

Opportunities and Challenges in Algeria's Digital Marketing Ecosystem

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Abstract:

This study aims to explore the role of digital marketing in Algeria, identifying the opportunities it offers and the challenges it presents for local businesses. The main objective is to understand how Algerian companies can leverage digital tools to grow in a globalized market. The findings show that while digital marketing provides significant opportunities, many obstacles remain, particularly in terms of infrastructure, skills, and regulation. However, the study also emphasizes the importance of adopting tailored digital strategies to overcome these challenges and capitalize on the benefits of digital marketing.

Keywords:.

Keywords : Digital marketing, opportunities, challenges, digital strategies, digital tools

Jel Classification Codes : M31 , L86 , O55

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Résumé

Cette étude vise à explorer le rôle du marketing digital en Algérie, en identifiant les opportunités qu'il offre et les défis qu'il comporte pour les entreprises locales. L'objectif principal est de comprendre comment les entreprises algériennes peuvent exploiter les outils numériques pour se développer dans un marché globalisé. Les résultats montrent que, bien que le marketing digital offre de réelles opportunités, de nombreux obstacles persistent, notamment en matière d'infrastructures, de compétences et de régulation. Cependant, l'étude souligne également l'importance d'adopter des stratégies numériques adaptées pour surmonter ces défis et tirer parti des avantages du marketing digital.

Mots clés : marketing digital, opportunités, défis, stratégies numériques, outils numériques

1. INTRODUCTION

In a rapidly evolving world marked by rapid digitization and technological advancements, digital marketing has become an essential component of business communication and development strategies. It transforms traditional interactions between brands and their customers, creating new opportunities to engage, personalize, and retain target audiences. Through innovative tools such as social media, online advertising, and e-commerce platforms, digital marketing redefines traditional promotion and customer relationship models.

In this context, the emergence of digital marketing in Algeria reflects a fundamental shift in how businesses adapt to the digital age. Increasingly, local players are exploring these modern tools to position themselves in an ever-changing market, seeking to capture the attention of an increasingly connected and demanding clientele. This transition to digital raises questions about the adoption, integration, and effectiveness of these tools in an environment marked by economic, cultural, and technological specificities.

Question of the study

How can Algerian businesses fully exploit the opportunities of digital marketing while overcoming the challenges related to its adoption and integration in a local environment?

Hypothesis: Algerian businesses can fully capitalize on the opportunities of digital marketing by adopting localized strategies and addressing key challenges such as infrastructure gaps, skill shortages, and consumer trust issues, enabling them to enhance competitiveness and drive growth in a digital-first economy.

Research Objectives:

- Identify the strategic opportunities offered by digital marketing,

particularly in terms of growth, customer engagement, and competitiveness.

- Analyze the main challenges faced by businesses (technical, cultural, organizational, or regulatory).

The importance of the study:

The importance of this study lies in its potential to guide Algerian businesses in navigating the rapidly evolving digital landscape. As internet penetration and mobile usage continue to rise, digital marketing offers a powerful tool for businesses to reach wider audiences, enhance customer engagement, and drive sales. However, challenges such as infrastructure limitations, hinder its full adoption. By identifying these opportunities and challenges, the study provides actionable insights for businesses to develop effective digital marketing strategies. This not only supports economic growth and competitiveness but also positions Algeria to better integrate into the global digital economy, fostering innovation and sustainable development.

Research methodology:

In this study, we primarily adopted a documentary approach to understand the theoretical aspect of digital marketing, relying on specialized books, academic articles, and previous studies. This method allowed us to examine the fundamental concepts of digital marketing. The study also relied on the analysis of data and statistics related to the components of digital marketing in Algeria, aiming to provide a precise vision of this field. This analysis includes examining internet penetration rates, social media usage, digital infrastructure, as well as trends in e-commerce and the behavior of Algerian consumers on digital platforms. This analytical basis helps

to better understand the opportunities offered and the challenges faced by Algerian businesses when adopting digital marketing strategies.

2. Digital Marketing: Concepts and Global Trends

2.1 Definitions

According to (Florès, 2021) it is: "The promotion of brands and products to consumers through the use of all digital media and contact points."

