Human-Centric Marketing in the Digital Era

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Abstract. The purpose of the article is to test assumptions about the appropriateness of the human-centric marketing concept in the digital era in terms of consumer perception and risks of social nature. Authors address the problem of distrust towards CSR programs in the digital business from both audience and business partners and identify related social opportunities and risks. The research reveals that the directions of social responsibility implementation in the digital environment are different, programs are inconsistent and implemented within the concepts of the societal marketing, the value marketing and traditional marketing concept. For the most part, the management of Russian IT companies do not perceive social responsibility as a significant part of business activity in the digital environment and do not make haste to assume obligations, including corporate digital responsibility. Success in human-centric marketing in the digital era depends on the awareness of the strategic value and threats of the digital transformation for business and society, systematization of CSR programs, and revision and a new interpretation of the marketing mix.

Keywords: Corporate social responsibility · Digital responsibility · Human marketing · Societal marketing

1 Introduction

Since the market success of such innovations as personal computers, mobile phones, low-cost mass internet, and open-source software, significant changes in business and society have taken place. Information and communication resources have become very important for the economy. This has affected the rebalancing of market forces, the hierarchy of values of entrepreneurs and consumers. Social media offer opportunities to involve active consumers both in the process of exchanging experience (e.g. consumer experience) and creating values. There are integration processes and focus on long-term cooperation within value and supply chains. According to Kotler, Kartajaya, Setiawan, 2010, there is an era of participation and joint marketing, paradoxes of globalization and cultural transformation, creative and spiritual society. The authors propose the concept of “Marketing 3.0”, or “Human-Centric Marketing” [8]. Scientists associate the advent of Digital Era with the dominance of the convergence of nano-, bio-, info-, and cogno-research (-NBIC–convergence) in scientific research and development, with

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the 4th industrial revolution, the digitalization of business assets and information, the expansion of artificial intelligence, machine learning, and new methods of interpersonal communication.

Interestingly, the marketing orientation to individuals and their traits of character, as well as the transition from mass to personal, were enabled by the development of ICT in the late XX - early XXI centuries. At the same time, now the intensification of ICT trends complemented by cognitive and neural technologies evokes significant contradictions. Ethical dilemmas arise in both social and business contexts and require considerable attention [2]. For online companies, the concept of Corporate digital responsibility has been gaining higher and higher relevance [11]. The digitalization of business can form the backbone for the development of socially biased algorithms that lead to discrimination against consumers [12]. Research demonstrates that customers’ trust and loyalty to a company largely depend on how that company manages personal data [15]. The advent of the Digital Era entails many changes, the consequences of which are both new opportunities and threats. From the perspective of marketing, it is necessary to establish the boundaries of responsibility and economic viability. Corporate responsibility in the digital environment is primarily the ethics of social and market interaction, informational security, freedom of decision making of both business partners and consumers. Achievement of the economic effect is directly related to the communication effect, which is specific due to the peculiarities of online forms of communication. It is necessary to revise and update the marketing complex to the conditions of operating in the digital environment [6]. The purpose of this study is to test the following hypotheses:

- consumers trust companies that are socially oriented and information transparent,
- proactive marketing activities in the digital environment leads to the emergence of new social risks.

2 Methodology

The analysis and synthesis of public data posted by Russian companies and global institutes are used as research methods. The analysis is based on comparing the results of public reporting by Russian companies with the results of external studies. In order to test the hypothesis, the research reports issued by the McKinsey Global Institute [1], Digital Research [4], Growth from Knowledge (Gfk) [7], the association of grant-making organizations in Russia “Donor Forum” [5], corporate social responsibility (CSR) and sustainability reports published by Russian companies are used. The set of selected companies includes Russian firms developing business in the digital environment, specifically IT-companies, banks, telecommunication companies, online retailers.
Since companies interact with consumers at new levels through digital channels, establishing and maintaining the trust of both consumers and business partners becomes the most significant part of the marketing strategy. This is confirmed by the results of various studies. According to the annual study of the philanthropic activities of companies operating on the Russian market, the role of factors of the economic nature for philanthropy is increasing dramatically, from 29% of companies-respondents in 2016 to 51% in 2017 and 68% in 2018 [5]. The most popular objectives of philanthropic activities of the companies-respondents remain the solution of social problems - 94% in 2016 against 62% in 2017 and 68% in 2018, as well as the improvement of business sustainability and the development of the regions of presence - 58% in 2016 against 85% in 2017 and 60% in 2018. The relative decline in the focus on the creation of social value alone indicates the desire of the companies-respondents to tie participation in the solution of social problems to the development of their business. The authors of the study state that the trend towards the development of internal and intersectoral cooperation that complies with the 17th objective of the United Nations Sustainable Development Goals (SDGs) “Partnerships for the Goals” persists. Moreover, in the Russian philanthropic and donor community, 2019 has been declared as the year of the digitalization of philanthropy. According to the GfK survey, Russia is among the countries where consumers are most skeptical about most sources of public information [7]. In Russia, the word of scientists is most trusted (59% of respondents). The government and mass media are at about the same level of trust (31% and 29%). Influencers (celebrities, people from media, and bloggers) are trusted by 23% of respondents. Russians have the least trust in religious organizations (21%) and business (17%). Among all the countries surveyed, Russia has the lowest level of trust in information provided by the business. These low ratings are a significant signal to brands and business in general. The Russian business community should develop programs that will help increase consumer confidence. For brands, socially-oriented programs and missions, which are beneficial to society, would help to gain consumer respect and approval. Joint efforts by business and government are required to create a positive image of entrepreneurs.

