

Comparative Evaluation of Digital Marketing Approaches: Paid Advertising vs Organic Reach

Mansi Priya¹, Divya Prakash Singh², Rohit Kumar³, Lalit Maurya⁴

^{1,4}Master Student, Department of MBA, Galgotias College of Engineering and Technology

²Assistant General Manager, Operation, Coropex Packing Private Limited

³Assistant Professor, Department of Management Studies, Galgotias College of Engineering and Technology

Abstract

The ever-changing environment of the digital world creates a challenging environment for companies looking to establish an advantage over their competition. Businesses are required to make strategic decisions regarding paid or organic marketing. This study is a comparative analysis of both paid and organic digital marketing, from an effectiveness standpoint (i.e., customer behavior), cost-effectiveness, and ROI. This study employed a survey of 100 respondents from various business sectors with the use of both descriptive and inferential statistical methods in order to determine key performance metrics. The results indicate that paid marketing performs better than organic marketing in terms of short-term objectives including reach and conversions; however, organic marketing performed better than paid marketing in terms of engagement, trust, and long-term ROI. A combination of both paid and organic marketing was found to be the best method for sustainable development.

Keywords: Digital Marketing, Paid Advertising, Organic Marketing, SEO, Consumer Behavior, Hybrid Strategy

Introduction

Transformation of the marketing landscape by digital technology has provided companies the opportunity to connect with customers in an entirely new way – more personalized, data-driven, and quantifiable than previously possible. The use of all Internet enabled technologies, mobile phones, social media outlets and analytical software have changed the paradigm of marketing from a one-to-many communication channel to a many-to-one communications environment. Today's organizations now have the option to utilize digital marketing channels rather than just relying on traditional advertising methods (Kotler et al., 2017; Chaffey & Ellis-Chadwick, 2019). Companies are able to communicate globally using these digital platforms. Real-time tracking of consumer behavior is also available allowing companies to adjust their campaign tactics based on historical data.

Not only has digital marketing transformed the efficiency of marketing efforts however, but it has also created increased levels of competition. As a result, developing both strategically and digitally focused marketing plans will help companies compete effectively in today's fast paced marketplace. Paid vs. Organic Marketing Strategies are two distinct categories of digital marketing strategies including paid and organic marketing. Each strategy presents both opportunities and challenges to businesses (Ryan, 2016). Organizations spend money on advertising when engaging in paid marketing which provides them with

exposure via advertisement placement. Examples of paid marketing include pay per click advertising, banner ads, social media advertising, influencer partnerships, and sponsored content. Platforms such as Google Ads, Facebook Ads, Instagram Ads, and LinkedIn Ads allow organizations to target certain demographic groups and behaviors thus providing exposure to targeted audiences. The key benefit of paid marketing is that it allows businesses to see results quickly. Organizations can start campaigns rapidly, attract website visitors and generate conversions within days. Therefore, paid marketing is beneficial for product releases, holiday promotions and competitive markets in which speed of exposure is important (Chaffey & EllisChadwick, 2019).

Organic marketing is comprised of free marketing efforts designed to build long term relationships with customers. Organic marketing does not involve financial investments in advertising spaces; examples of organic marketing include SEO, content marketing, blogging, social media interaction, e-mail marketing and community development. The objective of organic marketing is to produce high quality, relevant and consistent content that attracts a defined group of consumers. Organic marketing allows businesses to develop credibility, authority and trust over time (Bush, 2018). While organic marketing requires time, commitment and consistency; it ultimately creates long lasting traffic to your site, improves your business image and increases customer loyalty.

While there is a financial distinction between paid and organic marketing; there is a significant strategic difference. Paid marketing uses a "push" method of marketing where businesses proactively attempt to expose their products or services to consumers. Conversely, organic marketing utilizes a "pull" method of marketing where businesses attempt to attract consumers through high quality content and meaningful experiences. Ultimately, the type of marketing used determines how consumers view and react to your message. Consumers may perceive paid advertisements as legitimate but at times they may question the legitimacy of paid advertisements because they appear to be promotional in nature. On the other hand; organic content is perceived as more credible and trustworthy resulting in better engagement and an emotional connection with the target audience (Feng et al., 2019).

Digital marketing has evolved at an incredibly rapid rate in recent years. As a result, there is now greater emphasis than ever before upon evaluating the most effective strategies that businesses utilize. It is estimated that there are currently well over one million brands utilizing some form of digital marketing. Therefore, simply being present digitally will no longer suffice. Instead, all businesses must have developed a unique strategy that they can use to differentiate themselves from other brands using marketing. Using paid marketing allows companies to rapidly acquire visibility and communicate directly to a very large group of people (Chakraborty et al., 2015). In addition, advanced targeting tools enable businesses to segment audiences by demographic characteristics, interests, geographic location, and online behaviors. The end result is that paid marketing enables businesses to maximize their efficiency and effectiveness. Measurable results can be obtained by utilizing Key Performance Indicators (KPIs) such as Click-Through Rates (CTR), Conversion Rates and Cost Per Acquisition (CPA). Allowing businesses to effectively measure the performance of their campaigns and provide the data needed to support future decision-making (Giovanni, 2019).

As beneficial as paid marketing is to businesses, it is also associated with several drawbacks. A major drawback of paid marketing is the necessity to continuously advertise in order to remain visible. Additionally, advertising costs can escalate significantly in an effort to maintain advertising space and create a competitive advantage. Finally, the effectiveness of paid campaigns can diminish over time due to numerous variables including Ad Fatigue which occurs when consumers become desensitized to

repeated advertisements. Changes in privacy regulations and changes in how social media platforms operate can also negatively impact the effectiveness of paid marketing campaigns by reducing the amount of data accessible for segmentation and limiting advertisers' ability to effectively target specific groups. The issues previously mentioned demonstrate why companies should consider combining paid marketing strategies with organic marketing strategies in order to develop a viable marketing plan that can be sustained (Flores et al., 2018).

