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Marketing Strategy as a Driver of Investor Perception and Capital Allocation

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Abstract

In this study a comprehensive theoretical and empirical analysis is conducted of how digital communications and the integration of ESG initiatives influence the formation of investor expectations and the redistribution of capital in the market environment. The methodological foundation of the work is a synthesis of classical and contemporary concepts — in particular, signaling theory and information asymmetry theory — supplemented by a correlational investigation of the relationships between non-financial marketing indicators (level of engagement in digital channels, tone of online mentions, ESG ratings) and key financial metrics (stock volatility, P/E multiple, volumes of capital raised). Empirical data confirm the presence of a statistically significant positive relationship: companies implementing a proactive and maximally transparent marketing strategy in the digital and ESG domains demonstrate increased investor trust. It has been established that the synergy of digital channels and communications on sustainable development issues effectively reduces perceived risks, optimizes the cost of capital, and ensures a more stable trajectory of market capitalization over the long-term horizon. The practical significance of these results is especially high for top management, investor relations specialists, and portfolio managers, and is also of interest to the scientific community engaged in corporate finance and strategic marketing research.

Keywords: *Marketing Strategy, Investor Perception, Capital Allocation, ESG, Digital Marketing, Signaling Theory, Investment Attractiveness, Cost of Capital, Corporate Communications, Information Asymmetry.*

INTRODUCTION

In the conditions of the modern globalized economy, characterized by unprecedented capital mobility and intensified competition for investment resources, corporate structures are compelled to seek new foundations for enhancing their investment attractiveness. While classical financial reports still serve as the cornerstone of analysis, today they comprise only part of a broader information ecosystem, alongside non-financial indicators that shape a deep and comprehensive perception of the issuer. According to the Global Investor Survey 2023 by PwC, 79 % of investors attach importance to risks and opportunities related to ESG aspects when developing their investment strategies [1]. This reflects a transformation in asset evaluation methodology, within which reputational factors, social responsibility and the level of transparency in communications are integrated into a unified complex with traditional metrics of return and liquidity [7, 9, 10].

In this context the role of marketing undergoes qualitative changes: it transcends classical consumer-oriented frameworks and becomes an instrument of strategic influence on capital allocation, shaping a holistic investment narrative. The relevance of this study is determined by the need for a profound understanding of this transition, as well as by the identification of specific mechanisms through which integrated marketing communications — combining digital channels and ESG principles — affect investor behavioral models. Despite the existence of individual studies in the fields of sustainable development marketing and digital communications, there remains a deficit of systematized knowledge regarding their synergistic effect on the formation of investment decisions.

The objective of the research is to conduct a comprehensive analysis and quantitative assessment of the influence of a modern marketing strategy, in which digital tools and ESG-oriented practices play a central role, on the formation of investment attitudes and the subsequent redistribution of capital by professional and retail investors

The scientific novelty of the work lies in the development of an integrated methodological model that enables the operationalization and formalization of the relationship between specific marketing activity metrics (such as digital channel reach, target audience engagement, trust index in ESG initiatives) and the main indicators of investment

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attractiveness (cost of capital level, stock volatility, purchase readiness index)

The main proposition advances the **hypothesis** that a systematically constructed and fully transparent marketing strategy, actively leveraging digital communication capabilities to demonstrate corporate values and sustainable development outcomes, generates positive informational signals that contribute to the reduction of information asymmetry, the lowering of perceived investment risks, and ultimately the establishment of more favorable conditions for attracting external capital

MATERIALS AND METHODS

The contemporary scientific discourse on the interrelationship between marketing and corporate finance is multifaceted and develops at the nexus of several disciplines. Analysis of the relevant scientific literature allows the identification of several key directions. First, significant attention is devoted to digital marketing capabilities and their influence on financial outcomes and investor confidence. Homburg C., Wielgos D. M. [2] analyze how the development of digital channels, analytical tools and a digital culture contributes to the increase in a firm's market value and the expected stock returns: the authors use panel data of publicly traded companies and regression analysis to identify a direct link between digital marketing competencies and market multiples. Saura J.R., Palacios-Marqués D., Ribeiro-Soriano D. [15] examine the specifics of applying data-driven strategies in small and medium-sized enterprises: on the basis of a systematic review of publications on digital marketing in SMEs they demonstrate that big-data analytics and campaign automation enhance the effectiveness of investor engagement, although the scalability of such solutions for small firms remains problematic.

The second direction is directly related to investments in marketing and the assessment of their impact on firm value and systematic risk. Mousa M.M., Abdel-Aziz H.M., Abodallah M.A., Elbayoumi A.F. [3] apply the event-study methodology and capital asset pricing models (CAPM and Fama–French) to demonstrate that marketing expenditures correlate with increases in market capitalization and reductions in the beta coefficient, although the effect is more pronounced in companies with high market share and established brands.

