The Impact of Digitalization on Marketing Communications: New Challenges for Branding and Advertising Business

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Abstract: Studying the prospects of branding and advertising business in the context of digital transformation is important in view of the influence of these areas on the formation of consumers' views and beliefs, and ultimately - trends in their demand for goods and services. The aim of the article is to identify the main challenges that digitization creates for traditional and digital marketing communications. The research employed the methods of horizontal and vertical analysis, correlation analysis, and SWOT analysis. The study identified the key challenges for branding, which include wide access of consumers to information on the Internet, which increases competition and forces brands to find new ways to attract customers' attention. Another challenge is the potential damage to a brand’s reputation because of increased interaction with consumers. These factors force brands to constantly adapt, strengthen their presence in the digital environment, use influence marketing tools, and increase personalization. At the same time, digitalization opens up a number of new opportunities for the advertising business, in particular, new ways of reaching, informing, and attracting consumers, as well as offering and selling them products and services, enabling a more creative, individual approach. However, implementing advertising strategies requires proper skills. The study found that digital advertisement spending is trending upward, especially in the digital applications and search advertising segments. A SWOT analysis showed that the branding and advertising business has great opportunities, and successfully implemented branding and advertising strategies can contribute to the elimination of weaknesses.
and threats. The research results can be applied in the practice of advertising agencies and companies by using the proposed approach to evaluate advertising costs’ effectiveness. This study corresponds to the theme of WSEAS Transactions on Information Science and Applications because its content correlates with digitalization, digital communications, and advertising on the Internet, which, in turn, are closely related to the development of information technologies.

Key-Words: - digitalization, marketing communications, branding, advertising business, digital marketing, traditional media


1 Introduction

Along with the enormous opportunities that digitalization opens up for branding and advertising businesses, its introduction entails new challenges for these areas. The age of digital transformation has made it easier for consumers to access information and gives them more control over their choices. The structure of consumption of sources through which users receive advertising messages is changing: the focus is shifting from traditional media (television, radio, printed sources, etc.) to online media (websites, applications, social networks, etc.), [1], [2]. Forecast data points to further growth in online content consumption: for example, in the US, the gap between the online and traditional advertising markets continues to widen, and it is predicted that in 2026, online advertising spending will amount to $278 million while spending on television advertising (the next largest advertising market) will amount to $72.3 billion. At the same time, the growth rate of spending on online advertising will be 27.5%, and on television advertising — only 1.7% (compared to 2022), [3].

Today, the advertising business must use such a powerful tool as social media and other digital platforms for its successful activities. This will help to set advertising messages and target them to a specific audience. Furthermore, there is an opportunity to communicate more closely with clients, receive feedback and suggestions, and build relationships based on trust.

The impact of digital transformation on marketing communications led to the emergence of the concept of digital marketing. Digital marketing is the transfer of advertising messages to potential consumers using various forms of digital communications, [4]. Digital marketing provides new ways to reach, inform, and engage consumers, as well as offer and sell products and services to them, [5], [6]. The study, [7], notes that the emergence of digital marketing and various applications is only the beginning of the journey, and there are many more transformations awaiting marketing communications in the future.

High user awareness and the availability of numerous options to choose from are stimulating increased competition in the Internet space, forcing brands to find new ways to attract attention, [8], [9]. Another challenge is related to enabling the active interaction of consumers with brands, [10]. This occurs through social media and other platforms and can have both positive consequences for the brand (such as increasing consumer awareness of the brand’s positive qualities) and negative consequences, potentially damaging the brand’s reputation.

So, the modern operating environment of brands requires them to be as flexible as possible and to respond quickly to changes. Innovativeness plays a leading role in this process, especially if a proactive approach to introducing new ideas is used alongside a reactive one, [4], [11], [12]. Brands should focus on increasing their presence in digital media, [13], [14]. The use of personalized communication with consumers plays a decisive role in this: it is important to study the consumers’ behavior to determine their preferences. Besides, an important direction for creating a brand image today is the use of so-called influencer marketing, [15], [16], [17]. The concept of influencer marketing involves famous people in the digital space (for example, bloggers and other influencers) while advertising companies. The use of these opportunities should be accompanied by a thorough analysis of risks associated with numerous factors - behavioral characteristics of various groups of consumers, technological aspects, security issues, etc., [18], [19].