While paid marketing is capable of generating significant traffic and visibility for businesses, organic marketing has been shown to produce far more sustainable results. One reason why organic marketing produces more sustainable results is because it is able to assist businesses in developing long-term brand equity. Companies can use Search Engine Optimization (SEO) to drive users to their websites when those users are searching for relevant information, products or services. Content creation such as blog posts, videos, and infographics also creates content that provides educational value for potential customers and helps establish a company's reputation within an industry (Guchhait and Sarkar, 2019). Interacting with customers via social media creates opportunities for companies to engage in two-way communication with customers; enabling them to foster community-building activities, answer questions and resolve complaints about their service/products. Ultimately, this helps to increase customer retention, build brand loyalty and get referrals.

Organic Marketing has many advantages compared to other forms of marketing. It is also a very cost-effective form of marketing. While you will have to continually pay money for your paid marketing campaigns (example Google Ads), your Organic marketing campaign will continue to bring in visitors/engagers for years after it was developed. The long term results of organic marketing help companies develop sustainable growth plans (Harvey, 2017).

In addition, organic marketing fits well with consumer values today. Consumers are seeking more authenticity from brands. They want transparent communication from brands. And most importantly, consumers want to engage with brands in meaningful ways (Hige and Sewall, 2019).

However, there are two major types of marketing: paid and organic. Both types of marketing offer different advantages and disadvantages. For example, paid marketing is great for generating immediate website traffic and/or brand awareness. However, paid marketing does not build relationships with customers the way organic marketing does. On the flip side, organic marketing can take months or even years to generate the amount of traffic and/or awareness that paid marketing can generate immediately. However, once the relationship is built between the customer and the brand, organic marketing converts leads into loyal customers. A good example of using both paid and organic marketing together would be if a company was launching a new product (Hsu and Lin, 2015). The company could promote the new product via paid advertising (e.g., social media ads) simultaneously while developing organic content around educating people about the new product and building trust with those people. This creates synergy between the two forms of marketing. The result is enhanced overall marketing performance and consistent branding messaging across all platforms.

Companies use both paid and organic marketing based on several factors including what goals they currently have as a company, their budget, what type of industry they are involved in and what behavior their target market displays. Smaller start-ups with fewer financial resources will typically begin by focusing on organic marketing strategies to first lay down a strong foundation for their company. Larger companies that have significant financial resources will usually spend large amounts of money on paid marketing to keep their position in their respective markets. Companies that operate in industries where

there is a lot of competition and constant change (i.e., e-commerce, technology) will likely use paid marketing because it provides instant traffic and revenue. Other industries like education and professional services will likely see more value in using organic marketing strategies because they provide a way to build credibility and trust with their clients.

In closing, the digitization of commerce has produced a highly dynamic/difficult-to-navigate environment for businesses as they attempt to strategically utilize paid and organic marketing approaches to be successful. While paid marketing strategies offer instant visibility/traction as well as measurable KPIs; organic marketing strategies build lasting relationships and generate sustainable brand value. To make educated marketing choices regarding the best way to employ paid versus organic marketing, businesses must understand the strengths, weaknesses and strategic implications surrounding both forms of marketing.

Literature Review

To develop a hybrid model to integrate both paid and organic strategies in order to achieve immediate effects from the paid strategy and long term effects from the organic strategy, this paper reviews current marketing literature using IMC. Current marketing literature continues to demonstrate an increased skepticism of paid advertising and an increase in preference for organic marketing. Consumer behavior is evolving and changing the way marketers should be reaching them. Organic marketing is able to build longer lasting relationships and brand equity. Paid marketing is better at creating quick awareness and encouraging fast action. The literature concludes that developing a hybrid model that includes both paid and organic strategies will lead to the most effective marketing strategy. Marketing has evolved rapidly since the introduction of Digital technology into society. This has led to the development of paid and organic Digital marketing as the primary forms of marketing used today. Both types of marketing have received extensive research from scholars and practitioners alike regarding their efficacy and ability to influence consumer behaviors (Jupiter, 2013).

Dave Chaffey and Fiona Ellis-Chadwick define Digital marketing as "the promotion of products or services using Digital channels" and include search engines, social media platforms, and websites as examples of how organizations can interact digitally with their target audiences (Chaffey & Ellis-Chadwick, 2019). In addition to defining what constitutes Digital marketing, chaffey and ellis-chadwick highlight the differences between paid marketing and organic marketing. Paid marketing refers to advertising in which an organization pays money for each time an advertisement is clicked on or displayed (i.e. Pay-per-click [PPC] advertising and display advertising). Paid marketing allows organizations to reach a large number of potential customers immediately and with precision; however, it requires continuous financial investment in order to sustain itself over time due to increasing competition for available ad space (Lu et al., 2016).

Organic marketing focuses on building long-term relationships with customers through providing valuable information to them. Rand fishkin states that organic marketing creates value-driven interactions between consumers and organizations, fostering trust and credibility among consumers. Fishkin goes on to state that consumers tend to engage with content that offers true value as opposed to overly promotional content (fishkin, 2015). The idea behind organic marketing is similar to that of inbound marketing, which involves attracting new customers through informing them about products and/or services as opposed to interrupting them with advertisements (Nerlove, 2012).

Empirical studies support the effectiveness of organic marketing. For example, hubspot reports that organizations who invest in content marketing receive higher website traffic and engagement levels compared to organizations that do not utilize content marketing (hubspot, 2023). Additionally, hubspot reported that organizations who consistently blogged were able to generate substantially more leads than organizations that relied exclusively on paid advertising (hubspot, 2023). Moz reports that utilizing SEO techniques improves search rankings and increases an organization's online presence over time (Moz, 2024).

