

UTILIZING NARRATIVE DESIGN IN E-COMMERCE CAMPAIGNS

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ABSTRACT

The paper reseaches new and innovative methods for improving existing e-commerce and marketing strategies. As more businesses start their digital transformation during pandemic times, most efforts begin with the focus on marketing and e-commerce processes. This accelerated movement has created the opportunity to reach new potential consumers through new channels, so companies are focused on differentiating their offers on the market.

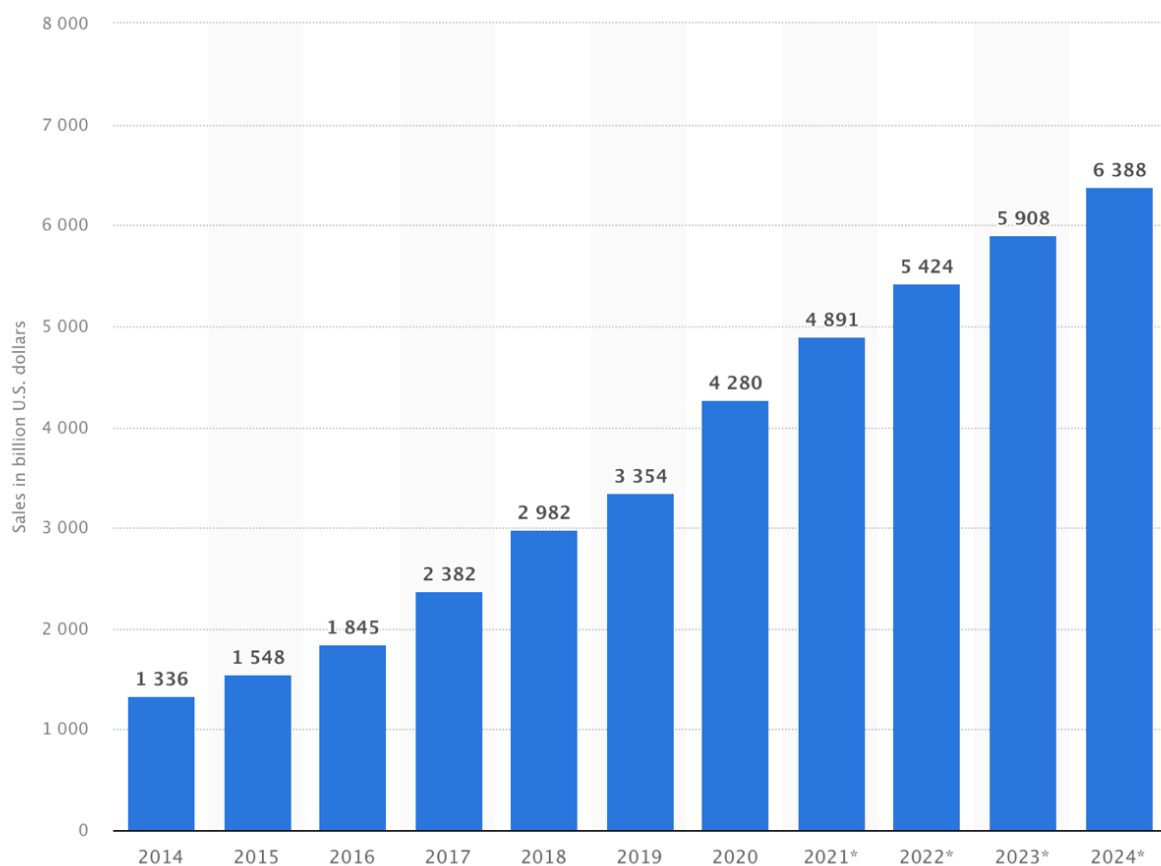
Throughout the past years, there is extensive research on modeling an e-commerce and marketing strategy around product positioning (with the goal of giving the viewer context on how the product/service works and its intended benefits) versus modeling around narrative design (based around the creation of story-driven ads, placing the viewers in the middle and driving them through the sales funnel).

