

Eighth Edition

DIGITAL MARKETING

STRATEGY, IMPLEMENTATION
AND PRACTICE

Dave Chaffey
Fiona Ellis-Chadwick



Pearson

DIGITAL MARKETING



Pearson

At Pearson, we have a simple mission: to help people make more of their lives through learning.

We combine innovative learning technology with trusted content and educational expertise to provide engaging and effective learning experiences that serve people wherever and whenever they are learning.

From classroom to boardroom, our curriculum materials, digital learning tools and testing programmes help to educate millions of people worldwide – more than any other private enterprise.

Every day our work helps learning flourish, and wherever learning flourishes, so do people.

To learn more, please visit us at www.pearson.com/uk

Eighth Edition

DIGITAL MARKETING

Dave Chaffey
Fiona Ellis-Chadwick



Pearson

Harlow, England • London • New York • Boston • San Francisco • Toronto • Sydney • Dubai • Singapore • Hong Kong
Tokyo • Seoul • Taipei • New Delhi • Cape Town • São Paulo • Mexico City • Madrid • Amsterdam • Munich • Paris • Milan

Pearson Education Limited

KAO Two, KAO Park
Harlow CM17 9NA
United Kingdom
Tel: +44 (0)1279 623623

Web: www.pearson.com/uk

First published 2000 (print)

Second edition published 2003 (print)

Third edition published 2006 (print)

Fourth edition published 2009 (print)

Fifth edition published 2012 (print and electronic)

Sixth edition published 2016 (print and electronic)

Seventh edition published 2019 (print and electronic)

Eighth edition published 2022 (print and electronic)

© Pearson Education Limited 2000, 2003, 2006, 2009 (print)

© Pearson Education Limited 2012, 2016, 2019, 2022 (print and electronic)

The rights of Dave Chaffey and Fiona Ellis-Chadwick to be identified as authors of this work have been asserted by them in accordance with the Copyright, Designs and Patents Act 1988.

The print publication is protected by copyright. Prior to any prohibited reproduction, storage in a retrieval system, distribution or transmission in any form or by any means, electronic, mechanical, recording or otherwise, permission should be obtained from the publisher or, where applicable, a licence permitting restricted copying in the United Kingdom should be obtained from the Copyright Licensing Agency Ltd, Barnard's Inn, 86 Fetter Lane, London EC4A 1EN.

The ePublication is protected by copyright and must not be copied, reproduced, transferred, distributed, leased, licensed or publicly performed or used in any way except as specifically permitted in writing by the publishers, as allowed under the terms and conditions under which it was purchased, or as strictly permitted by applicable copyright law. Any unauthorised distribution or use of this text may be a direct infringement of the authors' and the publisher's rights and those responsible may be liable in law accordingly.

All trademarks used herein are the property of their respective owners. The use of any trademark in this text does not vest in the author or publisher any trademark ownership rights in such trademarks, nor does the use of such trademarks imply any affiliation with or endorsement of this text by such owners.

Contains public sector information licensed under the Open Government Licence (OGL) v3.0. <http://www.nationalarchives.gov.uk/doc/open-government-licence/version/3/>.

Contains Parliamentary information licensed under the Open Parliament Licence (OPL) v3.0. <http://www.parliament.uk/site-information/copyright/open-parliament-licence/>

The screenshots in this text are reprinted by permission of Microsoft Corporation.

Pearson Education is not responsible for the content of third-party internet sites.

The Financial Times. With a worldwide network of highly respected journalists, *The Financial Times* provides global business news, insightful opinion and expert analysis of business, finance and politics. With over 500 journalists reporting from 50 countries worldwide, our in-depth coverage of international news is objectively reported and analysed from an independent, global perspective. To find out more, visit www.ft.com/pearsonoffer.

ISBN: 978-1-292-40096-9 (print)

978-1-292-40099-0 (PDF)

978-1-292-40100-3 (ePub)

British Library Cataloguing-in-Publication Data

A catalogue record for the print edition is available from the British Library

Library of Congress Cataloging-in-Publication Data

Names: Chaffey, Dave, 1963- author. | Chadwick, Fiona, author.

Title: Strategy, implementation and practice / Dave Chaffey, Fiona Ellis Chadwick.

Description: Eighth Edition. | Hoboken, NJ : Pearson, [2022] | Includes bibliographical references and index. | Summary: "Digital marketing has transformed how businesses and other organisations communicate with their audiences. Consumers now have access to a much wider choice of entertainment, products, services and prices from different suppliers and a more convenient way to select and purchase items. Organisations have the opportunity to expand into new markets, offer new services, interact with audiences in new ways and compete on a more equal footing with larger businesses. Marketers working within these organisations have the opportunity to develop new skills and to integrate these new tools to improve the competitiveness of the company"-- Provided by publisher.

Identifiers: LCCN 2021049493 (print) | LCCN 2021049494 (ebook) | ISBN

9781292400969 (Paperback) | ISBN 9781292400990 (eBook) | ISBN

9781292401003 (ePub)

Subjects: LCSH: Internet marketing. | Strategic planning.

Classification: LCC HF5415.1265 .C455 2022 (print) | LCC HF5415.1265

(ebook) | DDC 658.8/72--dc23/eng/20211207

LC record available at <https://lcn.loc.gov/2021049493>

LC ebook record available at <https://lcn.loc.gov/2021049494>

10 9 8 7 6 5 4 3 2 1

25 24 23 22 21

Cover design: Kelly Miller Cover image: molotovcoketail/DigitalVision Vectors/Getty Images

Print edition typeset in 10/12 pts and Sabon MT Pro by Straive Print edition printed in Slovakia by Neografia

NOTE THAT ANY PAGE CROSS REFERENCES REFER TO THE PRINT EDITION

Brief contents

Preface	xiii
About the authors	xxiv
Acknowledgements	xxvi
Part 1 Digital marketing fundamentals	2
1 Introducing digital marketing	4
2 Online marketplace analysis: micro-environment	45
3 The digital macro-environment	92
Part 2 Digital marketing strategy development	134
4 Digital marketing strategy	136
5 Digital branding and the marketing mix	189
6 Data-driven relationship marketing using digital platforms	233
Part 3 Digital marketing: implementation and practice	282
7 Delivering the digital customer experience	284
8 Campaign planning for digital media	347
9 Marketing communications using digital media channels	393
10 Evaluation and improvement of digital channel performance	461
Glossary	494
Index	523
Publisher's Acknowledgements	531

Contents

Preface	xiii	Case study 1 Boo hoo: learning from Boo.com –	
About the authors	xxiv	the largest European dot.com failure and the	
Acknowledgements	xxvi	success of Boohoo.com	37
		<i>Summary</i>	42
		<i>Exercises</i>	42
		<i>Self-assessment exercises</i>	42
		<i>Exam and discussion questions</i>	43
		<i>References</i>	43
		<i>Weblinks</i>	44
Part 1			
Digital marketing fundamentals	2		
<hr/>			
1 Introducing digital marketing	4	2 Online marketplace analysis: micro-environment	45
<i>Learning objectives and topics</i>	4	<i>Learning objectives and topics</i>	45
Introduction: how has digital marketing transformed marketing?	5	Introduction to online marketplace analysis	46
How will this text help me?	5	Customer journeys and the online marketplace	46
What is digital marketing?	5	Situation analysis for digital marketing	47
Paid, owned and earned media	6	The digital marketing environment	48
Context – the 7Ds of digital marketing	8	Digital marketing insight 2.1	
Digital marketing goals and strategy	9	Resources for analysing the online marketplace	50
Goals of digital marketing	9	Customers: understanding how they interact with digital markets	52
Direct-to-consumer communications and e-commerce	12	Digital marketing insight 2.2	
Key challenges of digital communications	14	From share of search to share of searches – evaluating search marketing effectiveness	55
Digital marketing insight 1.1		Customer analysis to understand the digital consumer	56
Social commerce – how much do social networks influence purchase?	14	Demand analysis and conversion marketing	58
Introduction to digital marketing strategy	15	Implications for marketing planning: conversion models	58
Key features of digital marketing strategy	15	Customer choice and digital influence	60
Business and revenue models	16	Customer characteristics	62
Different forms of functionality of digital presence	16	Social media and emotions	65
Challenges in developing and managing digital marketing strategy	17	Personas	66
A strategic framework for developing a digital marketing strategy	18	The buying process	67
Digital marketing audiences and buyer behaviour	21	Competitor analysis	70
Benefits of digital media	22	The shape and nature of online competitive markets	71
Digital devices and digital platforms	27	Competitor analysis and benchmarking techniques	73
Digital platforms	28	Suppliers, publishers, intermediaries and influencers	76
Digital media	28	Publishers	76
Introduction to digital marketing communications	28	Intermediaries	77
Key communications concepts for digital marketing	31	New channel structures	77
Digital data	34	Digital business models	79
Digital marketing technology	35		

Digital revenue models	80	<i>Exercises</i>	130
Digital publisher and intermediary revenue models	81	<i>Self-assessment exercises</i>	130
Forecasting revenue for an online business	82	<i>Exam and discussion questions</i>	130
Case study 2 Creating the beauty that moves the world	84	<i>References</i>	130
<i>Summary</i>	87	<i>Weblinks</i>	133
<i>Exercises</i>	87		
<i>Self-assessment exercises</i>	87		
<i>Exam and discussion questions</i>	88		
<i>References</i>	88		
<i>Weblinks</i>	91		
3 The digital macro-environment	92	Part 2	
<i>Learning objectives and topics</i>	92	Digital marketing strategy development	134
Introduction to macro-environment forces	93		
The rate of environment change	95	4 Digital marketing strategy	136
Technological forces	96	<i>Learning objectives and topics</i>	136
A short introduction to digital technology	96	Introduction	137
URL strategy	97	What is a digital marketing strategy?	138
Web standards	99	Digital marketing strategy as a channel marketing strategy	138
Selecting a martech stack for a business	99	Which digital marketing activities should have focus?	139
Cybersecurity, blockchain and digital currencies	101	Why are a digital marketing strategy and digital transformation needed?	141
Digital marketing insight 3.1		Digital marketing insight 4.1	
The main website security risks	102	Is a digital marketing strategy needed in the post-digital world?	142
Emerging technologies	105	Challenges of managing digital marketing	143
Assessing the marketing value of technology innovation	105	How to structure a digital marketing strategy	145
Legal forces	108	Situation analysis	148
Legal activities can be considered unethical	108	Internal audits of digital marketing	148
1 Data protection and privacy law	108	Customer research	150
Digital marketing insight 3.2		Digital marketing insight 4.2	
Understanding cookies and the cookieless future	112	Consumer profiles: segmenting digital audiences	150
2 Disability and discrimination law	115	Resource analysis	152
3 Brand and trademark protection	115	Competitor analysis	153
4 Intellectual property rights	116	Intermediary analysis	153
5 Contract and distance-selling law	118	Assessing opportunities and threats	153
6 Online advertising law	118	Setting goals and objectives for digital marketing	154
Social forces	119	The online revenue contribution	156
Social exclusion	119	Setting SMART objectives	157
Digital minimalism and digital addiction	120	Frameworks for objective setting	158
Digital marketing insight 3.3		Strategy formulation for digital marketing	160
Digital minimalism and digital addiction	120	Decision 1: Market and product development strategies	162
Economic forces	122	Decision 2: Business and revenue models strategies	164
Market growth and employment	122	Decision 3: Target marketing strategy	165
Economic disruption and the COVID-19 pandemic	123	Decision 4: Positioning and differentiation strategy (including the marketing mix)	168
Political forces	124	Decision 5: Customer engagement and social media strategy	171
Political action and control	125	Decision 6: Multichannel distribution strategy	172
Internet governance	126	Digital marketing insight 4.3	
Taxation	126	Retail digital channels and mixed-mode buying	173
Tax jurisdiction	127		
Case study 3 Social media and the changing face of celebrity influencers	127		
<i>Summary</i>	129		

