research, we are using the term digital marketing to cover all the promotional activities in the digital marketing space, or the practice of promoting products and services using digital distribution channels. Other synonyms used include the terms internet marketing, electronic marketing (or e-marketing), online marketing and web marketing [16, p. 9]. We are also distinguishing digital marketing from electronic commerce (e-commerce), which covers all businesses conducted electronically in the value chain [10], [43]. Moreover, authors Gervet and de Chanville believe that defining digital marketing through digital activities is too narrow, and offer a definition of marketing in the digital age, whose core goal is capturing the attention of the always connected customers [19, p. 3].

Next, we assumed that the increase of new media channels and touchpoints between consumers and brands made the job of today's marketing executives increasingly

complex due to the explosion of data, social media, proliferation of channels, the significant dispersion of internet communications and shifting customer demographics [16], [33]. Based on this, we wanted to examine whether digital marketing (DigM) had become an integral part of the strategic marketing function in organisational, functional and budgetary terms in the Serbian companies. We defined the strategic marketing function as the way in which both digital and traditional marketing aims at transforming corporate objectives and business strategy into a competitive market position, differentiating products and services by meeting today’s customer needs more effectively than the competitors [14, p. 11].

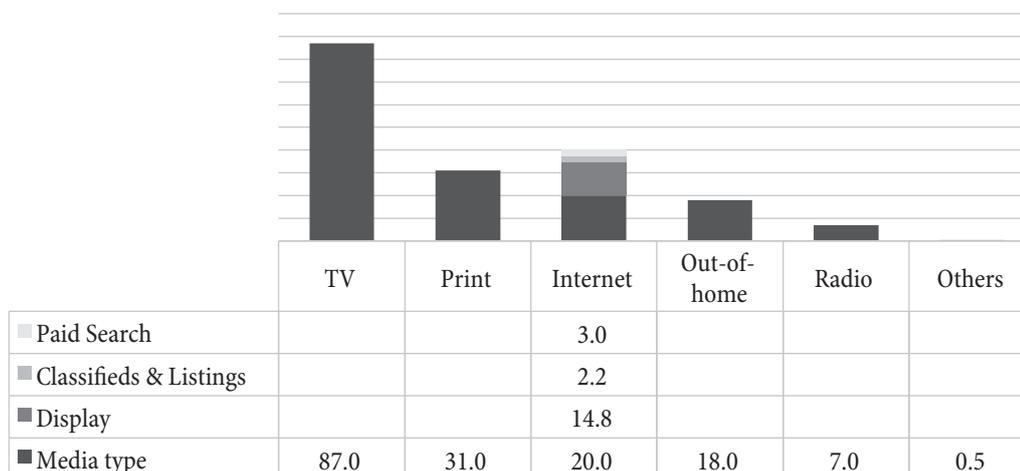
To verify this hypothesis, we conducted a research consisting of desk-research to obtain data about the leading advertisers in Serbia, and a quantitative online survey of 69 top and middle-marketing executives employed with the leading domestic advertisers. The survey was first submitted to the top 100 advertisers in Serbia according to the AGB Nielsen Media Research base [1], who participated in the total media investments for the year 2015 with 96.8% (€84.2 million). Unfortunately, the data on the top online advertisers are not available in the market, except for the information that the internet advertising spend totals at €20 million, contributed mainly by display (display advertising, mobile display advertising, online video advertising, social media display advertising, affiliate marketing, native advertising, content marketing), paid

search (non-mobile and mobile search), classifieds and listings.

The online survey set up on the SurveyMonkey platform was active from March to May 2016, consisting of 24 predominantly closed-ended questions, but also including certain options for expressing personal opinion, or the Likert scale (with 1 being the lowest and 5 the highest weight). The questions spanned from gathering sample information on the surveyed companies in terms of digital marketing deployment, budget allocation between traditional and digital media channels, necessity of advancing in digital marketing skills, applied planning and measurement models and the usage of digital media tools and channels (current and future plans) – aiming at providing a snapshot of the market trends, needs and future enhancement of the business marketing function.

The highest number of marketing executives responding to our survey came from the finance sector (26%), followed by agriculture and food production (19%), retail trade (12%), transport and telecommunications (8.7%), showing a strong correlation with the AGB Nielsen Media Research analysis on the top 100 advertisers/sectors [1]. A solid participation of creative industries (7.2%) is explained by the fact that some of the leading advertisers do not operate locally through the in-house marketing sector, but rather outsource these activities to advertising and/or media agencies.

Figure 1: Breakdown of investments per media type and share of digital media investments per channel (2015, in EUR million)



Note: media investments are presented in the full rate card and equivalent gross rating points (GRPs); Source: AGB Nielsen Media Research AdEx Analysis (2015), IAB Serbia

In addition to this, the majority of the surveyed participants (62.3%) came from large companies which employ over 250 employees. Then, over one half of the surveyed marketing executives (52.2%) claimed to be operating through both business-to-business (B2B) and business-to-consumer (B2C) models, followed by “pure” B2C companies (43.5%).