The paper focuses on researching the effectiveness of product positioning, narrative design and interactive narrative design, as potential methods for the e-commerce landscape, through empirical research, secondary data and existing case studies on the topic. Data from the research shows that narrative design is dependent on a proper implementation to ensure its maximum potential, which can be followed as a model by companies.

Keywords: *interactive narative design, product positioning, e-commerce, digital marketing transformation*

1. INTRODUCTION

With the emergence of e-commerce as an additional channel, companies are trying to innovate and improve their approach to target customers. Digital marketing can be defined as a set of profile processes that embrace the digital channels available to promote a product or service, or to build a digital brand (Minculete and Olar, 2018). Modern businesses utilize the benefits of digital marketing, which became even more apparent during the COVID-19 pandemic. Some of the main benefits of digital marketing include: geographical independence and global reach; lower costs; targeted ad campaigns and real-time feedback and statistics (Suleiman et al., 2020). As companies strive to integrate social media in the marketing mix, it becomes clear that due to digital presence on different types of channels, an integrated approach must be made for the communication strategy on a specific product or service to increase the e-commerce potential. Figure 1 shows the steady growth of e-commerce sales on a worldwide scales, with an expected increase of 10% on a year-to-year level, up until 2024, reaching 6.388 billion dollars.



*Figure 1: Retail e-commerce sales worldwide
(Source: Statista, 2020)*

As companies evaluate their digital presence, they are introducing strategies to advertise online as either a secondary, primary or even sole channel in the integrated marketing communication mix. Trends in advertising demonstrate several factors that there is an ever-growing sense that traditional communication strategies such as product positioning are insufficient and inadequate for the new digital channels. Recent statistics show resistance to traditional digital advertising, with 70% of users ignoring paid search results, 72% of shopping cart abandonment and ad blocker usage rising more than 550% in the span of a single year on a global scale (Statista, 2021). Furthermore, as the most popular social network, Facebook has over 80 million business pages (focused on either organic or paid advertising) with a yearly increase of over 23% (eMarketer, 2018). In this sense, traditional product positioning is saturated as there is too much

competition in the digital space. However, the changing digital landscape offers companies new types of interactions with consumers, as well as longer exposure times and multiple interactions. This enables companies to reimagine their core marketing communication strategies, based on specific campaigns targeted to different demographic groups. If past (traditional) marketing campaigns included billboards and TV ads with broad targeting, new digital campaigns can have personalized ads with variations in text/images/videos based on the demographic characteristics of the targeted consumer.

Narrative design represents a relatively new concept in marketing communication strategies, with the goal of either being a complementary or replacement solution for product positioning. While the product position concept works on traditional media due to high buy-in costs, in the digital marketing space with lower entry costs, there is an oversaturation of the same marketing message that each product/service will serve the customer needs in the best way possible – making it repetitive and with minimal effect on the purchasing decision. By introducing narrative design in e-commerce marketing campaigns, companies are able to utilize existing ICT technologies and consumer data to deliver personalized experiences which are focused on the user, and not the product. This shift in focus enables

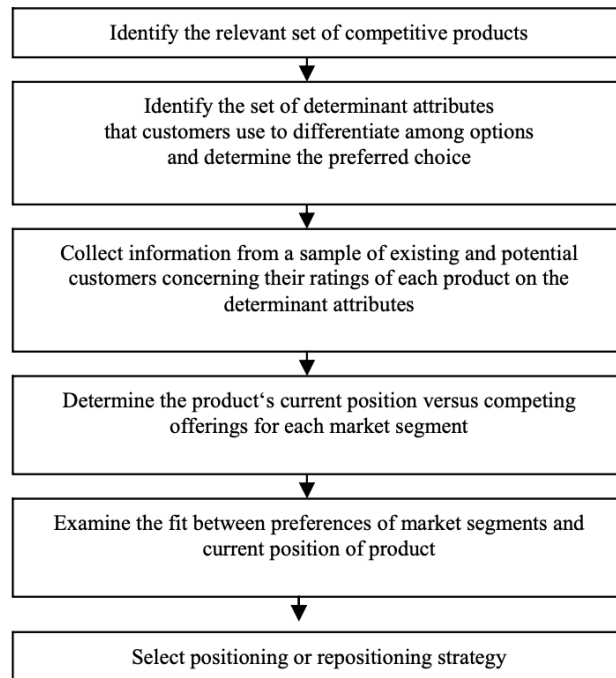
The paper is researching the use of both narrative design and interactive narrative design as a marketing communication strategy for generating e-commerce sales. The study is conducted by analyzing case studies on the topic at hand, with the main goal being to provide findings on the usefulness of these models both for the B2C and B2B sectors.