The third group of works is devoted to ESG communications and sustainable finance issues. Jafar R., Shahbaz M., Liu X., & Vo X. V. [4] investigate the impact of environmental, social and governance disclosure on a firm's cost of capital: they demonstrate that the quality of ESG reporting, combined with a balanced board composition, reduces the cost of equity by lowering informational asymmetry between management and investors. Kräussl R., Oladiran T., Stefanova D.A. [5] present a systematic review of how investor expectations and beliefs shape demand for ESG instruments, highlighting the weak correlation between declared ESG objectives and actual investment decisions of institutional investors. Berg F., Kölbel J.F., Rigobon R. [11] address the problem of aggregated confusion in ESG ratings, identifying significant divergences among major rating agencies, which calls their credibility into question and undermines investor trust. Liang H., Renneboog L. [12] synthesize existing methodologies for assessing corporate social responsibility and sustainable finance in an encyclopedic article, emphasizing conceptual ambiguity and the lack of unified standards for measuring ESG effects. Talpur, S., Nadeem, M., & Roberts, H. [13] in a systematic review uncover the phenomenon of decoupling between CSR initiatives and actual practices, whereby firms proclaim high ESG performance but fail to implement it at the operational level. Applied reports align with this direction: PwC's Global Investor Survey 2023 [1] shows that 60 % of institutional investors expect detailed ESG data in the annual report, yet only one third of companies provide sufficient information for investment decision-making. Technical and organizational barriers to ESG reporting are noted separately: practice reveals that lack of standardization, high data collection costs and fragmented accounting systems lead to inconsistencies and delays in information disclosure [7]. An additional indicator — comparative returns of ESG funds: Statista statistics for the period from the first half of 2019 to the second half of 2024 indicate that over medium-term horizons, sustainable funds' returns only slightly exceed those of traditional funds [10].

The fourth stream focuses on the role of social media and network effects in shaping investment beliefs. Mehta P., Pandya S., Kotecha K. [6] employ deep learning techniques to analyze the sentiment of messages on Twitter and Reddit, demonstrating that positive and negative sentiment dynamics precede market price fluctuations, which can be incorporated into algorithmic investment strategies. Ngo V. [8] examines the theoretical experiment and empirical cases of GameStop, showing how collective beliefs can rapidly spread and consolidate via social networks, triggering abnormal market phenomena and capital reallocation.

The fifth direction reflects the strategic role of the chief financial officer in capital allocation and investor communications. McKinsey Starting up as a new CFO guide emphasizes that modern CFOs must integrate marketing strategies into budgeting and project performance evaluation, and actively participate in the development of ESG initiatives to ensure financial market confidence and optimal resource allocation [9].

Finally, a separate group highlights research on the impact of CSR activities on small and medium-sized enterprises. Le T. T. [14] shows that for SMEs, corporate image and reputation built through socially responsible practices indirectly strengthen customer loyalty and expand access to external financing, although the effect is more volatile and depends on industry specifics and regional context.

Thus, the literature reveals the following main contradictions and gaps. First, despite recognition of the importance of ESG communications, there is no unified standard for assessing their impact on cost of capital, and rating discrepancies generate noise and complicate comparability of results. Second, although digital marketing capabilities demonstrate a positive effect on value, it remains unclear how small firms with limited resources can scale such solutions. Third, methods of sentiment analysis and social network modeling promise to enhance forecasting accuracy, but their practical applicability is constrained by the quality of input data and market reaction speed. Finally, the issue of integrating marketing strategies and ESG interactions with investors, particularly in SMEs and emerging markets, remains underexplored, requiring further interdisciplinary research.

RESULTS AND DISCUSSION

Within the framework of the study a thorough review of theoretical propositions and empirical research was conducted, which revealed the need to develop an integrated conceptual scheme that clearly illustrates how marketing efforts are transformed into measurable financial indicators through the prism of investor evaluation. Below in Figure 1 the model of the influence of marketing strategy on capital allocation is described, which integrates the key ideas of signaling theory with current trends in the digital economy and the principles of ESG.

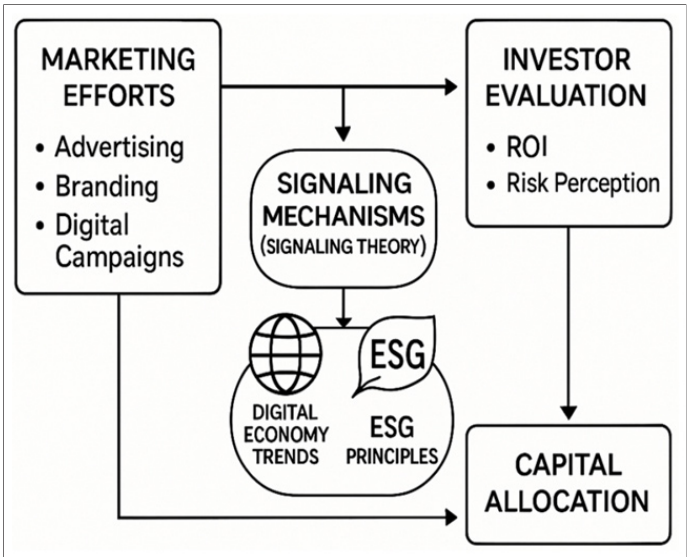

Fig. 1. Integrated model of the influence of marketing strategy on capital allocation (compiled by the author based on the analysis of [3, 4, 6]).