In terms of the title of the respondents and their function, one third of the participants were members of executive management, which was our core target group. Despite the fact that the invitation letter was addressed to marketing decision makers within the leading advertisers, another third of the participants came from middle management, occupying specialised marketing positions. Some of the participants exclusively came from the digital marketing area (14.5%), which showcases a functional

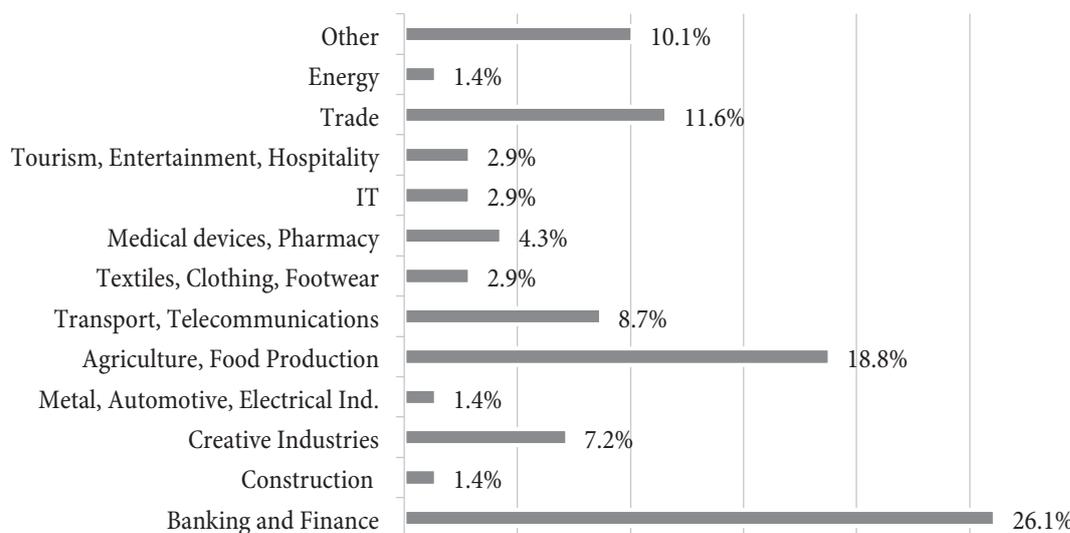
dedication to the subject. With the development of digital marketing, a profusion of new specialist roles has been emerging, which was stated as “Other” in our research, and included positions such as User Experience Manager, Digital Brand Communications Manager and Content Marketing Manager (8.7%).

## Results

The state of digital marketing in the leading Serbian advertisers

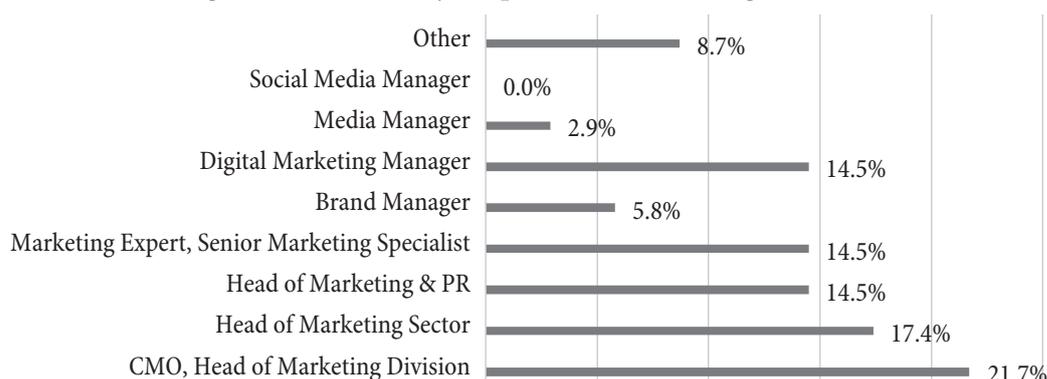
In this section, we assessed the level of development of digital tools and channels usage as a precondition for further digital marketing progress as a promotional, service, communications and sales tool [16, p. 7]. Due to

**Figure 2: Online survey sample, sectors**



Note: The sectors are divided according to the Serbian Chamber of Commerce and Industry nomenclature; n=69

**Figure 3: Online survey sample, titles of marketing executives**



Note: n=69

the fact that internet communication is considerably more elaborate than the traditional forms of communication [ibid, p. 63], we also included major tools and channels such as e-commerce, SEO, paid search and display, Google Analytics, customer relationship management (CRM), e-mail and mobile marketing and presence on social networks.

Over one half of the surveyed participants (52.8%) confirmed that their company sells goods and services through the internet, or offers some kind of internet-driven service to their customers (such as responding to an enquiry, e-banking, online catalogue search, appointment scheduling, online after-sales services, etc.). According to the Statistical Office of the Republic of Serbia [47], over 1.2 million of Serbian citizens purchase goods and/or services online, but only one fifth of all companies (21.5%) offers e-commerce service. By comparing these findings, we could conclude that the leading Serbian advertisers consider themselves rather as offering broad e-commerce services (besides online sales and ability to transact online) than as being dedicated e-commerce benefactors [10, p. 14]. Thus, only one third of the respondents stated to have put a SEO strategy in place (38.2%), claiming to perform occasional website audits for improving or maintaining their organic rankings on the search engines – the finding which does not correspond to their online sales intentions. When observing the subject from the Search Engine Marketing (SEM) perspective, the surveyed participants demonstrated a greater inclination towards paid search – one third of the respondents are using paid search as an integral part of their annual advertising strategy (32.6%) and/or tactical media channel in their advertising campaigns (34.8%). This finding is in correlation with the IAB Serbia study on digital advertising consumption, where Paid search and Display account for 89% of the internet advertising spending [26]. By comparing the findings on the strong usage of paid search with non-optimised websites, and by having in mind that paid search ads with associated organic results have higher click-through rates [11], [55], we concluded that there is a lack of SEM strategy in the majority of the leading Serbian advertisers.