Decision 7: Multichannel communications strategy	174	People, process and physical evidence in a digital marketing context	218
Decision 8: Online communications mix and budget	176	People	219
Organisational issues of strategy implementation	177	Process	221
Assessing different digital initiatives including marketing technology	178	Physical evidence	222
The online lifecycle management grid	180	Case study 5 Spotify streaming develops new revenue models	223
Case study 4 ASOS shifts the focus of high-street retailing to enhance the customer experience	181	<i>Summary</i>	226
<i>Summary</i>	184	<i>Exercises</i>	227
<i>Exercises</i>	185	<i>Self-assessment questions</i>	227
<i>Self-assessment exercises</i>	185	<i>Exam and discussion questions</i>	227
<i>Exam and discussion questions</i>	185	<i>References</i>	227
<i>References</i>	186	<i>Weblinks</i>	232
<i>Weblinks</i>	188		
5 Digital branding and the marketing mix	189	6 Data-driven relationship marketing using digital platforms	233
<i>Learning objectives and topics</i>	189	<i>Learning objectives and topics</i>	233
Introduction	190	Introduction	234
What is the marketing mix?	190	Concepts of data-driven customer relationship marketing	236
Digital branding	192	Digital marketing insight 6.1	
Success factors for online branding: brand advocacy	196	The goals of marketing orchestration	238
Success factors for online branding: brand identity	196	The challenge of customer engagement	239
Success factors for online branding: brand names for online brands	197	Benefits of using marketing automation to support customer engagement	239
Product in a digital marketing context	198	Customer lifecycle management strategy	241
1 Options for varying the core product (online)	199	Permission marketing	242
2 Options for offering digital products	200	Profiling leads with lead scoring and lead grading	246
3 Options for changing the extended product	201	Defining contact strategies	249
Digital marketing insight 5.1		Data-driven marketing techniques	252
Zoom freemium products	201	Personalisation and mass customisation	252
4 Conducting research online	202	Applying artificial intelligence and Big Data to support data-driven marketing	253
5 Speed of new product development	203	Artificial intelligence for marketing	254
6 Speed of new product diffusion	203	Using data analysis and targeting techniques to increase customer loyalty and value	258
Price in a digital marketing context	205	Determining what customers value	258
Digital marketing insight 5.2		The relationship between satisfaction and loyalty	259
Beauty Pie has created a luxury brand at discount prices	206	Measuring the voice of the customer in digital media	260
1 Increased price transparency	207	Using measures to differentiate customers by value and engagement	261
2 Price uncertainty	208	Lifetime value modelling	262
3 Innovative pricing approaches	209	Product recommendations and propensity modelling	268
4 Alternative pricing structure or policies	211	Using social media to improve customer loyalty and advocacy	269
Place, channels and distribution in a digital marketing context	211	What is social media marketing and why is it important?	271
1 Place of purchase	212	What are the main social media platforms?	272
2 New channel structures	214	Social media activities requiring management	273
3 Channel conflicts	214	Case study 6 Buffer: from idea to paying business customers in seven weeks	275
4 Virtual organisations	215		
Promotion and social media in a digital marketing context	216		

Summary	278
Exercises	279
Self-assessment exercises	279
Exam and discussion questions	279
References	279
Weblinks	281

Part 3

Digital marketing: implementation and practice 282

7 Delivering the digital customer experience 284

<i>Learning objectives and topics</i>	284
Introduction	285
Structure of this chapter	285
Creating effective digital experiences	285
Planning website, app design and redesign projects	288
Who should be involved in a digital experience project?	291
Prototyping	292
Digital marketing insight 7.1	
Success factors for delivery	293
Agile software development	293
Initiation of a digital experience project	295
Domain name registration	295
Selecting a hosting provider	296
Website performance optimisation	296
The availability of the website	298
Defining site or app requirements	298
Business requirements	300
Usability requirements	301
Digital accessibility requirements	304
Personalisation	305
Localisation and cultural customisation	307
Reviewing competitors' websites	309
Designing the information architecture	310
Card sorting	311
Blueprints	312
Wireframes	312
Landing pages	315
Designing the user experience	316
Elements of digital experience design	317
Site navigation schemes	319
Mobile design requirements and techniques	321
A. Responsive web design (RWD)	322
B. Adaptive design	323
C. Accelerated Mobile Pages (AMP)	323
D. Progressive web apps (PWAs)	324
E. Native mobile apps	324
The Internet of Things	326

Virtual reality and augmented reality	327
Content design and auditing	329
Managing and testing content	332
Online retail merchandising	333
Evaluating the impact of service quality on e-loyalty	334
Tangibles	336
Reliability and responsiveness	337
Assurance	337
Empathy	337
Multichannel customer service preferences	338
The relationship between service quality, customer satisfaction and loyalty	338
Case study 7 Refining the online customer experience at i-to-i.com	339
Summary	342
Exercises	342
Self-assessment exercises	342
Exam and discussion questions	342
References	343
Weblinks	346

8 Campaign planning for digital media 347

<i>Learning objectives and topics</i>	347
Introduction	348
The structure of this chapter	348
The characteristics of digital media	349
1 From push to pull	350
2 Interactive dialogues	351
3 From one-to-many to one-to-some and one-to-one	351
4 From one-to-many to many-to-many communications	352
5 From 'lean-back' to 'lean-forward'	352
6 The medium changes the nature of standard marketing communications tools such as advertising	353
7 Increase in communications intermediaries	354
8 Integration	354
9 Timing of campaign communications has additional 'always-on' and real-time marketing components	354
Digital marketing insight 8.1	
#OpenYourWorld shares individual's views	355
Step 1. Goal setting and tracking for interactive marketing communications	356
Terminology for measuring digital media	357
Examples of digital campaign measures	362
Campaign response mechanisms	363
Online response mechanism	364
Digital marketing insight 8.2	
What's in a hashtag – #!?	366

Step 2. Campaign insight	367	Affiliate marketing	424
Customer insight for digital marketing campaigns	367	Advantages and disadvantages of affiliate marketing	426
Step 3. Segmentation and targeting	368	Best practice in planning and managing affiliate marketing	427
Step 4. Big idea, offer, message development and creative	372	Online sponsorship	428
Which factors affect campaign effectiveness?	373	Digital display advertising	429
Content marketing	374	What is digital display advertising?	429
Step 5. Budgeting and selecting the digital media mix	377	Advantages and disadvantages of display advertising	431
1 Level of investment in digital media techniques in comparison to offline promotion	377	Best practice in planning and managing display ad campaigns	434
2 Selecting the right mix of digital media communications tools	379	Digital messaging including email marketing and mobile messaging	437
Digital marketing insight 8.3		What is email marketing?	437
Campaign tracking in Google Analytics	380	Opt-in email options for customer acquisition	438
3 Level of investment in digital assets	385	Opt-in email options for prospect conversion and customer retention (house list)	438
Step 6. Integration into overall media schedule or plan	385	Digital marketing insight 9.4	
Key activities in media selection and planning	385	SEAT combines email with display advertising to increase awareness	438
Case study 8 Global Action Plan: campaigning for a better world	388	Advantages and disadvantages of email marketing	439
<i>Summary</i>	390	Best practice in planning and managing email marketing	440
<i>Exercises</i>	390	Mobile text messaging and mobile push notifications	442
<i>Self-assessment exercises</i>	390	Social media and viral marketing	443
<i>Exam and discussion questions</i>	390	Viral marketing	444
<i>References</i>	391	Advantages and disadvantages of social media and viral marketing	446
<i>Weblinks</i>	392	Best practice in planning and managing viral marketing	449
9 Marketing communications using digital media channels	393	Digital marketing insight 9.5	
<i>Learning objectives and topics</i>	393	Is social media ‘mostly a waste of time’ and an ‘infantile delusion’?	450
Introduction	394	Offline promotion techniques	450
How is this chapter structured?	394	Advantages and disadvantages of using offline communications to support e-commerce	451
Digital marketing insight 9.1		Incidental and specific advertising of the online presence	452
How balanced is your referrer mix?	396	Case study 9 Smart Insights: how content strategy fuels inbound marketing to grow an online B2B service	452
Search engine marketing	397	<i>Summary</i>	456
What is SEO?	400	<i>Exercises</i>	457
Advantages and disadvantages of SEO	403	<i>Self-assessment exercises</i>	457
Best practice in planning and managing SEO	403	<i>Exam and discussion questions</i>	458
Digital marketing insight 9.2		<i>References</i>	458
Is SEO a zoo of Pandas and Penguins?	405	<i>Weblinks</i>	460
Digital marketing insight 9.3		10 Evaluation and improvement of digital channel performance	461
Reviewing the links into a site	410	<i>Learning objectives and topics</i>	461
Paid search marketing	410	Introduction	462
Advantages and disadvantages of paid search marketing	412	Performance management for digital channels	463
Best practice in planning and managing paid search marketing	414	Creating a performance management process	464
Digital public relations and influencer relationship management	417	Defining the performance metrics framework	465
What is digital or online public relations?	417		
Advantages and disadvantages of online public relations	419		
Best practice for online public relations and IRM	419		
Digital partnerships including affiliate marketing	424		

Tools and techniques for collecting insight, running processes and summarising results	469	Who owns the process?	482
Using Google Analytics to evaluate and improve digital marketing	469	Who owns the content?	483
How is Google Analytics data recorded?	469	Who owns the format?	483
Applying Google Analytics reports and measures	470	Who owns the technology?	484
Digital marketing insight 10.1		Case study 10 Learning from Amazon's culture of metrics	485
Focus on measuring social media marketing	474	<i>Summary</i>	491
Marketing research using the internet and digital media	478	<i>Exercises</i>	492
Questionnaires and surveys	479	<i>Self-assessment exercises</i>	492
Focus groups	480	<i>Exam and discussion questions</i>	492
Mystery shoppers	480	<i>References</i>	492
Content management process	480	<i>Weblinks</i>	493
How often should content be updated?	481	Glossary	494
Responsibilities for customer experience and site management	482	Index	523
		Publisher's Acknowledgements	531

Companion website

For open-access **student resources** specifically written to complement this textbook and support your learning, please visit go.pearson.com/uk/he/resources



Lecturer resources

For password-protected online resources tailored to support the use of this textbook in teaching, please visit go.pearson.com/uk/he/resources

Preface

Digital media and technology, an opportunity and a threat

Digital marketing has transformed how businesses and other organisations communicate with their audiences. Consumers now have access to a much wider choice of entertainment, products, services and prices from different suppliers and a more convenient way to select and purchase items. Organisations have the opportunity to expand into new markets, offer new services, interact with audiences in new ways and compete on a more equal footing with larger businesses. Marketers working within these organisations have the opportunity to develop new skills and to integrate these new tools to improve the competitiveness of the company.

In Chapter 1 we introduce the 7Ds of digital marketing to highlight the many factors that contribute to effective digital marketing. The 7Ds are digital goals and strategy, digital audiences, digital devices, digital platforms, digital media, digital data and digital technology. These can be used, alongside traditional marketing techniques, to get closer to audiences than ever before. Throughout the text we emphasise the importance of integrating the 7Ds, such that digital marketing is not treated in isolation but aligned with marketing and business strategy, while offering opportunities to impact strategy through new revenue and business models.

At the same time, the internet and related digital technology platforms give rise to many threats to organisations. For example, online companies such as ASOS and Zalando (clothing); Amazon (retail); Spotify (music) and Booking.com and Expedia (travel) have captured a significant part of their market and struck fear into the existing players. Many consumers now regularly use social networks such as Facebook, Instagram, LinkedIn, Snapchat, TikTok and Twitter as part of their daily lives, with the majority of access via smartphones. Engaging these consumers is an ongoing challenge but, as we will see, companies such as those above have taken advantage of these opportunities to interact with customers and evaluate these interactions, and this has helped them develop as worldwide brands.

Throughout this text we highlight the potential of digital data, analytics and insight to learn more about customers and their interactions, and customise marketing propositions and communications to increase relevance and response. We show that a data-driven or insight-driven marketing approach offers many advantages, but that organisations must carefully consider the implications for customer data privacy and security.

Management of digital marketing

With the success stories of companies capturing market share following the rapidly increasing adoption of the internet by consumers and business buyers, it is a prerequisite that all organisations must have an effective online presence to prosper, or possibly even survive! What Michael Porter said in 2001 is still valid today:

The key question is not whether to deploy Internet technology – companies have no choice if they want to stay competitive – but how to deploy it.

