

The Globalization Driven by Digital Platform Marketing of the Online Retail Industry

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Abstract. The concept of digital marketing firstly occurred in the market from 1980s when computer and internet technologies were in the beginning phase of development. The initial understanding of digital marketing was using digital tools to process advertising strategies. The era of digital marketing began with an email sent by Ray Tomlinson. Technology developments and innovations are significant for digital marketing. The evolution of digital marketing started with email as the carrier. The capability of digital technologies kept upgrading, including memory size, storage capacity, computer analyzing ability, internet coverage range, and more. People are able to continuously enhance the digital experience comprehensively. In the 2000s, digital platforms started to prevail, which created a new field for businesses to exert digital advertising with a new mind. Digital platforms are becoming an essential part of people's lives, and their influence on globalization cannot be ignored. Therefore, the digital platform would be the major consideration for this essay. Globalization, the process of immersing the world in one, is definitely influenced by digital platforms. How the situation would change, and in what way will it change under the fast revolution of the digital environment? Considering those questions, this article would discuss both the positive and negative influences of digital platforms in commerce to the world globalization. By analyze the data and figures, as well as discovering report and professional opinions. From discovering the details and understanding the rules behind the phenomenon that arouse by digital platforms, move to the correct track on how the internet platform should develop, and the better usage on it that would benefit the globalization and world society.

Keywords: Digital Advertising, Digital Platforms, Globalization.

1. Introduction

The author of the article *How globalization is changing digital technology adoption: An international perspective* Marinko Skare indicated that the countries in a higher stage of globalization will have deeper digital penetration, how about the countries at the lower stage of globalization [1]? The question about will the different levels of adoption of digital platforms cause isolation in certain areas is ponderable. The essay will focus to address those questions and find out both the positive and negative influences of digital platforms on globalization.

In the last 5 years, for society, many new terms are continuously learned. The 5G technology greatly shortens the time of connecting to the internet. Video streaming platforms give people a new form of entertainment or working experience. Matured virtual reality gives people access to the “fake” world and exerts their imaginations. As well as artificial intelligence, big data analysis, and more. The rapid growth of internet technology enhanced people's social connections ultimately. The same for trades across the planet. The occurrence of the digital platform which is combined and improved by new internet technologies is greatly stimulating the exchange of goods and currency that bringing world commerce into a new era. The data released by U.S. Census Bureau in August 2022 indicates that 14.5 percent of commerce in the U.S. is happening online, in addition to this percentage, there is evidence indicates that the percentage of e-commerce will continue to increase [2]. While the position of e-commerce in the global trading is more important that would reach 21% by the end of 2022 [3].

Digital platforms can provide valuable advantages for e-commerce. With different usages, retailers and service providers are able to enhance the shopping experiences. For example, AI and big data analysis would provide customers with specialized shopping suggestions. As well as virtual reality, it provides customers with a preview of new shoes or clothes they like in a fitting room.

Globalization is the term that refers to the exchange of culture, goods, technologies, and beliefs; in another world, it exchanges all the elements of human society. Now under the great influence of world commerce that is driven by digital platforms; especially the retail industry, the globalization process stepped into a new era. In this new stage of globalization, commercial activities on digital platforms are creating great opportunities for taking advantage, however, challenges are not neglectable at the same time. The research will be majorly focused on discussion specifically on both advantages and disadvantages that digital platforms can bring to the world's commercial activities in the context of globalization.

2. Discussion of Advantages

Commercial activities, in other terms, the exchanges of goods with money, are directly boosted by the wide adoption of digital platforms. The rapid development of the internet improves the trades comprehensively including but not limited to faster and more effective communication, market access for smaller-sized firms, and the transformations of physical goods into digital versions (For example, the DVDs are replaced by digital versions through the internet), and more efficient transportation. Especially for many developing countries, the adoption of digital platforms from the internet is creating opportunities for them to communicate with the “outside world” and advocate their good and services. Digital platforms, in fact, drive resources that originally have limited access to fluent and always moving and exchange. The South-South trade is a representative example. Shishir Priyadarshi, the author of the report *South South Trade And Its Implications For The World Economy* indicates that “ E-commerce can benefit firms from developing countries and South-South trade in a number of ways. E-commerce can facilitate and increase the participation of firms from developing countries in GVCs. It increases market access and the reach of small firms and improves market efficiency. While the goods still need to be physically shipped, e-commerce drastically lowers the information and transaction costs of international trade” [4].

