

The Effectiveness of Market Development Strategy Using Digital Marketing

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Abstract

This research investigates the effectiveness of social media marketing campaigns on Facebook and TikTok ads for Z Twin Auto Performance Sdn. Bhd., a small and medium enterprise (SME) facing challenges in sustaining market share and driving sales growth. Through mixed-methods research, including semi-structured interviews and data analysis, the study evaluates the impact of digital marketing strategies on brand visibility and audience engagement. Multiple linear regression analysis is employed to assess the relationships between campaign metrics and engagement outcomes. The findings reveal significant increases in profile views and page visits following the intervention, indicating successful brand visibility enhancement. Strong correlations between impressions, clicks, and engagement metrics on TikTok ads highlight the platform's effectiveness in driving interaction. Meanwhile, Facebook ads demonstrate weaker correlations but still contribute to audience engagement. The study underscores the importance of leveraging social media platforms for brand promotion and customer engagement in today's digital landscape, emphasizing the need for continuous evaluation and adaptation of marketing strategies to drive sustained growth and competitive advantage.

Keywords: Sales and Profit Life Cycle, Market Development, Digital Marketing Strategy, Facebook Ads, Tiktok Ads

Introduction

SMEs have been increasingly using digital marketing since the early 2000s, with the most recent TikTok commercials launched in 2020. In the latest study, Jadhav et al. (2023) emphasised the advantages of the internet, noting that users may access a company's website, learn more about the products they are interested in, and decide whether or not to buy them. This digitalization has boosted customer interaction, improved the customer experience, and reduced marketing costs. The use of digital marketing platforms, such as Facebook and TikTok, is crucial for businesses like Z Twin Auto Performance Sdn. Bhd. to boost sales and profits during the maturity phase. By providing clear, transparent information,

potential customers can compare prices and product details, boosting client confidence and allowing companies to reach new customers.

Martín-Rojas et al (2023), in their recent study stressed that there is a beneficial effect of organisational resilience on company performance, proving the critical importance of digital technologies and social media in the current competitive environment. In fact, findings also show that organisational resilience also mediates the effect of self-renewal on performance. Hence, for the business to survive over the long run in this extremely competitive industry, digital marketing would be a solid market development plan.

Twin Auto Performance Sdn. Bhd. is in the maturity phase of its sales and product life cycle, aiming to maintain its market share and profitability over seven years. To achieve this, the company aims to implement a digital marketing strategy that targets both new and existing customers. However, the absence of a well-defined plan poses a significant challenge. To succeed, the company must leverage its uniqueness as a competitive advantage, fostering genuine relationships, integrity, and openness. By producing high-quality content consistent with brand positioning, the company can create a memorable and trustworthy brand image, driving sustained growth and competitive advantage. Addressing these challenges is crucial for the company's success in the maturity phase.

The research aims to investigate the comprehensiveness of Z Twin Auto Performance Sdn. Bhd.'s digital marketing strategy, focusing on its relevance to the maturity phase of the sales and profit life cycle. It seeks to identify the most suitable digital marketing platforms to enhance the company's market development. Additionally, the research aims to evaluate the effectiveness of digital marketing channels in reaching new customers while retaining existing products for Z Twin Auto Performance Sdn. Bhd.

Materials and Methods

This study employs mixed-methods research to achieve its objectives. The input phase involves a semi-structured interview approach, allowing researchers to gain a comprehensive understanding of a phenomenon or topic through qualitative interviews. The output phase uses records to measure the response rate from each platform, assessing the relationship between digital marketing and market development. The study collects data on three key variables: the number of accounts reached, impressions, and clicks, as independent variables, and profile views and likes from TikTok ads and Facebook ads dashboards as dependent variables. The data collected will help assess the efficiency of digital marketing channels in improving brand positioning and the relationship between digital marketing and market development. Figure 2.1 shows a summary of plan intervention which include three main steps; input, transformation and output.