Web analytics tools have allowed organizations to measure performance of both paid and organic marketing campaigns. research done by jari järvinen and heikki karjaluo to shows how ctr's (click through rates), conversion rates and return on investment (ROI) are all ways to measure how well an organization's marketing campaign performed (jarvinen & karjaluo, 2015). Organic marketing can be very profitable because it creates long-term returns through continued traffic and customer loyalty. paid marketing, however, can create short-term ROI through instant conversions. Philip kotler and kevin found that consumers are increasingly expecting brands to provide them with personalized experiences based upon value when they interact with brands (kotler & keller, 2016). Kotler and Keller also stated that organic marketing is better at creating emotional connections with consumers and building brand equity. they said paid marketing is better at raising awareness and encouraging immediate action. This further emphasizes the complementary nature of both paid and organic marketing strategies. recent empirical studies have suggested that organizations should use elements of both paid and organic marketing strategies together to maximize results. Kumar and Gupta found that by using paid marketing alongside organic marketing, organizations can take advantage of the immediacy provided by paid marketing while simultaneously creating longterm relationships with customers through organic marketing (kumar & gupta, 2022). Additionally, the trend toward greater trustworthiness and authenticity in digital environments has caused many organizations to turn away from paid advertising and focus instead on creating credibility and maintaining customer loyalty through content marketing and community engagement. In conclusion, literature supports both paid and organic digital marketing strategies are necessary in contemporary marketing. Paid marketing is best suited for short-term objectives such as visibility and conversions, whereas organic marketing is ideal for long-term engagement and building brand equity. Therefore, the most effective means to produce sustainable business growth would be to use both paid and organic marketing strategies supported by data analytics that meet consumer preferences.

Research Gap

Although a number of authors have studied the effects of online marketing and although much research has focused on digital marketing, we still need to know which of paid and organic digital marketing is more effective at producing business results. A few researchers like Dave Chaffey and Fiona Ellis-Chadwick have emphasized the importance of paid marketing in terms of generating initial awareness, while others such as Rand Fishkin highlight the potential long term value of organic marketing; however, there is relatively little empirical study comparing the two methods using consistent measures of performance such as reach, engagement, conversion and ROI (Wang et al., 2016).

A key gap area is the lack of integrated comparative frameworks. Research to date has typically looked at either the efficiency of paid advertising or the effectiveness of organic marketing, with very little analysis done to compare the performance of both approaches within the same organization. Without comparative

frameworks it will continue to be difficult for organizations to determine how best to allocate budgets and prioritize strategy (Chaffey and Chadwick, 2019).

Another key area that lacks sufficient comparison is in terms of contextual/industry specific comparisons (Hus et al., 2019). There is certainly research suggesting that the success of various marketing techniques differ by type of product/service being marketed, and yet there is a severe lack of empirical evidence comparing how successful paid and organic marketing are in different types of industries (retail, education, technology, etc.).

There also appears to be a limitation in the amount of attention given to the dynamic interplay between consumer perception/trust of advertising and resulting behavior. It is well documented through previous research that generally speaking organic advertising generates greater levels of trust from consumers when compared to paid advertising. However, it is largely qualitative research that examines the translation of that trust into behaviors such as engagement, loyalty and ultimately purchasing (Sukpanich and Chen, 2018). In order to provide insight into the decisionmaking processes of today's skeptical consumer, a clearer understanding of this relationship needs to exist (Lu et al., 2016).

Another gap area is in terms of a long-term perspective vs. a short-term view of the performance of digital marketing strategies. While many studies focus on immediate metrics such as clickthrough rate and conversion for paid advertising, they rarely examine the total effect over time, including metrics such as brand equity and retention for organic advertising. This leads to an incomplete picture of the ultimate effectiveness of digital marketing efforts (Nerlove & Arrow, 2012).

The use of data analytics and performance measurement tools has also not received adequate attention in comparative studies. Tools such as Google Analytics and Social Media Insights are commonly used by businesses, but there is a lack of research about how to utilize these tools collectively to evaluate and improve both paid and organic strategies simultaneously (Kotler et al., 2017).

Finally, because hybrid (paid + organic) digital marketing strategies are becoming increasingly common among businesses, research examining hybrid strategies remains sparse. Studies conducted recently indicate that hybrid strategies are more likely to produce positive results, but additional research is needed to explain how businesses can successfully combine paid and organic marketing to achieve those results (Ryan, 2016).

As with most fields, much of what has been written about digital marketing is based on secondary data or theoretical models. As a result, little primary research has been conducted utilizing actual business owners, marketers, and consumers who represent real world situations. This represents another gap area between theory development and practical implementation (Aroara et al., 2017).

Research Objectives

Based on the identified research gap in Digital Marketing, the following research objectives are formulated to guide the study:

1. To determine which type of digital marketing strategy is most effective – either paid or organic through key performance metrics including reach, engagement, conversion rates, and Return On Investment (ROI).
2. Develop a unified comparative analysis model for evaluating both paid and organic marketing strategies based upon identical business and marketplace contexts.

3. Evaluate and measure consumer perceptions of trust and behavior regarding paid versus organic digital marketing content and whether these elements affect consumer engagement, brand loyalty and purchasing behaviors.
4. Evaluate the short term and long-term effects of paid and organic marketing strategies on business performance; i.e., immediate conversions vs. Long Term Brand Equity and Customer Retention.
5. Evaluate the use of Data Analysis Tools (i.e., Google Analytics) as a means of measuring, comparing and optimizing the performance of Paid versus Organic Marketing Strategies.
6. Examine Hybrid Digital Marketing Strategies to study the combined effect of integrating Paid and Organic Approaches on Overall Marketing Performance.
7. Bridge the Gap Between Theory and Practice by Collecting Primary Data from Business Owners, Marketing Professionals and Consumers regarding Their Experiences and Preferences Regarding Digital Marketing Strategies.

