


Research on the Relationship Between Digital Marketing and Corporate Performance: The Mediating Role of Information Dynamic Capability


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ABSTRACT

In the era of the digital economy in which disruptive information technologies such as artificial intelligence, blockchain, big data, and cloud computing prevail, digital marketing is increasingly becoming the focus of common attention in practice and academia. In this paper, companies listed on the GEM from 2019 to 2023 are selected as research samples to empirically test the impact and intrinsic role of digital marketing on enterprise performance. The results show that digital marketing significantly stimulates enterprise performance, and its incentive effect is mainly reflected in strategic innovation rather than substantive innovation. It is still valid after a series of endogeneity and robustness tests such as instrumental variable method and propensity score matching method. Based on the new perspective of information dynamic capability, this study opens the “black box” of digital marketing enabling enterprise performance and providing certain enlightenment for enterprises to effectively realizing the “win-win” of digital transformation and innovation ability improvement.

KEYWORDS

Digital Marketing, Enterprise Performance, Mediating Effect, Information Dynamic Capability, Heterogeneity Analysis

INTRODUCTION

With the construction of new infrastructure and the enhancement of the independent innovation capability of information technology, digital marketing has increasingly grabbed the spotlight. The “14th Five-Year Plan for the Development of E-Commerce” explicitly issued by the Ministry of Commerce addressed the need to strengthen the innovation of technological application, improve the efficiency of operation and management, encourage the development of business technology, and

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promote the integrated innovation and fusion application of new-generation information technology. As Peter Drucker, the father of modern management, put it in *The Practice of Management*, “The purpose of a business is to create customers” (Year, p. #). Enterprises must focus on the future of the main consumer, as it is possible to win the future market when there are efforts to win the love of the “digital natives.” The integration of digital scene and marketing to conduct digital marketing serves as a new idea for the economic development of an enterprise. Digital technology is viewed as a driving force behind a new wave of technological revolution and industrial transformation. According to the “China Statistical Report on Internet Development,” the scale of Internet users in China has reached nearly 1.1 billion (1,099.67 million) as of June 2024, marking an increase of 7.42 million compared to December 2023. In the meantime, the trend of digitizing and transitioning marketing communication activities online has also witnessed a further acceleration. An increasing number of consumers prefer to obtain consumer information via the Internet, enabling digital marketing communication to be a mainstream marketing tool. As underscored by General Secretary Xi Jinping, the digital economy is a significant engine for building a modernized economic system and it is essential to promote the optimization and upgrading of digitization in various fields. The so-called digital marketing is defined as enterprises leverage digital technology-related resources to promote marketing activities, which in turn better satisfy the needs of customers, win brand advantages, and create market value (Kannan, 2017). The integration of marketing, an integral part of the business industry, and digital technology plays a significant role (Paul & Benito, 2018).

Due to the rapid advancement of digital technology and continuous strong policy support, gradual fruitful outcomes are realized in the exploration of digital marketing in academia and the practical application of digital marketing by enterprises. On the one hand, many domestic and foreign scholars have conducted research from different perspectives of digital marketing. At present, there is literature that argues for the application of algorithmic recommendation in digital marketing (Puntoni et al., 2021) and the competitive and complementary relationship between online sellers and offline sellers (Kumar et al., 2019; Ratchford et al., 2022). AI technology in marketing can facilitate enterprises to provide personalized and customized services to customers, and Singh et al. (2019) also expounded on the opportunities and threats that sales digital technologies present to customers, firms, and society. These studies embodied digital marketing in all the processes of sales in organizations. On the other hand, a year-by-year increase also occurs in the views of scholars on corporate digital marketing, and companies prefer digital marketing to traditional marketing during the process of conducting marketing campaigns (Homburg & Wielgos, 2022). For instance, the Bytedance company explores a new paradigm of business model based on digital marketing platform, Decathlon and Hema Fresh build dynamic capabilities for digital marketing, the XiaoHongshu platform examines the joint marketing strategy with publishing units under the background of digital marketing, and the Jingdong company alliance digital marketing brand. Obviously, it can be identified that digital marketing activities have gradually become an approach for enterprises to contact and interact with consumers.

Different business activities are designed to enhance firm value, and digital marketing (Sun et al., 2023), as an innovative path, has considerably accelerated the transformation and upgrading of the marketing environment (Shang & Asif, 2023). The study demonstrates that innovativeness, proactiveness, and managerial capabilities play a pivotal role in influencing the adoption of digital marketing strategies (Wu et al., 2024). Given little explorations of whether digital marketing activities can promote the growth of corporate performance within the literature, this paper analyzes the mechanism and influence path of digital marketing on corporate performance. In addition, based on information dynamic capability, the mediating role of information dynamic capability between digital marketing and corporate performance is investigated from the perspectives of innovation and change capability, coordination and integration capability, and learning and absorption capability. Furthermore, in terms of the external landscape of the enterprise, or the digital context, its moderating role between digital marketing and corporate performance is examined to not only broaden new ideas

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