What are the marketing communications techniques that businesses need to master to make effective use of digital marketing? The proliferation of new media channels, digital technologies and interaction options has given a challenge of understanding, prioritising and

Table P.1 The RACE planning framework for managing key activities for integrated digital marketing across the customer lifecycle

Plan	Reach	Act	Convert	Engage
Create a digital marketing strategy or transformation plan	Increase awareness, drive website, mobile and social media visits	Generate interactions and leads	Achieve sales online or offline	Encourage customer loyalty and advocacy
1.1 Situation review (Chapters 2 and 3)	2.1 Media effectiveness review (Chapters 8 and 10)	3.1 Customer journey effectiveness (Chapter 7)	4.1 Retargeting (Chapters 6 and 9)	5.1 Customer onboarding (Chapters 6 and 7)
1.2 Set vision and objectives, evaluate (Chapters 4 and 10)	2.2 Search marketing (Chapter 9)	3.2 Data profiling (Chapter 6)	4.2 Personalisation (Chapter 7)	5.2 Customer experience (Chapter 7)
1.3 Strategy (Chapters 4–8)	2.3 Earned and owned media (Chapters 6–9)	3.3 Content marketing (Chapter 8)	4.3 Mobile experiences (Chapter 7)	5.3 Customer service (Chapter 7)
1.4 Segmentation (Chapters 4 and 6)	2.4 Paid media (Chapter 9)	3.4 Landing pages (Chapter 7 and 8)	4.4 Multichannel selling (Chapter 4)	5.4 Email marketing (Chapters 6 and 9)
1.5 Value proposition and brand (Chapters 4 and 5)	2.5 Acquisition plan (Chapters 8 and 9)	3.5 Content strategy and campaign plan (Chapter 8)	4.5 Conversion rate optimisation (Chapters 7 and 10)	5.5 Social media marketing (Chapters 6 and 9)

Source: Chaffey (2021)

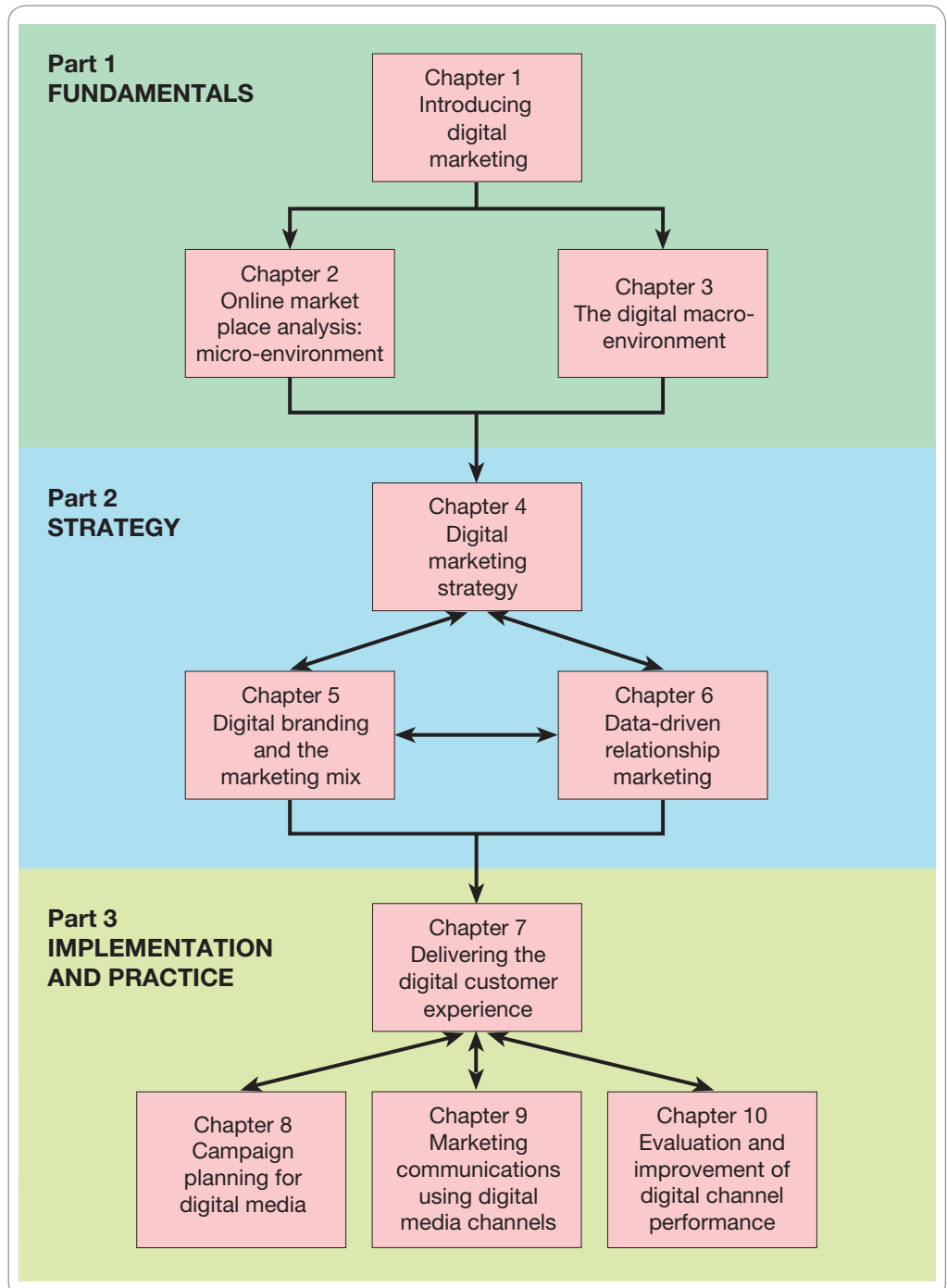
managing many new digital communications techniques. To help summarise these at a top level of the customer lifecycle or classic marketing funnel, Chaffey (2021) defined the RACE planning framework shown in Table P.1. RACE planning defines a structure of $5 \times 5 = 25$ key digital marketing techniques that need to be harnessed in most organisations to fully exploit digital marketing to reach, interact with, convert and engage online audiences across the customer lifecycle, from generating awareness, conversion to sale (online and offline) and retention and growth of customers. RACE also emphasises the need to plan to create a coordinated, integrated approach to digital marketing, which is integrated with other communications activities. Many of the activities across RACE are introduced in Chapter 1 as ‘always-on’ lifecycle communications, meaning businesses need to ensure that they can optimise their capabilities to achieve the RACE goals shown in the second row of Table P.1. For larger organisations, Table P.1 provides a summary of activities that need to be managed as part of digital transformation programmes, which review the innovation across people, process, tools and measures needed to increase competitiveness.

The table shows the range of different marketing activities or operating processes needed to support acquiring new customers through communicating with them on third-party websites and social media, attracting them to a company website, mobile app or social network and converting interest into leads and sales, and then using online customer communications to encourage further purchases and advocacy. You can see that applying social media and content marketing is a part of RACE that can be deployed to support many activities, and therefore is one of the key management challenges in digital marketing, so we consider approaches to managing social media and content marketing throughout the text, with a focus in Chapters 6, 8 and 9. Applying digital platforms as part of multichannel marketing to integrate customer journeys between traditional and digital media is also a major challenge and a theme throughout this text. Management processes related to governance of digital marketing include planning how digital marketing can be best resourced to contribute to the organisation and integrated with other marketing activities. The increased adoption of digital marketing also implies a significant programme of change that needs to be managed. New objectives need to be set, new communications strategies developed and staff developed through new responsibilities and skills.

Digital marketing – new skills required?

The aim of this text is to provide you with a comprehensive guide to the concepts, techniques and best practice to support all the digital marketing processes shown in Table P.1. This text (the structure of which is shown in Figure P.1) is based on emerging academic models together with best practice from leading adopters of digital media. The practical knowledge

Figure P.1 Structure of the text



developed through reviewing these concepts and best practice is intended to enable graduates entering employment and marketing professionals to exploit the opportunities of digital marketing while minimising the risks.

Specifically, this text addresses the following needs:

- To know to what extent digital technology and media changes existing marketing models and how new models and strategies can be applied to exploit the medium effectively.
- How to best integrate and align digital marketing with business and marketing strategies and communications, including dedicated digital transformation programmes and digital marketing strategies where necessary.
- Marketing practitioners need practical digital marketing skills to market their products effectively. Knowledge of the jargon – terms such as ‘marketing automation’, ‘click-through’, ‘cookie’, ‘uniques’ and ‘page impressions’ – and of effective methods of site design and promotion such as search engine marketing will be necessary, either for direct ‘hands-on’ development of a site or to enable communication with other staff or agencies that are implementing and maintaining the site.

The text assumes some existing knowledge of marketing in the reader, perhaps developed through experience or by students studying introductory modules in marketing fundamentals, marketing communications or buyer behaviour. However, basic concepts of marketing, communications theory, buyer behaviour and the marketing mix are outlined.

Summary of changes for the eighth edition

The acclaimed structure of previous editions has been retained since this provides a clear sequence to the stages of strategy development and implementation that are required to plan successfully for digital marketing in existing and startup companies.

The main changes made for the eighth edition, based on feedback from reviews and our close monitoring of the trends and latest developments, are:

- Increased coverage and examples of data-driven marketing techniques including digital analytics, artificial intelligence and machine learning.
- Updated examples of deploying organic and paid social media.
- Simplified chapter introduction pages blending learning objectives and topics.
- Increased diversity within case studies and mini case studies to feature more startup and not-for-profit businesses.

The main innovations included in the chapters are as follows.

Chapter 1 – Introducing digital marketing

- The 5Ds of digital marketing extended to 7Ds to emphasise the importance of goal setting, strategy and customer insight.
- New and updated visuals to introduce and explain digital marketing concepts and options. Overall, this edition has over 50 new or updated figures and tables.

Chapter 2 – Online marketplace analysis: micro-environment

- Table 2.1 updated to include the latest customer research tools and sources for students to use in their assignments.
- New research on share of searches and examples of keywords.
- New mini case study on how social media influencers can shape our opinions.

- New activity on B2B social network LinkedIn.
- New digital marketing competitor benchmarking framework based on RACE.

Chapter 3 – The digital macro-environment

- Increased focus on marketing technology and AI and reduced introductory content on ‘how the web works’.
- New mini case study covering Bitcoin and marketing applications of blockchain.
- New digital marketing insight covering digital minimalism and digital addiction.
- Updates to legislation related to digital marketing and coverage of the ‘cookieless future’.

Chapter 4 – Digital marketing strategy

- New digital marketing insights box exploring: ‘Is a digital marketing strategy needed in the post-digital world?’
- New section and figure on completing a digital marketing capability review.

Chapter 5 – Digital branding and the marketing mix

- New focus on digital branding.
- New research and examples on each part of the marketing mix added.

Chapter 6 – Data-driven relationship marketing using digital platforms

- New section on data-driven marketing covering Big Data, AI and machine learning, and analysis techniques including lead scoring and lead grading with a mini case study illustrating the concept. Chapter restructured to emphasise this, with social media marketing moved to the end and now including social media monitoring.
- New figures explaining how email marketing and social media can be used to support marketing activities across the customer lifecycle of Reach, Act, Convert and Engage.
- New case study showing how a startup business – B2B social media sharing service Buffer – has used data-driven marketing to grow the business.

Chapter 7 – Delivering the digital customer experience

- Options of cloud-based hosting and website hosting introduced. Google Core Web Vitals added.
- Usability and digital accessibility updated with new Voice of the Customer examples and McGovern’s ‘top tasks’ methodology.
- Updates of new IoT and AR applications including addition of classical literature on VR, AR and mixed reality.

Chapter 8 – Campaign planning for digital media

- New coverage and research covering balance between brand-building and brand-response campaigns and how digital media can facilitate this.
- Case study on Facebook replaced by not-for-profit Global Action Plan, which campaigns for environmental improvements.
- Updated figures recommending an integrated campaign timeline and best media types for different campaign budgets.