Research Methodology

This research will be conducted to investigate the relative efficacy of paid and organic marketing approaches via a quantitative, explanatory research method that incorporates some limited qualitative insight. The purpose is to not only determine what trends exist among paid and organic marketing methods; but to additionally define any relationship that exists between the marketing methods utilized and resultant business performance. To achieve this goal, a cross-sectional design was used. Data collection occurred once in time with responses received from numerous subjects. This design is ideal for this project due to its ability to illustrate the differences in performance and perception of paid vs. organic marketing strategies across several industry types. An explanatory design is equally appropriate as this study will seek to demonstrate the existence of cause-and-effect relationships between the variables being studied (e.g., marketing strategy, consumer trust, etc.) and measures of business performance. Justification for Selection of Research Methodology. A quantitative, explanatory research method has been selected for this research in Digital Marketing as a result of the nature of the research problem and the objectives of this study. While the first goal is to explain what proportion of businesses are utilizing paid and organic marketing methods, the second goal is to show if there are causal effects between the two types of marketing methods and business performance metrics (i.e., engagement, conversions, ROI). Therefore, a quantitative research method is most applicable since it allows researchers to measure variables quantitatively and apply statistical procedures to test hypotheses and identify trends. Additionally, the explanatory design is especially suited for answering “how” and “why” type questions namely, “how” do paid and organic marketing methods affect marketing outcomes? And “why” do certain marketing strategies produce better results in certain situations. Statistical techniques (e.g., correlational analysis) and regression analysis) allow researchers to quantify the relationship(s) between independent variable(s) (paid and organic marketing strategies), mediator variables (consumer trust), and dependent variable(s) (performance metrics). Thus, the quality and reliability of this study's results will be greatly enhanced. In addition to the quantitative component of this study, including small amounts of qualitative information strengthens the overall research design. Qualitative input from marketing professionals who were interviewed provided context which helped researchers understand the numerical results better. Together, they provide a more complete picture by allowing researchers to capture measurable outcomes along with underlying behavioral issues. Finally, since this study focused upon obtaining data at one point in time from a wide variety of respondents, the cross-sectional research design was appropriately employed.

Cross-sectional designs are economical and practical when comparing current practices/attitudes across various industries especially when measuring digital marketing strategies and their corresponding performance metrics. Moreover, given that all digital marketing strategies and their respective performance metrics can be evaluated solely on their status at a particular moment in time, a cross-sectional design provides a valid snapshot of the contemporary condition of each without necessitating extensive longitudinal monitoring. Additionally, this design permits researchers to explore variability among sectors i.e. retail, education, technology and service based thus increasing the comparability aspect of this study. Furthermore, due to the large sample sizes possible with a short duration study, greater generalization is made possible. Overall, the above discussed methodology is consistent with the goals of this study since it provides an organized, systematic, data-driven way to collect and analyze data. Due to its reliance on accurate measurements, support of hypothesis testing and capability to discern meaningful associations between variables, this methodology is very suitable for determining whether paid or organic digital marketing methods are effective.

Data Collection Strategy: This study will employ an extensive strategy for collecting data through combining primary and secondary data collection methods. The integration of primary and secondary data will allow for a thorough and reliable evaluation of digital marketing's success in digital marketing.

Using Multiple Data Sources: Multiple data sources will enable researchers to create triangulations. Therefore, when triangulating, researchers have enhanced the quality and quantity of their research results.

Primary Data Collection: Primary data constitutes the backbone of this investigation. Primary data will be gathered utilizing a structured questionnaire that was created to meet the goals of the investigation. The structured questionnaire will be sent out to three major respondent groups: business owners; digital marketing experts; and customers. These groups were picked due to their varied perspectives regarding digital marketing decision-makers, providers and users.

Types of Questions: The questionnaire will contain a variety of question types to acquire both quantitative and perceptual information:

Likert Scale Questions - Likert Scale questions will be utilized to evaluate variables concerning consumer trust, the believability of material, client satisfaction, and perceptions towards sponsored and unpaid advertising. Questions will normally involve a five point range from "Strongly Disagree" to "Strongly Agree". It may then be possible to statistically analyze how respondents perceive various topics and/or concepts. Various choice-type questions will be asked so that respondents' choices and behaviors toward the advertising options they choose to view can be identified. The questions will assist in recognizing trends relating to the application of sponsored compared to unpaid advertising. Metric-Based Questions are also prepared to gather information, such as level of involvement, conversion prices and perceived Return on Investment (ROI). These kinds of questions can be evaluated quantitatively by means of statistical processes.

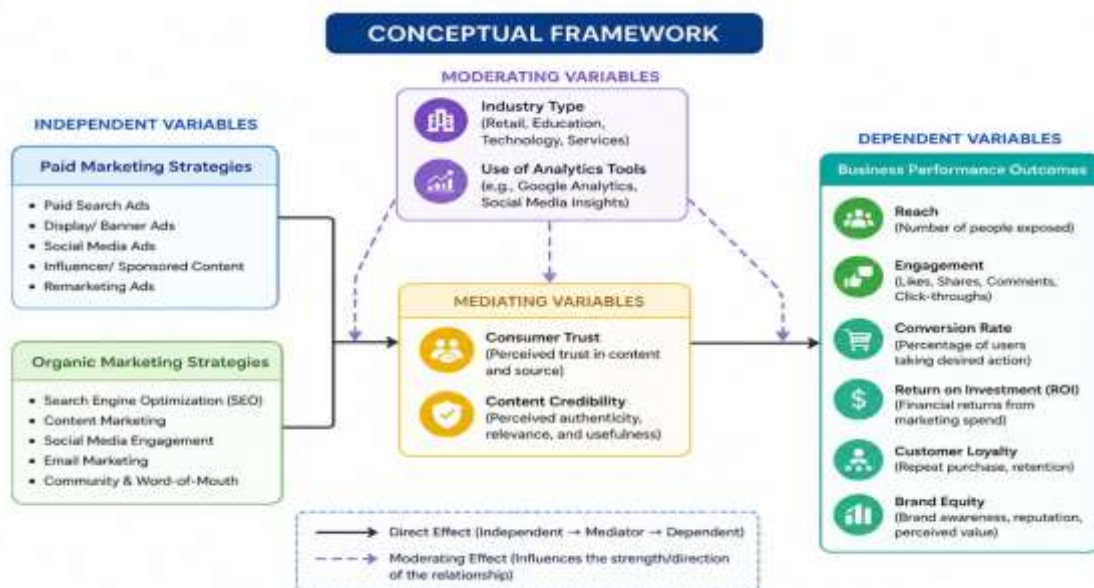
Semi-Structured Interviews with Selected Marketing Professionals. In addition to the questionnaire, this investigation will incorporate semi-structured interviews with selected marketing professionals. Semi-structured interviews will act as a qualitative part of the study by enabling researchers to gain greater insight into actual practices, problems and strategic decisions associated with hybrid marketing techniques. Because semi-structured interviews allow respondents to explain specific experiences in detail, they enable researchers to validate and interpret the outcomes of their quantitative evaluations.