From Figure 1 one can observe that the scheme is constructed as a phased process of four links. At the first stage – Formation of marketing strategy – the organization develops and implements a set of communication instruments divided into two main groups. The first encompasses digital channels (management of corporate profiles in social networks, content marketing, website optimization for search engines, targeted advertising), the second – ESG communications (preparation and publication of reports on sustainable development, interaction with rating agencies, organization of social and environmental initiatives). Key conditions for success at this stage are the systematic nature of the approach, transparency of the communicated content and authenticity of the declared values.

At the second stage the described measures give rise to the so-called non-financial information signals – quantitatively measurable characteristics taken into account by market participants. These include metrics of digital interaction (growth of subscribers, number of likes and reposts, reach of publications), sentiment of mentions in traditional and social media (share of positive, negative and neutral comments), as well as formal assessments such as ESG ratings by authoritative agencies (for example MSCI, Sustainalytics). These signals serve investors as indirect markers of the quality of corporate governance, innovative activity and long-term business sustainability [4, 8].

At the third stage investor perception is formed. Upon receipt and analysis of non-financial signals investors adjust their view of the company: strong and favorable indicators increase the level of trust, reduce the subjective feeling of uncertainty and financial risk and contribute to the construction of a positive image of the issuer.

Finally the fourth stage consists in translating the altered perception into the capital allocation mechanism. Increased trust and a reduced risk premium stimulate demand for the company's securities, which manifests in an increase in their market value and a reduction in price volatility. An organization with a sustainable reputation is able to attract equity capital on more favorable terms (increase in P/E ratio) and obtain debt financing at lower rates, thereby reducing the weighted average cost of capital WACC [11, 13].

To demonstrate the operation of the described model Table 1 is presented, which describes the advantages, disadvantages and future trends of this approach.

Table 1. Comparative analysis of the impact of marketing strategy on key indicators (compiled by the author based on the analysis of [1, 2, 5, 7, 9, 10]).

Indicator	Company A (Proactive strategy)	Company B (Passive strategy)
Marketing metrics		
Subscriber growth on social media (annual)	+35 %	+5 %
Net Sentiment Score	+0.65 (predominance of positive)	–0.10 (predominance of negative/neutral)
ESG rating (MSCI scale)	AA	BB
Financial indicators		

Stock volatility (annual)	18 %	35 %
P/E ratio (Price-to-Earnings)	25×	12×
Average analyst rating	Strong Buy	Hold
Cost of borrowed capital	LIBOR + 1.5 %	LIBOR + 3.0 %

It is essential to underscore the pivotal role of the ESG component within the marketing strategy. Contemporary global trends demonstrate a stable redistributive effect of capital investments in favor of funds oriented toward the principles of sustainable development.

The capital accumulated in ESG funds exhibits a consistent upward trajectory, whereby organizations that do not integrate sustainability criteria into their marketing strategy automatically forfeit access to substantial and continually expanding investment resources. In an environment in which socio-environmental and governance parameters become the foremost factors in the assessment of investment attractiveness, communicative practices evidencing commitment to ESG principles cease to function merely as instruments of image formation and acquire the status of prerequisites for securing financing. From a theoretical standpoint, this mechanism of influence can be described through a sequence of informational links, each of which strengthens investor trust and increases the likelihood of converting the sustainability signal into concrete capital investments [5, 15]. The structural-schematic representation of this model is presented in Figure 2.

Fig. 2. Information path from ESG activity to investor decision (compiled by the author based on the analysis of [4, 12, 14]).

As a result of the conducted research the proposed hypothesis is confirmed. The integration of digital tools with ESG communications serves as a key factor facilitating the formation of a favorable perception of the company by investors. Such a marketing strategy is not reduced to mere information transmission: it is aimed at proactive management of stakeholder expectations, reduction of information asymmetry and, consequently, optimization of the main capital allocation indicators — its cost, volume and resilience to external shocks. In this paradigm marketing appears not as a cost center, but as a source of strategic value directly influencing the financial stability of the organization and its competitive advantages in financial markets.

CONCLUSION

As a result of the conducted research, a broad analysis was performed, confirming the increasing significance of marketing strategy as one of the key determinants of investor perception of investment projects and, consequently, capital allocation parameters. It was revealed that in an information-rich environment characterized by a high degree of uncertainty and the growing role of non-financial factors, marketing communications extend beyond the classical promotion of products and services, acquiring the status of a tool for the strategic management of a company's investment attractiveness.

The key finding of the study is that the integration of digital platforms and the consideration of the ESG factor generate strong informational signals for market participants. Provided these signals are delivered systematically and authentically, they reduce information asymmetry between the issuer and investors, decrease perceived risks, and exert a direct impact on the company's financial performance: they lower stock volatility, contribute to the growth of market capitalization, and reduce the cost of both equity and debt financing. The integrated model described in the study demonstrates the process of transforming individual marketing initiatives into concrete financial outcomes.

In the future, it is advisable to conduct an in-depth quantitative verification of the model using methods of big data and econometric analysis across various industries and markets.

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