Another obvious advantage brought by the wide adoption of digital platforms is reflected in the pricing change on goods exchanges.

Table 1: The price of commodities exported from 2011 to 2015 [5]

	2011	2012	2013	2014	2014				2015	
					Q1	Q2	Q3	Q4	Q1	Q2
Food and Beverages	100	96	96	94	97	99	92	87	82	79
Agricultural Raw Materials	100	87	89	91	92	92	90	88	85	83
Minerals & Non-Ferrous Metals	100	83	80	71	74	72	72	67	60	59
Energy	100	101	98	90	97	98	92	71	53	58
All Primary	100	97	95	88	94	95	90	74	61	63

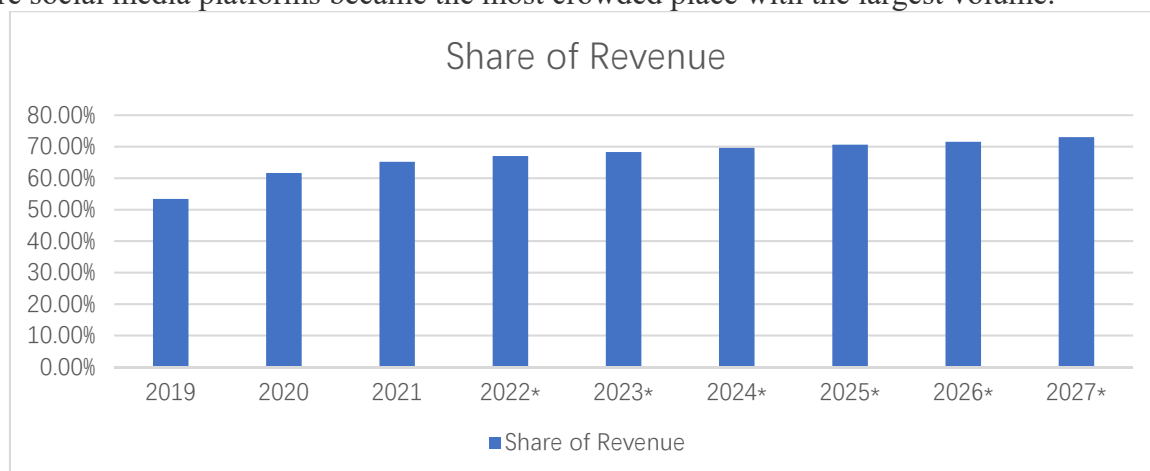
Note: Period averages are calculated from IMF indices based on dollar prices.

As the data above shows, the price of primary commodities dropped from 2011 to 2015.

Priyadarshi believes that the adoption of digital platforms improves the efficiency of the communications between buyers and sellers. At the same time, digital platforms enable both buyers and sellers to find and connect with each other easier. In another world, the world's commercial activities are using digital platforms to bond supply and demand. WTO, the World Trade Organization cleared their idea that they received and recognized the importance of e-commerce in world trades, where they would keep contributing and support the multilateral trading system, as well as creating new market-access in the future in the Tenth WTO Ministerial Conference in Nairobi [5]. E-commerce is the trend in the 21 century; digital platforms are the major carrier of e-commerce, therefore, it implies that digital platforms’ duty is heavy and that they are the carriers of world commercial development in 21 century, even further.

In the global advertising market, either B2B or B2C businesses are now majorly targeting digital advertising.

From the Fig. 1 given by Statista, the total share of digital advertising revenue is continuously increasing at a stable rate since 2020. The percentage of the total share will reach 73% by 2027 as forecasted. Obviously, digital advertising is becoming the primary choice for businesses to advocate and introduce their products to the market. This trend can be explained by the increasing number of users on digital platforms. In recent years, many digital platforms such as Facebook, Instagram, Twitter, Tiktoks, and more social platforms are becoming the mainstream of advertising products or services. Those platforms enable business owners to create and post eye-catching short videos that introduce and explain the uniqueness of their products or services to people. With Big Data analysis, computer systems would show the advertisements to the correct costumes to match the supply and demand. For example, a boy is interested in LEGO toys, and this boy is more likely to receive advertisements for a new model car or a self-assembling toy. In another world, customers, their preferences will be remembered by systems of social media, and show what they will be interested in by analyzing their data. While for businesses owners, through digital platforms and Big Data analysis, they have more opportunities to build and improve customer relationships, product & brand positioning, as well as an optimization the budget (In increasing the customers' acquisition rate with a lower budget due to that many platforms are adopting pay-per click rule) In addition to the optimized advertising mechanism, there are larger audiences. According to Statista, there are over 233 million social media users in the United State, and they are 82% of the entire population in the united states where social media platforms became the most crowded place with the largest volume.



