



# Is Online Marketing an Effective Means of Increasing Offline Sales?

Delve into case studies and research with us to discover how online marketing influences physical, in-store sales.



## Problem

The internet has grown immensely in popularity, leading to a strong trend towards online marketing to the negligence of more traditional means of advertising. Traditional advertising campaigns like in-store promotions aim at reaching goals inside the natural environment in which the campaign occurs. The traditional way of thinking about advertising can lead companies to focus on less effective and less measurable ways of promoting their product or service.

This thought pattern says that internet promotion and online marketing is meant to increase the sales of internet services or for online stores alone. Below, we explore the cross-effect observed between online marketing and in-store sales to substantiate the claim that online marketing greatly impacts in-store sales.

It is logical to want to understand to what extent this cross-process effect can be observed. Evaluating the effects of online marketing on offline sales can have significant implications on defining marketing strategies and determining their effectiveness. Businesses can use these findings to guide their promotional techniques and achieve their business goals.

## Method

To prove the overarching statement, it is necessary to compare sales with and without online advertising. We detail our experiences as an agency and describe our findings based on multiple clients' campaigns and stratagems. Our findings line up with other research, leading to the final conclusion that a company desiring increased sales and a lower marketing budget needs digital marketing.

## Limitations

Measuring how online advertising affects offline sales is tricky and complex. Challenges arise when attempting to define a measuring model because determining influencing factors in buyer behaviour is almost impossible and isolating the effects of certain variables may not be feasible.

It is possible to get around these challenges to prove the overarching statement by comparing sales with and without online advertising. This will only give you accurate results if no other means of communication and advertising are being employed at the time.

## Research & Case Studies

### Case Study I (SugarLean)

Our first test case is a small client launching their brand with a small budget in 2017. The client agreed to launch the product online only, with no pamphlets, TV adverts, posters, banners, flyers, billboards, or in-store promotions. The client only used Facebook advertising and Google AdWords that lead customers to make purchases from their website.

With a limited budget, the Facebook advertising took the form of monthly likes campaigns and boosted Facebook posts. The P.tch team created engaging content and employed effective audience targeting, using the customer's low budget to increase sales exponentially.

The average cost per engagement was only R0.25. The average cost per page like was only R1.35. The average monthly reach was 36,921, and the average cost per result was just R0.96. **One can quantify the success of their online marketing numerically with a high return on investment rate of 1:10.**

The company spent R4,000 per month on their social media adverts and made more than R40,000 profit each month to begin with, later reaching above R86,000 for a low spend of just R5,000! In this case study, the brand received more than four times more return on investment when applying digital marketing than when applying traditional advertising methods.

Customers began requesting the product in physical stores without prompting from the social media team. With an increasingly overwhelming response from the audience asking for products in stores, large retailers approached the brand to request that the client's products be sold in their stores. Within just a year, the product was in physical stores across the country and selling like hot cakes. This experience solidified the vast impact a good digital marketing strategy can have on offline sales in the South African context.



## Case Study 2 (Benzac)

A second client included in our observations is a participant in the skincare industry who wished to advertise their products online alone, although their products are only sold in stores (they do not sell from their website). In 2019, our team took over their channels. Using social media advertising and Google Ads, we managed to increase in-store sales.

The use of solely digital means of reaching the audience has had positive effects on offline sales for the product range. In addition, lower costs per result and higher returns on investment mean the client had to spend less money to get better results than could have been achieved by traditional means. With this client, Instagram was also found to be an effective channel.

Our case studies and findings with years of experience in the industry line up with other research in the industry.



## Research 1

A recent study conducted research on the connection between online communication and offline conversions by running a mall competition. They allocated 90% of funding to traditional marketing methods and 10% of their budget to digital marketing. The online communication techniques brought in 3,5% of participants for every percentage point spent compared to just 0,72% for traditional communication methods. This translates to a greater response and a lower spend through the digital marketing channel.

The bias towards traditional marketing methods can also be observed in this study. The study could have placed a much larger portion of their budget behind digital methods of advertising and seen even greater results. Instead, traditional thinking patterns about advertising lead to a mere 10% being allocated towards online communication techniques. When brands dare to lift these limits and truly pursue digital marketing excellence, they will reap the rewards.