Chapter 9 – Marketing communications using digital media channels

- Best practices recommendations updated, particularly for organic and paid search. New mini case added on advertising in Tik Tok.
- New case study on using analytics to review media effectiveness at Smart Insights.

Chapter 10 – Evaluation and improvement of digital channel performance

- More practical coverage of Google Analytics, including a student activity reviewing the main reports in the Google Analytics Demo Accounts for Universal Analytics and GA4.
- Short section and mini case study added on Voice of Customer research.

Table P.2 In-depth case studies in *Digital Marketing*, 8th edition

Chapter	Case study	Themes
1 Introducing digital marketing	Boo hoo: learning from Boo.com – the largest European dot.com failure and the success of Boohoo.com	Business and revenue model, proposition, competition, objectives and strategies, risk management. Updated to contrast with Boo.com
2 Online marketplace analysis: micro-environment	Creating the beauty that moves the world	Assessing a consumer market, business models, marketing communications
3 The digital macro-environment	Social media and the changing face of celebrity influencers	Companion vision, branding, target market, communicating the proposition, challenges and reasons for failure
4 Digital marketing strategy	ASOS shifts the focus of high-street retailing to enhance the customer experience	Business models, proposition and online product range, target market strategy
5 Digital branding and the marketing mix	Spotify streaming develops new revenue models	Peer-to-peer services, revenue models, proposition design, strategy, competition, risk factors
6 Data-driven relationship marketing using digital platforms	Buffer: from idea to paying business customers in seven weeks	Testing concepts and innovating value propositions using data-driven marketing in a startup business
7 Delivering the digital customer experience	Refining the online customer experience at i-to-i.com	Strategy, proposition, site design, on-site search capabilities
8 Campaign planning for digital media	Global Action Plan – campaigning for a better world	Exploring the campaign planning process at charity GAP, with examples of different participation and social-media-led campaigns
9 Marketing communications using digital media channels	Smart Insights: how content strategy fuels inbound marketing to grow an online B2B service	Digital media channel strategy and measurement using Google Analytics for a small business
10 Evaluation and improvement of digital channel performance	Learning from Amazon's culture of metrics	Strategy, measurement, online marketing communications, personalisation approach

The structure and content of this text

The text is divided into three parts, each covering a different aspect of how organisations use the internet for marketing to help them achieve competitive advantage. Table P.3 shows how the text is related to established marketing topics.

Part 1 Digital marketing fundamentals (Chapters 1–3)

Part 1 relates the use of the internet to traditional marketing theories and concepts, and questions the validity of existing models given the differences between the internet and other media.

- Chapter 1 *Introducing digital marketing* considers using the internet as part of customer-centric, multichannel marketing; it also reviews the relationship between internet marketing, digital marketing, e-commerce and digital business, and the benefits the internet can bring to adopters; and outlines differences from other media and briefly introduces the technology.
- Chapter 2 *Online marketplace analysis: micro-environment* reviews how digital media and technology changes the immediate environment of an organisation, including the marketplace and channel structure. It describes the type of situation analysis needed to

Table P.3 Coverage of marketing topics in different chapters

Topic	1	2	3	4	5	6	7	8	9	10
Advertising								✓		✓
Branding				✓	✓	✓				✓
Consumer behaviour	✓	✓					✓	✓	✓	✓
Channel and market structure	✓	✓		✓						✓
Communications mix				✓				✓	✓	
Communications theory	✓							✓	✓	
Customer service quality						✓	✓	✓		
Direct marketing						✓		✓	✓	
International marketing		✓	✓	✓			✓			
Marketing mix		✓		✓	✓			✓		
Marketing research	✓	✓	✓							✓
Evaluation and measurement	✓			✓			✓	✓	✓	✓
Pricing strategy		✓		✓	✓					
Promotion	✓	✓		✓				✓	✓	
Public relations								✓	✓	
Relationship marketing						✓	✓			
Segmentation		✓		✓	✓	✓		✓		✓
Services marketing					✓		✓			
Strategy and planning	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Technology background	✓		✓						✓	✓

support digital strategy by examining how customers, competitors and intermediaries, and the interplay between them, can be evaluated.

- Chapter 3 *The digital macro-environment* reviews the impact of social, technological, economic, political, legal and environmental influences on digital strategy and its implementation. The emphasis is on privacy and data protection regulations and managing technology innovation.

Part 2 Digital marketing strategy development (Chapters 4–6)

Part 2 describes the emerging models for developing strategy and provides examples of the approaches companies have used to integrate the internet into their marketing strategy.

- Chapter 4 *Digital marketing strategy* considers how the digital strategy can be aligned with business and marketing strategies, and describes a generic strategic approach with phases of situation review, goal setting, strategy formulation and resource allocation and monitoring.
- Chapter 5 *Digital branding and the marketing mix* assesses how the different elements of the marketing mix can be varied in the online environment as part of strategy formulation.
- Chapter 6 *Data-driven relationship marketing using digital platforms* details strategies and tactics for using digital communications to build and sustain ‘one-to-one’ relationships with customers.

Part 3 Digital marketing: implementation and practice (Chapters 7–10)

Part 3 of the text explains practical approaches to implementing a digital marketing strategy. Techniques for communicating with customers, building relationships and facilitating electronic commerce are all reviewed in some detail. Knowledge of these practical techniques is essential for undergraduates on work placements involving website, content or social media marketing activities, and for marketing managers who are dealing with suppliers such as design agencies.

- Chapter 7 *Delivering the digital customer experience* explains how an online presence is developed to support branding and customer service quality objectives. The stages of analysis of customer needs, design of the site structure and layout and creating the site are covered, together with key techniques such as user-centred design, usability and accessibility design. It also covers different service quality models used to assess experience.
- Chapter 8 *Campaign planning for digital media* describes the novel characteristics of digital media, and then considers different aspects of marketing communications that are important for developing a successful online campaign.
- Chapter 9 *Marketing communications using digital media channels* covers techniques such as banner advertising, affiliate networks, promotion in search engines, co-branding and sponsorship, email, online PR, viral and word-of-mouth marketing, with particular reference to social networks.
- Chapter 10 *Evaluation and improvement of digital channel performance* reviews methods for assessing and improving the effectiveness of a website and digital communications using digital analytics, with a focus on Google Analytics. The chapter briefly covers process and tools for updating content.

Who should use this text?

Students

This text has been created primarily as the main student text for undergraduate and postgraduate students taking specialist marketing courses or modules that cover e-marketing, internet and digital marketing, electronic commerce and e-business. The text is relevant to students who are:

- *undergraduates on business programmes* that include modules on the use of the internet and e-commerce, including specialist degrees such as digital marketing, electronic commerce, marketing, tourism and accounting or general business degrees such as business studies, business administration and business management;
- *undergraduate project students* who select this topic for final-year projects or dissertations – this text is an excellent supporting text for these students;
- *undergraduates completing a work placement* in a company using the internet to promote its products;
- *students at college aiming for vocational qualifications*, such as an HNC or HND, in business management or computer studies;
- *postgraduate students* taking specialist master's degrees in electronic commerce or internet marketing, generic MBAs and courses leading to qualifications such as the Certificate in Management or Diploma in Digital Marketing or Management Studies that involve modules on electronic commerce and digital marketing.

Practitioners

Previous editions have been widely used by digital marketing practitioners including:

- *marketing managers or specialists such as e-commerce managers or digital marketing managers* responsible for defining digital marketing strategy and implementing and maintaining the company website;
- *senior managers such as chief marketing officers (CMOs) and directors* wishing to understand the potential of digital marketing for a company and who need practical guidelines on how to exploit this potential;
- *technical project managers or webmasters* who may understand the technical details of building a site, but have a limited knowledge of marketing fundamentals and how to develop an internet marketing strategy.

What does the text offer to lecturers teaching these courses?

The text is intended to be a comprehensive guide to all aspects of using the internet and other digital media to support marketing. The text builds on existing marketing theories and concepts, and questions the validity of models in the light of the differences between the internet and other media. The text references the emerging body of literature specific to internet marketing. It can therefore be used across several modules. Lecturers will find the text has a good range of case studies, activities and exercises to support their teaching. Website links are given in the text and at the end of each chapter to provide important information sources for particular topics.

Student learning features

A range of features has been incorporated into this text to help the reader get the most out of it. Each feature has been designed to assist understanding, reinforce learning and help readers find information easily, particularly when completing assignments and preparing for exams. The features are described in the order in which you will find them in each chapter.

At the start of each chapter

The 'Chapter at a glance' page is a summary of the content for each chapter. It contains:

- **Learning objectives and topics:** a list relating the learning objectives to the main sections in which they are covered in the chapter.
- **Case study:** an organisation is featured in the main case at the end of each chapter.
- **Links to other chapters:** a summary of where key concepts are also covered in other chapters.

In each chapter

- **Definitions:** when significant terms are first introduced in the main text, there are succinct definitions of these terms in the margin for easy reference.
- **Web references:** where appropriate, web addresses are given to enable readers to obtain further information. They are provided in the main text where they are directly relevant as well as at the end of the chapter.
- **Essential digital skills:** practical ideas to boost employability by showcasing students' interests and experiences.
- **Mini case studies:** short features that give a more detailed example, or explanation, than is practical in the main text. They do not contain supplementary questions.
- **Digital marketing insights:** short features and examples of using research to facilitate data-driven marketing.
- **Activities:** exercises that give readers the opportunity to practise and apply the techniques described in the main text.
- **Case studies:** real-world examples of how companies are using the internet for marketing. Questions at the end of each case study are intended to highlight the main learning points from the example.
- **Chapter summaries:** intended as revision aids to summarise the main learning points from the chapter.

At the end of each chapter

- **Self-assessment exercises:** short questions that will test understanding of terms and concepts described in the chapter.
- **Exam and discussion questions:** these include questions that can be set for students or used for self-review by students. They include individual essays, topics for seminar discussion and short questions for exams to assess knowledge about a topic.
- **References:** these are references to books, articles or papers referred to within the chapter.

Note: In addition to the end of chapter material in the text, website links are hosted at www.davechaffey.com/book-support, structured by chapter to enable students to click-through to relevant sites. These are significant sites that provide further information on the concepts and topics of the chapter.

At the end of the text

- **Glossary:** comprehensive definitions of all key terms and phrases used within the main text.
- **Index:** all key words and abbreviations referred to in the main text.

Support material

Free supplementary materials are available at Dave Chaffey's website at www.davechaffey.com/book-support to support all users of the text. This regularly updated website contains advice, comment, support materials and hyperlinks to reference sites relevant to the text. A companion website for lecturers and students is available from the publisher at go.pearson.com/uk/he/resources. Lecturers can download an Instructor's Manual and supporting PowerPoint slides.

References

- Chaffey, D. (2021) Introducing the RACE framework: a practical framework to improve your digital marketing, Smart Insights blog post, 27 May, smartinsights.com/digital-marketing-strategy/race-a-practical-framework-to-improve-your-digital-marketing (accessed August 2021).
- Porter, M. (2001) Strategy and the internet, *Harvard Business Review*, (March), 62–78.

About the authors

Dave Chaffey BSc, PhD, FCIM, FIDM



Dave is co-founder of Smart Insights (www.smartinsights.com), an online marketing training platform and blog providing advice and alerts on best practice and industry developments for marketers, digital marketers and e-commerce managers. Dave's personal blog features a glossary and other advice created to help readers of Dave's books, available from www.davechaffey.com/book-support.

Dave also works as an independent digital marketing trainer and consultant. He has consulted on digital marketing and e-commerce strategy for companies of a range of sizes from larger organisations such as 3M, Barclaycard, Dell, HSBC, Mercedes-Benz, Microsoft and The North Face to smaller organisations such as Arco, Confused.com, Eurooffice and Scan Computers.

Dave's passion is educating students and marketers about the latest and best practices in digital marketing, thus empowering businesses to improve their online performance through getting the most value from their web analytics and market insight. In other words, making the most of online opportunities and avoiding waste.

