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THE USE OF DIGITAL MARKETING TOOLS AND PRACTICES OF MULTINATIONAL CORPORATIONS TO THE SME'S OF THE MIDDLE- EAST

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ABSTRACT

The landscape of marketing has undergone rapid change in the last ten years and the technological advances that have led to this change keeps innovating and developing. People are now actively engaged in digital worlds and networks, mainly social media that gives them a digital extension of their life in an online world. A company having access to various social networks can take remedial actions to prevent a smear attack, solve customer issues and most importantly market any product they wish to use digital marketing methods. This study focuses on the digital marketing and the use of various marketing methods by companies engaged in doing business in Middle-east especially in Saudi-Arabia. This will be done by benchmarking 2 Multinational Corporations, namely, McDonald's and Souq.com which is an e-commerce website that has operations in more than 7 GCC countries. Social Media, community and psychological theories have been explored to support the issue and find solutions to issues that are faced by multinational corporations, especially in engaging with existing members and gaining new followers, customer or members. The aim of this study is to provide an insight on how digital marketing tools and methods can create new customers and followers for Small and Medium sized enterprises in the Middle East. This study conducted in qualitative and uses secondary sources and journal articles and its tools. The main findings include the relationship between digital marketing and data and how digital marketing can help when campaigns are strategically thought and implemented with right techniques.

INTRODUCTION

The Financial times describes digital marketing as an umbrella term for marketing of products or services employing digital technologies available mainly on the internet. This further includes social media networks, mobile phones, display advertising [1]. Statistics seem to show that digital marketing is a growing field as the proliferation of devices that are able to access digital media is produced cheaper and accessible everywhere [2]. In an era of space tourism, digital living and globalization, faster diffusion and adaptation of technology with the always-on culture texts, posts, emails and e-commerce, companies have no choice but to adapt the best practices when it comes to marketing their products [3].

Digital marketing is wholly dependent on various technological mediums that go through rapid phases of change. Therefore, the technologies used to deliver digital marketing messages are always changing. By focusing on digital marketing, segmentation can be better carried out as technology enables to target various markets and segments of the population according Great emphasis can be placed on digital marketing to pull various consumers towards the product by targeting them. The ability to target influencers via social and digital mediums such as Facebook advertising, Google ad sense, geo-fencing and geo targeting campaigns is great improvement when compared to traditional methods. Furthermore, complex Social customer relationship management software such as SAP, Sprinklr, Salesforce, contently can be used to segment customers and target them via offers and content [4].

Chaffey [4] also brings forth the idea that with digital marketing tools and methods [4]. Entrepreneurs can collect information about a customer's online activity across various devices from mobile to tablet to laptop so that relevant advertisements can be delivered to them according to their preferences on a device they will be engaged on. According to Dholakiya [5] entrepreneurs now have many channels to deliver their marketing messages and offers. They could use display advertising, consider affiliate marketing, email marketing, search, social media and networking [5].

The main objective of growth hacking is to attain rapid growth as soon as possible. This, when in contrast with the traditional marketing, requires a relatively low budget but superior technical knowledge. As much as it's a technique, it is also an attitude that aims to find new and exciting ways [6]. With digital marketing that is focused on Growth hacking, people with no traditional background in marketing but technical expertise can turn an unknown web service in to a highly talked about product with a million or hundred million users in a rapid succession [7].

Entrepreneurs can go ahead with the marketing process by clearly mentioning the goal that needs to be achieved such as start with a goal "Grow my product/service user base by 5% by end of 2016" Upon establishing this the objective can be broken in to bits so that the best way to focus on growth can be found by mixing around the tactics and techniques available according to

Patel and Taylor [8] who are viewed as the people who wrote the definitive guide to digital marketing and growth hacking.

The advancement of the WEB that growth the hacking and digital marketing methods have become refined. The WEB 2.0 has enabled people to create their own content at the press of a button as well as providing a plethora of communication tools to interact with friends or strangers. The Web 2.0 has also facilitated the advent of superior social media networks, communities and various forums [9]. Therefore, this study focuses on the digital marketing and the use of various marketing methods by companies engaged in doing business in Middle-east especially in Saudi-Arabia.

METHODOLOGY

The selected benchmarking method has falls in to two distinct categories of being functional and competitive. This aims to present viable ideas and provide inspiration as well as studies for the entrepreneurs of the Middle-east. The researcher selected McDonald's and Souq.com for this study as both of them seem to be industry pioneers in their brand of entertainment. The data collection methods used for this study are secondary research using desktop research and journals and interviews. An executive from Souq.com who wished to remain anonymous provided valuable information but he/she wanted to remain anonymous as the company is really secretive in its growth tactics.