The aim of the article is to identify the main challenges that digitization creates for traditional and digital marketing communications. The aim involves the fulfillment of the following research objectives:
- define the role of branding in the digital environment;
- outline the key challenges for the advertising business in times of digital transformation;
- analyze trends in digital advertising spending;
- conduct a SWOT analysis of branding and advertising business in the era of digital transformation;
- provide a general assessment of the impact of digitalization on marketing communications and offer recommendations for adapting branding and advertising business to the new challenges of the digital era.

2 Literature Review

Key aspects of digital marketing are studied in work, [4]. The researcher compares traditional and digital marketing, the main elements of digital marketing, the reasons for the growth of the digital marketing market (using the example of India), and challenges for the development of digital marketing. The study, [20], concludes that digital marketing is an integral part of the strategy of modern companies. Researchers, [21], [22], also study digital marketing tools, compare them with traditional marketing, and identify opportunities and challenges for their development.

A significant challenge for digital marketing is the behavior of consumers of different age groups. The study, [23], studies the effectiveness of marketing communications for millennials and Generation Z as the largest age cohorts in the United States.

The work, [24], covers the aspects of modern marketing through the concept of Marketing 5.0. This concept implies the use of technologies imitating human behavior to create, communicate, deliver, and increase value during a consumer search.

Researchers in work, [25], identify the place of marketing in the sharing economy. From the researchers’ point of view, the sharing economy has a significant impact on the traditional foundations of marketing.

The article, [26], reveals the concepts of “liquid consumption” and “solid consumption”. The researchers study the impact of liquid consumption on various aspects of marketing, in particular its role in the further development of branding.

Sustainable development is another modern trend affecting marketing. The study, [27], notes that the Internet has created one of the biggest challenges for marketing, and a key tool to overcome them is digital marketing. Along with this, another problem appears in the way of marketing development — compliance with the requirements of sustainable development. The researchers conclude that the concepts of digital marketing and sustainable development can complement each other in many ways.

Finally, marketing is influenced not only by modern global trends, but also by global crisis phenomena, and the role of digitalization is often decisive in this process. There is a lot of research on the impact of the COVID-19 pandemic on marketing. Researchers, [28], believe that this global crisis has allowed companies to move to more honest, transparent marketing that allows solving several environmental and social problems.

The conducted analysis of the literature gives grounds to identify issues that have not been studied in academic periodicals. It is worth conducting a more in-depth analysis of the effectiveness of companies’ advertising spending, as well as studying the impact of advertising spending on advertising revenue and the number of customers.

3 Methodology

3.1 Research Design

The study consists of three consecutive stages. The first stage involved identifying the trends of spending on digital advertising in the world using the methods of horizontal and vertical analysis. The data were collected using the Statista, [29], resource for 2017 to 2027 (including projections). The following indicators were analyzed: digital advertising spending worldwide, advertising spending share desktop and mobile, average advertising spending per Internet user by segment, etc.

The second stage includes a correlation analysis between metrics such as Net Ad Revenues, % of Total Digital Ad Spending, and Number of users. The analysis was carried out for Facebook and Amazon, which provide the data for the US. Table 1 and Table 2 contain source data for the analysis.

Table 1. Source data for correlation analysis of Facebook indicators

<table>
<thead>
<tr>
<th>Year</th>
<th>US Facebook Net Ad Revenues</th>
<th>% of Total Digital Ad Spending</th>
<th>Number of users</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>31.27</td>
<td>23.6</td>
<td>223.42</td>
</tr>
<tr>
<td>2020</td>
<td>38.09</td>
<td>24.9</td>
<td>235.36</td>
</tr>
<tr>
<td>2021</td>
<td>50.3</td>
<td>23.8</td>
<td>238.03</td>
</tr>
<tr>
<td>2022</td>
<td>58.11</td>
<td>24.2</td>
<td>240.83</td>
</tr>
<tr>
<td>2023</td>
<td>65.21</td>
<td>24.1</td>
<td>243.58</td>
</tr>
</tbody>
</table>

Source: built by the author based on, [30].
Table 2. Source data for the correlation analysis of Amazon indicators

<table>
<thead>
<tr>
<th>Year</th>
<th>US Amazon Net Ad Revenues</th>
<th>% of Total Digital Ad Spending</th>
<th>Number of users</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>10.32</td>
<td>7.8</td>
<td>124</td>
</tr>
<tr>
<td>2020</td>
<td>15.73</td>
<td>10.3</td>
<td>142.5</td>
</tr>
<tr>
<td>2021</td>
<td>24.47</td>
<td>11.6</td>
<td>148.6</td>
</tr>
<tr>
<td>2022</td>
<td>31.81</td>
<td>13.3</td>
<td>153.1</td>
</tr>
<tr>
<td>2023</td>
<td>39.45</td>
<td>14.6</td>
<td></td>
</tr>
</tbody>
</table>

Source: built by the author based on [30].