He is proud to have been recognised in 2004 by the Department of Trade and Industry as one of the leading individuals who have provided input and influence on the development and growth of e-commerce and the internet in the UK for the previous ten years. Dave has also been recognised by the Chartered Institute of Marketing as one of 50 marketing 'gurus' worldwide who have helped shape the future of marketing. He is also proud to be an Honorary Fellow of the Chartered Institute of Marketing and the Institute of Data and Marketing.

Dave has been a visiting lecturer on digital marketing and e-commerce courses at different universities including Birmingham, Cranfield, Derby, Leeds, Manchester Metropolitan and Warwick.

In total, Dave is author of five best-selling business books including *Digital Business and Ecommerce Management* (with Tanya Hemphill and David Edmunson-Bird), *Digital Marketing: Strategy, Implementation and Practice*, *Digital Marketing Excellence* (with P.R. Smith) and *Total Email Marketing*. Many of these books have been published in new editions since 2000 and translations include Chinese, Dutch, German, Italian and Serbian.

When offline, Dave enjoys fell-running, orienteering, indie guitar music and travelling with his family.

Dave is a volunteer at Abilitynet.org.uk helping people with disabilities, including visual impairment, to use digital devices.

Fiona Ellis-Chadwick PhD, BSc, PGCE



Fiona Ellis-Chadwick has a successful professional business and academic career. She had a successful commercial career in retail management before becoming an academic in 1998 and completing her PhD in 2000. Since then, she has been working on projects aiming to advance research in the fields of digital marketing; online retail management and the digital high street. She is currently working with central, regional and local government authorities and leading technology and retail organisations on projects that aim to ensure the future sustainability of UK high streets.

Additionally, as part of her academic career, Fiona is a very active researcher and innovator who frequently leads the development of thought-provoking multimedia teaching materials, bringing together her knowledge of research and business. Fiona's work has

been widely published in national and international journals, including *Journal of Business Research*, *European Journal of Marketing*, *International Journal of Retail Distribution & Management*, *Internet Research* and *Journal of Retailing and Consumer Services*.

Fiona is passionate about business research and education and creating value for society, having started her working career as a young entrepreneur building a retail business. She believes bringing management research to life is very important, especially in her current role as Director of Impact at The School of Business & Economics, Loughborough University.

Academic profile: <http://www.lboro.ac.uk/departments/sbe/staff/fiona-ellis-chadwick/>

LinkedIn: <https://www.linkedin.com/in/fiona-ellis-chadwick-6919136/>

Acknowledgements

I am fortunate to have shared my journey of understanding how best to use digital marketing with thousands of students and marketing professionals and I thank you for sharing your experiences with me. I'd particularly like to thank all the practitioners who have shared their experiences on applying digital marketing in their articles and webinars on **Smartinsights.com** and past, present and future colleagues who I have enjoyed working with to develop our digital communications at Smart Insights, in particular my co-founders Stu Miller and Danyl Bosomworth.

Likewise, I appreciate the effort made by the digital marketing specialists who have shared their knowledge as expert commentators on Smart Insights, including Mike Berry and Richard Sedley (marketing strategy), Dan Barker, Ben Jesson and Pritesh Patel (analytics), Dan Bosomworth, Paul Fennemore, Katy Howell and Marie Page (social media marketing), Rene Power (B2B marketing), Rob Thurner (mobile marketing), Chris Soames, James Gurd and John Newton (search marketing), Lilach Bullock (social media marketing), Mel Henson (copywriting), Paul Rouke (usability) and Kath Pay, Tim Watson and Jenna Tiffany (email marketing). Also to the many occasional contributors who have shared their expertise and experiences.

The authors would like to thank the team at Pearson Education for their help in the creation of this text through many useful reviews, especially Anita Atkinson, Rufus Curnow, Elizabeth Leight, Manoj Lodhi and Diane Jones.

As always, special thanks go to my family for supporting me in the ongoing updates and educating me via their personal and business use of social media marketing!

Dave Chaffey

Pearson's Commitment to Diversity, Equity and Inclusion

Pearson is dedicated to creating bias-free content that reflects the diversity, depth and breadth of all learners' lived experiences. We embrace the many dimensions of diversity including, but not limited to, race, ethnicity, gender, sex, sexual orientation, socioeconomic status, ability, age and religious or political beliefs.

Education is a powerful force for equity and change in our world. It has the potential to deliver opportunities that improve lives and enable economic mobility. As we work with authors to create content for every product and service, we acknowledge our responsibility to demonstrate inclusivity and incorporate diverse scholarship so that everyone can achieve their potential through learning. As the world's leading learning company, we have a duty to help drive change and live up to our purpose to help more people create a better life for themselves and to create a better world.

Our ambition is to purposefully contribute to a world where:

- Everyone has an equitable and lifelong opportunity to succeed through learning.
- Our educational products and services are inclusive and represent the rich diversity of learners.
- Our educational content accurately reflects the histories and lived experiences of the learners we serve.
- Our educational content prompts deeper discussions with students and motivates them to expand their own learning and worldview.

We are also committed to providing products that are fully accessible to all learners. As per Pearson's guidelines for accessible educational Web media, we test and retest the capabilities of our products against the highest standards for every release, following the WCAG guidelines in developing new products for copyright year 2022 and beyond. You can learn more about Pearson's commitment to accessibility at:

<https://www.pearson.com/us/accessibility.html>

While we work hard to present unbiased, fully accessible content, we want to hear from you about any concerns or needs regarding this Pearson product so that we can investigate and address them.

- Please contact us with concerns about any potential bias at:
<https://www.pearson.com/report-bias.html>
- For accessibility-related issues, such as using assistive technology with Pearson products, alternative text requests, or accessibility documentation, email the Pearson Disability Support team at:
disability.support@pearson.com



Part 1

Digital marketing fundamentals

Chapter 1 introduces the opportunities and challenges of digital marketing and explains the different types of digital marketing platforms and media channels available to engage audiences online. It also introduces a planning framework that can be used to structure digital marketing strategies and campaigns. Chapters 2 and 3 provide a foundation for developing an integrated digital marketing strategy by reviewing how the online marketplace of an organisation can be assessed as part of situation analysis.

1 Introducing digital marketing 4

- Introduction: how has digital marketing transformed marketing?
- Digital marketing goals and strategy
- Introduction to digital marketing strategy
- Business and revenue models
- Digital marketing audiences and buyer behaviour
- Digital devices and digital platforms
- Digital media
- Digital data
- Digital marketing technology

2 Online marketplace analysis: micro-environment 45

- Introduction to online marketplace analysis
- Situation analysis for digital marketing
- The digital marketing environment
- Customers: understanding how they interact with digital markets
- Customer choice and digital influence
- Customer characteristics
- Competitor analysis
- Suppliers, publishers, intermediaries and influencers
- New channel structures
- Digital business models
- Digital revenue models

3 The digital macro-environment 92

- Introduction to macro-environment forces
- Technological forces
- Legal forces
- Social forces
- Economic forces
- Political forces

1

Introducing digital marketing

Learning objectives and topics

After reading this chapter, you should be able to:

- Explain how the business opportunities and challenges of digital marketing can be managed using a strategic approach
 - Introduction: how has digital marketing transformed marketing?
 - Digital marketing goals and strategy
 - Business and revenue models
 - Challenges in developing and managing digital marketing strategy
- Review the options to achieve communications goals using different types of digital media and platforms
 - Digital marketing audiences and buyer behaviour
 - Digital devices and digital platforms
 - Digital media
- Review how different types of marketing data and technology can be used to improve audience experiences and support business goals
 - Digital data
 - Digital marketing technology

Case study

Case study 1: Boo hoo: learning from Boo.com – the largest European dot.com failure and the success of Boohoo.com

Links to other chapters

This chapter provides an introduction to digital marketing, and the concepts introduced are covered in more detail later in the text, as follows:

- Chapters 2 and 3 explain marketplace analysis for digital marketing planning and managing consumer concerns such as privacy.
- Chapters 4, 5 and 6 in Part 2 describe how digital marketing strategy can be developed.
- Chapters 7, 8 and 10 in Part 3 describe strategy implementation.

Introduction: how has digital marketing transformed marketing?

For businesses to compete effectively today, it's essential that they use digital marketing to support their business and marketing strategies. Each one of us now spends several hours each day using digital media, whether we're looking for entertainment, social interaction or seeking new products. Brands that don't have the right digital elements in place within their marketing communications programmes miss out on opportunities to influence consumers at key online touchpoints.

Digital marketing offers marketers many innovative communications techniques to reach and engage consumers and businesses online to support their goals. Compared to traditional media such as TV, print or cinema, these techniques may have many potential benefits. They offer interaction, personalisation to target audience interests and in some cases, such as in search engine or social media marketing, there may be organic options that don't incur a direct media cost. Yet some traditional media remain effective, and consideration of how to integrate these is needed.

For the authors of this text, digital marketing is an exciting area to be involved with, since it poses many new opportunities and challenges yearly, monthly and even daily. Innovation is a given, with the continuous introduction of new technologies, new business models and new communications approaches.

Yet, given the number of digital marketing techniques and platforms, there are many challenges in selecting the best media to gain cut-through to reach the right audience, at the right time, in the right place given the proliferation of digital media. The options available change rapidly as innovations occur across the digital platforms.

In this text, we explain a strategic approach for businesses to take advantage of the opportunities of using digital communications and digital transformation. It's based on a systematic process to define the opportunity (Part 1), develop strategies (Part 2) and implement digital techniques and best practices (Part 3).

How will this text help me?

To succeed in the future, organisations will need marketers, strategists and agencies with up-to-date knowledge of how to integrate digital marketing techniques into their marketing communications and develop new strategies to compete.

The aim of *Digital Marketing* is to support students and professionals in gaining and developing this knowledge. In this text, we will show how traditional marketing models and concepts can be applied to help develop digital marketing strategies and plans, and where new models are appropriate. We will also give many practical examples and best practices for applying digital marketing to effectively market an organisation's products and services using the internet and other digital media.

Digital marketing

The application of digital media, data and technology integrated with traditional marketing communications to achieve marketing objectives.

Online company presence

Different forms of online media controlled by a company including its website, blogs, email list and social media presences. Also known as 'owned media'.

What is digital marketing?

Digital marketing can be simply defined as:

Achieving marketing objectives through applying digital media, data and technology.

This succinct definition helps remind us that it is the results delivered by technology that should determine investment in digital marketing, not the adoption of the technology! We also need to remember that despite the popularity of digital devices for product selection, entertainment and work, we still spend a lot of time in the real world, so integration with traditional media remains important in many sectors.

In practice, digital marketing focuses on managing different forms of **online company presence**, such as company websites, mobile apps and social media company pages,

Customer relationship management (CRM)

Using digital communications technologies to maximise sales to existing customers and encourage continued usage of online services through techniques including a database, personalised web messaging, customer services, chatbots, email and social media marketing.

Digital transformation

A staged programme of organisational improvements to business models, people, process and technologies used for integrated digital marketing in order to maximise the potential business contribution of digital technology, data and media.

Multichannel (omnichannel) marketing

Customer communications and product distribution are supported by a combination of digital and traditional channels at different points in the buying cycle or 'path to purchase'. With the range of mobile and IoT touchpoints, some use the term 'omnichannel marketing'.

Customer journey

A description of modern multichannel buyer behaviour as customers use different media and touchpoints to achieve their goals, including selecting suppliers, making purchases and gaining customer support as part of the 'path-to-purchase'.

Paid media

Also known as bought media, a direct payment occurs to a site owner or an ad network when they serve an ad, a sponsorship or pay for a click, lead or sale generated.

Owned media

Different forms of media controlled by a company including its website, blogs, email list and social media presence.

Earned media

The audience is reached through editorial, comments and sharing both online and offline.

integrated with online communications techniques introduced later in this chapter, including search engine marketing, content marketing, social media marketing, online advertising, email marketing and partnership arrangements with other websites.

These techniques are used to support the objectives of acquiring new customers and providing services to existing customers that help develop the customer relationship through **customer relationship management (CRM)**. However, for digital marketing to be successful there is still a need for integration of these techniques with traditional media such as print, TV, direct mail and human sales and support as part of multichannel marketing communications.