This study used the ideology of shadow benchmarking. Shadow benchmarking is performed without the use of any partners, targets or companies not knowing that they are studied for academic purposes as outlined by McGonagle and Vella [10].

Benchmarking

“Benchmarking” aims to learn from the practices of others. The comparative technique of benchmarking bends towards understanding how competitors or parties researched operate, the rest of the factors are kept open and flexible for interpretation [11]. It starts by outlining the practices of the best performers which are then studied to improve the performance. Stapenhurst [12] outlines it as one of the best techniques to compare like with like, or against each other.

Benchmarking is very flexible method that helps to compare two factors or entities that could be considered similar or apart. For it to work, it is important that the researcher in question research heavily about the entities in the field of play. So, the researcher can gather information in various ways about the companies or what needs to be done. Questionnaire, employee interviews, visits to the companies, historical data, published and secondary knowledge pertaining to the company has to be explored.

RESULT AND DISCUSSION

Companies Benchmarked: McDonald's

Being the largest restaurant chain in the world McDonald's is not a stranger to digital marketing due its effect on the customers. The digital marketing effort not only helps to drive people to McDonald's stores but also drives brand loyalty and engagement.

According to Interbrand published report "McDonald's has turned on the charm for a complete brand transformation—a journey that is about thoughtfully changing the conversation and changing relationships, instead of a complete overhaul. It's getting back to basics in an effort to better serve its customers and become the "modern, progressive burger company" that its new CEO, Steve Easterbrook, envisions— including a reorganization of the company to accelerate consumer-driven actions" [13].

As brands like McDonald's gain focus, that focus is ever more zeroed-in on the customer. To gain that focus digital marketing is one of the main tactics. With digital marketing, customer-centricity is built into their DNA. But many brands are continuing to evolve by developing design-led digital strategies that place customers at the core. The main role of in-restaurant merchandising is to influence purchase, where the key challenge is to create a focused, inviting and contemporary retail experience.

Customers have a limited amount of time to review our retail offerings, and restaurants have more than ever to communicate at the point of order. Menu boards information, impact and inspire that decision-making process but potential customers need a little push that can drive them in to the store. Digital marketing is a trigger that can push the customer in to having McDonald's as a purchase consideration apart from proximity and convenience triggers.

McDonald's in the Middle-east is a franchise led operation. When the researcher focused on Saudi-Arabia, it was found that Western and Southern region restaurants are operated by Reza Food Services Pvt Limited Company and Restaurants in Eastern Area expanding to Riyadh and Dammam is operated by RICC, a Riyadh International Catering Company.

The Digital and Social Resources starting from Social Media Handles on Instagram, Twitter, Snapchat and Facebook is owned by both corporations collectively as the product line and operating structure is similar. The social media handles are titled @McDonaldsKSA to come up with uniformity.

McDonald's website has unified reach across GCC; therefore, it is titled McDonaldArabia.Com. Any person from the GCC who is interested in knowing about McDonald's and its products, promotions and initiatives can visit the site and pick the country they are in. Currently the website houses sections for Saudi-Arabia, UAE, Oman, Qatar, Kuwait and Bahrain. Each

section directs the user to a sub-site that has information on the country selected.

At the time of writing, the section for Saudi Arabia looks as follows. It contains a lot of information regarding the products, promotions and their latest initiative called Open Door that aims to demystify the process of food preparation that happens inside a McDonald's restaurant. In Brief, A customer can request a tour of the kitchen at selected restaurants and witness how their food is being prepared live.

This study explores the "Open Door" program on how digital marketing is carried out by McDonald's and how it is supported and supplemented using Offline means of communication methods such as Outdoor advertising, Print and radio etc. McDonald's marketing procedures are benchmarked using one of their latest marketing campaigns about transparency in food is analyzed.

Open Door Program

The consumer is right to know is the direction for all McDonald's food trust initiatives, McDonald states in Marketing Week year 2015, "as we have aggressively increased the level of communication with customers providing them with bold answers to their concerns and addressing all food related matters with a transparency approach. Open Door is one of the important pillars to achieve our goals since the objective of this pillar is to instill in our customers' minds that we have nothing to hide and they can step into our kitchen to see how their food is being handled through the preparation process and food safety procedures." The objective is to promote McDonald's continuous journey towards increased transparency. Figure 1 demonstrates the website: Kitchen 360 View + Hotspots of McDonald's. The customers were provided with a 360 view of the kitchen on the website.