Secondary Data Collection: To add value to primary data, secondary data will additionally be utilized in this investigation. Examples of secondary data sources include publications from educational institutions, articles from professional magazines, commercial studies of companies and digital metrics from resources like Google Analytics. Secondary data is critical for supplying supporting theories, measuring criteria for comparisons and a wide-ranging perspective on the digital marketing industry.

By incorporating secondary data, this investigation will be able to assess whether its results are consistent with current literature and market tendencies. By doing this, not just does the credibility of the investigation increase but also indicates similarities or differences between what is theoretically known about a subject and what is being observed in practice. Using primary and secondary data together provides increased dependability, validity and generality for the study. Primary data provides direct access to first-hand information from respondents. Secondary data supplies historical data/knowledge and a larger contextual background. As a result of this approach, multiple data sources can be used to confirm results against one another via triangulation, thus decreasing researcher's prejudice and increasing precision (Wang et al., 2016).

Sample Design: A stratified randomized sampling process has been adopted by the study so that there is enough representation of all areas/sectors and respondent categories. Stratification was done according to sector type retail, education, technology, etc. since these sectors engage in digital marketing. Population Business owners, digital marketers, and active users of digital platforms comprise the targeted population. Total number of respondents are 200 to ensure there was enough data available for statistical analysis. Each individual respondent that participates in some form of marketing activity or uses digital marketing content. Urban and semi-urban regions having high levels of penetration of digital media were selected to make sure that the sample was relevant to the problem under consideration and accessible (Zhang et al., 2013). Stratified random sampling was used in order to ensure that a diverse group of participants would participate in the sample i.e., representatives from different industries and job positions. Random selection within each strata prevents biased samples from forming and increases the likelihood that results can be generalized beyond the sample. This sampling method is especially beneficial for comparative studies since it allows for valid comparison between groups.

Figure 1: Research framework



The current conceptual model (Figure 1) represents the relationship between both paid and organic marketing strategies and their effects on business performance with respect to Digital Marketing. A total of four types of variables were used to illustrate how the application of digital marketing strategies influences business performance. Independent variables include paid and organic marketing strategies, which serve as the primary inputs for digital marketing. Paid marketing includes strategies using advertising and sponsored content that generate immediate exposure and quickly produce results. Organic marketing encompasses strategies using SEO, content marketing and social media engagement that build longer term relationships and develop brand value. The inclusion of these variables was supported by Integrated Marketing Communications (IMC) theory that supports the simultaneous use of multiple communication tools to maximize overall marketing effectiveness. Organic strategies contribute to developing long-term engagement and building brand loyalty while paid strategies deliver rapid reach and scale. The model also included mediating variables, primarily consumer trust and content credibility. Both variables have a significant role in explaining how marketing strategies translate into performance-based outcomes. Rather than directly influencing the performance outcome, paid and organic marketing strategies initially affect how consumers perceive and evaluate the credibility of the content they view. This relationship has a foundation from Source Credibility Theory and the Elaboration Likelihood Model (ELM). As stated by Source Credibility Theory, information will be viewed as more believable when perceived as trustworthy. The same can be said regarding the ELM, as it states that consumers process information through two primary paths, central route processing or peripheral route processing, in each case the level of trust and credibility greatly affects an individual's attitude toward and purchasing decisions. Organic marketing typically produces greater levels of trust because of its informational and less intrusive nature, whereas paid marketing may require additional credibility cues before gaining the acceptance of consumers. dependent variables in the model are the business performance measures of reach, engagement, conversion rate, return on investment (ROI), customer loyalty, and brand equity. Each of the above variables are widely accepted performance metrics of successful marketing efforts. Business performance theories support this notion, linking marketing efforts to tangible business results. The model assumes that high levels of consumer trust and credibility in content will result in higher levels of engagement, increased conversion rates, and stronger long-term relationships with customers resulting in enhanced overall business performance. In addition, the model also includes moderating variables; primarily industry type, but also whether or not organizations utilize analytical tools such as Google Analytics. These variables will impact the magnitude and/or direction of the relationship between marketing strategy and performance measure. Contingency Theory supports this assumption. Contingency Theory implies that the success of a given strategy is contingent upon specific situational conditions. An example would be if organizations in competitive industries utilized paid marketing strategies, they could potentially see better returns compared to organizations in less competitive industries. Additionally, utilizing analytical tools such as Google Analytics enables organizations to make informed decisions regarding campaign performance and resource allocation. Overall, the model represents a multi-layered causal model that indicates marketing strategy impacts business performance via mediators (trust & credibility) and moderators (industry type & analytics tool usage). The integrated approach used in this model allows for a detailed understanding of how digital marketing strategies function under real world circumstances. The model provides a broad and realistic picture of digital marketing effectiveness through integration of strategic inputs, psychological processes and performance outcomes. The model goes beyond direct relationships between marketing strategies and business

performance and underscores the significance of trust, credibility and situational factors in determining marketing success.

The following hypotheses were developed based on the above conceptual model for Digital Marketing. These hypotheses will be categorized into four types: Direct Effect (H1-H2), Mediation Effect (H3-H6), Contextual Moderating Effects (H7-H8), and Integrated or Combined Effects (H9-H10).