More than 900 Russian Internet users aged 18 and older took part in an online survey on corporate social responsibility conducted by Digital Research. Only 23% of respondents believe that businesses that follow social responsibility principles are committed to society. Respondents consider ‘pressure from the authorities’ to be the strongest motivators for socially responsible business (36%), “fashion, desire to make a good name for themselves” (35%), “preferences of the company’s management” (33%), “awareness of the benefits and advantages acquired” (33%) [4].

Consequently, the above data demonstrate the importance of social orientation for several reasons:

- the formation of consumer loyalty is based on confidence in companies and brands,
- digitalization of business provokes new risks, including social ones,
- implementation of modern marketing principles in the digital environment determines the necessity to study issues of digital responsibility.
The study conducted by McKinsey revealed that in addition to the economic effect, digitalization also forms a social effect [1]. Availability of market information, aggregators, and analytical services provided by trading platforms enable buying goods at the best price, learning its qualities better, also from feedback from real users, and it allows customers to compare their choice with other options. This forces companies to provide high-quality products and services, along with reducing the prices. Many digital corporations have started to offer free services such as GPS navigation.

The digital transformation has a significant impact on the labor market. According to McKinsey estimates, up to 50% of work processes in the world will be automated by 2036. However, this negative trend is partly offset by improvements in labor market efficiency, new employment opportunities associated with the development of additional skills and professional expertise, particularly for people who did not have such opportunities due to social or geographical constraints. Digital technologies serve as a tool for social mobility. They promote social and financial inclusion of the population and increase the availability, quality, and convenience of services. Along with this, the use of the digital environment by business, including for marketing purposes, contributes to the emergence of new social risks (Table 1).

### Table 1. Social opportunities and social risks

| Social opportunities                                      | Social risks                                          |
|-----------------------------------------------------------|------------------------------------------------------|
| New employment opportunities                             | Structural changes in the labour market               |
| Job creation                                              | Job destruction                                      |
| Access to world information resources and development     | Digital divide                                       |
| Access to world information resources and development of  |                                                       |
| online education                                          |                                                       |
| Knowledge sharing                                        | Digital autism                                       |
|                                                          | Loss of quality of social relationship               |
|                                                          | Manipulation effect                                  |
| Communication capabilities                                | Restriction on freedom through total monitoring and  |
|                                                          | control                                              |
|                                                          | Socially biased algorithms                           |
|                                                          | Reputational risk                                    |
| Improving service quality                                 | Ethical conflicts                                    |
| Personalized offers                                      |                                                       |
| Customization                                             |                                                       |

Source: authors.

Analysis of reports of Russia’s leading IT companies has demonstrated that none of them publish social reports, including the largest market players - Yandex and Mail.ru. In the annual reports, it is possible to find information on particular areas of social project implementation. For example, Mail.ru identified as priorities the development of social infrastructure projects, providing access to company technologies to non-profit organizations, support of initiatives for Russia’s largest museums, cybersecurity, and prevention of cyberbullying. Meanwhile, Yandex does not publish any information about the external social orientation of their business or activity. Although the company
declares support for employees, in our opinion, it is determined by the specifics of the industry, which is characterized by a shortage of qualified personnel and low competition level.

Several companies publish information about their social and philanthropic programs (Kaspersky, the Compulink group), but unlike companies in other sectors of the market, IT companies are reluctant to commit to social responsibility. This attitude towards disclosure of information and activities in the area of social responsibility indicates that the management of companies does not recognize it as a significant part of their activity, although the operation and development of IT infrastructure and information security of users depend on IT companies.

