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**Digital Marketing Management in Business-to-Business Markets:
Chances and Challenges**

Masterarbeit

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1 Introduction

„Ignoring Digital Marketing is like opening a business but not telling anyone.“

-Anonymous

The world is becoming increasingly digital as people are connected through the Internet, which opens up channels of communication and emerges a variety of devices and platforms (Kushwaha, 2017, p. 13). The Internet not only provides an infinite opportunity for exchanging and capturing information and entertainment, but has also become a powerful platform for conducting and improving business (Saban, Rau, 2005, p. 128; Kim et al., 2016, p. 727). Digitalization is transforming the economy in many ways. Corporations are changing their strategies and processes, implementing helpful systems and technologies, and gaining new opportunities to offer their products, services and brands (Parviainen et al., 2017, p. 64). Accordingly, digitalization has also revolutionized traditional marketing to Digital Marketing (Kushwaha, 2017, p. 13). As a result, enterprises must redesign and transform their marketing strategies in the digital environment in order to keep pace with their competitors and meet customer expectations. For these reasons, corporations have recognized the need to invest more in Digital Marketing and make it an efficient tool for achieving business goals (Järvinen et al., 2012, p. 104; Tiago, Veríssimo, 2014, p. 705). Every successful company strives to take advantage of the growing potentials that Digital Marketing offers to improve and develop its business.

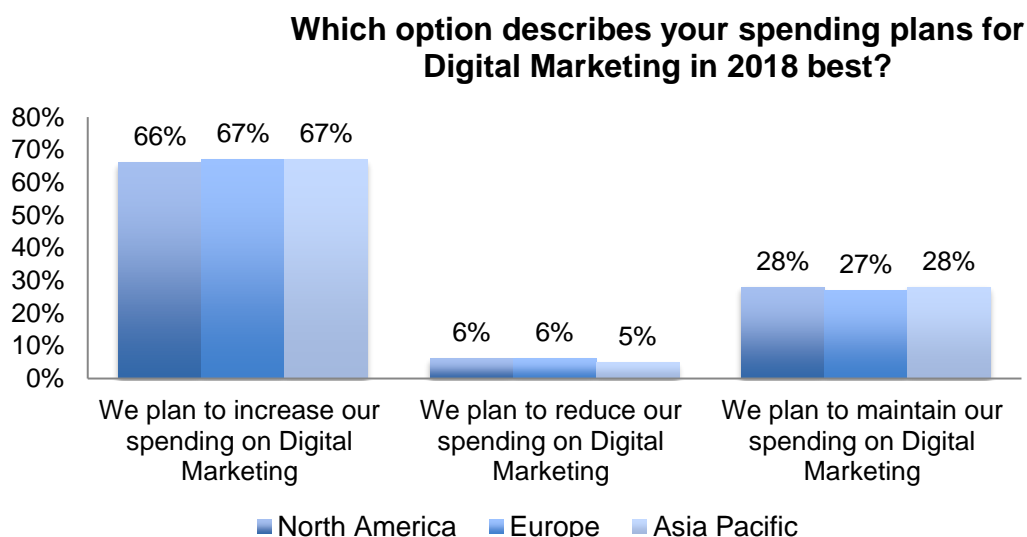


Figure 1: Options of Spending Plans for Digital Marketing in 2018 (own presentation based on Statista, 2019)

A study by Econsultancy and Adobe Systems (Statista, 2019) shows that more than two-thirds of organizations plan to expand their Digital Marketing investments. The survey asked 2050 companies worldwide about their Digital Marketing spending plans for 2018. Figure 1 shows that the three regions of North America, Europe and Asia Pacific are all boosting their Digital Marketing expenses. This figure also reflects the growing importance and significant role of Digital Marketing in today's economy worldwide.