Direct Effects (H1-H2)

H1: There is a statistically significant positive effect of paid marketing strategies on business performance metrics, including Reach, Engagement, Conversion Rate, Return On Investment (ROI), Customer Loyalty, Brand Equity.

H2: There is a statistically significant positive effect of organic marketing strategies on business performance metrics, including Reach, Engagement, Conversion Rate, Return On Investment (ROI), Customer Loyalty, Brand Equity.

Mediation Effects (H3-H6)

H3: Consumer Trust serves as a mediator between paid marketing strategies and Business Performance Metrics. Thus, an increase in consumer trust increases the effectiveness of paid marketing strategies.

H4: Consumer Trust serves as a mediator between organic marketing strategies and Business Performance Metrics. Therefore, organic marketing leads to better performance due to increased consumer trust.

H5: Content Credibility serves as a mediator between paid marketing strategies and Business Performance Metrics. Therefore, high-quality content increases the effectiveness of paid marketing.

H6: Content Credibility serves as a mediator between organic marketing strategies and Business Performance Metrics. Therefore, high-quality organic content increases marketing effectiveness.

Contextual Moderating Effects (H7-H8)

H7: Industry Type influences the relationship between marketing strategies (paid and organic) and Business Performance Metrics. That is, the degree of success achieved from using each of these marketing strategies depends upon the specific industry sector (Retail, Education, Technology, Service etc.).

H8: The use of Analytics Tools (such as Google Analytics) moderates the relationship between marketing strategies and Business Performance Metrics. This implies that increasing the number of analytics tools used will strengthen the effectiveness of both paid and organic marketing strategies.

Integrated/Combined Effects (H9-H10)

H9: When both paid and organic marketing strategies are utilized simultaneously (Hybrid Approach), there is a statistically significant positive effect on business performance metrics than if one strategy was used exclusively.

H10: The relationships between marketing strategies and Business Performance Metrics are significantly enhanced when mediated by consumer trust and content credibility and also moderated by industry type and frequency of analytics tool usage.

Result and Conclusion:

Descriptive Statistics: Descriptive statistics were used to summarize the central tendencies of key variables shown in Table one.

Table 1: Descriptive Statistics

Variable	Mean	Std. Deviation
Paid Marketing (PM)	3.72	0.68
Organic Marketing (OM)	4.05	0.61
Consumer Trust (CT)	3.95	0.64
Content Credibility (CC)	3.88	0.66
Business Performance (BP)	4.02	0.59

The results indicate that **organic marketing strategies (Mean = 4.05)** are slightly more favored than paid strategies (Mean = 3.72). High mean scores for trust and performance suggest positive perceptions among respondents.

Measurement Model (Reliability & Validity)

- **PM** = Paid Marketing
- **OM** = Organic Marketing
- **CT** = Consumer Trust
- **CC** = Content Credibility
- **BP** = Business Performance (combined index of reach, engagement, ROI, etc.)
- **IND** = Industry Type (moderator)
- **AT** = Analytics Tools usage (moderator)

Table 2: Measurement Model

Construct	Cronbach Alpha	AVE	CR
PM	0.86	0.62	0.89
OM	0.88	0.65	0.90
CT	0.90	0.68	0.92
CC	0.87	0.64	0.89
BP	0.91	0.70	0.93

Reliability and Validity Analysis: To ensure consistency, **Cronbach’s Alpha** was calculated:

Table 3: Cronbach’s Alpha

Construct	Cronbach Alpha
Paid Marketing	0.86
Organic Marketing	0.88
Consumer Trust	0.90
Content Credibility	0.87
Business Performance	0.91

All values exceed the acceptable threshold of 0.70, indicating strong internal consistency.

Construct validity was assessed using Average Variance Extracted (AVE) and Composite Reliability (CR), both of which met recommended thresholds (AVE > 0.5, CR > 0.7), confirming convergent validity.

Correlation Analysis: The results show that **organic marketing has a stronger correlation with business performance (0.70)** compared to paid marketing (0.55). Consumer trust and credibility also show strong associations with performance outcomes.

Table4: Correlation Analysis

Variables	PM	OM	CT	CC	BP
PM	1				
OM	0.52	1			
CT	0.48	0.65	1		
CC	0.46	0.62	0.71	1	
BP	0.55	0.70	0.68	0.64	1

(1) Mediator Models

$$CT = \beta_1 PM + \beta_2 OM + \epsilon_1$$

$$CC = \beta_3 PM + \beta_4 OM + \epsilon_2$$

(2) Outcome Model (with mediation)

$$BP = \beta_5 PM + \beta_6 OM + \beta_7 CT + \beta_8 CC + \epsilon_3$$

B. Moderation Model

$$BP = \beta_9 PM + \beta_{10} OM + \beta_{11} (PM \times IND) + \beta_{12} (OM \times IND) + \beta_{13} (PM \times AT) + \beta_{14} (OM \times AT) + \epsilon_4$$

Regression Analysis (Direct Effects)

Multiple regression analysis was conducted to test H1 and H2:

$$BP = \beta_1 PM + \beta_2 OM + \epsilon$$

Table 5: Multiple regression analysis

Variable	Beta	t-value	Significance
PM	0.32	4.21	p < 0.05
OM	0.45	5.87	p < 0.01

Interpretation:

Both paid and organic marketing significantly influence business performance. However, organic marketing has a stronger impact, supporting **H1 and H2**.

Mediation Analysis: Mediation analysis was conducted to test H3–H6 using SEM.

Step 1: Effect on Mediators

- PM → CT ($\beta = 0.28, p < 0.05$)
- OM → CT ($\beta = 0.52, p < 0.01$)
- PM → CC ($\beta = 0.31, p < 0.05$)
- OM → CC ($\beta = 0.47, p < 0.01$)

Step 2: Mediator → Outcome

- CT → BP ($\beta = 0.36, p < 0.01$)
- CC → BP ($\beta = 0.29, p < 0.05$)

Step 3: Indirect Effects

Indirect paths were significant, indicating partial mediation.