The third stage provides a SWOT analysis for branding and advertising business in the context of digital transformation. SWOT analysis was chosen for aggregating the findings obtained during the research and grouping them according to the corresponding quadrants of the SWOT matrix.

3.2 Sample

The first stage of the study involved the analysis of digital advertising spending according to global data to obtain a general idea of modern trends in the field of digital advertising.

The second stage provided for choosing the country for analysis. The USA was chosen as it has the largest digital advertising market in the world in terms of advertising spending, [29]. In turn, Facebook and Amazon were chosen because of their leading positions in the US digital advertising market.

3.3 Methods

The first stage of the research implied the methods of horizontal and vertical analysis. These methods were used to identify the trends and structure of the studied indicators. In the second stage, the strength of the relationship between the studied indicators was identified using the method of correlation analysis. In the third stage, the SWOT analysis made it possible to summarize and reduce the data to determine the general horizon for advertising companies and can be used to optimize marketing strategies taking into account the existing potential and prospects.

4 Results

4.1 Analysis of Advertising Spending

Digital marketing can be identified as a key reference point for the advertising business in the future. Most of the existing companies in the world recognize this trend, which can be demonstrated by the growth of global digital advertising spending, including its projected increase by 2027 (Figure 1). As can be seen from Figure 1, significant growth in advertising spending is forecast until 2027. Among the presented segments, the most noticeable growth trends are advertising videos, search, and banner advertising. The industries with the highest digital ad spend to date are shown in Figure 2.

The retail industry spends the most on digital advertising. Consumer goods are in second place. From this, we can conclude a modern feature of consumer behavior - the tendency to order everyday goods via the Internet. The increase in demand, accordingly, causes the desire of companies to draw attention to themselves by increasing spending on digital advertising.

Figure 3 shows the share of advertising spending intended for viewing through mobile devices is increasing compared to advertising spending for viewing through a desktop. The predominance of mobile advertising spending is set to continue to grow. By 2027, the share of advertising spending on mobile devices is predicted to grow to 68.7%, while its share was 46.4% in 2017, [29].

It is also important for the advertiser to consider the trend for advertising distribution channels. The forecast in Figure 4 demonstrates significant growth of in-application advertising spending, some decline in social media advertising spending, and a significant decline in advertising spending through other channels (for 2017 to 2027).

Figure 5 shows the average digital advertising spending per consumer by segment. The greatest growth is expected from spending in the in-application segment, followed by search advertising. These two segments are the leaders among those presented since 2017. At the same time, the largest advertising expenditures were made in the "search advertising" segment, but increasingly large amounts of expenditures are directed to advertising in applications. This is likely due to apps' growing popularity and advantages over web searches.

So, digital advertising spending in general is predicted to grow in the near future. At the same time, advertising spending through smartphones will take an increasingly large share of spending, and the most popular segments of spending are in-application advertising and search advertising.
Fig. 1: Digital advertising spending worldwide
Source: built by the author based on, [29].

Fig. 2: US Digital AD Spending Share, by Industry, 2023
Source: built by the author based on, [31].

Fig. 3: Advertising spending share desktop and mobile in 2023 (%)
Source: built by the author based on, [29].

Fig. 4: Advertising spending share
Source: built by the author based on, [29].
4.2 The Relationship between Advertising Spending Growth and Net Advertising Revenue at Facebook and Amazon

In this section, it is proposed to analyze how the increase in the volume of advertising spending affects the profit and the number of users of individual companies. It is suggested to consider the indicator Percentage of Net Revenues in Total Advertising Spending instead of the absolute indicator Total Advertising Spending. A relative indicator is used instead of an absolute one for a more qualitative assessment of the effectiveness of advertising spending and demonstrates the profitability of advertising spending. In other words, it shows how effectively advertising spending affects the increase in Net Ad Revenues. Figure 6 and Figure 7 show the dynamics of Net Ad Revenues and their share in Total Ad Spending for Facebook (Figure 6) and Amazon (Figure 7).

As it can be provisionally noted, although the advertising revenues at Facebook have grown steadily throughout the studied period, the share of these revenues in the total advertising spending does not show stable growth and varies between 23.6% and 24.9%. At Amazon, trends in advertisement revenues and their share in total advertisement spending are growing almost synchronously.