While companies in the customer sector are very advanced in mastering Digital Marketing, those in the industrial sector are still facing difficulties (Järvinen et al., 2012, p. 104). However, organizations face not only opportunities but also challenges in the field of industrial Digital Marketing. Many industrial companies have problems keeping pace with the rapid developments and trends in the digital environment (Michaelidou et al., 2011, p. 1155; Kaur, 2016, p. 539). This is why Digital Marketing in the business markets tends to fail in many cases (Järvinen et al., 2012, p. 103). The digital revolution creates a wide range of opportunities for enterprises, but it also threatens existing business models, forcing them to change their strategy, modify their process, and define goals and requirements (Tiago, Veríssimo, 2014, p. 703; Kushwaha, 2017, p. 9). Beyond that, corporates must develop an understanding of how Digital Marketing can improve their business value. The first research question emerges from this discussion:

RQ1: What are the chances and challenges of Digital Marketing Management in the business markets?

In addition, companies have to deal with the constantly changing consumer behavior, patterns, interests and expectations arising from globalization and digitalization (Tiago, Veríssimo, 2014, p. 703). Digital Marketing empowers organizations to respond to these trends and to the on-going changes (Headways Media, 2014, pp. 2-3; Kaur, 2016, p. 540). Many industrial firms have therefore introduced certain technologies and adapted digital tactics (Li et al., 2011, p. 10606).

There are also usually people in every company who are committed to Digital Marketing. However, it is important to understand what factors contribute to successful Digital Marketing Management, and in particular, how companies can measure the advancement in this context. Maturity models are important instruments for IT management as they enable the positioning of the company's current situation and the identification of meaningful development directions (Knackstedt et al., 2009, p. 535). The lack of research on the maturity of Digital Marketing in the B2B

environment and the increasing significance of Digital Marketing in the industrial markets provides the motivation for this study, which attempts to close this gap and contribute to the existing literature in the following way. Therefore, the second research question for this study derives:

RQ2: What does a Digital Marketing Maturity Model look like in the business markets to help companies leverage opportunities and face the challenges of Digital Marketing?

The objective of this paper is to identify the chances and challenges of Digital Marketing in order to create a maturity model for the industrial sector. The maturity model is intended to enable companies to reflect their own Digital Marketing Management (DMM) and to leverage development potential on this basis. Digital Marketing can no longer be overlooked. The commercialization and sale of products and services on the Internet are constantly increasing (Parviainen et al., 2017, p. 64). It is especially difficult for companies from the business sector to cope with Digital Marketing. Many of them have not yet recognized the opportunities because they are too closely focused on the challenges (Michaelidou et al., 2011, p. 1155; Kaur, 2016, p. 539). But these companies neglect that velocity wins in today's data-driven and technology-driven environment (Henriette, Boughzala, 2015, p. 1). It is important for companies to be aware of the latest trends and technologies.

This thesis consists of eight and is structured as follows. The introduction is followed by the theoretical understanding of digitalization, Digital Marketing and its role in the business markets in chapter 2. Chapter 3 deals with the research methodologies and methods that will be used in the context of this thesis as well as a description of the research procedure using Design Science Research. Chapter 4 conducts a detailed synthesis of the literature. The literature review according to Webster and Watson (2002) introduces the main concepts of DMM and its objectives and requirements. In chapter 5 expert interviews are analyzed in order to understand the current state, development and future plans of different companies by identifying their chances and challenges. The main part of this thesis is the discussion of DMM and the development of the Digital Marketing Maturity Model, which takes place in chapter 6. Limitations concerning the study, recommendations for practice and further research are presented in chapter 7. Chapter 8 concludes this thesis by summarizing the results, and giving a further outlook.

In order to build an understanding for the current paper and its objectives, the structure of the research process is illustrated in figure 2.