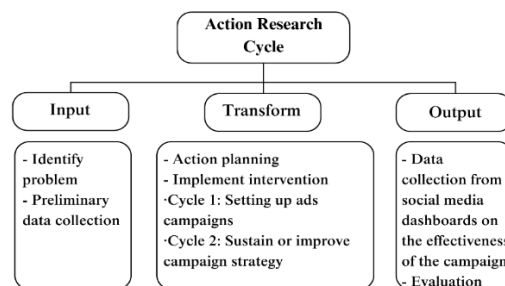


Figure 2.1 Intervention plan

Multiple Linear Regression (MLR) is a statistical technique used to analyze the relationship between two or more independent variables and a single dependent variable. It extends the concept of simple linear regression, where only one independent variable is considered, to situations where multiple predictors may influence the outcome variable. The formulation is the following:

$$y = \beta_0 + \beta_1 X_1 + \dots + \beta_n X_n + \varepsilon$$

where y is the predicted value, β_0 is the y-intercept, $\beta_1 X_1$ is the regression coefficient (β_1) of the first independent variable, X_1 , $\beta_n X_n$ is the last regression coefficient (β_n) of the last independent variable, X_n , and ε is the model error. In the context of the study, MLR was employed to analyze the relationship between multiple independent variables (such as reach, impressions, clicks) and multiple dependent variables (such as profile views, page visits, likes) simultaneously. By using MLR, the researcher aimed to assess how changes in one or more independent variables were associated with changes in the dependent variables, while controlling for the effects of other variables.

Results and Discussion

Maturity Phase of Sales and Profit Life Cycle

The evaluation of Z Twin's sales maturity stage is validated through meticulous data analysis from 2018 to 2023, providing a comprehensive overview of the company's past sales performance and success, thereby enabling a more accurate and nuanced understanding of its business dynamics. Table 3.1 presents a simplified breakdown of total sales by year and growth rate over time. Data from the table are gathered from the sales records by month from 2018 to 2023.

Table 3.1
Sales growth rate

Year	Sales (RM)	Growth rate (%)
2018	1,384,042	-
2019	1,424,243	3
2020	1,574,002	11
2021	2,149,106	37
2022	2,587,063	20
2023	2,730,911	6

A variable's annual change is expressed as a percentage using growth rates. When evaluating a company's performance and projecting its future performance, growth rates could be useful. From the table, growth rate of Z Twin's sales is increasing from year to year, indicated that from year 2018 to 2019, sales increased by 3%, followed by 2019 to

2020 by 8% more than the previous year. Year 2021 has the highest growth rate with 37% from the previous year and marks sales increasing by 26% higher than 2020. However, from 2021 to 2022, the growth rate increasing at a decreasing rate of 17% from the previous year. It continues until 2023 with 14% of decreasing rate from year 2022.

According to Yazdanfar and Öhman's (2014), study, a firm's performance peaks during its startup phase and progressively declines as it ages, in accordance with the life cycle perspective. Therefore, the fundamental assumption is that, in regard to the life cycle model, it is potentially that firms' performance will diminish with age. It is predicted that a firm's performance would vary during its life cycle and begin to decline with age. Figure 3.1 illustrates the sales and profit life cycle for this company.

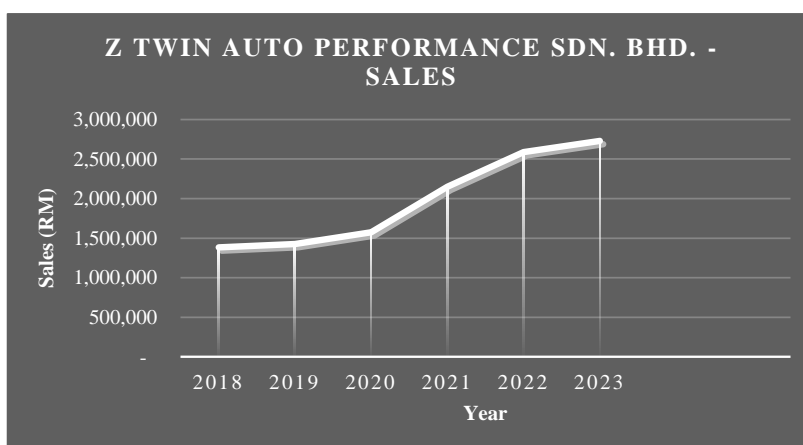


Figure 3.1 Sales and profit life cycle of Z Twin Auto Performance Sdn. Bhd.