There are no companies among online retailers that declare their focus on social responsibility. All projects implemented by these companies are related to their core business in one way or another and are aimed at increasing the loyalty of customers and business partners. Table 2 illustrates the CSR directions implemented by companies from various market sectors associated with digital services.

| Marketing concepts                | CSR subjects                              | Company                      |
|-----------------------------------|-------------------------------------------|------------------------------|
| The societal marketing concept    | Closing the digital divide                | MTS                          |
|                                   | Increasing the share of socially oriented | VimpelCom                   |
|                                   | products and services                     | Rostelecom                   |
|                                   | Digital enterprise development            | Sberbank                     |
|                                   | Creating a digital environment            | Megafon                      |
|                                   | Social infrastructure development         | Mail.ru                      |
|                                   |                                           |                              |
| Social projects funding           |                                           | Sberbank                     |
|                                   |                                           | VTB Bank                     |
|                                   |                                           | Alfa Bank                    |
|                                   |                                           | Otkritie Bank                |
| The value marketing               | Creation of common values                 | MTS                          |
|                                   | Synergy of CSR practices                  | Rostelecom                   |
|                                   | Digital partnership                       |                              |
| The marketing concept             | –                                         | Wildberries                  |
|                                   |                                           | Lamoda                       |
|                                   |                                           | Ozon                         |
|                                   |                                           | Yandex                       |

Source: authors.

Analysis of the social component of activities of companies in the digital environment proves that the most active are representatives of the telecommunications and banking sectors. In our opinion, the main reason is the active digital transformation of these business segments. The future of the telecommunications industry is closely linked to such concepts as the Internet of Things, cloud services, 5G adoption, Big Data technologies, mobile finance, development of convergent services, methods of content
monetization, and others. In the financial sector, 86% of local bank managers respond that they have a digital transformation program [9]. Sberbank describes successful competition with technology companies as one of the objectives of its digital transformation strategy. Meanwhile, one of the main drivers of change in the financial sector is consumer behavior change. Representatives of the young generation constitute a growing proportion of banks’ customers, who tend to transfer all spheres of life to the digital environment.

4 Discussion

The outcome of the digital economy laws is an increase in the value of the product and its popularity [14]. Accordingly, the business has to share the values of its target audience by building and developing a digital brand. Factors that affect business include the power of social media, technology, and modern culture. Ethical aspects of managing a business are essential to ensuring commercial success as well. Establishing the confidence of the audience and business partners is another important factor in meeting these objectives [10]. Therefore, for digital business, it is important to identify the specifics of social relationships, possibilities to obtain the social effects, and social risks in the digital environment [3]. In this regard, a significant problem identified by the study is the skepticism of people towards most sources of public information. Consumers and business partners distrust the words. CSR’s tasks and motivation are subject to doubt. This fact can be interpreted as a call to practical actions that can be effectively implemented in the life of society, involving in the concerns of socially unprotected citizens. Proof of the efficiency of intentions is important to the market. There is a Russian proverb: “it is better to see once than to hear a hundred times”. The high entropy of the digital environment requires marketers to pay attention to the tool of physical evidence, to its new interpretation, to highly targeted tools of social responsibility promotion programs, visualization, and materialization of their results [13]. In the course of the study, the issues of social responsibility of digital businesses have become particularly relevant due to the outbreak of the global pandemic of COVID-19. The authors have witnessed unprecedented social support programs by digital businesses. In particular, it is worth noting the reaction of the IT companies under study. Yandex and Mail.ru companies have allocated funds to support businesses and individuals at risk. In circumstances where people are physically isolated from each other, the consumer value of digital products and services has increased significantly. In this regard, it is relevant to continue the study in light of new experiences, both from the business and consumer sides. Research on the problems of human-centric marketing in the digital era at the intersection of sociology and social psychology is of great interest.


5 Conclusion

Directions of social responsibility of business in the digital environment are various depending on the sphere of activity. This largely depends on the self-determination of affiliation with the digital business. There is no doubt in the minds of telecom representatives. As a consequence, their social responsibility programs in digital are more clearly formulated and systematic. A similar picture is observed in the banking sector, which has recognized the prospect of digital development. At the same time, major retail players focused on omnichannel sales remain focused on logistics and traditional tools of the marketing mix (product, price, promotion). While taking advantage of the privileges of digital transformation (savings on retail space, personalized trade offer, dynamic pricing, etc.), they often ignore the social needs associated with it.

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