Given that most of the companies in Serbia do not dispose of sufficient funds to purchase specialised software for sophisticated online monitoring of their customers,

and neither for subscription to the allegedly offered reports with aggregated data of this type [16, p. 151], we focused on assessing the level of Google Analytics usage, being a free tool for all website owners. Bearing in mind that setting up clear goals in Google Analytics is the first step to understand which sources of traffic and campaigns are most effective [10], [12], the majority of the surveyed marketing executives (80%) confirmed the usage of this web analytics tool.

To continue, our presumption towards the data-driven marketing approach was that detailed customer databases are available to the leading Serbian advertisers. The exploitation of such data improves the ability of organisations to implement customer valuation and segmentation, customer response analysis and market intelligence, representing a major reorientation of the marketing practice towards evidence-based decision making [39, p. 93]. Given the above, we found it disappointing that more than one half of the surveyed participants (56.6%) reported a lack of a fully segmented customer database which could be deployed in tactical marketing activities. This finding also explains the low level of usage of e-mail marketing, a digital channel which is today most widely used as a cost-effective, prospect conversion and customer retention tool [16]. Namely, more than one quarter of the respondents in our survey stated not to be using e-mail marketing at all, or to be using it in combination with direct post (37%).

When exploring the attitude towards mobile marketing, more than one half of the surveyed participants confirmed that their company had developed a mobile application and that it actively advertised on mobile platforms (53.7%). Another 13% stated to have plans to introduce a mobile application in the forthcoming period, having in mind that applications became an important platform for brands to interact with the customers, and whose adoption and continued use contributes to the increase in future spending [30].

Finally, almost all the respondents in our research stated that their company was present and active on social media (98.1%), with Facebook as the undisputed market leader (98.1%), a finding which does not come as a surprise given that 45% of the Serbian citizens have a

Facebook profile [38]. The second ranked social platform in our survey was YouTube (82.7%), again in line with the national data stating that one quarter of the citizens uses it for watching movies and listening to music [ibid]. Following closely behind are Twitter (67.3%), LinkedIn (63.5%) and Instagram (53.8%).

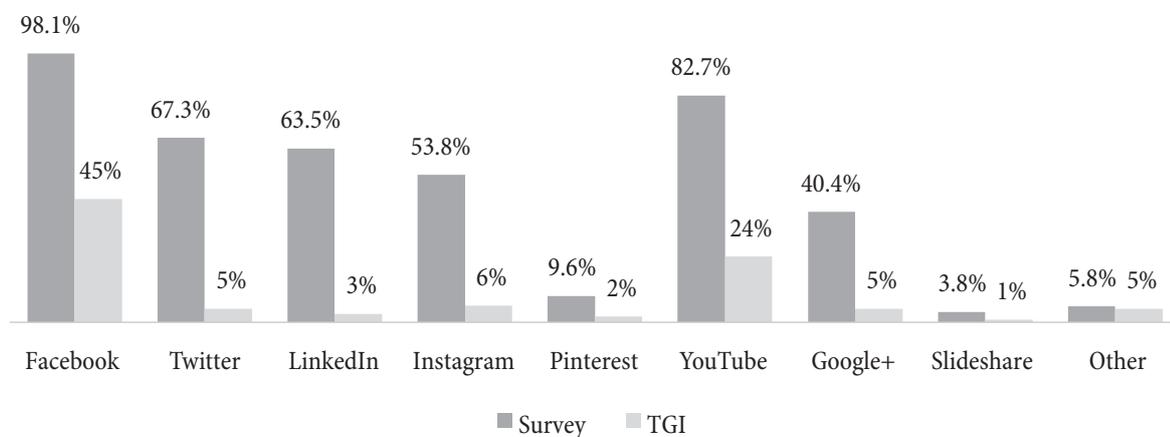
Summary of the state of digital marketing in the leading Serbian advertisers in terms of deployed digital tools and channels usage is presented in Table 1.

## Discussion

Referring to our survey of the leading Serbian advertisers aimed at investigating if digital marketing has become an integral part of the strategic marketing in organisational and budgetary terms, we performed a digital marketing capability assessment, where organisations were divided into five stages [9]:

Stage 1: "Initial", no digital marketing strategy, no KPIs;

**Figure 4: Online survey sample, social media presence**



Note: n=52

**Table 1: Level of development of digital tools and channels usage (online survey sample)**

Research Question	Results
1. Does the company you work in offer e-commerce?	Yes (36.4%) No (47.3%) We are offering some internet-driven services (16.4%)
2. Is your company's website optimised for search engines (SEO)?	Yes, we are performing SEO/website audits (38.2%) Partly – we applied SEO only during the new website launch (41.8%) No (20%)
3. Do you advertise on search engines and the internet (paid search, display)?	Yes (83.6%) No (16.4%)
4. Do you use Google Analytics in support of marketing activities?	Yes (80%) No (20%)
5. Does your company have a database of customers which is regularly updated and used for data-driven marketing?	Yes, a very detailed one (43.4%) Only for certain products, services, customer segments (24.5%) No (32.1%)
6. Does your company use e-mail marketing?	Active usage (31.5%) Occasional usage (31.5%) Both e-mail and direct post (14.8%) Only direct post (3.7%) No (18.5%)
7. Does your company own a mobile application?	Yes (53.7%) No (25.9%) No, but we are planning to introduce it in 2016 (13%) Not applicable to our business (7.4%)
8. Is your company present on social networks?	Yes (98.1%) No (1.9%)

Note: n = 69

Stage 2: “Managed”, with prioritised digital marketing activities and some KPIs;

Stage 3: “Defined”, with a clear vision and strategy, quality-based KPIs, partial integration of data;

Stage 4: “Quantified”, KPIs with weighted attribution, fully integrated data and systems;

Stage 5: “Optimised”, digital marketing as an integral part of the marketing strategy, lifetime value KPIs.