(Bressolles, 2020) defines digital marketing as: "The process of planning and implementing the development, pricing, communication, and distribution of an idea, product, or service to create exchanges, conducted entirely or partially using digital technologies, in line with individual and organizational goals."

For (Chaffey & Ellis-Chadwick, 2019), digital marketing is: "Achieving marketing objectives through the use of digital technologies."

2.2 The Advantages of Digital Marketing

Digital marketing offers multiple advantages, applicable to all types of businesses, regardless of size or resources:

- It provides an abundance of resources for buyers and sellers for online transactions and auctions on listed products and services.
- By strengthening online brand image, digital marketing opens a wide range of possibilities to enhance identity and awareness while fostering consumer loyalty.
- Through unprecedented one-to-one communication and dynamic personalization at each online touchpoint, such as personalized

Google AdSense ads triggered by user searches, digital marketing creates tailored interactions.

- Consumers can not only consume online content but also generate it, allowing organizations to adapt their content to increase revenue.
- With the most advantageous cost/reach ratio, digital marketing enables businesses to reach a wide audience with minimal budgets, transcending geographical and temporal barriers to access new customer groups.
- Internet marketing specialists can accurately and cost-effectively measure all aspects of their campaigns, allowing them to track, evaluate, and test their strategies effectively.
- The immediacy of online content creation and consumption has fostered the emergence of interactive advertising, presenting new challenges for advertisers.
- Digital marketing uses multiple communication platforms, such as email and instant messaging, offering unparalleled flexibility to reach and interact with the masses, as in the case of live shopping (FERHANE, 2018/2019) .

2.3 The Challenges of Digital Marketing for Businesses

Every business must absolutely know the founding principles of digital marketing before implementing a digital strategy.

2.3.1 Marketing Becomes More Conversational

Communication was vertical and top-down (one to many). It has shifted to conversation (any to any), and the power belongs to the one who speaks. This is the transition from a marketing of discourse to a marketing of dialogue.

2.3.2 Brand Image is Partly Built by Users

Brand image is no longer solely the result of what the advertiser decides; customer relationships, for example, become constitutive of

brand image.

2.3.3 The Customer Becomes Fickle

Thanks to a fully dematerialized purchasing cycle (from communication campaigns to purchase), buying in a neighborhood store is no longer essential, nor in one's city, nor even in one's country.

2.3.4 Individuals Become Media

Every individual develops their own audience on personal and professional social networks.

2.3.5 An Unprecedented Amount of Data

The global volume of data in circulation has multiplied by six between 2015 and 2020. Marketing teams increasingly rely on data to build relevant, effective, and measurable strategies (ultra-personalization of offers).

2.3.6 More Networks, More Videos

Social platforms occupy nearly 32% of the time spent online by internet users. The video format is taking an increasingly significant share of online time, especially among younger users. (Montmarin, 2021)

2.3.7 The Web is a Channel that Calls for More Transparency

Information on the web, especially that which goes "viral," is relayed by thousands of internet users in a very short time. This implies that businesses must adopt a logic of transparency, show more responsibility to protect their image online, particularly on social networks. It also involves monitoring their online presence and knowing how to defend the brand by responding to criticism transparently.

2.3.8 A Citizen Media

The isolated internet user now has at their disposal publishing and dissemination tools that allow them to spread their ideas, conduct

petitions or surveys via social networks or blogs, and coordinate protest movements, as was the case during the Arab Spring. Hence the notion of cyber-activism was born (Lendrevie & Lévy, 2014).

2.3.9 Internet Users Concerned About Privacy

On the web, users are email addresses, IP addresses, or cookies whose interactions are measured and stored in databases. This raises the question of respect for privacy on the internet, the duration, and the use that will be made of the data collected on the internet user. In the context of e-marketing, some players in targeted advertising or e-commerce use this data to offer more relevant advertisements or products (Lendrevie & Lévy, 2014).

2.4 The Levers of Digital Marketing

The visibility of a website on the net is largely dependent on its ranking in search engines relative to keywords commonly used by internet users to access it, such as the brand name, products, and associated needs.

In terms of search engine visibility strategy, we often talk about SEM (Search Engine Marketing). This term encompasses SEO (Search Engine Optimization) or organic search, SEA (Search Engine Advertising) or paid search, and SMO (Social Media Optimization) or social media optimization (Andrieu, 2022).

