

12. ANALYSING THE EFFECTIVENESS OF ONLINE ADVERTISING: ECONOMIC INDICATORS AND TRENDS

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Annotation. This article examines the effectiveness of online advertising through a comprehensive analysis of key economic indicators and emerging trends. As digital marketing continues to evolve, understanding the impact of online advertising on consumer behavior and business performance becomes increasingly critical. We investigate various metrics such as return on investment (ROI), click-through rates (CTR), conversion rates, and customer acquisition costs, providing a quantitative framework for assessing advertising effectiveness. Additionally, we explore the influence of technological advancements, such as artificial intelligence and machine learning, on optimising advertising strategies.

Keywords. Online advertising, advertising effectiveness, economic indicators, return on investment (ROI), click-through rate (CTR), conversion rate, customer acquisition cost, digital marketing, programmatic advertising, data privacy, personalised marketing.

In recent years, online advertising has become a dominant force in marketing strategies across various industries. The shift from traditional media to digital platforms has prompted businesses to reevaluate their advertising approaches. Understanding the effectiveness of online advertising is essential for maximising return on investment (ROI) and ensuring sustainable growth [1]. This article explores the economic indicators that serve as benchmarks for measuring advertising success and discusses current trends shaping the future of digital marketing.

Online advertising, also known as digital advertising, refers to the practice of promoting products or services through the internet. This form of advertising encompasses a wide range of formats, including display ads, search engine marketing (SEM), social media ads, email marketing, and video ads. As businesses increasingly shift their focus from traditional media to digital platforms, online advertising has emerged as a crucial component of modern marketing strategies. The primary objective of online advertising is to reach a targeted audience effectively and efficiently. Unlike traditional advertising methods, which often rely on broad demographics, online advertising allows for precise targeting based on user behavior, interests, and demographics. This capability is facilitated by the vast amounts of data collected from users across various platforms, enabling advertisers to tailor their messages and optimise their campaigns for better engagement and conversion rates [1]. The primary objective of online advertising is to reach a targeted audience effectively and efficiently. Unlike traditional advertising methods, which often rely on broad demographics, online advertising allows for precise targeting based on user behavior, interests, and demographics. This capability is facilitated by the vast amounts of data collected from users across various platforms, enabling advertisers to tailor their messages and optimise their campaigns for better engagement and conversion rates [2].

Over the past decade, online marketing has undergone significant transformations, driven by technological advancements, shifting consumer behaviors, and the rise of new platforms. Ten years ago, many marketers relied on basic metrics to gauge success; however, today, advanced analytics tools enable businesses to gather in-depth insights into consumer behavior, preferences, and engagement patterns. This data-driven approach allows for more precise targeting and personalised marketing strategies.

Advertising has several advantages. Firstly, it offers a wide reach. Nowadays, people search for information about products and services using search engines such as Google, Yahoo, and others. Advertising on the internet allows brands to spread the word to over 4 billion users worldwide, making it easy to reach target audiences in different countries. Secondly, it is suitable for any budget. According to Seriously Simple Marketing, the minimum cost of reaching 2,000 viewers is three times cheaper compared to traditional advertising methods, enabling any company—from small family businesses to large enterprises—to utilise online advertising effectively and maximise their financial investment. Thirdly, advertising increases traffic to websites. The more visitors a company attracts, the more customers it gains and the higher its sales level becomes. The purpose of online advertising is to capture user attention and direct them to the website, so ads should spark curiosity and provide compelling reasons to click through. Additionally, online advertising provides opportunities for targeting [3]. Unlike traditional advertising, which can be seen by everyone indiscriminately, online ads can be specifically targeted. For instance, a company selling travel gear can advertise on social media to individuals who are passionate about traveling, encouraging likes, reposts, and sales. Furthermore, online advertising allows for retargeting campaigns. If customers visit your store, view product pages, and don't make a purchase, you can remind them of your brand with banner ads they will encounter while browsing other websites. Finally, advertising helps find points of engagement with your audience. Online advertising enables companies to appear in the right place at the right time. Utilising platforms like Instagram and Pinterest to

showcase products, as well as email marketing to disseminate news and build long-term customer relationships, is essential. By combining different types of digital advertising, companies can demonstrate that they are always available and ready to assist their customers.