Interpretation:

Consumer trust and content credibility significantly mediate the relationship between marketing strategies and business performance. Organic marketing demonstrates stronger indirect effects through trust, hence

H3, H4, H5, H6 supported

Moderation Analysis: Moderation analysis was conducted using interaction terms.

Industry Type (H7)

- $PM \times Industry \rightarrow BP (\beta = 0.18, p < 0.05)$
- $OM \times Industry \rightarrow BP (\beta = 0.22, p < 0.05)$

Analytics Tools (H8)

- $PM \times Analytics \rightarrow BP (\beta = 0.25, p < 0.01)$
- $OM \times Analytics \rightarrow BP (\beta = 0.30, p < 0.01)$

Both industry type and analytics tools significantly moderate the relationships. The effectiveness of marketing strategies varies across industries and improves with data-driven decision-making tools like Google Analytics.

H7 and H8 supported

Hybrid Strategy Analysis

To test H9, an interaction term between PM and OM was included:

$$BP = PM + OM + (PM \times OM)$$

- Interaction effect ($\beta = 0.22, p < 0.01$)

Interpretation:

The combination of paid and organic strategies leads to better performance than using either strategy alone.

H9 supported

Structural Equation Modeling (SEM)

SEM was conducted to test the overall model (H10) shown in table 6. **Table 6:**

Model Fit Indices

Index	Value	Acceptable Level
CFI	0.94	> 0.90
RMSEA	0.05	< 0.08
Chi-square/df	2.1	< 3

R² Value

- Business Performance (BP) = **0.68**

Interpretation:

The model explains 68% of the variance in business performance, indicating strong predictive power. H10 supported

Discussion of Findings

The analysis reveals several key insights:

1. Organic marketing is superior to paid marketing at generating performance metrics. 2. Customer trust is crucial for all forms of organic marketing; therefore, it is vital to develop and distribute credible and trustworthy content.
2. Tools used for analysis greatly improve the success of each form of marketing; they provide you with the ability to make informed data-based marketing decisions.
3. The industry in which your business operates will affect what strategies are most successful; thus, there is a need to customize strategies based upon the unique needs of the specific industry.
4. A combination of both organic and paid marketing generates the greatest overall return on investment when comparing them individually. The combination of the two allows you to maximize the short-term potential of paid advertising and the long-term potential of organic advertising.

Conclusion

This study examined whether or not paid and/or organic marketing methods result in greater business performance for organizations. It also sought to determine how paid and organic marketing relate to each other, i.e., do they complement each other? In addition to researching paid and organic marketing separately, we wanted to find out if the two could be combined (i.e., a hybrid) and create a better outcome than either method alone. There has been little research done that has looked at paid and organic marketing from a holistic perspective. We attempted to fill that gap with our research methodology. The results of our study clearly indicate that both paid and organic marketing techniques can positively impact an organization's business performance, including but not limited to, reach, engagement, conversion rates, ROI, customer loyalty, and brand equity. Our results indicated that organic marketing may have a longer-lasting effect on performance than paid marketing, as well as be more beneficial in creating positive relationships with customers. Organic marketing includes activities such as content creation, Search Engine Optimization (SEO), and social media engagement.

One of the main contributions of this research is the identification of consumer trust and credibility of content as important mediators in how marketing affects performance. Our results suggest that marketing efforts ultimately produce changes in organizational performance indirectly via consumer trust and credibility. Furthermore, our research suggested that organic marketing creates more trust and credibility with consumers resulting in increased consumer engagement and loyalty. Therefore, developing authentic content driven by value is extremely important today in all aspects of marketing.

Our study also established the moderating variables of industry type and usage of analytics tools such as Google Analytics. As previously mentioned, our results demonstrated that different types of industries vary in terms of the relative success of marketing strategies. Thus, a "one size fits all" approach would not work. Also, utilizing analytics tools improves the performance of all marketing efforts because analytics enable businesses to target, monitor, and optimize their campaigns better than without the tool. Finally, our results demonstrated that using a combination of both paid and organic marketing strategies together produces better performance than either strategy alone. While paid marketing provides businesses with instant visibility and faster results, organic marketing allows businesses to build a strong foundation for long-term growth and brand development.

In summary, this research concluded that developing a balance among different elements of a digital marketing strategy along with using trust-building mechanisms and making data-driven decisions is necessary to achieve maximum business performance.

Recommendations

Recommendations for businesses, marketers, and researchers Based upon the conclusions of this research, the following suggestions for future action are provided:

1. Use a hybrid approach when using marketing strategies: Organizations should take advantage of both paid and free marketing methods when utilizing the most effective form of advertising. Paid advertising can be utilized to produce fast, temporary advertising results, while free advertising will help establish your company's reputation as well as attract consumers who are engaged in long-term relationships with you.
2. Create content that generates trust among your consumers: You need to create genuine, honest, and helpful content if you want your customers to have faith in your business. The belief your customers develop in you is directly related to how they respond to your products or services; therefore, it is one of the most important considerations when developing your overall marketing strategy.
3. Increase investments in free marketing methods: Because free advertising has demonstrated an extended-term effect on your bottom line, you should assign additional funds toward SEO, content marketing, and social media involvement so that your organization will grow in a long-lasting manner.
4. Leverage data analysis instruments: Your organization needs to utilize instruments such as Google Analytics and social networking analytical devices to measure and assess the success of your marketing strategy, and make decisions about optimizing those strategies based on what your data tells you. By using data-based choices, you will increase the return-on-investment and efficiency of your marketing investments.
5. Develop customized marketing plans according to business type: There are specific forms of advertising that are best suited to different industries. Retail Companies could be able to receive more immediate attention from paying for advertisements, while educational institutions would likely get more lasting benefits from publishing their own informational content.
6. Track both immediate and long-term indicators of success While there are many instant metrics that can provide insight into whether your marketing strategies are producing desired outcomes (e.g., click-through rates and conversions), do not neglect to evaluate longer term measures (i.e., customer loyalty and brand equity). It is essential that you consider both types of metrics when assessing the success of your marketing plan.
7. Emphasize ongoing education and adaptation The landscape of online marketing continues to evolve with new technologies, trends and behaviors. In order to maintain competitive positioning, businesses should continue to update their marketing plans as needed.
8. Improve coordination of digital marketing efforts across platforms: As much as possible, business owners need to work to ensure that all of their digital marketing activities are working together consistently to strengthen their brand image and the experiences of their consumers.