Consequently, to examine the digital marketing capabilities in functional terms, we cross-referenced our results with research findings of Gervet and de Chanville [19], which identify three levels of digital marketing functionality:

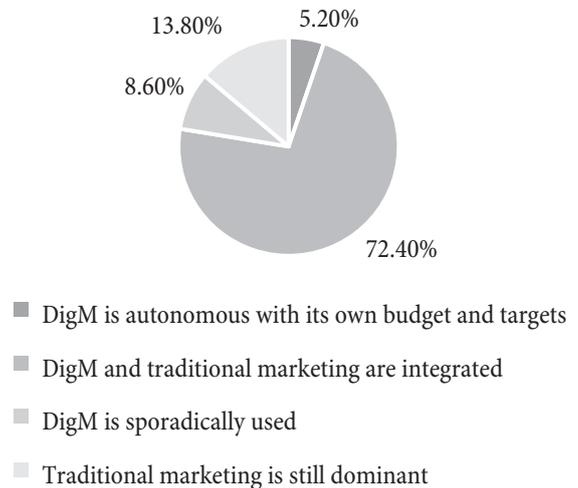
1. open towards digital marketing, but sceptical: lack of digital exposure and desire to know ROI for digital activities;
2. passionate, but out of practice: lack of knowledge, organisational silo;
3. digital native: customer-centric focus, but lack of momentum in managing communities.

### Digital marketing as an integral part of the strategic marketing in organisational terms

On the topic of the place and role of digital marketing compared to the traditional marketing function in organisational terms, over two thirds of the surveyed leading advertisers (72.4%) stated that digital and traditional marketing are increasingly used as integrated in their advertising campaigns and marketing activities, considering that digitalisation and consumer evolution lead to a paradigm shift in integrated marketing communication (IMC), where digital and traditional media are fully integrated to reflect the multichannel nature of today’s consumer decision-making journey [37], [51]. Consequently, several of the core IMC principles such as consumer insight, data-driven decision making and cross-media integration make up an improved framework for managing marketing in the digital world [39]. The growing desire for integrating traditional with digital marketing has resulted in a survey finding that only 5% of the leading Serbian advertisers structured their digital marketing function as an autonomous business unit with its own budgets and targets, acting as

a common platform that creates new digital businesses, generates new revenues, helps enhance the portfolio and improve customer experience [7, p. 6].

**Figure 5: The place and role of digital marketing compared to the traditional marketing function**



Note: n=58, Q: Which of the following statements comes closest to your company regarding the place and role of digital marketing, in comparison to the traditional kind?

Furthermore, we compared our sample characteristics (job titles of the respondents and their business function) with research conducted by Gervet and de Chanville [19, p. 10], whose suggestions on how companies can organise their digital marketing positions are the following:

- one job: Internet Manager;
- two jobs: E-marketing/Digital Marketing Manager and Community Manager;
- three jobs: Content Developer, Community Manager and Media Manager.

In addition to this, de Swaan et al. [13, p. 62] found it useful to categorise marketing roles not by title, but as belonging to one of the three broad types:

- “think” marketers, who apply analytic capabilities to tasks such as data mining, web analytics, media-mix modelling and return on investments (ROI) optimisation,
- “do” marketers, who develop content, design and lead production,
- “feel” marketers, who focus on consumer interaction and engagement in roles from customer service to social media and online communities.

By comparing the theory with our sample, we concluded that the majority of leading Serbian advertisers belonged,

in organisational terms, to the categories of “two jobs” (Digital Marketing Manager and Social Media Manager) and “feel marketers”, with customer engagement, rather than sales, being the primary role.

### Digital marketing as an integral part of the strategic marketing in functional terms

Two thirds of the surveyed leading advertisers (67.2%) operate under the framework of annual plans, using the marketing planning technique as an intangible productive resource to operationalise market orientation strategy [48, p. 825]. Furthermore, over one half of them are supported in their everyday marketing operations by more than one outsourced marketing agency, and amongst them one half are using outsourcing services of a digital marketing agency. Those findings, combined with the presence of creative industries in the survey sample, speak in favour of strong outsourcing trends of the business marketing function in Serbia.

When it comes to gaining importance of today’s digital marketing function [28], [33], the respondents had to choose between various answers aimed at weighted activities which might make a future impact on the digital marketing function and contribute to its strategic importance.