Note: *= Year Projected

Fig. 1 Share of digital advertising revenue worldwide from 2019 to 2027 (Projected) [6]

Search engines like Google, Yahoo, and Baidu are playing slightly different rules than social media platforms. They focus on helping customers to find what they are looking for rather than show customers what they might be interested in. Search engines are as smart same as social media. Another key feature of search engines is search engine optimization. SEO (Search Engine Optimization) is smart to direct customers to their best-fit website and display personalized results. The digital technology that supports SEO is able to analyze each user's background information and personal preferences, such as the household income level, number of people in the household, and even what sport they play or what meal is their favorite. The powerful digital support on search engines directly offers the benefits of reducing browsing time and increasing efficiency to customers, while for firms and providers on the market, SEO improves credibility and creates volumes. For the commercial market as an entity, SEO helps both suppliers and demanders to find each other better, which reaches out to all potential targeted audiences in the market [7].

Construction of basic facilities like cables, internet, and electricity are the requirements for joining e-commerce. For many developing countries, the occurrence of e-commerce also stimulated the construction of infrastructures. The fast-growing trend of internet penetration rate in China is a great example. According to the Chinese government, the internet coverage percentage in rural areas in China increased to 59.2% by 2021 [8]. Internet availability is the foundation of the digital retail industry when the Chinese government supports e-commerce in rural areas with a great budget.

Therefore, the internet creates a selling channel for agricultural products, and local products and greatly increases the local economy, as well as people's living standards.

The second obvious advantage that is given to globalization by digital platforms is information exchange. As a large population in the world have easy access to digital platforms, the frequency of exchanging information and technology has greatly increased. The article *Most Surprising Blog Statistics: How Many Blog Posts Are Published per Day* by Maria, Pengue shows surprising data related to blogs. According to Pengue, there are around 7.5 million blogs posted every day on the internet, and amount all the internet users, 60% of them read the blogs actively [9]. As each blog contains one or more pieces of information, the exchange of knowledge, opinions, cultures, languages, skills, technologies, and much more elements from society. Such communication enable the resources and information actively move around in human society; it helps individual to explore more, and it also helps entities, firms, political groups, or even countries to gain advantages and positive conditions to improve. It is not questionable that such an exchange of information greatly benefits the process of globalization. It is connecting corners of the world to the mainstream and establishes a win-win situation.

Information exchange seems to be independent of e-commerce when discussing them separately. In fact, both of them s can also improve the frequency and volume of commercial activities across the world on digital platforms. This is a positive circulation that the exchange of information and the increased volume of commercial activities boost each other's frequency. Since globalization itself is a process of exchanging values across the world, and as the different parts of the world grow diversities, despite the conflicts from cultures and opinions, it would create great attractions, and such magnitude is a part of the essence of increasing commercial activities. Firstly, business ideas and insight got exchanged, which benefits and promotes the market to develop better products and services. At the same time, the exchanging of information can greatly help businesses to adapt to the market in new targeting markets and exert the best influence and economic constructions. Secondly, the digitalization of products is revolutionary. Products that used to be in physical forms are now becoming digital. For example, DVDs, Windows systems, books, and even courses are digitalized. Digitalized formed products greatly reduce manufacturing costs, and transportation costs, and increase revenue by processing commercial activities in a more efficient way.

3. Discussion of Disadvantages

What cons does the adoption of digital platforms have on globalization? Indeed, the widespread adoption of digital platforms has connected the commercial activities of the world on the web through the internet and benefits the process of globalization in many approaches. The high efficiency that digital platforms bring to globalization, at the same time, is also functioning in a negative direction.

The term de-globalization is contradictory to globalization; the world economy and cultural development and integration are in a recession. As the digital platform is bringing diversity to the corners of the world, groups, such as political parties, countries, and religious groups, more conflicts will appear and become obvious. Those conflicts may deviate from those nations' or groups developing directions or goals. In another word, the information that transferring in the channel of digital platforms is not being accepted by political parties, interest groups, or countries. The internet restrictions in China are an obvious example. According to the report by Professor Markus Kornprobst and Joe Wallas, the authors of the essay *What is Deglobalization* on Chatham House, the Chinese government, representing the Chinese Communist Party, has been applying heavy restrictions on internet access in order to prevent information, those are potentially threatening the nation's integrity, spreading to the citizens from other parties and nations. They also claimed this was an effective method for political control [10].