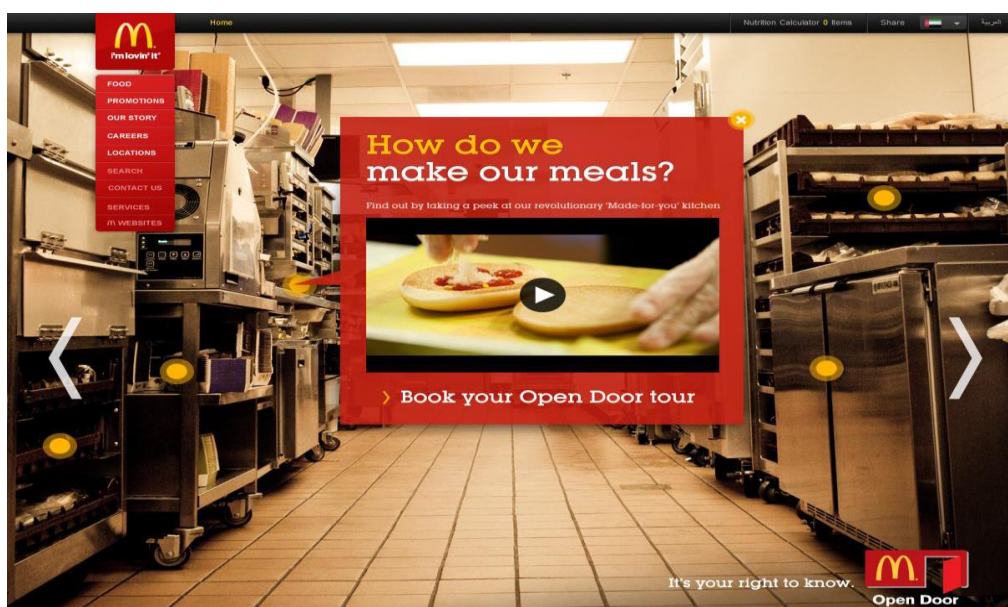


Figure 1: Mcdonald's Website: Kitchen 360 View

QR code

QR codes are generated and attached on offline communications material to further push engagement. Once the QR code is scanned, it will direct users to the McDonalds Arabia Mobile Site where the site will be hosting all the videos as part of the website hotspots.

Social Media

The campaign was promoted on Facebook, FourSquare, Instagram and Pinterest to McDonald's followers. The Open-door campaign was also shared on twitter to McDonalds Followers. It's no longer just enough to share images on twitter. The post has to be promoted on twitter by paying twitter based on the impressions and target audience selected if it is to reach a mass audience. Furthermore, McDonalds KSA also paid twitter and bought a promoted trend.

Promoted hashtag

The use of the trend description was great at giving users more context about the trend and drove greater engagement to the trend page. Clicking on the promoted trend hashtag will direct the users to the trend search page. The ads appear at the top of the trend search page for the full 24 hours of the trend day. User generated content around the hashtag can be see the promoted trend tweet.

First View

First View is a growth hack method that is being employed by various multinational corporations. The idea of first view is for the video tweets to have appeared in all users 'timelines as a First View.

Printed Advertising Boards

McDonald's is known to support any digital campaign for a new initiative by using other media channels to communicate the same message. For the open-door campaign, McDonald's used the below offline communications mediums. Figure 2 shows one of the print ads that were carried out on Arab News and Al Madina newspapers.



Figure 2: Printed Advertisement on Saudi Arab's Newspapers

Benchmark revelation

McDonald's is able to extend reach to their existing customers as well as their potential customers by creating dynamic and engaging digital applications and using paid growth hacking techniques. Figure 3 demonstrates a diagram to show how each social and digital platform will hypothetically drive customers or potential customers to the restaurant.