2.4.1 Search Engine Optimization (SEO)

SEO constitutes all the elements that allow a brand to be visible when an internet user searches for information about its activity, products, services, and content (Toucheboeuf, 2017). This is why SEO must be considered in the strategic thinking of the company.

SEO involves analyzing thousands of criteria used by algorithms to integrate them into the design, editorial management, and promotion of a website (Thiers, 2021).

SEO refers to all the techniques used to generate traffic through internet users' queries in search engines when they type simple keywords or entire phrases (Schipounoff et autres, 2015).

2.4.2 Search Engine Advertising (SEA)

SEA is a strategy that involves, for a brand (and sometimes for individuals), becoming more visible on search engines.

The particularity of SEA is that it is a form of digital advertising called paid search. To explain it succinctly, the idea is to buy keywords through a bidding system with the search engine, with the aim of disseminating advertising. These can take the form of a sponsored link above "natural" search results, video ads integrated on video platforms, visual banners on partner sites, etc (<https://www.solocal.com/ressources/articles/referencement-sea-fonctionnement,,> 2024).

2.4.3 Social Media Optimization (SMO)

A social medium is a form of digital communication that allows internet users to interact with each other through their computers, mobile devices, and other electronic devices.

Social Media Optimization (SMO) can be used by businesses to promote their brand awareness, generate interest from targets more effectively, strengthen customer trust and loyalty, foster interaction with customer service, and increase revenue (<https://www.manager-go.com/marketing>, 2024).

SMO (or social media optimization) means the use of social media (Twitter, LinkedIn, Facebook, etc.) to optimize web search engine rankings. It aims to strengthen the visibility of a website but also the visibility of a brand or company on search engines. It can be part of a company's social media strategy (<https://www.digitaweb.com/blog/smo-referencement-web/>, 2024).

2.4.4 Content Marketing

In simple terms, content marketing can be understood as an online marketing strategy that involves creating and sharing relevant and valued content that targets a specific audience with the ultimate goal of achieving predefined marketing objectives (Demagne & Martin, 2017).

2.4.5 Inbound Marketing

reaching and converting qualified consumers by creating and pursuing organic tactics in online contexts." (Opreana & Vinerean)

2.4.6 Email Marketing

This technique involves sending emails to a group of people who have shown interest in your products or services. This type of information can include special offers, product information, reminders (abandoned cart, incomplete form submission, etc.), and even advertising.

Email marketing is one of the most cost-effective ways to market a company's offerings. It is effective if this communication channel is well-used with customers. This marketing strategy helps increase website traffic, boost revenue, and retain customers by regularly sending them relevant and interesting content about the products or services the company offers (<https://www.manager-go.com/marketing>, 2024).

2.5 The Specificities of Digital Marketing

Digital marketing is distinguished in part from traditional marketing by its unique specificities and professional standards.

2.5.1 Interactivity

On the internet, it is generally the consumer who initiates contact with the website. The marketing approach is reversed: the e-

consumer is "active" in their approach, and the e-merchant must learn to listen and be "passive." They must therefore be quick, reactive, and even proactive. It is often said that on the internet, you don't sell; instead, the consumer buys. They are seeking information or an online experience (pull approach). It is Therefore important for the company to be well-positioned on their path (search engines, portal sites, social networks, etc.). Once the consumer is on the site, the company can obtain and store their responses and preferences for future exchanges via cookies. These elements facilitate the establishment of two-way communication and exchanges between the company and the consumer through the site. A dialogue is established, rather than a simple monologue, as is the case with traditional media (Bressolles, 2020, pp. 10-11).

2.5.2 Consumer Knowledge

The internet is the preferred medium for acquiring customer information at a lower cost. Thanks to available statistical and tracking tools, an exponential amount of data feeds the behavioral database throughout the customer's purchasing journey. However, this abundance of information can often lead to confusion, with a multitude of indicators to consider, or even discourage rigorous audience tracking as long as the results seem satisfactory.