A correlation analysis was conducted between such indicators as Net Ad Revenues, % of Total Digital Ad Spending, and Number of users for a more detailed analysis. Table 3 and Table 4 show the correlation matrices separately for Facebook and Amazon.
Table 3. Results of correlation analysis for Facebook

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Averages</th>
<th>Standard Deviation</th>
<th>US Facebook Net Ad Revenues</th>
<th>% of Total Digital Ad Spending</th>
<th>Number of users</th>
</tr>
</thead>
<tbody>
<tr>
<td>US Facebook Net Ad Revenues</td>
<td>0.000000</td>
<td>1.000000</td>
<td>1.000000</td>
<td>0.025158</td>
<td>0.918321</td>
</tr>
<tr>
<td>% of Total Digital Ad Spending</td>
<td>0.000000</td>
<td>1.000000</td>
<td>0.025158</td>
<td>1.000000</td>
<td>0.362991</td>
</tr>
<tr>
<td>Number of users</td>
<td>0.000000</td>
<td>1.000000</td>
<td>0.918321</td>
<td>0.362991</td>
<td>1.000000</td>
</tr>
</tbody>
</table>

Source: calculated by the author based on, [30].

Table 4. Results of the correlation analysis for Amazon

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Averages</th>
<th>Standard Deviation</th>
<th>US Amazon Net Ad Revenues</th>
<th>% of Total Digital Ad Spending</th>
<th>Number of users</th>
</tr>
</thead>
<tbody>
<tr>
<td>US Amazon Net Ad Revenues</td>
<td>-0.320404</td>
<td>0.805569</td>
<td>1.000000</td>
<td>0.975681</td>
<td>0.913362</td>
</tr>
<tr>
<td>% of Total Digital Ad Spending</td>
<td>-0.291095</td>
<td>0.876598</td>
<td>0.975681</td>
<td>1.000000</td>
<td>0.975231</td>
</tr>
<tr>
<td>Number of users</td>
<td>0.000000</td>
<td>1.000000</td>
<td>0.913362</td>
<td>0.975231</td>
<td>1.000000</td>
</tr>
</tbody>
</table>

Source: calculated by the author based on, [30].

Table 5. SWOT analysis of branding and advertising business in the era of digital transformation

<table>
<thead>
<tr>
<th>Strengths</th>
<th>Weaknesses</th>
</tr>
</thead>
<tbody>
<tr>
<td>A wide range of advertising distribution tools</td>
<td>Technological aspects</td>
</tr>
<tr>
<td>Relatively lower costs, including for the promotion of goods</td>
<td>The digital divide</td>
</tr>
<tr>
<td>Interactivity in communications with consumers</td>
<td>The need to integrate online and offline marketing strategies</td>
</tr>
<tr>
<td>The possibility of providing related services (public relations, sales, customer service, information services)</td>
<td>Distrust of online shopping and sellers</td>
</tr>
<tr>
<td>Ease of making changes to advertising campaigns</td>
<td>High costs related to technological aspects (site creation, maintenance, application development, etc.)</td>
</tr>
<tr>
<td>Global reach and greater customer engagement</td>
<td>Organization of delivery</td>
</tr>
<tr>
<td>Results that are easy to measure</td>
<td></td>
</tr>
<tr>
<td>Customers' awareness of innovations</td>
<td></td>
</tr>
<tr>
<td>Access to a large number of products in one-stop shop</td>
<td></td>
</tr>
</tbody>
</table>

Opportunities

| High-cost efficiency provides proper cost management | Cyber security breach, fraud |
| Higher speed and effectiveness | Dependence on the power system, access to the Internet |
| Availability of devices (smartphones, personal computers, etc.) | Delivery failures |
| High Internet speed, increased coverage | The inability to evaluate the product in reality during the purchase, as a result — the possibility of rejecting the product and related costs |
| Increased security | Inaccuracies/gaps in the legal framework |
| Affordable prices | Receiving negative feedback about a company or product |
| Ability to compare prices, product characteristics | The possibility of luring customers by other firms |
| Application of purchase incentives (coupons, promo codes, discounts, etc.) | Poor marketing strategy can damage the brand by losing user trust (for example, the appearance of brand advertising on dubious sites, excessive advertising, etc.) |
| Various payment options | Some restrictions on the range of products that can be sold online |
| Personalized communications with consumers | |
| Ability to provide comprehensive, complete, and unified information about the product | |

Source: built by the author

Evaluation of the obtained results according to the Chaddock scale, [32], found a very strong relationship (0.9 - 0.99) between Net Ad Revenues and % of Total Digital Ad Spending for Amazon. The indicator reaches 0.98 (the higher the value, the stronger the relationship). At the same time, there is almost no relationship for Facebook — only 0.03.