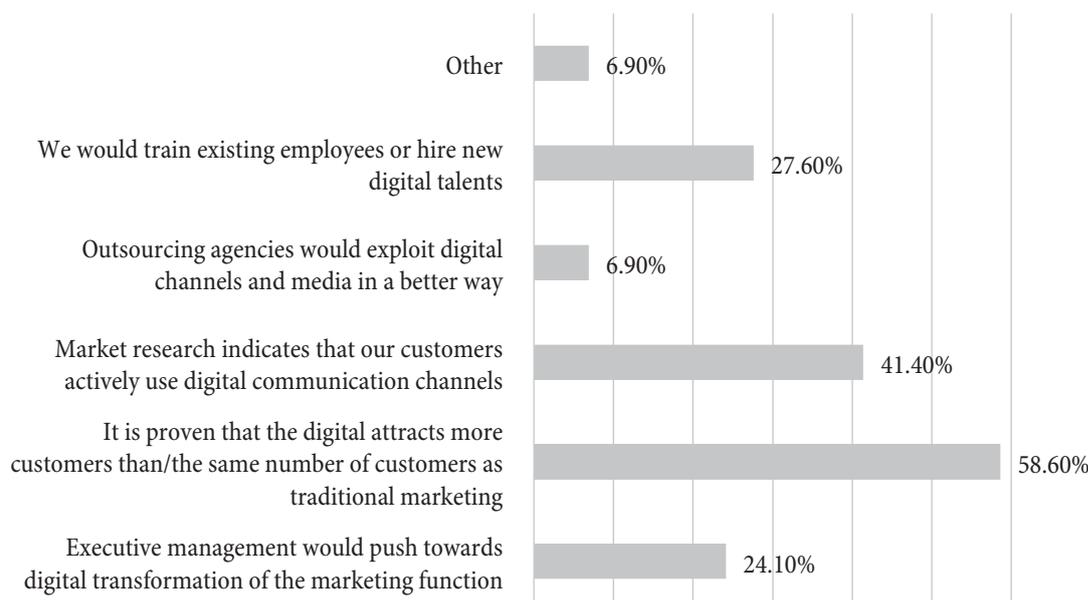
One half of marketing executives would use more digital tools in their marketing activities if this would prove to attract the same number of, or more customers compared to traditional marketing. Therefore, we concluded that the leading Serbian advertisers have not mapped their consumers’ journey, whose decision-making process today is mainly circular, with four phases, all strongly influenced by the digital media and channels [35]:

1. initial consideration;
2. active evaluation, or the process of investigating potential purchases;
3. closure, when consumers buy brands, products or services;
4. post-purchase, when consumers experience these.

Thus, two thirds of touchpoints during the initial consideration and active evaluation phase involve SEO, SEM and the internet-driven activities such as online reviews, forums and customer testimonials [37]. Our conclusion is in line with the Google Consumer Barometer [20], where eight out of ten consumers in Serbia are online at least once a day, using the internet throughout their entire purchase journey.

Furthermore, our survey findings revealed that senior executives’ support to the digital transformation of the business is also marked as important, starting with the marketing and sales function (stated in “Other”).

**Figure 6: Factors which might positively influence the importance of the digital marketing function**



Note: n= 58, multiple answers. Q: Digital marketing would become more important in our company if...

Namely, where CEO actively champions the digital, it is not viewed as a separate strategy but it rather sets and steers the company's digital vision and addresses the inevitable challenges that come with new ways of doing business [41].

Taking into account that global competition for digital experts is fierce, companies must distinguish among digital activities that require new hires, those which could be handled by employees with additional trainings, or should be outsourced [37]. Within our survey, over one third of the marketing executives prefer to enhance the skills of their existing marketing teams (36.2%), or to combine new hiring of digital talents with additional staff trainings (25.9%), explained by the headcount budget freeze. In terms of desired new skills necessary for building in-house digital capabilities, the leading Serbian advertisers gave the highest weights to the areas of content marketing (69.2%), mobile marketing (53.8%) and digital marketing analytics (56.4%). By comparing our findings with global trends [15, p. 17], the areas of mobile marketing and SEO were the most desired skills among marketing executives, albeit the highest shortage in digital talents was recorded in areas of marketing analytics (37%), mobile marketing (29%) and content marketing (27%) [35].

Furthermore, the majority of surveyed leading advertisers (82.8%) expressed their intention to experiment in the forthcoming period with new forms and opportunities which digital marketing and digitalised media can offer to their businesses, rather than just doing more of the same. Within the possibility to openly state those tools or channels, the most frequently mentioned were the new forms of content marketing, mobile marketing, affiliate marketing and visually driven social networks (Instagram, Snapchat), exhibiting a parallel with global trends [15, p. 8] where the most commonly cited channels were those that lend themselves to personalising the customer experience through social media, mobile web and content marketing. Namely, personalisation increases the level of loyalty that a customer holds towards a retailer or brand, and combines deep understanding of a customer's wants, needs and desires with timely and tailored delivery of relevant content, products and services [43]. Furthermore, the top three channels for the customer in the future will be those

that focus on personalisation and engagement, whilst the bottom three channels will focus on publishing [49, p. 10].

In terms of major digital marketing trends for the Serbian market in the year 2016 observed through the lens of leading advertisers, most respondents mentioned online video as a form of content marketing, followed by mobile marketing and advertising on Instagram, but also the need for an even stronger integration of digital marketing into the overall marketing function and advertising mix. This finding shows a low correlation with research on global digital trends where customer experience (CX) was seen as a major imperative for leading advertisers, followed by data-driven business, content optimisation, mobile marketing, privacy and security concerns due to data velocity [15], [16]. We would also like to highlight that big data, the new capital in today's hypercompetitive marketplace which provides tremendous opportunity for organisations looking to transform their operations, innovate in their markets and better serve their customers [36] was not mentioned at all by the leading Serbian advertisers. In that respect, we define big data as data sets so large and complex that they become difficult to process using on-hand database management tools or traditional data processing applications and which are bringing challenges such as how and what to capture, curate, storage, search, share, transfer, analyse and visualise [33], [44].