2.5.3 Personalization

Large-scale personalization is now possible and easily accessible on the internet. However, according to a recent study conducted on a significant sample of B2B marketing services, only 28% of these services implement marketing personalization, limiting themselves to generic, common, and standardized actions. The shifts in the power dynamics between companies and consumers, as well as the speed of transactions and reactions/decisions, open new horizons for digital marketing. Although it falls within the framework of a

relational marketing approach aimed at establishing a constructive and positive relationship with the company, digital marketing reinforces a win/win relationship. In this dynamic, the promise and evidence related to a potential purchase must be reinvented daily (Trois spécificités du marketing digital - 707 Digital (707-digital.com), 2024).

2.6 The Three Media of Digital Marketing

The POEM model, which stands for Paid, Owned, Earned Media, has become a standard in digital marketing. It offers a comprehensive approach to understanding and managing all facets of a company's online presence. This model distinguishes three different categories of media (Le cadre POEM : comment optimiser vos stratégies marketing ? | OOm Singapour, 2024).

2.6.1 Paid Media

Paid media constitutes the most widespread marketing channel, encompassing any avenue or space requiring payment. This category includes most advertisements, such as sponsorships and publications. In the realm of digital marketing, paid media offers a diversity of channels to expand a company's reach. They represent one of the fastest and most effective ways to reach the target audience. By promoting products or services through paid media channels like Google Ads and Facebook Ads, it is possible to develop an audience and build a significant customer base. Examples of paid media include television ads, radio ads, print ads, pay-per-click (PPC), advertising platforms like Google Ads and Bing Ads, and search engine marketing (SEM). Even certain aspects of social media, such as sponsored ads on Facebook and Instagram, fall under paid media. Other examples include Search Network ads, Shopping ads, display ads, retargeting, and paid influencers. Although the cost

of ad dissemination may raise concerns, the benefits are worth it.

2.6.2 Owned Media

Owned media constitutes the second component of the POEM model, encompassing everything owned by the company, organization, or brand. This category of media allows the use of assets and possessions for marketing purposes, granting full control over online promotional channels. Owned media includes various assets owned by the company, such as the website, blog, print ads, and other promotional materials. These resources can be leveraged to promote products or services.

Examples of owned media include websites, content, blog articles, and social media pages. The main advantage of owned media lies in its cost-effectiveness, as the use of existing assets limits expenses compared to paid media. However, the maintenance costs of digital marketing channels must be factored into the return on investment (ROI) calculation.

2.6.3 Earned Media

Earned media is the most recent term in the POEM model. It refers to the exposure and recognition a company receives through organic advertising and awareness. With earned media, it is possible to interact, connect, and communicate with the audience through third-party channels such as social media, public relations (PR), and recommendations.

Most marketers classify earned media under the inbound marketing category, a process aimed at attracting prospects by distributing valuable content and ensuring conversions. Earned media proves highly effective for digital marketing as long as the company continues to provide relevant and quality content while engaging with the target audience. However, any hindrance to these efforts can impede the progress of earned media.

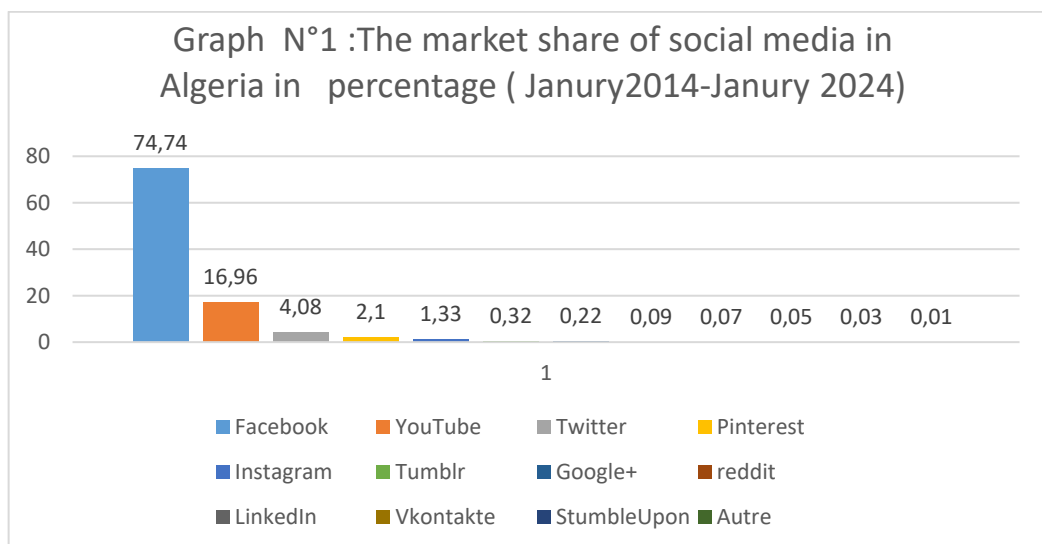
Examples of earned media include word-of-mouth marketing, viral marketing, press releases, advertising, and brand awareness. The company can promote its activities through earned media channels in several ways. For example, search engine optimization (SEO) can improve the online presence of the website in organic search results by optimizing the website for SEO and obtaining quality backlinks. Like owned media, it is possible to gain publicity without paying for advertising space, thereby extending online reach and enhancing the company's credibility