2. METHODOLOGY

For the purposes of the paper, secondary data was used to research the topic. Literature review was used as the main method for obtaining secondary data, including theoretical and background data through books, scientific papers and articles. Empirical research was conducted using the exploratory method, which produced significant secondary data and a basis for establishing the research. Additional data in the paper is collected through the case study method on companies that have successfully implemented narrative design in the marketing communication strategy and IMC. The paper also uses the two basic methods, inductive and deductive, in formulating conclusions and recommendations. Furthermore, basic analytical methods are used, such as the method of analysis, the method of specialization (creating own views based on the read literature) and the method of deduction.

3. LITERATURE OVERVIEW

Product positioning can be viewed as making a unique and favorable image in the minds of target consumers for the product or service (Bhat and Reddy, 1998). It involves several marketing activities (or steps) that compose the core of the promotion strategy, aimed to influence the customer decision process. Positioning is focused on a set of general areas, including: attributes, price/quality; competitors; application; product user and product class. The goal of product positioning is to establish the benefits of the product/service and position it as the best choice in the shortest amount of time, mostly due to the limitations (and non-interactivity) of traditional marketing channels. Specific product positioning steps can be seen in Figure 2 on the next page. As demonstrated in the figure, there are 6 steps involved in product positioning, of which the first 3 are focused on collecting data and relevant information, while the last 3 are focused on the strategy and activities to position the product on the market.



*Figure 2: Product positioning steps
(Source: Hutt, 2004)*

In the last step of product positioning, strategies are formed around the product features, price/quality balance, product class dissociation, user, competitors, benefits and heritage model (Kotler & Keller, 2007; Doyle & Stern 2006). The product positioning message is crafted after choosing one or more segments to feature in the communication mix, and then translated into ads in traditional and digital media. Ads are straightforward, focusing on the specific benefits that the product/service offers related to the chosen segments that are relevant for consumers. Narrative design represents an evolution of the concept, fully utilizing the benefits of digital marketing channels. From the marketing aspect there are several evolutions that led to the introduction of narrative design (Bonnin and Rodriguez, 2019). In the first evolution, brands transcended from being conveyor of benefits to purveyors of meaning and identity. This entails that product/service benefits are not isolated and there is higher meaning for consumers based on other related factors. The product can communicate a specific message outside the specific product positioning strategy that is chosen and communicated to consumers. In the second evolution, it was recognized that brand meaning is constructed by and negotiated by several stakeholders, meaning that consumers are only part of the decision-making in the purchasing process. Other relevant stakeholders have to be identified and made part of the foundation of market research, so messages can be also crafted to include them as well. The final evolution led to implementing a narrative approach to branding, though the usage of integrated marketing communication (IMC), with more specific focus on digital channels and especially social media (Diamond et al., 2009).