In highlighting digital marketing activities which the leading Serbian advertisers believed that they would have the greatest impact on their business and/or customers in 2016, one quarter of the participants gave the highest weight once more to content marketing (25.5%), the process in which relevant and valuable content is produced and distributed to attract, acquire and engage a clearly defined target audience with the objective of driving profitable customer action [42]. Popularity of content marketing in achieving effective marketing strategy lies in its ability to accomplish content localisation, personalised customer experiences and to appeal to emotions with its storytelling capabilities [54, p. 1062]. Second mentioned was mobile marketing (16.4%), an ever increasingly important component of the overall promotional strategy, whose importance can be seen through the time customers spend using mobile devices, the number of searches, and direct and

indirect mobile-generated sales [4, p. 431]. Furthermore, the leading advertisers also cited engagement on social networks, SEO and CX (each 9.1%). We found it particularly disappointing that the results indicated low importance of CRM among the leading Serbian advertisers, taking into account that keeping the existing customers who come back for more is ten times more profitable than recruiting new ones [17]. Thus, the key CRM concept is sense and respond marketing of delivering relevant, contextual marketing communications by monitoring customer actions or behaviour, reacting with appropriate messages and monitoring those responses [10, p. 418]. This finding is also connected with the low levels of e-mail marketing usage among leading advertisers in Serbia, as an up-to-date and segmented database serves as its prerequisite.

In terms of social media usage, the surveyed advertisers gave an almost equal weight to all of its attributes – social interactions, distribution of company news, advertising and brand awareness. Despite the fact that almost one half of the Serbian population have a Facebook profile [38], due to the mixed weight of answers related to all social media attributes, we concluded that there was no clear social selling strategy in place, corresponding to the McKinsey survey, where 91% of companies did not believe that social media significantly affected sales [37]. Thus, Galante et al. presented that social media campaigns did not lend themselves to straightforward ROI calculations [18, p. 19], although some new measurement models are

emerging, amongst others the Social Gross Rating Point which quantifies the value of “earned media” – publicity that a company has not paid for, such as tweets, comments, shares or forum posts [5].

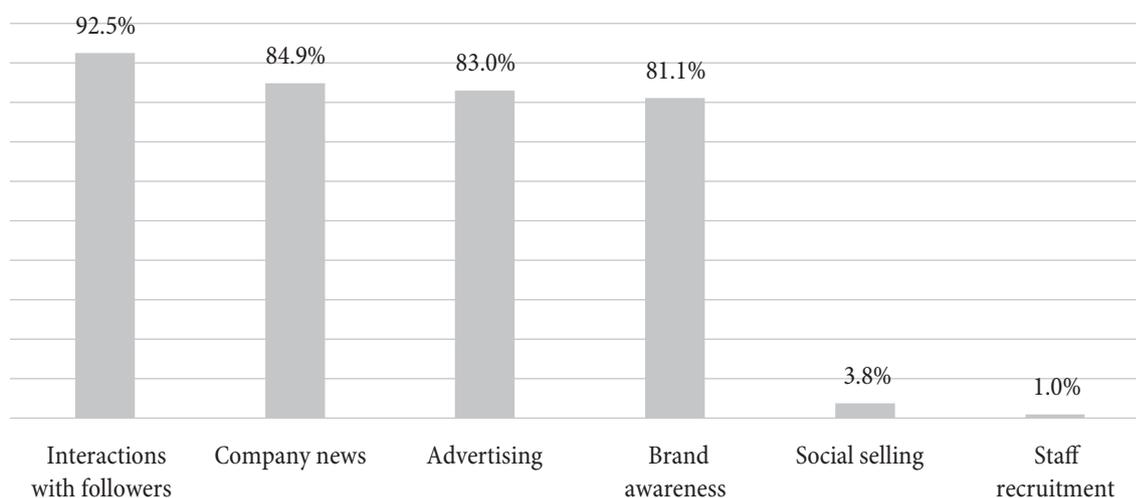
### Digital marketing as an integral part of the strategic marketing in budgetary terms

Within our survey, almost one half of the companies have an advertising/marketing budget which exceeds two million euros: 10.1% have clearly stated so and 34.9% were not willing to disclose the amount range, where we assumed that it is within the highest brackets, taking into account that they belong to the leading country advertisers from the AGB Nielsen base [1].

Furthermore, over two thirds of the leading advertisers (75.4%) claimed that their company, despite the global trends of digital advertising surpassing traditional advertising on major markets [52], invested less than 20% in digital ad spends.

