

A COMPARISON OF PHYSICAL AND DIGITAL MARKETING IN COFFEE SHOPS

ENG W231: THIRD PLACE

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Abstract

Physical and digital marketing have always been important to businesses, especially small business coffee shops. These kinds of marketing would include things such as social media, flyers, billboards, an advertisement on the radio, etc. As most people know, marketing can be expensive and, in most cases, it gets overlooked. Marketing is one of the “big rocks” of business and it is necessary to do if you want to be known by all the town. As modern-day technology is becoming more important each year, social media has been one of the most popular forms of digital marketing. This paper highlights the differences between the two types and weighs the benefits of both physical and digital marketing.

Introduction

When opening your own small business, specifically, a coffee shop, it is important to make it as popular as possible. Marketing is what can make this happen and draw customers in because of what is put out on social media, with flyers or any type of advertisement. With all the decisions necessary to make when opening a business, some might overlook marketing because of the cost or by accident, but this decision is a necessity. Yet choosing the right marketing campaign for a business can be difficult. Some of these options can be expensive, such as paying for a billboard, an advertisement on the radio, etc. The average cost does not have to be expensive; many business owners

choose what will work best to bring customers in, whether it be digital or physical advertising and inexpensive marketing is included.

Future coffee shop owners will need to promote their products and will need to make the decision to market digitally or physically. This can either be a pricey or inexpensive cost and as a small business owner, it is important to have a budget and know how much money goes into marketing. If it is deciding to save money, there are still efficient ways to market the business. There are many different types of marketing, physically and digitally, which gives many options to see which works best.

As a coffee shop owner, it is important to make sure the drinks made are known by everyone in town. Marketing does not take a large amount of time to conduct, nor is it very hard, but it is important to make time for it in a small business. Active marketing will bring more customers into your business daily. This report will explain the ins and outs of both types of marketing, and which one would be the best route for a coffee shop owner.

Overview of Two Types of Marketing

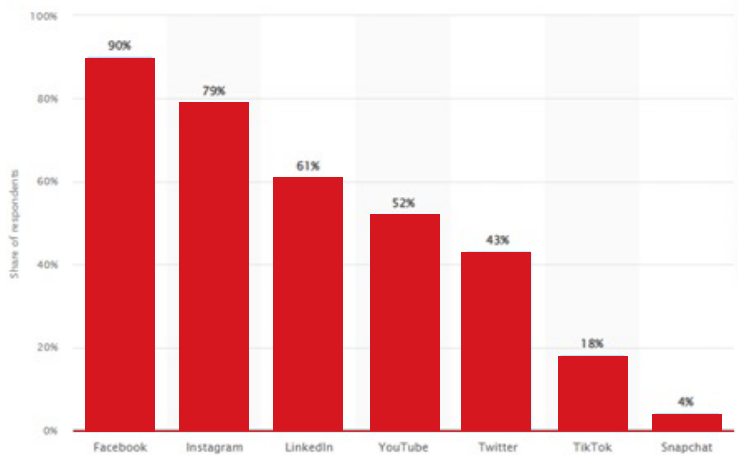
Physical Marketing. Physical marketing is the promotion of a business using conventional sources such as flyers, the newspaper, the radio, television and many more. According to Ward, the owner of a thriving local coffee shop, “in-person marketing is one of the best types of physical or digital marketing that can be used” (personal communication, February 5, 2023). The level of trust that this type of marketing provides is much higher than what digital marketing can provide because it is easier to trust the words that come out of someone’s mouth, rather than the online environment where fraud can be a high possibility (Todor, 2016). Physical marketing has been around for much longer than digital marketing, making people more accustomed to it. This was the traditional form of marketing until the recent increase in social media marketing.

Digital Marketing. Digital marketing is anything online,

specifically social media, where a two-way interaction is incorporated between a company and its customers. This is the greatest form of digital marketing and with almost everyone on social media these days, it is very effective. This can provide many benefits and a business can take this route without any costs. With technology growing continuously over the years, digital marketing became a new and easy way to promote businesses.

Although some business owners may not be familiar with social media/ digital marketing, it will be well worth the time. People gather on social media and express their own knowledge, information, and opinions. Because of this, social media can be more than just a marketing strategy. Statistics have shown that from 2017 to the end of 2022, the number of global network users has increased from 2.73 billion to 4.59 billion and it is projected to keep skyrocketing (Dencheva, 2023). Recently, social media has been one of the most popular and successful forms of digital marketing (Dencheva, 2023). As shown in figure 1, Facebook is the number one source for marketing worldwide.

Figure 1 - Social Media Platforms Used by Marketers Worldwide



Note: a dataset containing different social medias and the use of them as marketers.
Figure 1: Data from Statista, 2023.

Types of Physical Marketing

In-person advertisement: While any type of marketing can go a long way, someone's personal reference is a game changer when it comes to promoting a business. When advertising in-person, one can try to make themselves look good with the decorations of the business, or their own words. It is really how the customers are treated and if the owners have done well enough for customers to share encouraging words to others about the business (Arruda, 2023). Business owners should make it a priority to make connections with the customers (Ward, personal communication, February 5, 2023). The owner of a local coffee shop explained how, without this connection, you cannot provide the best service to attract customers to the product. If great customer service is provided, along with delicious coffee, anyone would want to come back.

Physical advertisement: People still read the newspaper, read magazines, look at billboards, etc. and there are ads in each one. Most of these types of advertising are just trying to reach local communities. This way of advertising is the costliest type in most cases and that is the reason why some people may not use physical advertisement (ERM, 2020). Unlike in-person advertising, there is no face-to-face connection with customers to provide the true relationship for them to be satisfied in that perspective and really make that connection to a business (Todor, 2016).