The economic aspect of digital marketing is multifaceted and plays a crucial role in the overall business strategy of companies today. Digital marketing often presents a more cost-effective option compared to traditional marketing methods. With lower barriers to entry, businesses can reach a global audience without the significant costs associated with print, television, or radio advertising, allowing even small businesses with limited budgets to compete effectively. One of the significant advantages of digital marketing is the ability to measure return on investment (ROI) accurately. Through various analytics tools, businesses can track the effectiveness of their campaigns in real time, allowing them to make data-driven decisions. This transparency helps allocate resources more efficiently and optimise marketing strategies for better financial outcomes. Additionally, digital marketing allows for highly targeted advertising, enabling businesses to reach specific demographics based on interests, behavior, location, and other criteria. This precision reduces wasted ad spend and increases the likelihood of conversion, ultimately leading to better economic performance. The internet has no geographical boundaries, meaning that digital marketing enables businesses to reach international markets with relative ease. This expanded reach can lead to increased sales opportunities and revenue growth, significantly impacting a company's bottom line. Furthermore, digital marketing facilitates direct interaction with customers through social media, email, and other channels. Engaging with customers can lead to improved brand loyalty and repeat business, which are essential for long-term economic success. The digital landscape is constantly evolving, allowing businesses to adapt their marketing strategies quickly in response to market changes or consumer trends. This flexibility can lead to a competitive advantage and better economic resilience. Digital marketing has also transformed consumer behavior, with more people researching products online before making purchases. Understanding these shifts allows businesses to align their strategies accordingly, optimising pricing, promotions, and product offerings to meet consumer demands effectively. As digital marketing continues to grow, companies are increasingly investing in technology such as artificial intelligence, machine learning, and automation tools [4]. While these investments require upfront costs, they can lead to significant long-term savings and efficiencies. In summary, the economic aspect of digital marketing encompasses cost-effectiveness, measurable ROI, targeted advertising, global reach, enhanced customer engagement, adaptability, and the impact on consumer behavior. As businesses navigate the complexities of the digital landscape, understanding these economic factors is essential for developing successful marketing strategies that drive growth and profitability.

Some of the trends in digital marketing will remain relevant, but there are also many changes to come. Marketers will have to understand each one, constantly build competencies - not only in well-known marketing tools, learn how to put all new opportunities together and manage them.

Consumers increasingly expect personalised experiences, leading brands to utilise data analytics and AI to tailor content, recommendations, and advertisements to individual preferences and behaviors, which enhances customer engagement and loyalty. Video marketing continues to dominate, with platforms like YouTube, TikTok, and Instagram Reels popularising short-form videos that allow brands to connect through engaging storytelling and visual content. Influencer marketing remains a powerful strategy, with micro and nano influencers gaining traction for their authentic connections with niche audiences [3]. As smart speakers and voice-activated devices rise in popularity, optimising content for voice search is crucial, prompting marketers to focus on natural language processing and conversational keywords. Social commerce is on the rise as social media platforms integrate e-commerce features, enabling users to shop directly through these channels, streamlining the purchasing process. Consumers are increasingly aware of social issues, preferring brands that demonstrate sustainability and social responsibility; marketing campaigns that highlight ethical practices resonate well. Augmented reality (AR) and virtual reality (VR) technologies are being leveraged to create immersive customer experiences, with brands using them for virtual try-ons, interactive ads, and enhanced product demonstrations. High-quality, valuable content remains essential for attracting and retaining customers, with brands focusing on informative blog posts, podcasts, webinars, and other content formats. As concerns about data privacy grow, marketers must prioritise transparency and security, ensuring compliance with regulations like GDPR and CCPA. The use of chatbots for customer service is rising, providing instant responses to inquiries and improving user experience while freeing up human resources for more complex tasks. A seamless customer experience across multiple channels, both online and offline, is crucial, with brands integrating their marketing efforts for consistent messaging throughout the customer journey. Encouraging user-generated content (UGC) fosters community engagement and authenticity, serving as social proof that influences potential buyers. These trends reflect the dynamic nature of online marketing and the necessity for businesses to adapt to changing consumer behaviors and technological advancements. Staying updated on these trends can help marketers develop effective strategies that resonate with their target audiences.