We compared our findings with the research by Jayaram et al. [28, p. 120], where ten characteristics are influencing development and usage of digital marketing and media spending in individual markets: digital connectivity/divide, economic power, demand type, privacy laws, demographics, competitive conditions, attitude towards technology, institutional maturity, corporate social responsibility and corruption. Thus, the reason for

Figure 7: Motivations for social media usage among the leading Serbian advertisers



Note: n=69, multiple answers. Q: Do you use social media as a channel for...?

such a small percentage dedicated to digital marketing ad spend with the leading Serbian advertisers could be explained by:

- unfavourable demographic structure, where persons under the age of 18 account for only 17.6% of the total population [40];
- due to low economic power, young people live with their parents almost ten years longer than the European Union average [40];
- Serbia has one of the lowest percentages of internet users in relation to the total population – 54% [53];
- despite 9.2 million of mobile phone users, Serbia has a low smartphone penetration of only 23% [20], [47].

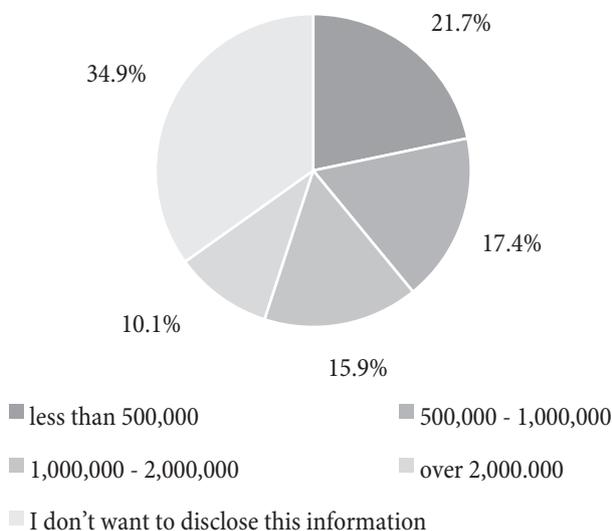
Based on this, we concluded that the advertising budgets were still predominantly channelled towards the traditional media, led by TV, taking into account low economic power, digital connectivity, unfavourable demographics and that the household media consumption is predominantly driven by middle-aged parents.

Furthermore, we posted an additional question to the survey respondents belonging to the category of lower spenders in digital marketing (below 20%), aiming to find out the reasons for low ad expenditure within the category. As a result, the majority of the surveyed respondents stated that the amount allocated to digital marketing activities was lower due to the overall budget constraints, lack of knowledge about its opportunities and channel deployment,

internal resistance and difficulty to measure their outcome. In line with this, demonstrating the return on investments (ROI) achievements and obtaining more budget are also one of the leading challenges that global marketers are facing [22]. However, global issues related to the digital talents gap due to increased data complexity [8] are not given too much emphasis in Serbia. For example, it is estimated that half a million of analytically trained people will be needed in the USA in 2018 to analyse customer data, create digital advertisements, develop websites and perform statistical analyses [34].

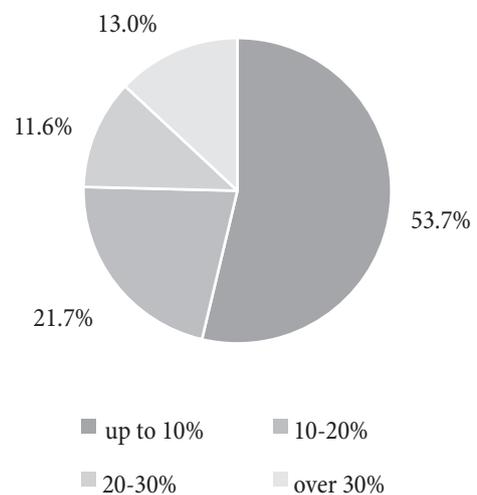
Measurability is a marketing imperative, whether it refers to customer behaviour, campaign engagement or ROI. With the increasingly complex customer journey and difficulty to distinguish the influencing touchpoints, the measurement of ROI from different channels influencing purchase decisions in today’s multiconnected, digitalised world may well suffer [6]. Within our survey, the majority of the respondents are moderately confident in measuring their marketing activities and advertising ROI, with the average weight of 3.4 (on the Likert scale from 1-5). The measurement of digital media ROI achieved a slightly higher weight (3.5) which corresponds to global trends, where confidence in digital ad spend was also the highest (41%) [15, p. 33]. Thus, global marketers perceive an increasing ability to measure customer behaviour and ROI, taking into account technology improvements, which brings