The relationship between Net Ad Revenues and the Number of users is very strong for both companies: 0.92 for Facebook and 0.91 for Amazon.

The relationship between % of Total Digital Ad Spending and Number of users is moderate (0.3 - 0.5) for Facebook (0.36) and very strong for Amazon (0.98).

The obtained results give grounds for an assumption that the effectiveness of advertising spending for the studied companies is not the same.

For example, at Facebook, the change in % of Total Digital Ad Spending has little to do with the change in Net Ad Revenues and little to do with the change in the Number of users. For Amazon, the relationship between both pairs of indicators is very strong. So, it can be concluded that when spending more on digital advertising every year, Facebook will also receive more net ad revenues, but its share in total spending does not change, decreasing from time to time, remaining within the range of 23.6% and 24.9%. The profitability of the company’s advertising spending does not have a sustainable upward trend. For Amazon, the situation is different – together with the growth of advertising spending, the share of net advertising revenues in such spending also increases (from 7.8% to 14.6% for the period under study), which indicates a significant
increase in the profitability of advertising spending for this company (although overall Amazon’s profitability is lower than Facebook’s). At the same time, there is a relationship between the growth in the Number of users and the share of revenue in total advertising spending. It can be assumed that the increased number of users is one of the reasons for the increased share of revenues in spending.

4.3 SWOT Analysis of Branding and Advertising Business in the Era of Digital Transformation

The conducted analysis revealed key challenges and opportunities for branding and advertising businesses in the era of digital transformation. It is suggested to use the SWOT analysis for this purpose (Table 5).

Branding and advertising businesses certainly have wide prospects in the future. Several existing weaknesses and threats are leveled, for the most part, through proper selection and effective implementation of branding and advertising strategies, correct selection of technologies, specialists, market segments, etc. In other words, the success of branding and advertising business depends primarily on internal factors. The influence of external factors is also significant, but effective proactive and reactive measures can contribute to adaptation to external threats.

5 Discussion

The article examines the key challenges of branding and advertising business, investigates some trends in the field of digital marketing, and also provides a SWOT analysis of branding and advertising business in the era of digital transformation. The study provides general aspects for the field of marketing, but they may differ slightly depending on the region. The study, [4], provides a list of challenges for digital marketing using the example of India: technological problems, the difference in the behavior of wealthy and poor users, problems of coordinating online and offline strategies, the “female” factor (the majority of Indian women who make decisions about purchases lack of so-called e-literacy skills), high customer engagement costs, problems with online payment and consumer trust, low customer loyalty and low probability of repeat purchase, overhead payments (high percentage of returns), high technology costs, imperfection of supply chains, ineffective management of relationships with customers. The researcher’s conclusions give grounds to note regional features of branding and advertising business along with global trends. The advantage of the author's work is the availability of calculations that allowed us to quantitatively show the effectiveness of spending on digital advertising, which made it possible to thoroughly form and explain the list of challenges for branding.

Archana in work, [20], singles out four main disadvantages of digital marketing: the possibility of poaching customers by other companies, damage to the brand caused by excessive advertising, potential damage to the image by certain individuals or groups of persons, limitation of the range of goods that can be sold over the Internet. Researchers in the article, [21], express a similar opinion. According to them, the challenges of digital marketing include the risks of hacker attacks, activities directed against individual brands, limited access to the Internet, high competition in the digital space, etc. The advantage of the author's work over the mentioned studies is the consideration in the approach and quantitative calculation of the effectiveness of digital advertising costs because the low effectiveness of such costs can become a significant challenge for brands along with the problems noted by scientists.

In the work, the authors, [22], identify the challenges entrepreneurs face when implementing and developing digital marketing: building a brand, generating traffic and potential customers, managing a website, ensuring budget efficiency, understanding tools and technologies, producing the right content, finding talent marketing employees, determination of return on investment in marketing, team training, promotion of increasing consumer engagement. In contrast to this work, the author’s article considered the challenges for existing brands and advertising agencies after the implementation of digital marketing. At the same time, it should be agreed that the success of further actions largely depends on the initial stage of introducing digital tools and creating a brand on the Internet.