Additional research shows that the introduction of a micronarrative construction is displaying promising results (Davis and Francis, 2014). This concept introduces different narrative stories under the same marketing strategy, in an advanced sales funnel which guide the consumer towards the purchasing decision. Instead of starting with the product, narrative design starts with the user and their wants, needs and challenges. The shift in focus enables companies to deviate from the established path of advertising for all their competitors and have a more personal approach to consumers. In this manner, narrative design provides a framework for communication with the target consumer, which can be personalized based on the stage in the purchasing process/sales funnel, something that isn't available through traditional media, as well as only being partially present through product positioning strategies. The final stage of narrative design in marketing is based on interactive elements through IT tools. Interactive

narrative design is based on a digital platform, where participation (interactivity) is required from the user to move the story forward (Koenitz et al., 2019). This new format is in experimental phases, with limited data available on its usability. However, the potential to involve users in crafting their own stories and personalize their experience has functioned well in other segments of ICT, leading researchers and business to believe in its untapped potential.

4. DISCUSSION

The structure of Narrative design should be established to ensure efficiency of its implementation. Narrative design is introducing five elements that must be present to move the story forward and achieve the goals of IMC:

- **Character** – Depicted as the roles the users take. A single user typically takes up a single role, although through the narrative they can be transformed or asked to take up multiple roles to progress the story.
- **Setting** – The journey of the customer with specific focus on the stage they are in, based on the research done before designing the narrative. The setting is as narrow or expansive as needed for the purposes of the story, and is the environment that the character is already inhabiting.
- **Plot** – Introducing values, viewpoints and experiences of the user, as well as their wants and needs. This is based on the setting and characters involved, with the main goal being to create the rules of the narrative and its intended path, ultimately resulting in introducing the goal that the user wants to achieve.
- **Conflict** – The source of resistance to achieve the goal, i.e. the starting point of the narrative. Typically narratives begin defining the type of conflict/challenges/resistance the user is facing, where the foundation is laid to introduce the product in later phases.
- **Resolution** – how the product or service will overcome the resistance to achieve the goal. The user is the hero of the story up until this point, where the product/service is transformed into the hero that will solve the conflict and help the user to achieve their goals.

The structure of the elements is hierarchical, and if an element is missing, the user cannot completely finish the underlying path of the narrative design. Extensive market research should be present to provide the basis for the first two parts of the narrative design, involving the character and the setting. This is based on data available for the typical target user, which should be personalized so that the users can identify themselves.

What differs from product positioning in this approach is the beginning segment. In product positioning, the focus is placed from the beginning on the product, conveying its benefits and finally what they would mean to the user. Narrative design takes a reverse approach, starting with the user and their wants and needs, working its way up to how the product finds its place in this specific settings. While production positioning focuses on the product, benefits and user, narrative design can function only with two of these elements – the product and the user. The benefits are transformed into goals that can be achieved with the product, giving it a sense of purpose (whether business or personal) for the end-user. In this manner, narrative design can escape from listing benefits in an oversaturated market space and ad placements, indirectly communicating them through the goals of the user that can be achieved.

4.1. Hubspot case study

In the case of Hubspot (Andrews, 2020), there are two main reasons to move from product positioning to narrative design: innovative solutions and market saturation. Hubspot represents a B2B marketing service provider (focused on inbound marketing), founded in 2004 with the

goal of offering different types of platforms and tools, based on newly available technologies¹. The company has been successfully using narrative design strategies for over a decade (from 2011 through 2021). As shown in Figure 3, when first introduced on the market, the need that the Hubspot services fulfilled were very specific in the B2B sector, so classic product positioning can communicate the benefit, but not the problem it solves. This is due to the service and technologies being new on the market, creating the problem of understanding its true value and potential.



Figure 3: Product positioning steps (Source: Andrews, 2020)