To use digital marketing effectively, many established businesses have adopted **digital transformation** programmes. Analyst Brian Solis (2017) of Altimeter defines digital transformation as:

The evolving pursuit of innovative and agile business and operational models – fuelled by evolving technologies, processes, analytics, and talent – to create new value and experiences for customers, employees, and stakeholders.

The role of digital platforms in supporting integrated **multichannel (omnichannel) marketing** is a recurring theme in this text, and in Chapter 2 we explore its role in supporting different **customer journeys** on the 'path to purchase' through alternative communications and distribution channels. Online channels can also be managed to support the whole buying process from pre-sale to sale to post-sale and further development of customer relationships.

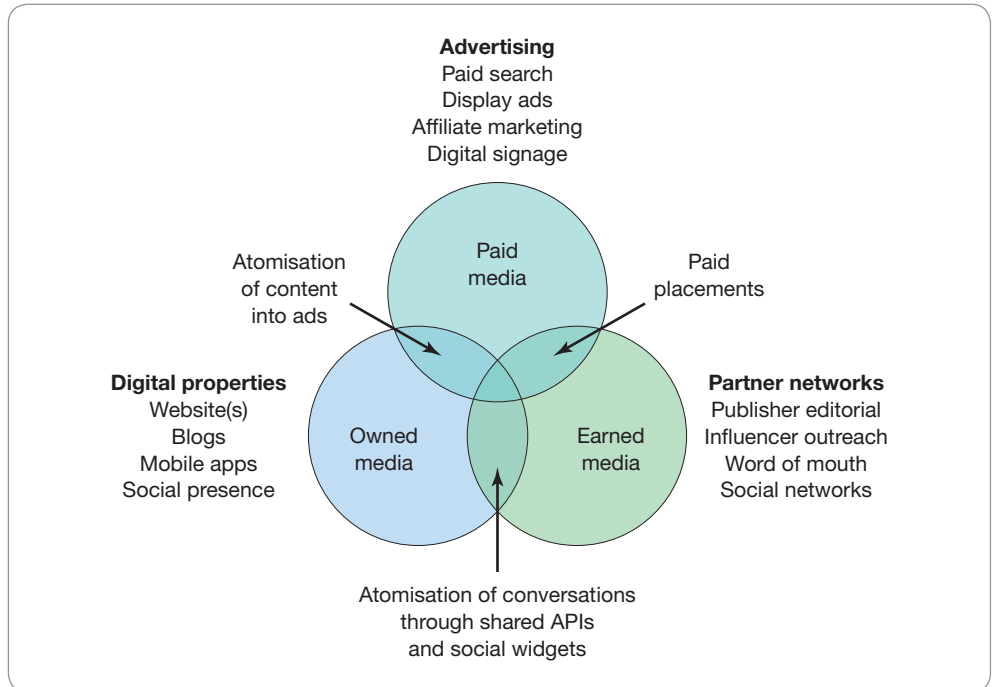
We will see at the end of this chapter that content marketing has become a core integrated modern marketing approach that involves communications across paid, owned and earned media.

Paid, owned and earned media

To develop a sound digital strategy today involves understanding a more complex, more competitive buying environment than ever before, with customer journeys including touchpoints in many different forms of online presence. To help develop a strategy to reach and influence potential customers online, it's commonplace to refer to three main types of media that marketers need to consider today (Figure 1.1):

- 1 Paid media.** These are bought media where there is investment to pay for visitors, reach or conversions through search, display ad networks or affiliate marketing. Offline, traditional media such as print and TV advertising and direct mail remain important for some brands such as consumer goods brands.
- 2 Owned media.** This is media owned by the brand. Online this includes a company's own websites, blogs, email list, mobile apps or its social presence on Facebook, Instagram, LinkedIn or Twitter. Offline owned media may include brochures or retail stores. It's useful to think of a company's own presence as media in the sense that it is an alternative investment to other media and it offers opportunities to promote products using similar ad or editorial formats to other media. It emphasises the need for all organisations to become multichannel publishers.
- 3 Earned media.** Traditionally, earned media has been the name given to publicity generated through PR invested in targeting influencers to increase awareness about a brand. Now, earned media also includes word of mouth that can be stimulated through viral and social media marketing, and conversations in social networks, blogs and other communities. It's useful to think of earned media as the sharing of engaging content developed through different types of partners such as publishers, bloggers and other influencers, including customer advocates. Another way of thinking about earned media is as different forms of conversations between consumers and businesses occurring both online and offline.

Figure 1.1 The intersection of the three key online media types



You can see in Figure 1.1 that there is overlap between the three different types of media. It is important to note this since achieving this overlap requires integration of campaigns, resources and infrastructure. Content on a content hub or site can be broken down (sometimes described as microcontent) and shared between other media types through widgets powered by program and data exchange APIs (**application programming interfaces**) such as the Facebook API.

Application programming interfaces

Method of exchanging data between systems such as website services.

Essential digital skills

Keeping up to date with digital

At the start of each chapter you will find an Essential digital skills box that has practical ideas to improve your knowledge and tips on how to improve 'hands-on' digital skills, which are recommended by employers.

In this chapter, we recommend some techniques that marketers can use to stay up to date with developments in digital marketing and with their competitors. We recommend you develop the following skills:

- regularly reviewing the latest trends in digital marketing techniques;
- assessing the relevance to business of new features from the main digital marketing platforms such as Facebook and Google.

These are the techniques that Dave Chaffey uses to keep up to date with the latest developments:

- Use Twitter Lists to get focused updates from the best websites or influencers, which are grouped into streams. I monitor these in www.Hootsuite.com, which you can also use to set up streams for competitors.



- Use a feed reader app such as Feedly™ to subscribe to different digital marketing news sites. The most popular articles are highlighted to help you filter out the biggest developments. Install Feedly and you will get recommendations of the best marketing sites.
- Subscribe to newsletters that cover the latest platform developments and best practices, for example, Econsultancy™, MarTech™ and Smart Insights™.

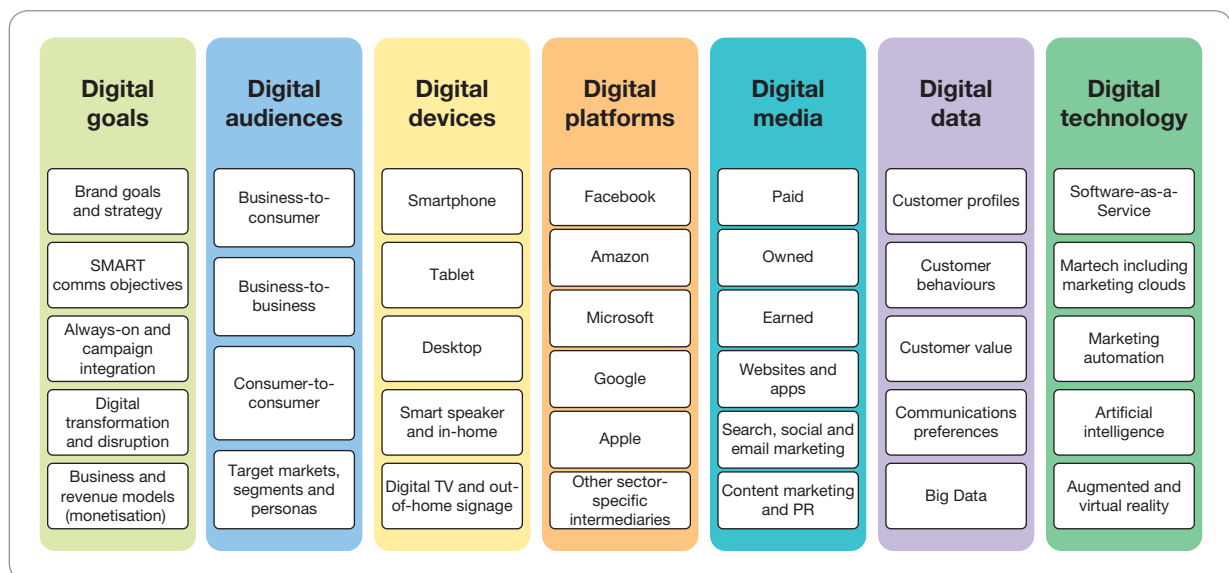
To audit your digital marketing skills across the RACE planning framework, use the Smart Insights Skills Assessment tool available at <http://bit.ly/smartdigiskills>.

Context – the 7Ds of digital marketing

As part of defining the scope of opportunity when using a strategic approach to digital marketing, it's helpful to think about which digital audience interactions we need to understand and manage through marketing communications. Digital marketing today is about managing many more types of audience interaction than simply a company website or email marketing. It involves harnessing all of these other '7Ds of managing digital marketing interactions', which are summarised in Figure 1.2. This summarises the key concepts and pillars supporting digital marketing that are introduced in this chapter. The marketing activities relating to the 7Ds that should be reviewed as part of a strategic approach to digital marketing are:

- **Digital goals and strategy.** Reviewing what the business or brand is aiming to achieve through using digital marketing and how well it is contributing. Considering how digital marketing can help the business compete through digital marketing strategy to define digital transformation needed for existing businesses, including changes to business and revenue models, and prioritisation of always-on marketing in addition to campaign investments.

Figure 1.2 The 7Ds or pillars supporting effective digital marketing



Internet of Things (IoT)

A network of objects and devices at home and at work providing sensors and connectivity that enable them to be monitored and exchange data with other systems.

FAMGA

An acronym standing for Facebook™ (which owns Instagram™ and WhatsApp™), Amazon™, Microsoft™ (which owns LinkedIn™), Google™ (whose parent group Alphabet™ owns YouTube™) and Apple™.

- **Digital audiences.** Understanding online audience characteristics, behaviours and preferences, summarised as personas, in order to deliver more relevant content and experiences to different target segments, aimed at increasing interactions and so meeting business goals within the competitive online marketplace.
- **Digital devices.** Understanding how our audiences interact with businesses as part of the buying process using a combination of smartphones, tablets, laptops, desktop computers, TVs, gaming devices, smart speakers and other connected devices forming the **Internet of Things (IoT)** (see Chapter 7).
- **Digital platforms.** Assessing the relative importance of interactions and priority for communications on the major ‘digital platforms’ or online services, sometimes described by the acronym ‘**FAMGA**’. These businesses are influential in developing the operating systems, browsers, apps, social networks and search engines used to mediate digital interactions between businesses and consumers. Industry sectors may have their own platforms that are important in influencing purchase, for example specialist online publishers or comparison sites. For example, within the travel sector, TripAdvisor™ is an important platform, built using the infrastructure provided by different FAMGA players.
- **Digital media.** Prioritising the use of different communications channels for reaching and engaging audiences that are available, including advertising, email and messaging, search engines and social networks, which we’ll introduce in this chapter.
- **Digital data.** Structuring and applying the insight businesses collect about their audience profiles; their interactions with businesses now need to be protected by law in most countries.
- **Digital marketing technology.** Selecting the marketing technology or martech that is used to create interactive experiences including websites and mobile apps. Technology is also used to support the planning, execution, optimisation, insight and reporting for digital marketing channel activities that form marketing campaigns.

Digital marketing goals and strategy

Since digital media are enabled through technology, there is a danger that adoption of digital marketing technology will be led by technology decisions. This risk is highlighted in the *Harvard Business Review* article ‘Digital transformation is not about technology’. Tabrizi *et al.* (2019) suggest that businesses will often:

Put the cart before the horse, focusing on a specific technology (‘we need a machine-learning strategy!’) rather than doing the hard work of fitting the change into the overall business strategy first. Not only should they align tech investments with business goals – they should also lean more on insider knowledge than outside consultants, acknowledge fears about job loss that those insiders may have, develop deep knowledge of how changes will affect customer experience, and use process techniques borrowed from the tech world (experimentation, prototyping, etc.) to facilitate change.

As with any strategic initiative involving investment in technology, it’s important to make the business case and set SMART objectives, as we detail in Chapter 4 on digital strategy. In this section we consider general benefits and applications of digital media and technology.