Types of Digital Marketing

Instagram: Instagram is an effective source for marketing using visual language and words. The advertisement is posted online to the public; anyone can view feedback or leave their own and it can create so many opportunities for a business. Compared to all other social media, Instagram has the strongest bonding strength with the features to connect to the target audience (Soedarsono et al., 2020). These features include the videos and images posted to Instagram, but also the ability to share someone else's post. For example, if one makes

a post to Instagram, a customer may see the post and share it to their page for more people to see. Before trying something new, anyone would want to see the product first. This is the advantage when using Instagram for marketing--anyone can make a product look good with a picture or video. Instagram also provides the ability to communicate with a business through direct messages. About 90% of customers have visited a business in-person because of online experiences with the business, whether it was seeing their video, image, or through communication (Shepherd, 2023).

Pay-Per-Click Ads: This kind of digital marketing is one that would be costly for a coffee shop. By advertising in this way, the coffee shop can reach many different online sites. This can be good for targeting those who like the content of coffee, are around the same location as the coffee shop or even by age or gender. These ads could be on Google, Bing, LinkedIn, Twitter, Pinterest, Facebook and would show up when looking up a term related to the product (Barone, 2023). Coffee shops would just be required to pay to place the ads on the different listed places above, leaving this as a costly form of marketing.

Costs of Physical and Digital Marketing

The overall costs in physical marketing are much more than any digital marketing. This is one of the only downfalls to physical marketing. In figure 2, in February of last year, the business budget for physical marketing increased to the highest the budget has been in the last 10 years. Physical marketing is not becoming less popular, the cost is not what is leading people away from this type of marketing.

Compared to physical marketing, digital marketing has an advantage when it comes to the cost of advertising. It brings an overall benefit to those who market digitally because the money usually spent on physical marketing can be used elsewhere in the coffee shop. The average business's budget for digital marketing has increased significantly since June of 2020. These businesses are saving their money and starting to market their businesses online. Todor (2016)

states that in most cases, websites can generate traffic for a low to no cost at all. This leaves digital marketing the best option when it comes to the costs of marketing.

Figure 2 - Digital vs. Physical (traditional) Spending Changes



Note: The graph shows the differences in changes of physical and digital spending over the last 10 years.

Figure 2. Data from Statista 2023.

Comparing the Two Types of Marketing

Both types of marketing are very useful in their own ways. It just depends on the person and the business marketing as to which one works better for the business and which type of marketing the person can use best to gain the most customers. When it comes to cost, either type of marketing is efficient, but there is a “better” option. Digital marketing has more platforms for free advertising and with the amount of people who use social media today (see figure 1), it really takes nothing but creativeness to market your product. Physical marketing has cost-free options, but there are fewer compared to the types of marketing that are costly such as billboards, newspapers, radio, television, etc.

If there is a downfall to digital marketing, it would be the fact that anyone can make a drink look good, especially coffee. It is easy to put sweet cream cold foam, drizzles, or whatever it may be, on top and call it delicious. This catches the eye of many who see it, but the taste is not guaranteed to be delicious through a photo. This is why personal communication from another person is better than anything the internet may tell you. The owner of a locally-owned coffee described how physical marketing can be much more efficient than digital marketing. She told me how she would make a frozen drink and split it up into sample sizes and take them across the street for people to try when they first opened. She then explained the importance of in-person advertising and how much better it is to hear a recommendation from a person rather than see it in an advertisement. With that, you can even save a \$200 cost for advertising and put it into something else in the shop, such as a sale, or for better assets, etc (Ward, personal communication, February 5, 2023).

Figure 2 shows the spending changes of physical (traditional) and digital marketing over the past 10 years in businesses in the United States. Businesses have been lowering their physical spending while the spending for digital marketing has grown because of the growth in the use of technology. Since 2012, people have put less spending into physical marketing because they were starting to focus on digital marketing as it became a trend. In February of last year, spending for digital marketing was the highest it has ever been (Statista, 2023).

Why Marketing is Important in Coffee Shops

A central goal of marketing is to convert targets into customers through persuasion (Hmurovic et al., 2023). When striving for sustainability in a small business, marketing is a key factor in being successful. Any small coffee shop will need marketing whether it be physical or digital. When it is a locally owned coffee shop, it is necessary to be set apart from all the other small or big coffee shops around. As stated before, the owners of a local coffee shop said they saved their

spending on advertising and put it elsewhere. Most local coffee shops do the same thing, and it is not because of the amount but rather the cost-free ways work better for their business.

There are many strategies that you can include in your local coffee shop that could bring customers in often, such as attractive décor, branding, Wi-Fi, pet/ kid-friendly space, etc. (Revel Blog, 2022). The owner needs to see what works best for their business and what the customers like, incorporate it in the business, and it will bring customers back continuously. Those customers will want to leave good reviews and tell their friends about you, and just like that, your customer numbers are growing.

Summary and Recommendation

To summarize the comparison of physical and digital marketing, it truly depends on the owner to decide which type works best for their company. When looking deeper into the difference between physical and digital marketing, it is important to consider what exactly you would be doing, such as marketing on social media or ads as you see on billboards. It depends on how you personally like to market your product and what brings you the most customers. Both types of marketing are commonly used today and can be efficient, per the type used. Although everyone has their own preference, when narrowing it down, digital marketing will be the best way to market your coffee shop in today's culture.

The goal of this report is to compare physical marketing with digital marketing. Greg Ubert (2004), the founder of Crimson Cup, a popular coffee brand, talks about marketing, asking "What are the big rocks in your life? Perhaps they are your loved ones, your faith, or your education. Maybe they are your dreams, teaching, or mentoring others. Remember to get these big rocks in first or you'll never get them in at all" (p. 54). In reference to the quote, he said that well-focused, grass-roots marketing is the big rock of business. ■

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