Input Phase

Table 3.2

Pre-intervention data from TikTok and Facebook dashboard

TikTok Dashboard			Facebook Dashboard	
Reach	Profile views	Likes	Reach	Page visit
352	13	1	425	32

The preliminary data collected spans a period of 7 days before the campaign launch for TikTok ads and 5 days before the campaign launch for Facebook ads. The data collected spans follow number of days the campaign run, where TikTok ads run for seven days from 31st December 2023 until 6th January 2024.

On the other hand, Facebook ads run for five days from 3rd until 7th January 2024. The number of days to run the campaign are depend on the budget, the forecast number of audience reached and forecast number of engagements. However, due to time constraints, some data such as impressions and clicks are unable to retrieve from the dashboard.

Transformation Phase

Facebook and TikTok has different targeting capabilities. A recent study by Pour et al. (2021), indicated that according to the best-worst method (BWM) results, "content" was found to be the most crucial element in social media marketing, with "attractive visual design" and "providing creative content" ranking as the two first and second most essential sub-criteria, respectively.

In response to Z Twin's challenges in reaching new customers and improving brand presence amid declining sales, the researcher has devised a strategic plan focusing on targeted campaigns on Facebook and TikTok ads. The primary goal is to comprehensively showcase Z Twin's services, highlight competitive advantages, and emphasize its ability to meet diverse customer needs. Additionally, the plan emphasizes the importance of payment methods, warranties, and installment plans. Recognizing the significance of social media in modern marketing, Facebook and TikTok were chosen for their extensive reach and dynamic advertising formats, catering to diverse demographics. Through visually compelling content, Z Twin aims not only to raise awareness but also to establish a compelling brand presence resonating with potential customers.

Output Phase

With limited time constraints and unique social media engagement algorithm, it is challenging to measure the effectiveness of social media campaigns on sales. Therefore, the effectiveness of the campaigns is measured through profile views, page visits and likes. A recent study by Pour et al. (2021) stated that by providing customers with relevant material in a timely manner, it encourages the customer's involvement in creating content increasing the sales of the product. As a result, the company's brand is promoted and more consumer interactions result from the transformation from passive viewers to active players. Hence, it will support the researcher goal which is to enhance the company's brand positioning.

Table 3.3

Post-intervention data from TikTok and Facebook dashboard

TikTok Dashboard					Facebook Dashboard			
Reach	Impressions	Clicks	Profile view	Likes	Reach	Impressions	Page Visit	Likes
101741	20	15	625	359	13092	14432	133	1

The study analyzed social media marketing campaigns on Facebook and TikTok ads, focusing on their effectiveness in driving engagement and viewership. The results showed a significant increase in profile views, page visits and likes (dependent variables) following the intervention, indicating the campaigns were successful in enhancing brand visibility and attracting audience attention.

Correlations between the metrics revealed interesting patterns. In TikTok ads, strong positive correlations were observed between impressions, clicks, and both profile views and likes, indicating that higher levels of impressions and clicks led to increased engagement and interaction with the content. On Facebook ads, a weak positive correlation was found between reach and impressions with page visits and likes, although not statistically significant.

The R-squared values provided insights into the proportion of variance in the dependent variables that could be explained by the independent variables. In TikTok ads, a high percentage of variance in profile views and likes could be explained by the combined effects of clicks, impressions, and reach, indicating the effectiveness of these metrics in driving engagement.

Conclusion

In conclusion, the research underscores the dynamic challenges inherent in social media marketing while highlighting its significant impact on brand visibility and audience engagement. Despite obstacles in data accessibility and platform algorithms, the study effectively met its objectives, providing actionable insights for optimizing digital marketing strategies. Looking ahead, continuous evaluation and adaptation are essential to remain competitive, as businesses capitalize on the opportunities presented by social media to foster lasting customer relationships and drive sustained growth in the digital era.

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