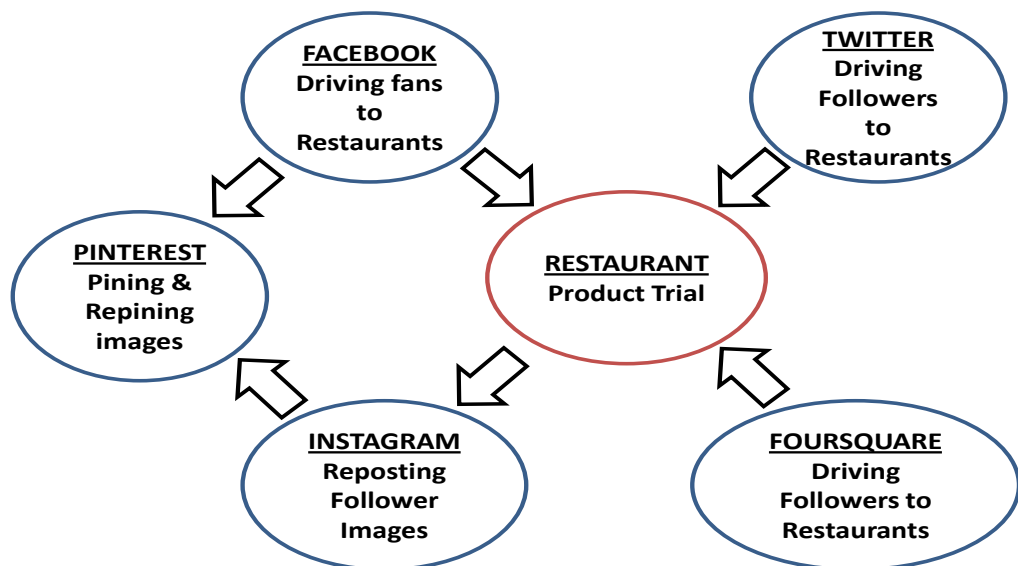


Figure 3: The Interaction of Social and Digital Platforms Within Mcdonald's Restaurant

Souq.Com

Souq.com is an e-commerce website that offers various products on sale. The concept is similar to that of Amazon.com and it has come to prominence in the

last 3 years as the forerunner of online retailing in the middle-east. Souq.com is a bilingual e-commerce website that is hailed as the Amazon.com of the middle-east. It's reported to be the largest e-commerce network that is present in the middle-east at the moment. The website is able to attract more than 25 million unique visitors a month.

Online shopping in the middle-east was largely under-explored domain as the consensus that most people preferred to shop at Brick- and-Mortar physical stores were the accepted norm but it's poised to change in the future years as per the analysts at Mckinsey consulting. Souq.com is right at the forefront and changing consumer behavior. If there is enough great branding, competitive prices and word-of-mouth from people who have had great service from Souq.com, most people are willing to try it.

The site is able to have a great logistics arm that can deliver to Saudi-Arabia, UAE, Kuwait, Egypt, Bahrain, Oman, and Qatar. It's headquartered in Dubai, UAE and employs 2,500 employees in various job functions. It was Ronaldo Mouchawar who is a Syrian immigrant that founded Souq.com in 2006. He and his partners raised \$150 million in capital to expand its operations in 2013 from the venture capital firm TIGER global management [14].

E-Commerce has been embraced by the younger demographics living in the middle-east and the sites main customer base consists of people who are 18-35 years of age who are technology natives and own smartphones. The online retailer has partnered with 20 major brands to offer exclusive deals predicted to attract 10 million visitors to Souq.com. Furthermore, its mobile apps and generate sales of 250,000 items. Ronaldo Mouchawar, chief executive of Souq.com said "Our market share is developing," as there was 52% of online shoppers in the UAE were already using the company's website. The company aims to keep that share growing by having a strong focus on great prices and analytics and digital marketing tools to keep reaching the most relevant customers who are ready to buy [15].

In 2014, Souq.com entered in to partnerships with 20 major brands. Souq.com generated sales of 250,000 items via the Souq.com app alone. The chief executive of Souq.com, Ronalodo Mouchawar said "Our market share is developing," which in direct co-relation to the fact that 55% of online shoppers in the UAE used souq.com to purchase various things [15]. The company keeps a strong focus on low prices to keep the market share growing. This is coupled with data that provides fuel to analytical level thinking and digital marketing tools that help to capture potential customers as well as tempt the customers who are already in the database [15].

The Middle East reported that the internet adoption and penetration is growing about 40 percent a year and is poised to increase with the competitive prices of smart phones being lowered [15]. The E-commerce spending is projected to increase from 14 \$ Billion in 2015 to \$18 Billion in 2016. The Middle East reported that the website attracts 30 million visits a month [15]. With exponential growth it may soon have a market float and offer an IPO as a global company. "For the next two to three years, we're aiming for a high

double-digit top-line growth and not looking for profit, which will come at the right timing, along with (an) IPO," Asif Keshodia, Souq.com group chief executive, told Reuters [15].

Factors of Growth for Souq.Com

Souq.com uses an age-old concept of mail-order business that is bootstrapped to work in the E-commerce world. The goods on display in the website are heavily discounted. The company buys in bulk and stocks them in dedicated ware-houses and has a sorting process that is similar to Amazon.com and dispatches them to the customers [14].