3. Digital Marketing in Algeria

3.1 Opportunities

Several opportunities are available to Algerian companies to develop their digital marketing strategies. Among these opportunities, we highlight the following:

3.1.1 Adoption of Social Media

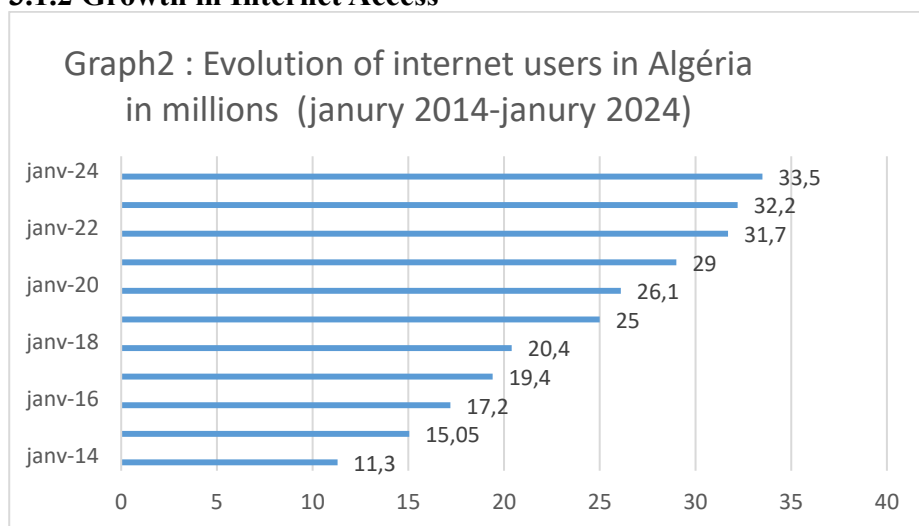


Source: Created by us based on data collected from: www.statcounter.com

This data shows that Facebook dominates social media adoption in Algeria with 74.74%, followed by YouTube (16.96%), reflecting a strong preference for accessible and versatile platforms. Twitter (4.08%) and Instagram (1.33%) lag behind, while other platforms (Pinterest and others ...) have marginal adoption, likely due to their more specific nature or lower local popularity.

Thus, platforms like Facebook, Instagram, YouTube, and LinkedIn are very popular. Algerian businesses can leverage these channels to reach targeted consumers, strengthen their brand image, and increase sales.

3.1.2 Growth in Internet Access



Source: Created by us based on data collected from: www.wearesocial.com

The data shows continuous growth in the number of internet users in Algeria over a 10-year period. In January 2014, there were 11.3 million users, reaching 33.5 million in January 2024. This represents a tripling of the number of users over a decade.