To conduct a comprehensive marketing analysis using metrics, start by clearly defining your marketing objectives. Determine whether you're aiming to increase brand awareness, generate leads, boost sales, or

improve customer retention, as these goals will guide the metrics you focus on. Next, identify the key performance indicators (KPIs) that align with your objectives. Common KPIs include the conversion rate, which measures the percentage of visitors who take a desired action (like making a purchase); the click-through rate (CTR), which reflects the percentage of people who click on a link compared to the total number of viewers; customer acquisition cost (CAC), which is the total cost of acquiring a new customer; return on investment (ROI), a measure of the profitability of your marketing efforts; and customer lifetime value (CLV), which estimates the total revenue expected from a customer over their lifetime [4]. Once you've established your objectives and KPIs, collect data using tools such as Google Analytics, social media analytics, email marketing platforms, and CRM systems. Ensure that your data collection methods are consistent and reliable. After gathering the data, analyse it to look for trends, patterns, and anomalies. For instance, compare current performance against historical data to identify growth or decline, segment the data by demographics or behavior to understand different audience segments, and use visualisations like charts and graphs to make complex data easier to interpret. Next, interpret the results by assessing what the data means in relation to your marketing objectives. Consider questions such as which channels are performing best, where potential bottlenecks in the customer journey may exist, and whether specific demographics respond better to certain campaigns. Based on your analysis, make data-driven decisions regarding actionable steps, such as reallocating budget to higher-performing channels, adjusting messaging for specific audiences, or optimising landing pages for better conversion rates. It's crucial to continuously monitor your metrics over time to assess the impact of your changes and be prepared to adjust your strategies based on ongoing performance data. Additionally, create reports summarising your findings and insights, and share these with stakeholders to keep everyone informed and aligned on marketing strategies. Remember, marketing is an ongoing process; use insights from your analysis to refine your approach continuously, testing new strategies and measuring their effectiveness regularly. By systematically analysing marketing metrics, you can gain valuable insights into your campaigns' performance and make informed decisions that drive better results. Regular analysis allows you to stay agile in a constantly changing market landscape.

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In conclusion, this study has provided a comprehensive analysis of the effectiveness of online advertising through the lens of various economic indicators and emerging trends. The findings indicate that online advertising not only enhances brand visibility but also drives measurable economic outcomes such as increased sales, improved return on investment (ROI), and heightened consumer engagement. Key trends, including the rise of programmatic advertising, the integration of artificial intelligence, and the growing importance of data analytics, have been identified as critical factors influencing the landscape of digital marketing. Moreover, our research highlights the necessity for businesses to adapt their advertising strategies to align with evolving consumer behaviors and technological advancements. As online platforms continue to evolve, advertisers must leverage data-driven insights to optimise their campaigns and achieve better performance metrics. The implications of this study underscore the importance of ongoing research in this dynamic field, as understanding the effectiveness of online advertising will be crucial for businesses seeking to maintain competitive advantage in an increasingly digital marketplace. Future research should explore the long-term impacts of online advertising strategies across different industries and demographic segments, as well as the ethical considerations surrounding data privacy and consumer trust. By addressing these areas, we can further enrich our understanding of online advertising's role in shaping economic trends and consumer behavior in the digital age. Personalisation, data-driven decision-making, and the integration of emerging technologies like artificial intelligence and augmented reality are now at the forefront of effective online marketing. Brands that prioritise authentic engagement through social media, influencer partnerships, and user-generated content are more likely to build lasting relationships with their customers. Moreover, the increasing emphasis on sustainability and social responsibility reflects a shift in consumer expectations, with many preferring to support brands that align with their values. As a result, transparency and ethical practices have become vital in establishing trust and loyalty.

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