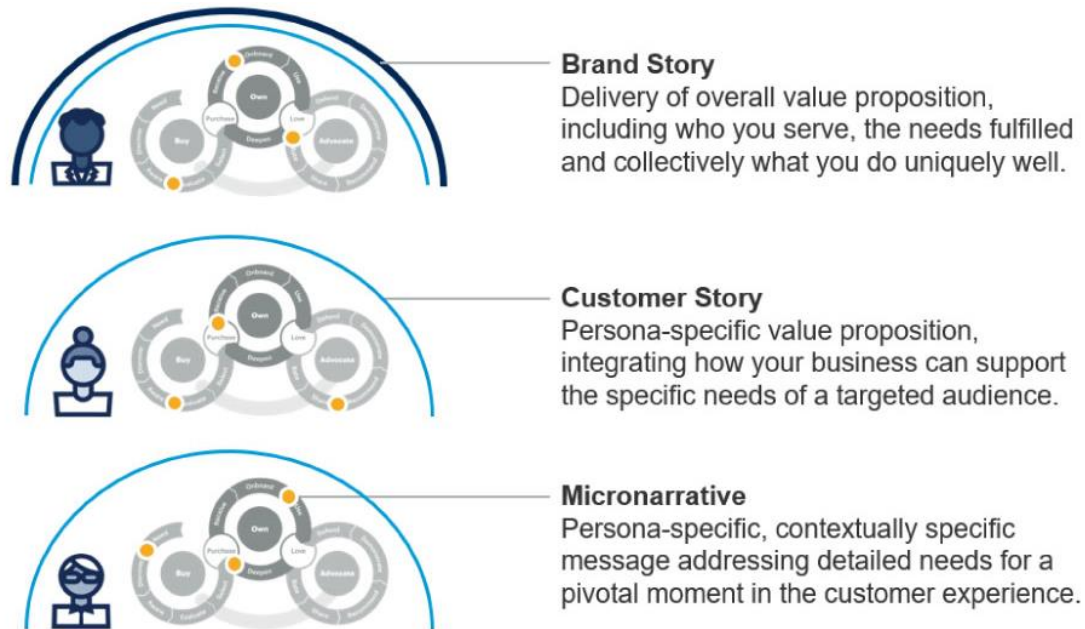
The new approach to narrative design enabled the company to guide potential customers through several phases of the purchasing decision, while describing the setting for its’ services. This approach started with defining the user of their services, and the challenges they faced on a daily bases. Only after the initial phases of the campaign, the solution was provided as a service from Hubspot.

After the initial breakthrough, the competitor solutions to Hubspot services increased from 15 to 321 (growth of over 4500%) in the past ten years, which led to significant market saturation. This created the second problem in utilizing classic product positioning, as each of the competitors was focusing on the benefits of these types of services to a small set of B2B consumers, as it is a very targeted niche. This again required a new approach on IMC, which again focused on the benefits of narrative design. Through conveying the message through a micronarrative design, Hubspot has managed to stay relevant in a competitive marketplace for over 10 years.

¹ <https://www.hubspot.com/our-story>

CONCLUSION

Narrative design has a fundamentally different approach than product positioning, which can offer a unique benefit for companies in both B2B and B2C sectors. Figure 4 on shows the importance of cohesive narrative design, which should begin with the Brand story, implement elements from the Customer Story and drive through a consistent micronarrative messaging for the proposed solutions. These are the types of solutions which have been successfully implemented in narrative design models, including Hubspot as well with great success rates.



*Figure 4: A nested view of Micronarratives
(Source: Gartner; 2019)*

This approach encompasses two different views in creating the story – the brand on one side and the customer on the other side. Both views have to be accounted during the creation of narrative design to ensure its proper implementation and effect. Customers wants and needs are crucial to begin crafting the story, while brand elements and product benefits are needed to make the selling point and influence the purchase decision.

The proposed benefits of narrative design in over product positioning include:

- A unique voice on the market that differentiate the company and products from the competitors. This includes creating a very specific backstory which isn't shared with alternatives on the market, making the company product offering unique
- Greater engagement with consumers through ad campaigns, as well as guidance through the sales funnel
- Real-time feedback on success rate of elements, as well as possibilities for split testing to craft the best stories
- Interactive elements, which can result in personalized experiences

The research shows the preliminary benefits in utilizing narrative design in the integrated marketing mix. It can be expanded through primary research on the topic in selected B2C and B2B channels, which can provide information also on potential drawback on the method. As limited data is available for Interactive narrative design, research can also be performed in this direction to provide preliminary findings on its usefulness in digital marketing channels.

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