- From 2014 to 2018, the progression was steady but moderate, increasing from 11.3 million to 20.4 million (an increase of 9.1

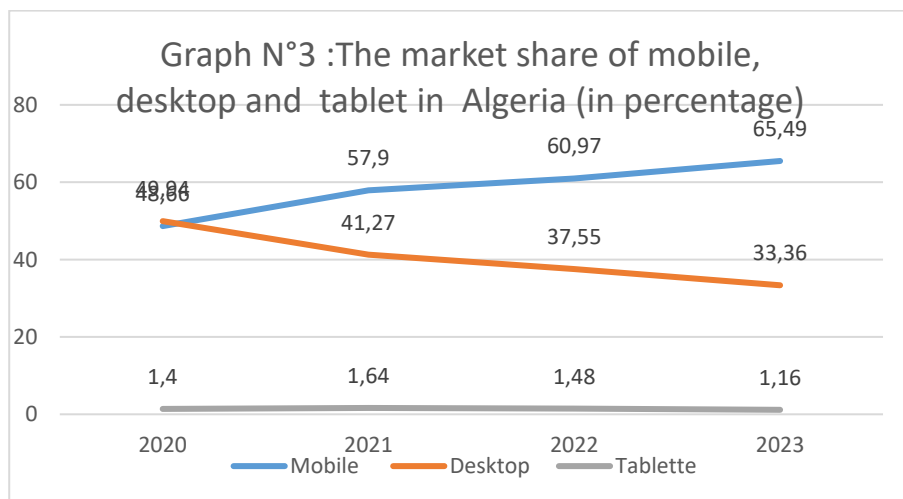
million in 5 years, averaging +1.82 million per year).

•Between 2018 and 2024, the pace accelerated with an increase of 13.1 million in 6 years, averaging +2.18 million per year.

Algeria has approximately 33 million internet users, thanks to the expansion of 4G and the development of digital infrastructure. This connectivity offers a broad potential audience for businesses.

With an Algerian population of about 46 million, this represents a penetration rate of approximately 73%, which is close to the standards of developing countries.

3.1.3 Increased Use of Mobile



Source: Created by us based on data collected from: www.statcounter.com

These figures show a rapid transition in Algeria towards mobile as the primary means of internet access. Between 2020 and 2023, the mobile market share increased from 48.66% to 65.49%, while desktop usage dropped from 49.94% to 33.36%, indicating a decline in their use. Tablets remain marginal, with a share of less than 2%. This evolution reflects increased mobility, driven by the accessibility

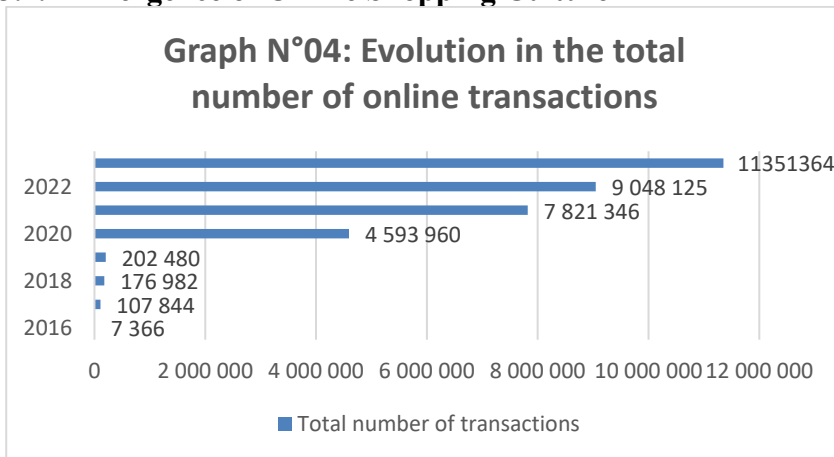
of smartphones, improvements in mobile networks (3G/4G), and the relatively high cost of computers compared to mobile devices. It also highlights a shift in habits, as Algerians increasingly prefer practical and affordable devices for connectivity.

It is also worth noting that 99.5% of social media users in Algeria access these platforms via mobile phones, representing an opportunity for businesses to capitalize on the mobile-first behaviour of users to increase their visibility, engage their audience, and boost sales through social media. Companies that adapt quickly to these trends will be better positioned to thrive in an increasingly mobile-centric digital environment.

This data can present additional opportunities for businesses:

- Develop local applications in various sectors (e-commerce, education, health).
- Use mobile marketing by prioritizing advertising and campaigns tailored to smartphones.
- Invest in mobile commerce, which is expanding rapidly.
- Produce local content, videos, podcasts, and platforms for various services adapted to mobile.