Goals of digital marketing

Since digital marketing should support marketing communications goals such as customer acquisition and retention, it’s useful to consider a hierarchy of response model for how digital media and platforms support these goals. AIDA, which stands for

Awareness–Interest–Desire–Action, is the classic hierarchy of response model you are likely familiar with. It was originally created to explain how individuals respond to media such as ads. However, it doesn't relate to the overall process of digital marketing for achieving customer acquisition, retention and brand metric goals.

Dave Chaffey developed the RACE digital marketing framework as a simple way to set and achieve goals across the **customer lifecycle** from acquisition and customer development to customer retention.

RACE (Figure 1.3 and Preface Figure P.1; Chaffey, 2021) is a practical framework developed by Dave Chaffey to help marketers set goals, measure performance and manage activities to improve the commercial value that their organisations gain from digital marketing. RACE is an evolution of the REAN (Reach–Engage–Activate–Nurture) framework originally developed by Xavier Blanc and popularised by Steve Jackson in his book *Cult of Analytics* (Jackson, 2009). It is intended to help create a simplified approach to reviewing the performance of online marketing and taking actions to improve its effectiveness.

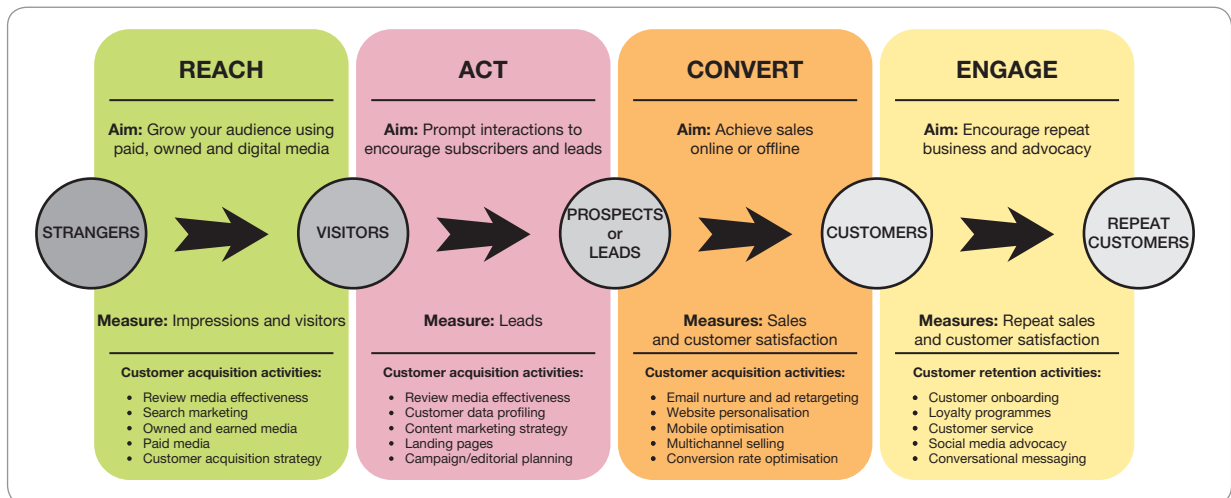
RACE consists of four steps designed to help engage prospects, customers and fans with brands throughout the customer lifecycle:

- **Step 1: Reach** – build awareness of a brand, its products and services on other sites and in offline media and build traffic by driving visits to web and social media presences.
- **Step 2: Act** – engage an audience with the brand on its website or other online presence to encourage them to interact with a company or other customers. In many sectors, the aim of the Act stage is lead generation, i.e. to gain permission to market to a prospect using email, SMS or mobile app notifications.
- **Step 3: Convert** – achieve conversion to generate sales on web presences and offline.
- **Step 4: Engage** – build customer relationships through time to achieve retention goals.

Digital channels always work best when they are integrated with other channels so, where appropriate, digital channels should be combined with the traditional offline media and channels. The most important aspects of integration are, first, using traditional media to raise awareness of the value of the online presences at the Reach and Act stages and, second,

Customer lifecycle
The stages each customer will pass through in a long-term relationship with an organisation, including acquisition, retention and extension, prompted by digital and non-digital communications touchpoints.

Figure 1.3 The RACE omnichannel marketing planning framework summarising aims, activities and measures



at the Convert and Engage steps where customers may prefer to interact with customer representatives.

RACE can be used as a framework to structure the goals of both integrated digital marketing strategies and shorter-term campaigns, as shown by Mini case study 1.1.

We can also consider the benefits of digital marketing in supporting marketing goals by applying the definition of marketing suggested by the Chartered Institute of Marketing (www.cim.co.uk):

Marketing is the management process responsible for identifying, anticipating and satisfying customer requirements profitably.

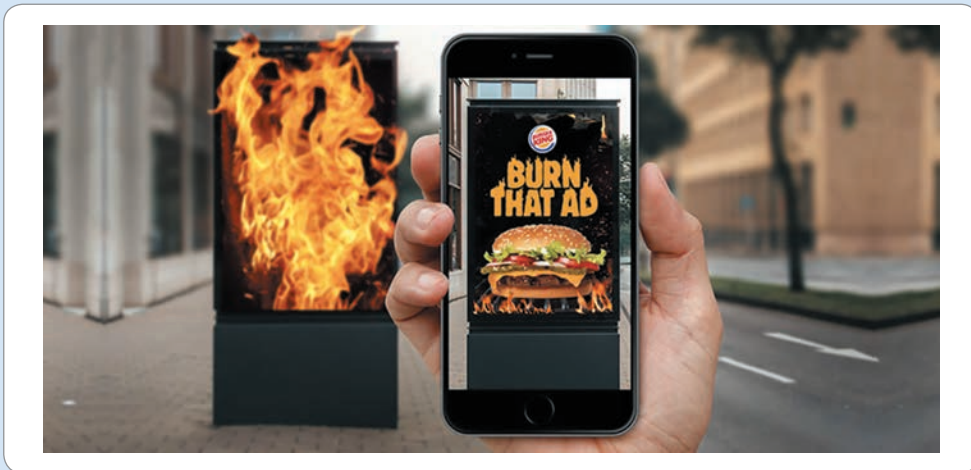
This definition emphasises the focus of marketing on the customer and commercial returns. Consider how digital marketing can be used to support these aims as follows:

- **Identifying.** Digital interactions give a source of customer insight and a channel for marketing research to determine customers' needs and wants (Chapters 2 and 10).
- **Anticipating.** Using insight gained online, digital media provide a way to target communications in line with audience needs. The demand for digital content and services needs to be evaluated to ensure adequate resources are delivered (as explained in Chapters 2, 3 and 4).

Mini case study 1.1

Burger King® Brazil makes creative use of augmented reality (AR) by 'flaming its competitors' ads'

Burger King's® 'Burn that ad' campaign



Source: The BURGER KING® and Whopper® trademarks and images are used with permission from Burger King Corporation. All rights reserved

The communications aim of the campaign was to drive people to download the BK app, use the AR feature in the real world and insist on Burger King flame grilling iconic taste. With the motto '*After all, flame grilled is always better*', digital interactions were encouraged through a feature in the Burger King app. It integrated a feature in its app that allowed users to scan any ad of the competition and burn it in the virtual world using augmented reality.

Conversion to sale was encouraged since users of the feature could get a free Whopper®, encouraging trial and future purchases. Longer-term engagement was encouraged by use of a mobile app, BK Express, specifically developed in Brazil enabling any customer to pre-order and avoid queues. The campaign aim was to achieve hundreds of thousands of app downloads and online voucher redemptions.

Source: The Drum (2019)

- **Satisfying.** A key success factor within digital marketing is achieving customer satisfaction through digital channels, which raises questions about the quality of customer experience (these issues of customer relationship management are discussed further in Chapters 6 and 7).

Chaffey and Smith (2017) suggested the 5Ss of digital marketing as a way of considering the business benefits of digital marketing. Table 1.1 shows our summary of these benefits.

Direct-to-consumer communications and e-commerce

Prior to the option of online sales, many businesses sold through intermediaries such as wholesalers or retailers. The internet now offers new options for direct-to-consumer (D2C) communications and sales through e-commerce. Digital transformation projects will often involve prioritising investments needed for transactional e-commerce as part of a move to **digital business**.

Electronic commerce (e-commerce) refers to both financial and informational electronically mediated transactions between an organisation and any third party it deals with. Thus, e-commerce involves management not only of online sales transactions, but also of non-financial transactions such as inbound customer service enquiries and outbound email broadcasts, so you can argue that e-commerce is open to all online organisations. However, e-commerce is often used to refer solely to selling online, i.e. transactional e-commerce.

E-commerce is often further subdivided into a **sell-side e-commerce** perspective, which refers to transactions involved with selling products to an organisation’s customers, and a **buy-side e-commerce** perspective, which refers to business-to-business transactions to procure resources needed by an organisation from its suppliers.

Digital business or electronic business (e-business)

Electronically mediated information exchanges, both within an organisation and with external stakeholders supporting the range of business processes.

Electronic commerce (e-commerce)

All financial and informational electronically mediated exchanges between an organisation and its external stakeholders.

Sell-side e-commerce

E-commerce transactions between a supplier organisation and its customers.

Buy-side e-commerce

E-commerce transactions between a purchasing organisation and its suppliers.

Table 1.1 The 5S goals of digital marketing

Benefit of digital marketing	How benefit is delivered	Examples of typical objectives
Sell – grow sales	Includes direct online sales transactions and sales from offline channels influenced online	Achieve 10 per cent of sales online Increase online sales in product category by 20 per cent in one year
Speak – get closer to customers	Encourage interaction online using inbound marketing techniques such as search and social media marketing, and understand audience needs	Increase website visits or social media page followers by 10 per cent within one year
Serve – add value	Provide content and offers to encourage interactions leading to sales	Increase subscribers to newsletter by 10 per cent within quarter
Save – save costs	Reduce offline media spend and customer service through using organic inbound marketing techniques Reduce customer support costs by ‘web self-service’ where customers answer queries online	Reduce cost of customer acquisition by 10 per cent Reduce cost-to-serve per customer by 10 per cent
Sizzle – extend the brand online	Improve the customer experience by offering new digital value propositions, exclusive online offers and customer communities	Improve brand metrics such as brand awareness, brand familiarity, favourability and purchase intent

Source: Chaffey and Smith (2017)

Geyskens *et al.* (2002) suggested that digital channels can be effective in delivering incremental sales compared to other channels, arguing that there are three main forms of demand expansion for an existing company when it adopts direct internet channels. These are:

- 1 **Market expansion.** This occurs when new segments of customers are reached who did not previously buy in a category – they give the example of Estée Lauder™, which hopes that the Clinique.com™ site will attract customers who avoid buying at a cosmetics counter because they find the experience intimidating.
- 2 **Brand switching.** This is done by winning customers from competitors.
- 3 **Relationship deepening.** This is selling more to existing customers.

Digital marketing gives excellent opportunities to grow a business by entering new markets, as the Zalando™ mini case study 1.2 explains for an e-commerce brand.

Mini case study 1.2

Zalando exploits the power of digital media and distribution to grow a multi-billion-euro business in less than five years

Once a single-country startup inspired by the successful business model of Zappos.com, Zalando was founded in 2008 by David Schneider, Rubin Ritter and Robert Gentz, with an early loan of €75,000 from German venture capital firm Rocket Internet SE. Zalando has become a €6 billion company and Europe's top fashion retail platform. In 2008, Zalando served only Germany; five years later it was serving 15 European countries. By 2020 it had 32 million active customers and 13,000 employees.

Now, Zalando sells over 2,500 international and local brands, including international premium brands, as well as localised brands that are only available per country. For each of the 15 tailor-made websites per country it serves, it includes customised shipping, payment, fashion and marketing strategies unique to the culture and country. High-street stores have now been opened in large German cities.

The new Zalando campus in Berlin



Source: Scott Brinker

Zalando is popular and successful for many reasons, including a media, content, merchandising and localisation strategy applied to each country, an effective customer satisfaction programme and focus on the mobile



experience, which accounts for 80 per cent of 4 billion site visits each year. Mobile app users visit and purchase more often and have a higher Net Promoter customer satisfaction score. Investment in a superior digital experience is a key part of Zalando's strategy, summarised in Zalando (2020) as:

To become the starting point for fashion we aim to invest our economic surplus in our customer experience across assortment, digital experience and convenience to drive customer satisfaction and retention.