Figure 8: Range of advertising/marketing budgets

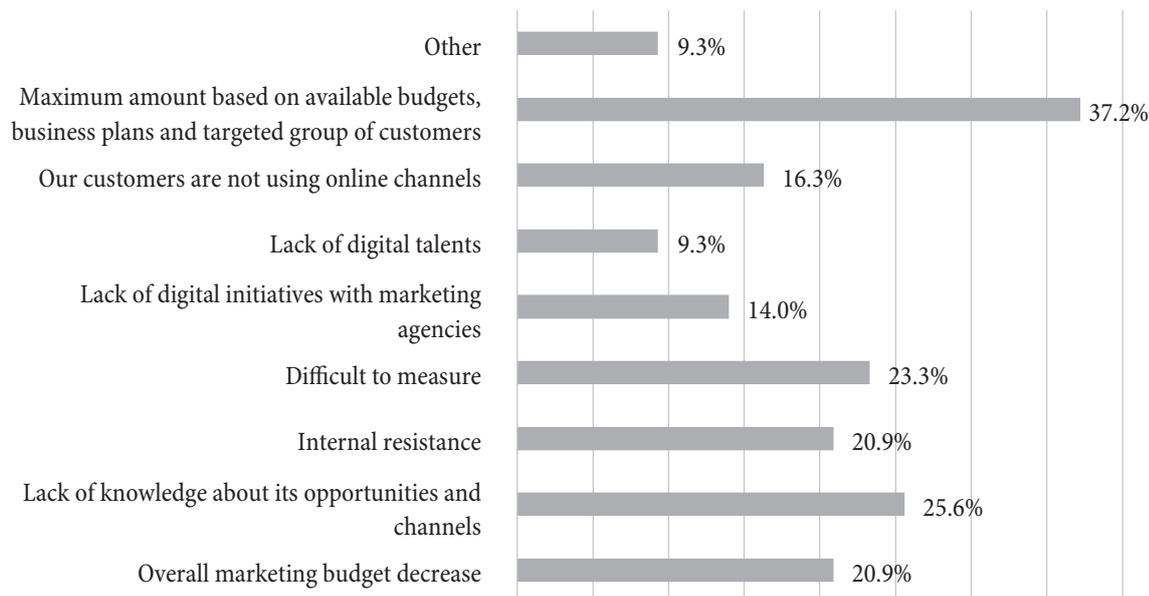


Note: n=69. Q: What is the range of the advertising and marketing budget in your organisation for 2016 (in Euros)?

Figure 9: Participation of digital ad spend in the total advertising & marketing budget



Note: n = 69. Q: How much of your budget is related to digital ad spend?

**Figure 10: Reasons why top Serbian advertisers are spending less on digital marketing**

Note: n=43, multiple answers. Q: What are the reasons for your company not wanting to spend more on digital marketing and advertising vs traditional marketing?

**Table 2: Ability to measure advertising results: Traditional and digital marketing**

Answer Options	1	2	3	4	5	Rating Average
Traditional media ROI	4	9	13	18	9	3.36
Digital media ROI	3	9	15	13	13	3.45
PPC advertising ROI	3	6	17	12	15	3.57
Social media ROI	7	8	11	16	11	3.30
E-mail marketing ROI	7	9	15	11	11	3.19

Note: n=53

confidence in the expectations that (digital) marketing activities of the future will bring even more measurability to advertisers by replacing performance metrics with impression-based metrics [50, p. 719].

## Conclusion

After compiling all the results, we reached a conclusion that from the organisational point of view, the leading Serbian advertisers strongly preferred the integration of their traditional and digital marketing activities. Through the business position of the surveyed participants and IMC – mentioned among the major digital marketing trends, in most of the leading advertisers we recognised a silo where traditional marketing deals with traditional media channels and then adds a vertical digital media function. Thus, the digital marketing function focuses predominantly on consumer interaction and engagement (from customer service to social media and online communities), without clearly defined strategic support in sales.

Regarding the functional integration of digital marketing in the strategic marketing, by comparing our findings with three stages in marketing functionality [19], and taking into account that only 5% of the leading Serbian advertisers structured their digital marketing function as autonomous, the low importance of global digital trends such as CX and CRM, the lack of SEM and social selling strategy, we concluded that the vast majority of the leading advertisers could be classified as open towards digital marketing (e.g. Trade) and/or passionate about its implementation (e.g. Banking and Finance). The real digital natives were recognised in only a few respondents belonging to the Sectors of IT, Telecommunications, Agriculture and Food Production, due to their technological advancements and/or advanced marketing strategy model applied from the head office.

Our digital marketing capability assessment from the budgetary point of view [9] might confirm that some of the leading Serbian advertisers have reached the medium Stage 3, by showcasing a clear vision and strategy, quality-

based KPIs and partial integration of data and systems. Sadly, the majority of the leading advertisers are still somewhere between Stage 1 – without a digital marketing strategy and KPIs, and Stage 2 – with prioritised digital marketing activities and some of the KPIs defined. The high percentage of creative industries in our survey brought us to another conclusion that low investments in digital marketing in comparison with global trends are (besides unfavourable demographics) mainly related to the fact that the leading advertisers are heavily outsourcing their marketing activities, thus investing less than 10% in digital marketing based on the national trends where internet counts for 12% of the total media investments for the year ahead [1], [26].

Based on the abovementioned findings, we have concluded that digital marketing in Serbia has not (yet) become an integral part of the strategic marketing function. Thus, the major contradiction in our research is that while digital marketing is still in the early development stage in the majority of leading advertisers in Serbia, consumers are way ahead, being frequently online, comparing products and services, discussing their experiences and expecting relevant interactions with brands [20]. Changes towards a more strategic deployment of digital marketing in the business marketing function could be expected by providing more academic and professional research which would clearly demonstrate the benefits of new business generation from online customer acquisition, and consequently, after enhancing existing marketing teams with new digital skills, with special emphasis on those supporting the sales function.

The results of this study point to several practical implications. With the maturing of digital marketing from the current “fancy and/or trial-and-error stage”, which should be driven by enhanced digital skills and financial accountability to connect marketing efforts with financial returns, and by providing more research data for evidence-based decision making, the strategic influence of the marketing function could enhance among Serbian senior executives. Management needs to understand that new media and digital marketing are not an option, but a prerequisite for successful business. The latter would gain their support for the digital transformation of the entire

business, with benefits such as innovations, cost-effective business models and new strategic alliances [16, p. 29].

Our recommendation for future research would be to use a combination of quantitative online surveys and in-depth interviews with marketing executives and heads of the leading advertising agencies, or to compare the findings from different sectors, analysing their changing preferences towards digital advertising.

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