Several papers note the challenges for digital marketing related to the difference in generational experience. The study, [23], reveals the specifics of the consumer behavior of millennials and Generation Z regarding the perception of marketing communication and advertising on the Internet. The researcher notes that these users who cope with digital technologies well tend to get distracted by doing many different activities online at the same time. Therefore, marketers should use certain incentives to attract consumers’ attention: popular music, humor, involvement of influential people to convey the message, and short duration (up to 30
seconds). The article, [24], states that the concept of Marketing 5.0 emerged against the background of three main challenges: the generation gap, polarization, and the digital divide. The researchers note that it is the first time in the world that five generations living on the planet at the same time have contrasting attitudes, preferences, and behavior. Baby Boomers and Generation X have the highest purchasing power, while Millennials and Generation Z make up the main part of the workforce and cope with technologies well. These works reveal aspects of the dependence of the success of marketing strategies on taking into account the differences in the preferences and views of different generations, which were not studied in the article. Therefore, this direction should be taken into account in the author’s further research in the field of branding and advertising business.

The authors in, [25], [33], are convinced that one of the significant challenges facing modern marketing is the development of the sharing economy. According to the researchers, the sharing economy affects such fundamentals of marketing as institutions (including users, companies, regulators), processes (including branding, innovation, etc.), and value creation (for users, companies, and society). Regarding branding, the researchers note that the role of brands in the sharing economy is changing significantly: there is a significant difference between the brand of a platform and the brands that consumers access through that platform. The article, [26], found that sharing economy brands have less impact than the brands they own – particularly on building identity and brand attachment. In both of these studies, scientists touch on a topical topic - the impact of the sharing economy on branding. This influence is manifested through a change in the role of brands, which does not always have positive consequences for them. Therefore, not taking into account the impact of the sharing economy in the author's article is a shortcoming of the work that should be corrected in further research.

The relationship between digital marketing and the concept of sustainable development is another topic not covered in the author’s article. Researchers, [27], note the benefits that the concepts of sustainability and digital marketing provide to each other. Sustainability improves supply chains, provides access to professional investors, increases employee motivation, and promotes product differentiation. Digital marketing enables a better understanding of consumer behavior.

Comparing the results of this study with the author's work, the latter lacks consideration of aspects of sustainable development, such as an analysis of whether green marketing tools affect the effectiveness of digital advertising spending.

Studying digital marketing during the COVID-19 pandemic, researchers, [28], proved the positive role of digitalization in improving communication with consumers during the crisis. The researchers also found a positive impact of digitalization on branding, which can use social data and consumer information to increase personalization and identify changes in customer requirements. These findings confirm the author’s views that successful branding and advertising strategies can help brands and advertising agencies adapt to external challenges.

6 Conclusions
An analysis of the world’s digital advertising spending revealed stable trends in their growth. Further growth of such costs is predicted. An increasing share of spending will come from smartphone advertising spending, with in-app and search advertising the most popular spending segments. Social media also plays a significant role in the distribution of digital advertising.

The results of the correlation analysis suggest that the effectiveness of advertising spending for Facebook and Amazon is not the same. Facebook spends more on digital advertising, but the share of net advertising revenues in total spending remains almost unchanged, ranging between 23.6% and 24.9%. Therefore, the profitability of the company’s advertising spending does not have a definite upward trend. At Amazon, the growing advertising spending entails the growth in the share of net advertising revenues in such spending (from 7.8% in 2019 to 14.6% in 2023), indicating a growing return on advertising spending. There is a relationship between the growth in the number of users and the share of revenues in total advertising spending for Amazon. The growth in the number of users is one of the probable reasons for increasing the share of revenues in spending.

Summarizing the results of the SWOT analysis, a general assessment of the impact of digitalization on marketing communications can be provided. First of all, this influence is expressed through the expanded capabilities of these areas to improve the effectiveness of marketing communications through more personalized communication with customers, directing advertising to the target audience, using a creative approach, etc. Existing challenges are concentrated around issues of information security, increased competition, possible harmful effects on brand reputation, technological aspects, choosing an
appropriate branding strategy and advertising strategy, and other issues.

In this regard, the following recommendations can be provided to adapt branding and advertising business to the new challenges of the digital era: increase the presence of brands in the digital environment, use influence marketing tools, increase flexibility and adaptability, conduct constant monitoring, be innovative, apply both a reactive and a proactive approach in building strategies, invest in priority segments of the digital advertising market.

Further research may focus on building an effective brand strategy in the digital sphere using the example of an individual company.

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Contribution of Individual Authors to the Creation of a Scientific Article (Ghostwriting Policy)
The authors have made an equivalent contribution to the writing of the article

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