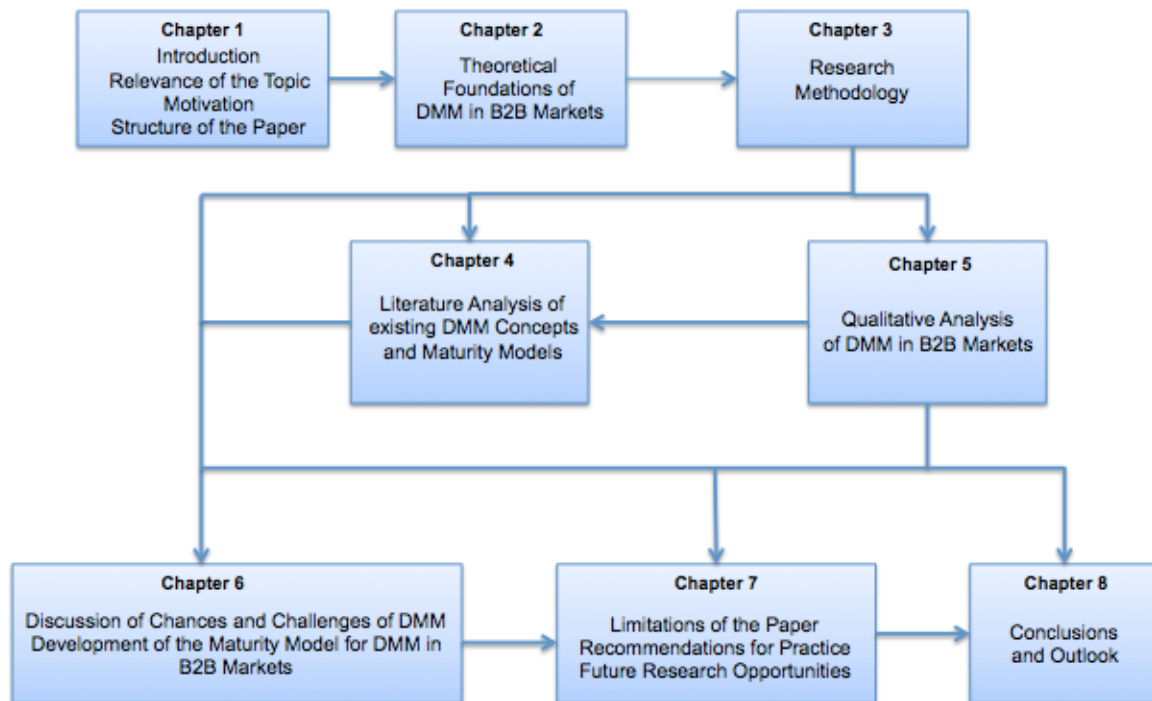


Figure 2: Structure of the Master Thesis
(own presentation)

8 Conclusions and Outlook

„Marketing is too important to be left to the marketing department.“

- David Packard, Co-Founder of Hewlett-Packard † 1996

The initial subject of this paper was to identify chances and challenges of DMM in the B2B markets in order to develop a Digital Marketing Maturity Model, which serves as a guidance to leverage the potentials and face the threats of Digital Marketing in the data-driven and technology-driven business world.

Against this background, a literature analysis and expert interviews were conducted in order to gain in-depth insights. Based on the literature analysis the objectives and requirements of industrial DMM were identified. The objectives of DMM are increasing sales; strengthening customer relationships, enhancing brand awareness and gaining customer and market insights. In order to meet these goals, DMM requires IT capabilities including business knowledge and analytical skills, adaption of new technologies, having a corporate strategy and owning digital communication channels.

Further, significant dimensions and factors for the maturity model were defined on the basis of nine expert interviews and four maturity models from whitepapers. The chances and challenges of DMM in B2B markets were also discussed and divided into internal and external categories.