For Souq.com to grow, people need to constantly buy goods using the website. This means getting more users to visit the website. The digital marketers at Souq.com rely on some great digital marketing tools and practices. Souq.com employs various techniques such as (SEO) Search Engine Optimization, (PPC) Pay-per-click advertising, Programmatic advertising, re-targeting, geo-fencing and Geo-targeting. Analytics software such as SalesCloud.com with Google Analytics is used to keep track of KPIs. The Android/iOS apps of Souq.com are connected to these systems to extract as much data from users as possible. Souq.com also engages in Social media marketing by having its own social properties as handles on Facebook, YouTube, Instagram, Twitter, Pinterest and Google Plus [16].

The Souq.com brand is marketed 24/7 using an always on approach to digital marketing with SEO/PPC and re-targeting methods. Souq.Com also creates great excitement by having sales festivals around key holidays such as Ramadan, Hajj, Christmas, school holidays etc. They are able to precision target every country they operate in as (SEO) Search engine Optimization can be done according to the countries it operates in.

In 2015, Souq.com created a sales event around the theme of a color and a day. It was aptly titled "White Friday Sale" and it started on the 25th of November and went on till 28th November. This was a try at trying to replicate the black Friday sales events that happen in Europe and America. The "White Friday Sales" event was heavily promoted on social media channels owned by Souq.Com and then SEO/PPC and many of the digital marketing techniques the researcher has mentioned above was used to reach new as well as old customers were used. This was in unison to an Email marketing campaign to registered users that was carried out informing them of the upcoming sale [16].

An email was sent every day until the end-day of the sale. This was followed by a low-cost basic SMS marketing campaign which further informed the existing customers of the impending sales event just in case they missed the email that was sent. [16]. This event got popular traction as Souq.com partnered with Sony, Microsoft, Apple, Huawei, etc and great discounts were offered. Once customers get a whiff of the discounts they are getting, they tend to stick and comeback thus building brand loyalty and providing means of growth for the brand [16].

Souq.Com relies heavily on the use of digital analytics. It uses the customer database by amalgamating it with SAP database system which is then linked to Salesforce.com. This helps to precision target customers where ever they are whatever device they happen to using or on [16].

Another very stealthy and frugal method of digital marketing is the use of a weekly newsletter with featured products and new arrivals to the members who have opted-in to receive promotional and marketing messages. When people register, this option is disguised as “Would you like to receive great deals and latest offers from souq.com” most people click on this option as they are keen to receive a good deal in the future. Souq.com is aware of the buying patterns of its customers and the subset of customers who may be interested in a Drilling machine or a pair of sunglasses can be isolated and sent a computer-generated mail that has these items featured [16].

The bilingual nature of the website means that Arab natives as well as expatriates can use the website to shop for various goods. The website can be accessed on desktop, mobile and is available as an app.

Customer service seems to be something Souq.com takes very seriously as dedicated customer service number are available for customers to call if anything goes wrong with their shipment. Customers who are complaining about delayed shipments etc. on social media can also be tracked as they tend to tag or tweet at the social handles. Furthermore, any chatter that happens is listened via social listening tool like BITE that is employed by Souq.com. This is a testament to putting the customer first when heavy emphasis is placed on the word-of-mouth effect [14].

Souq.com has provided access to individual vendors to trade their goods and wares on the platform. For example, if a person is leather wallet manufacturer in Saudi-Arabia, Jeddah. They could sell their goods by display on the site. They have to apply to souq.com and then they will be vetted by the souq.com vendor acquisition team. An unknown vendor is able to get 30 million monthly visit markets to be interested in the product. Even if only 1 percent of that figure will be interested in the product that equates to a substantial number of sales the vendor would never have had the access to.

The vendor and Souq.com partnership is massively beneficial to both parties. Souq.com gets a percentage payment and customers have access to more choice that wouldn't be available elsewhere. Souq.com released the access to its API (application programme interface) in 2015. This allows third party developers to display shopping deals in the souq.com site or mobile application. This only applies to companies with significant knowledge on using another site's API to embed their products for example Centrepont or City max could display their goods on souq.com by entering in to a partnership and gaining access to API and figuring out the logistics and payment portal issues. These retailers are able to build their own branded storefront [17]. But small-time retailers who don't have the knowhow will be helped by the Vendor acquisition team when it comes to setting up their products to be sold on the site.

CONCLUSION

The digital marketing methods mentioned in the two benchmark studies will inevitably lead to providing great exposure to any company or brand that will employ those methods. Digital marketing tools and practices along with growth hacking can provide great exposure to a company that is a SME and cannot do offline marketing such as Print and Outdoor methods due to its expensive nature. An SME could have a small budget and precision target the audience they need for the product by using analytics and methods. The entrepreneur can build an online community, around the brand or company, digital marketing coupled with social media and growth hacking strategy with minimal spend in order to shine a light on his company/brand/product.

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