From the Fig. 2, the development of internet industry in China is obviously in a efficient, rapid increase trend where the revenue increase almost ten times in ten nine years.

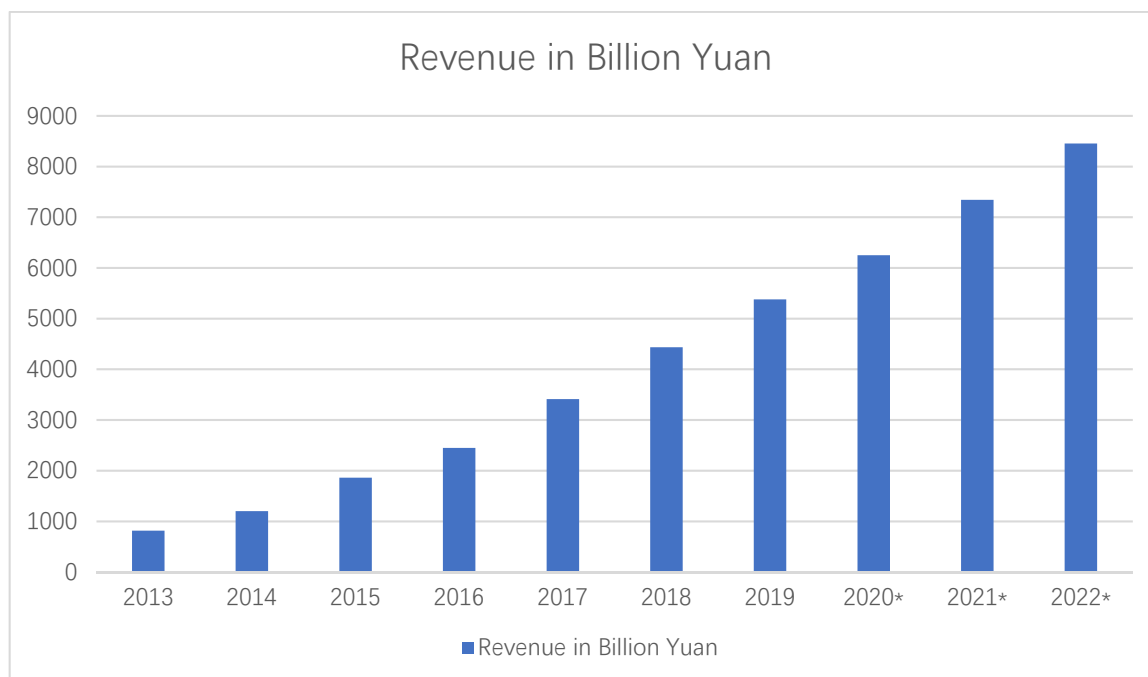


Fig. 2 Annual revenue of the internet economy in China from 2013 to 2019, with estimates until 2022[11]

Continue on the example of the internet restrictions in China. The Chinese market is developing a completely different digital platforms system than the majority. Tencent, Alibaba, and JD.com are connected with each other and adopted the Chinese market with WeChat, Ali Pay, and online shopping, therefore establishing a different internet environment. According to the revenue of the internet economy in China above, the growth rate is steadily positive from 2013 to 2022 with a net value of 8,453 billion yuan (around 1,300 billion USD) in 2022. Though the growth rate and the value proved a positive influence on the development of individual digital platforms system in the country on the Chinese economy. This is in fact evidence of de globalization, that resources and the internet environment are individualized and privatized by a country and political group.

4. Conclusion

Digital platforms, one of the most significant engines in the 21 century, can be understood as a complex platform of globalization in an innovative channel. It provides a shortcut to successful commercial activities with search engine optimization, big data analysis, and more technological methods. It also boosts the exchange of cultures and technology developments with its considerable information spreading abilities. But In recent years, protectionism is being widely considered by countries, political groups, and religious groups for the purpose of maximizing their own benefits and limitations of competitors' economic and technology developing. The trade war between China and the United State is a significant example of protectionism. Through digital platforms, the communication related to the exchange of information and commercial activities is becoming more efficient and frequent than ever before, at the same time they become complicated and enhance ideas of protectionism for groups, therefore resulted in sophisticated international problems that hard to address. The digital platform, despite the benefits it brings to globalization, is also causing negative effects that need to be discussed for solutions.

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