Digital Marketing empowers industrial companies to interact with customers, generate leads, enhance brand awareness and further strengthen customer relationships. With the introduction of new digital technologies, platforms and communication channels, companies can reach their existing and potential customers much faster and more efficiently. As DMM is measurable, businesses can gain insights into customer and market data. The emergences of new technologies, such as CRM, automation, AI, etc., offer companies great benefits to manage data in order to achieve more effectively their goals. Just as every coin has two sides; there are not only benefits for firms conducting DMM. Many organizations are undeniably facing the challenges and risks of the fast growing technology, the explosion of data, the acceptance of employees, the wide range of communication channels and the lack of business knowledge and analytical skills. In fact, many C-levels have not yet developed an understanding for Digital Marketing and therefore refuse to provide sponsorship. However as decisions and visions are made and driven by senior management, the support is essential to build a strong digital culture and tackle internal problems.

All findings contribute to the development of the maturity model for DMM in B2B markets. Based on the research methods of the DSR by Hevner et al (2003) the

maturity model was established. The model consists of four phases, which depend on the state and development of the strategic, technological and organizational dimensions. The four levels are Digital Starters, Digital Adapters, Digital Optimizers and Digital Pioneers. Furthermore, the functionality of the model was investigated and discussed by evaluating the nine participating companies with regard to their maturity and thus placing them in the adequate level. The model shows how existing gaps can be closed and gives concrete recommendations for the next step towards a data-driven company. In addition to that, the paper addresses limitations of the study and provides recommendations for practice and further research opportunities.

As a lot of Digital Marketing businesses lack of support from the top management level and acceptance by some employees, most companies are not yet able to maximize the potential of their DMM. Full acceptance, trust and confidence in the tools and the department of Digital Marketing are hard to find in these firms. However, organizations at the highest level of the digital maturity model are trailblazers across the technological, organizational and strategical dimensions. The results also indicate these three areas where a company could very quickly gain a market advantage.

It is not enough to introduce technologies or to have individual responsible persons for the DMM or to generate data. Much more important is the fact that senior managers fully support DMM and become role models for the digital strategy. Beyond that, Digital Marketing should be an integral part of corporate culture. DMM requires a competent team of people with business knowledge, analytical skills and a creative mindset. It is of utmost importance that all business areas rely on the expertise of the Digital Marketing department. In addition, cooperation between the functional areas and Digital Marketing can improve business performance and outcome. David Packard († 1996), Co-Founder of Hewlett-Packard, once stated: *„Marketing is too important to be left to the marketing department“*, because marketing is where product development, data gathering, analytics, pricing, manufacturing, finance, legal, communications, distribution and sales meet. Digital Marketing is far too important that it acts as a single function.

In particular, customer experience became an important term in the Digital Marketing business lately. With the advent of digitalization and globalization, consumer behavior is changing rapidly. Customers, both B2B and B2C, are becoming more demanding as they are given the opportunity to compare and choose between many different products, services and brands online. This is also the reason why customer experience plays an increasing role in DMM. As a result, organizations must respond quickly to customer expectations and requests. Technologies such as AI, predictive analytics and machine learning can enable companies to better understand

customers by capturing data from purchasing processes, social media activities, search queries, customer feedback, etc. faster and more efficiently to deliver a superior customer experience. Accordingly, Digital Marketing is crucial in the data-driven and technology-driven environment. Consequently, B2B companies should use the Digital Marketing Maturity Model to identify their opportunities and threats as well as assess their current state, development and future plans for DMM. Further, the model can be utilized as a guideline to exploit own potentials concerning the three dimensions of DMM. Beyond that, the model indicates trends that need to be adapted. As many businesses do not yet have a consistent picture of their own DMM, this paper recommends that B2B companies have their DMM evaluated by different functional areas, such as sales, HR, IT and in particular the senior management level, using the Digital Marketing Maturity Model to obtain multiple perspectives on their DMM. In this way, the results can help to understand the reasons and address them directly. Furthermore, other internal departments can eventually contribute to the optimal shaping of the industrial DMM due to further business knowledge, analytical skills and market insights.

To sum it up, Digital Marketing is indispensable in today's world. The anonymous quotation from chapter 1 emphasizes the impact of DMM in the B2B sector clearly, as "[i]gnoring Digital Marketing is like opening a business but not telling anyone".