## Research 2

Another study based on comScore data showed a significant connection between online advertising and sales in an offline environment. The study tested four groups and found that the group exposed to the most digital advertising via multiple channels generated the most website visits and offline sales. In contrast, the group that was not exposed to digital marketing generated the lowest number of sales.

Other findings by comScore\* in different settings confirm that online marketing campaigns make customers more interested in what is advertised and lead to offline purchases. ComScore surveyed 163 different pharmaceutical studies. Benchmarks from these studies showed that online direct-to-consumer marketing increases conversions among patients and prospects.



## IS ONLINE MARKETING AN EFFECTIVE MEANS OF INCREASING OFFLINE SALES?



When using digital marketing, a **lower cost per result can be achieved**, while a greater return on investment can be proven **with detailed tracking**.



Social media marketing **influences** how many **sales** occur **offline and in-store** to a greater extent than first thought.

Digital marketing **enables marketers** to **understand their audiences** like never before and to appeal to a more defined audience **more likely** to be **interested** in their product or service.



When businesses **switch off their social media advertising**, in particular Facebook Advertising, an **instant downtrend** in **online and offline sales** is **observed**. The same is true of other digital marketing methods, in particular AdWords.



Digital marketing **enables businesses** to **assess the results** of their campaigns and their efficacy in **detail**, with multiple measurables being tracked by the platforms they employ. This **contrasts** with more **traditional means** of marketing, where **determining the impact** of a campaign is **tricky**.

## Conclusion

### ***Research corroborates our experiential findings at Pitch as an agency: online marketing has a profound effect on in-store, physical sales.***

At first glance, the findings and statistics relayed above may seem astounding and beyond what is reasonably believable. Understanding why social media and other means of online marketing has such a significant impact on consumers can help us make sense of the findings.

Social media gives brands and business access to a deeper understanding of their audiences. This leads to campaigns targeted only to those likely to be interested. Brands have the opportunity to build awareness for a fraction of the cost of, say, a billboard and radio ads. Layer onto this the ability for the audience to ask questions and engage directly with the brand, and you have a healthy recipe for success.

When brands communicate online and respond to consumer thoughts and queries, a deeper trust and affinity for the brand is created that often results in sales and even mouth to mouth remarketing by satisfied customers. **In conclusion, digital marketing can increase offline sales by reaching an interested audience for lower costs and by building awareness, affinity for the brand, and a greater trust between brand and consumer.**

Is your business ready to join the evolution of marketing and capitalise on the benefits of digital marketing? Let us to Pitch to you! Contact us at [www.pitchsm.co.za](http://www.pitchsm.co.za)

#### References:

*International Conference "An Enterprise Odyssey: Leadership, Innovation and Development for Responsible Economy ([https://www.researchgate.net/publication/262955424\\_Online\\_And\\_Offline\\_Media\\_Effectiveness\\_Based\\_On\\_Shopping\\_Center\\_Communication\\_Objectives](https://www.researchgate.net/publication/262955424_Online_And_Offline_Media_Effectiveness_Based_On_Shopping_Center_Communication_Objectives))*

*ComScore Press Release: The Role of Search in Consumer Buying (<https://www.comscore.com/Insights/Press-Releases/2006/03/Online-Impact-of-Offline-Buying>)*

*ComScore Press Release: Eighth Annual Report on Online Pharmaceutical Marketing Benchmarks (<https://www.comscore.com/Insights/Press-Releases/2014/7/New-Pharma-Digital-Marketing-Benchmarks-Show-that-Online-Pharmaceutical-Marketing-Continues-to-Drive-Brand-Awareness-Favorability-and-Conversions>)*

*Think with Google: Israeli airline El Al tracks the impact of online ads on call centre sales (<https://www.thinkwithgoogle.com/intl/en-ccc/marketing-strategies/search/israeli-airline-el-al-tracks-impact-online-ads-call-centre-sales/>)*

#### Further Reading:

*International Journal of Research in Marketing: The effectiveness of different forms of online advertising for purchase conversion in a multiple-channel attribution framework (<https://www.sciencedirect.com/science/article/abs/pii/S0167811615001421>)*

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