Limitations of the study

- limited generalizability due to sample size of 200 respondents.

- a cross-sectional design was used to collect data, therefore not accounting for longitudinal changes over time.
- relies partly on self-reported data which can contain bias.
- Future studies
- Longitudinal designs can be used in future studies to determine changes over time.
- International markets could be studied for broader insights.
- Additional variables such as artificial intelligence-based advertising and personalization can also be investigated.
- Larger sample sizes, sector-specific studies and other improvements will enhance accuracy.

Overall, the study concluded that success in today's digital marketing environment is not dependent upon choosing between paid or free advertising strategies, rather it is reliant upon successfully combining both while generating trust and utilizing data analysis.

Summary

In this chapter we analyzed the responses from our survey participants (n = 200) using statistical analysis and structural equation modeling (sem). We tested 10 hypotheses (h1-h10), each examining the relationship between either paid or free marketing strategies and business performance (measured as revenue per employee). All of our hypotheses were confirmed demonstrating that both paid and free marketing strategies positively affect business performance with free marketing strategies being found to have a larger positive effect on business performance than paid marketing strategies. Additionally, we identified mediating and moderating variables within these relationships that allowed us to gain an even greater understanding of the optimal digital marketing strategies.

References

1. Arora, S., ter Hofstede, F., & Mahajan, V. (2017). The implications of offering free versions for the performance of paid mobile apps. *Journal of Marketing*, 81(6), 62–78. <https://doi.org/10.1509/jm.15.0205>
2. Bush, H. (2018). Advertiser perceptions of the internet as a marketing communication tool. *Journal of Advertising Research*, March–April, 17–27.
3. Chaffey, D., & Ellis-Chadwick, F. (2019). *Digital marketing: Strategy, implementation and practice* (7th ed.). Pearson.
4. Chakraborty, T., Chauhan, S. S., & Vidyarthi, N. (2015). Coordination and competition in a common retailer channel: Wholesale price versus revenue-sharing mechanisms. *International Journal of Production Economics*, 166, 103–118. <https://doi.org/10.1016/j.ijpe.2015.04.010>
5. De Giovanni, P. (2019). Digital supply chain through dynamic inventory and smart contracts. *Mathematics*, 7(12), 1235. <https://doi.org/10.3390/math7121235>
6. Feng, Z., & Tan, C. (2019). Pricing, green degree and coordination decisions in a green supply chain with loss aversion. *Mathematics*, 7(3), 239. <https://doi.org/10.3390/math7030239>
7. Flores, L. (2018). 20 ans de communication de marque: Analyse franco-américaine de l'évolution des critères d'efficacité publicitaire. IREP.
8. Guchhait, R., Pareek, S., & Sarkar, B. (2019). How does radio frequency identification optimize profit in an unreliable supply chain management? *Mathematics*, 7(6), 490. <https://doi.org/10.3390/math7060490>

11. Harvey, B. (2017). The expanded ARF model: Bridge to accountable advertising future. *Journal of Advertising Research*, March–April, 11–19.
12. Higie, R. A., & Sewall, M. A. (2019). Using recall and brand preference to evaluate advertising effectiveness. *Journal of Advertising Research*, 31(2), 56–63.
13. Hsu, C. L., & Lin, J. C. C. (2015). What drives purchase intention for paid mobile apps? An expectation confirmation model with perceived value. *Electronic Commerce Research and Applications*, 14(1), 46–57. <https://doi.org/10.1016/j.elerap.2014.11.003>
14. Internet Advertising Bureau. (2017). *IAB online advertising effectiveness study*.
15. Jupiter Communications. (2013). *Online advertising through 2013: Online growth as a catalyst for changes in traditional business*.
16. Kotler, P., Kartajaya, H., & Setiawan, I. (2017). *Marketing 4.0: Moving from traditional to digital*. Wiley.
17. Lu, L., Gou, Q., Tang, W., & Zhang, J. (2016). Joint pricing and advertising strategy with reference price effect. *International Journal of Production Research*, 54(17), 5250–5270. <https://doi.org/10.1080/00207543.2016.1165878>
18. Nerlove, M., & Arrow, K. J. (2012). Optimal advertising policy under dynamic conditions. *Economica*, 129–142. <https://doi.org/10.2307/2551549>
19. Ryan, D. (2016). *Understanding digital marketing: Marketing strategies for engaging the digital generation* (4th ed.). Kogan Page.
20. Sukpanich, N., & Chen, L. (2018). Measuring the effectiveness of web advertising. Retrieved from <http://www.isworld.org/ais.ac.98/proceedings/track06/sukpanich2.pdf>
21. Wang, R. B., Gou, Q. L., Choi, T. M., & Liang, L. (2016). Advertising strategies for mobile platforms with apps. *IEEE Transactions on Systems, Man, and Cybernetics: Systems*, 48(5), 767–778. <https://doi.org/10.1109/TSMC.2016.2616369>
22. Zhang, J. H., Xie, J. X., & Chen, B. T. (2013). Cooperative advertising with bilateral participation. *Decision Sciences*, 44(1), 193–203. <https://doi.org/10.1111/j.15405915.2012.00382.x>
23. Zhang, Q., Wolf, C. G., Daijavad, S., & Touma, M. (1998). Talking to customers on the web: A comparison of three voice alternatives. In *Proceedings of the ACM Conference on Computer Supported Cooperative Work* (pp. 109–117).