3.1.4 Emergence of Online Shopping Culture



Source : : Created by us based on data collected from www.giemonetique.dz

In 2016, the number of transactions was very low, with only 7,366 transactions, reflecting the early stages of online payments in Algeria.

In 2020, the number of transactions surged to 4,593,960, an increase of over 2,000% compared to 2019.

This peak can be attributed to the pandemic, which forced consumers and businesses to adopt digital solutions to limit physical contact. Sectors like e-commerce, bill payments, and government services likely accelerated this adoption.

In 2021, transactions reached 7,821,346, then 9,048,125 in 2022, and finally 11,351,364 in 2023.

This sustained growth shows that the habits adopted during the pandemic have solidified, with the ecosystem becoming more mature.

In 2023, this figure reached 11,351,364 transactions, a multiplication of over 1,500 times in 7 years. This spectacular growth shows an accelerated adoption of digital payments.

Here are some factors explaining this growth:

- The development of 4G and increased internet access have enabled better adoption of online services.
- Initiatives like Baridi Mob, Edahabia, and other online banking platforms have simplified digital payments.
- The Algerian government's efforts to promote digital transformation and integrate online payments into public services have been decisive.
- The rise of local and international e-commerce platforms has contributed to the popularity of digital transactions.
- This period marked a turning point, encouraging consumers and merchants to adopt online alternatives for convenience and security.

Thus, even though e-commerce is still in its growth phase, Algerian consumers are beginning to turn to online platforms to purchase products and services. Digital marketing campaigns can therefore play a key role in influencing this behavior.

3.1.4 Relatively Low Cost

Compared to traditional marketing, digital marketing offers a better return on investment (ROI). Algerian small and medium-sized enterprises (SMEs) can benefit from it with limited budgets.

3.1.5 Dynamic Young Entrepreneurs

Algerian youth, particularly innovative, are investing in digital to launch startups and promote local products, fostering the growth of this sector.

3.2 Challenges

Despite the efforts made by the state, some shortcomings and problems persist, which delay the development of digital marketing in Algeria.

3.2.1 Insufficient Digital Infrastructure

Despite progress, infrastructure remains insufficient in some regions. Internet outages or slow connections can limit the effectiveness of digital campaigns.

3.2.2 Lack of Training and Skills

Many companies lack digital marketing specialists. Training in this field remains limited, although initiatives are beginning to multiply.

3.2.3 Lack of Trust in Online Transactions

Algerian consumers often hesitate to use their bank cards or share their information online, which hinders campaigns aimed at promoting digital sales.

3.2.4 Legal and Regulatory Framework

The legislative framework around e-commerce and digital marketing is still developing. This can create uncertainties for companies looking to invest more in this area.

3.2.5 Competing with Global Players

Local brands must compete with well-established international giants on digital platforms, which can complicate their positioning.

4. CONCLUSION

Digital marketing represents a real opportunity for Algerian businesses in the context of global digital transformation. With increasing internet access, growing smartphone adoption, and high social media penetration, digital marketing offers businesses powerful tools to improve their competitiveness, attract new customers, and retain existing ones. However, several challenges limit its optimal adoption in Algeria. Among them are uneven digital infrastructure, a lack of specialized skills, and cultural and regulatory barriers, including distrust of online transactions and the absence of a robust legal framework to protect user data. These obstacles slow down digital transformation and the adoption of modern marketing tools by many businesses.

To overcome these challenges and maximize the opportunities offered by digital marketing, several actions can be considered. We recommend the following:

- Accelerate the deployment of high-speed networks (fiber optics and 4G/5G) to ensure fast and stable connectivity, including in remote areas.
- Modernize local platforms and invest in intuitive interfaces to encourage online commerce.
- Create training programs for employees and managers to master modern marketing tools (SEO, Google Ads campaigns, social media management).
- Encourage universities and business schools to include modules on digital marketing and data analysis in their programs.
- Implement specific laws to protect user privacy, inspired by international models.
- Launch initiatives to raise public awareness of the benefits and security of digital transactions.
- Offer tax incentives to businesses that invest in digital marketing solutions.
- Create technology hubs that foster collaboration between startups, large companies, and public institutions to energize the digital ecosystem.

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