Its Google Ads™ programme is particularly important as a method for it to gain rapid awareness in each country it has entered, since other online media techniques such as SEO (too slow to grow an audience rapidly in a competitive market) and social media (relatively poor at impacting online sales) can fail to gain traction in a market. Using Google Ads and offline advertising plus the distribution infrastructure requires a significant investment, so substantial initial backing is needed for an international e-commerce business like this, which is evident since it took four-plus years to break even in the core regions of Germany, Austria and Switzerland.

Source: Zalando (2020) and Zalando Investor Relations website

Social commerce

A subset of e-commerce that encourages participation and interaction of customers in rating, selecting and buying products through group buying. This participation can occur on an e-commerce site or on third-party sites.

Social commerce is an increasingly important part of e-commerce for site owners, since incorporating reviews and ratings into a site and linking to social networking sites can help understand customers' needs and increase conversion to sale. It can also involve group buying using a coupon service, as with Groupon™. There is much discussion over the extent to which social media interactions between consumers directly influence sales. Digital marketing insight 1.1 outlines research hinting at the complexity of understanding this relationship. We introduce social media marketing later in this chapter.

Key challenges of digital communications

It is sometimes suggested by some suppliers of digital marketing services that they are 'quick, cheap and easy' to deploy. This is a great misconception since there are many challenges that need to be overcome when managing digital channels and campaign activities. Think of a Google Ads campaign as an example:

- **Complexity.** To enable benefits such as personalisation, testing and dynamic variation in ads through time – time has to go into configuring the campaign, although the search engines provide defaults to enable easy setup. This requires specialist expertise either in-house or at an agency to manage the campaign.

Digital marketing insight 1.1

Social commerce – how much do social networks influence purchase?

Research by GWI (2020), based on a global panel, shows how social media informs purchase decisions. It showed that younger age groups show significantly higher propensity to be influenced by social media compared to older age groups when asked to rate their impact:

- Discover brands/product via ads on social media (31 per cent of 16–24-year-olds compared to 19 per cent of 55–64-year-olds).
- Discover brands/products via recommendations on social media (26 per cent compared to 15 per cent).
- Research products online via social networks (50 per cent versus 25 per cent).
- Lots of likes/good comments would increase chance of purchase (27 per cent versus 13 per cent).
- A 'buy-button' would increase chance of purchase (14 per cent versus 6 per cent).

Source: GWI (2020)

- **Responding to competitors.** Since competitors can also change their approach readily, more resource has to be used to monitor competitor activity. Automated tools known as bid management tools can assist with this – they will automatically check amounts competitors are paying and then adjust them according to predefined rules.
- **Responding to changes in technology and marketing platforms.** Google and the other ad-serving companies innovate to offer better capabilities for their customers. This means that staff managing campaigns need training to keep up to date. Google offers ‘Google Ads Qualified Professionals and Agencies’ so that companies can be certain of a minimum skills level.
- **Cost.** Although costs can be readily controlled, in competitive categories the costs can be high, exceeding €10 per click.
- **Attention.** While online paid search ads are highly targeted and there is arguably little wastage, not everyone will view paid adverts; indeed there is a phenomenon known as ‘banner blindness’ where web users ignore online ads. Engaging with the audience through advertising is also a problem in social networks and other publisher sites, which can lead to a very low rate of people clicking on ads.

Introduction to digital marketing strategy

Positioning

Customers’ perception of the product and brand offering relative to those of competitors.

Target marketing strategy

Evaluation and selection of appropriate customer segments and the development of appropriate offers.

Online value proposition (OVP)

A statement of the benefits of online services that reinforces the core proposition and differentiates from an organisation’s offline offering and those of competitors.

Value proposition

The benefits or value a brand offers to customers in its products and services.

The key strategic decisions for digital marketing are in common with traditional business and marketing strategy decisions. As we will see in Chapter 4, which defines a process for developing a digital marketing strategy, customer segmentation, targeting and **positioning** are all key to effective digital marketing. These familiar **target marketing strategy** approaches involve selecting target customer groups and specifying how to deliver value to these groups as a proposition of services and products. As well as positioning of the core product or brand proposition, online development of a compelling *extended product* or **online value proposition (OVP)** is also important (see Chapter 4, p. 170). This defines how the online experience of a brand is delivered through content, visual design, interactivity, sharing, rich media and how the online presence integrates with the offline presence. All of the digital platforms referenced in this section have a clear, compelling OVP. Strategic decisions about the future OVP a brand offers is a key part of digital marketing strategy.

Key features of digital marketing strategy

The interaction and integration between digital channels and traditional channels is a key part of digital marketing strategy development. Digital marketing strategy is essentially a channel marketing strategy and it needs to be integrated with other channels as part of multichannel marketing. It follows that an effective digital marketing strategy should:

- be aligned with business and marketing strategy (for example, many companies use a rolling three-year plan and vision), with more specific annual business priorities and initiatives;
- use clear objectives for business and brand development and the online contribution of leads and sales for the internet or other digital channels – these should be based on models of the number using the channels;
- be consistent with the types of customers who use and can be effectively reached through the channel;
- define a compelling, differential **value proposition** for the channel, which must be effectively communicated to customers;
- specify the mix of online and offline communication tools used to attract visitors to the company website, or interact with the brand through other digital media such as email or mobile;

- support the customer journey through the buying process as they select and purchase products using the digital channel in combination with other channels;
- manage the online customer lifecycle through the stages of attracting visitors to the website, converting them into customers, and retention and growth.

Business and revenue models

For established multichannel organisations, digital media offer a range of opportunities for marketing products and services across the purchase cycle that companies need to review as part of their digital strategy. Consider the example of a low-cost airline. Digital media and technologies can be used as follows:

- **Advertising medium.** Display ads on publisher sites or social networks can be used to create awareness of brands and demands for products or services.
- **Direct-response medium.** Targeted search advertising enables companies to drive visits to a site when consumers show intent to purchase, such as searching for a flight to a destination.
- **Platform for sales transactions.** Online flight booking is now the most common method for booking flights, both for consumers and business travellers.
- **Lead-generation method.** For booking business flights, tools can be provided that help identify and follow up corporate flight purchases.
- **Distribution channel, such as for distributing digital products.** Today, airlines sell more insurance services than previously, for example.
- **Customer service mechanism.** For example, customers may ‘self-serve’ more cost-effectively by reviewing frequently asked questions.
- **Relationship-building medium.** Here a company can interact with its customers to better understand their needs and publicise relevant products and offers. For example, easyJet™ uses its email newsletter and tailored alerts about special deals to encourage repeat flight bookings.

Different forms of functionality of digital presence

The form of digital strategy developed by a company will depend on the sector and scale of a business. Chaffey (2015) identifies different types of digital presence and each has different objectives and functionality that are appropriate for different markets or industry sectors. Note that these are not clear-cut categories of websites or mobile apps, since any company may combine these types as part of its business model, but with a change in emphasis according to the market it serves. Increasingly, companies are using dedicated mobile apps and company pages on social networks such as Facebook, Twitter and LinkedIn to similar purposes. As you review websites and company social presences, note how organisations have different parts of the site focusing on these functions of sales transactions, services, relationship-building, brand-building, and providing news and entertainment. The five main types of site or mobile app functions are as follows.

1 Transactional e-commerce

The website, app or social network enables purchase of products or services online and is typical in the retail, travel and financial services sectors. Transactional platforms can also support the business by providing customer service and information for consumers who prefer to purchase products offline.

- Visit these examples: an end-product manufacturer such as Kia™ with an online ‘Build your Kia’ configurator (www.kia.com/uk), or an online retailer such as Zalando™ (www.zalando.com).

2 Services-oriented relationship-building for lead-building and support

The online presence focuses on providing information to stimulate purchase and build relationships. Products and services are not typically available for purchase online. Rather, this is typical in the business-to-business sector and for high-value or complex consumer products. Information is provided through the website and e-newsletters to inform purchase decisions. The main business contribution is through encouraging offline sales via generating enquiries or leads from potential customers. Such sites also add value to existing customers by providing them with detailed information to help support them in their lives at work or at home.

- Visit these examples: B2B management consultants Accenture™ (www.accenture.com) and B2C laser eye treatment company Optimax™ (www.optimax.co.uk).

3 Brand-building

This type of site or app provides an experience to support the brand. Products are not typically available for online purchase. The main focus is to support the brand by developing an online experience of the brand and it is typically used for low-value, high-volume fast-moving consumer goods (FMCG) brands for consumers.

- Visit these examples: Durex™ (www.durex.com) and Guinness™ (www.guinness.com).

4 Publisher or intermediary site

Publisher or intermediary sites such as sites for comparing brands provide news, entertainment or tools and typically have an advertising or affiliate revenue model, as explained in Chapter 2. This is information both on the site and through links to other sites. These sites have a diversity of options for generating revenue including advertising, commission-based sales and sale of customer data (lists).

- Visit these examples: HuffPost™ (www.huffingtonpost.com) (B2C) and Smart Insights (www.smartinsights.com) (B2B). G2™ (www.g2.com) enables comparison of marketing technology services based on recommendations from users.

These different types of sites tend to increase in sophistication as organisations develop their digital marketing. In Chapters 2 and 4 we look at **stage models** of the development of digital marketing services and capabilities, from static **brochureware sites** to dynamic **transactional e-commerce sites** that support interactions with customers.

5 Social network or community

These sites or parts of sites focus on enabling community interactions between different consumers (C2C model). Typical interactions include posting comments and replies to comments, sending messages, rating content and tagging content in particular categories.

Well-known examples include Facebook, Instagram, LinkedIn, Snapchat, TikTok and Twitter. In addition to distinct social network sites such as these, social networks can also be integrated into other site types.

Stage models

Models for the development of different levels of digital services.

Brochureware site

A simple site with limited interaction with the user that replicates offline marketing literature.

Transactional e-commerce sites

Sites that support online sales.

Challenges in developing and managing digital marketing strategy

Some of the challenges in managing digital marketing strategy that are commonly seen in many organisations (and should be managed) include:

- There are unclear responsibilities for the many different digital marketing activities (shown in Figure P.1 in the Preface).
- No specific objectives are set for digital marketing.

- Insufficient budget is allocated for digital marketing because customer demand for online services is underestimated and competitors potentially gain market share through superior online activities.
- Budget is wasted as different parts of an organisation experiment with using different techniques and martech suppliers without achieving economies of scale.
- New online value propositions for customers are not developed since the internet is treated as ‘just another channel to market’ without review of opportunities to offer improved, differentiated online services.
- Results from digital marketing are not measured or reviewed adequately, so actions cannot be taken to improve effectiveness.
- An experimental rather than planned approach is taken to using e-communications, with poor integration between online and offline marketing communications.

Research by Smart Insights (2021) investigated the challenges of managing digital marketing. It was found that many businesses do face challenges in these areas:

- **Planning.** Nearly half (48 per cent) of businesses surveyed do not have a defined digital plan or strategy although they are active in digital marketing, while more than half (63 per cent) also don’t have a clearly defined integrated marketing communications strategy to align against.
- **Organisational capabilities.** Many businesses either have already introduced (27 per cent) or were planning to introduce (35 per cent) a digital transformation programme, although a substantial proportion (25 per cent) of businesses don’t think it’s relevant for them.
- **Integration of digital channels into marketing.** The survey also asked respondents to rate the maturity of their digital marketing across the customer lifecycle on a five-point scale. The majority of businesses were in categories 1 to 5. For example, for achieving sales online and/or offline, 68 per cent of businesses rated themselves at a maturity level of 1 or 2, while only 11 per cent rated themselves at the higher maturity level of 4 or 5.

Digital disruptors

Innovations in digital media, data and marketing technology that enable a change to a new basis for competition in a market or across markets. Disruptors are also used to refer to startup or existing companies that, through their agility, are good examples of impacting competitors through disruption.

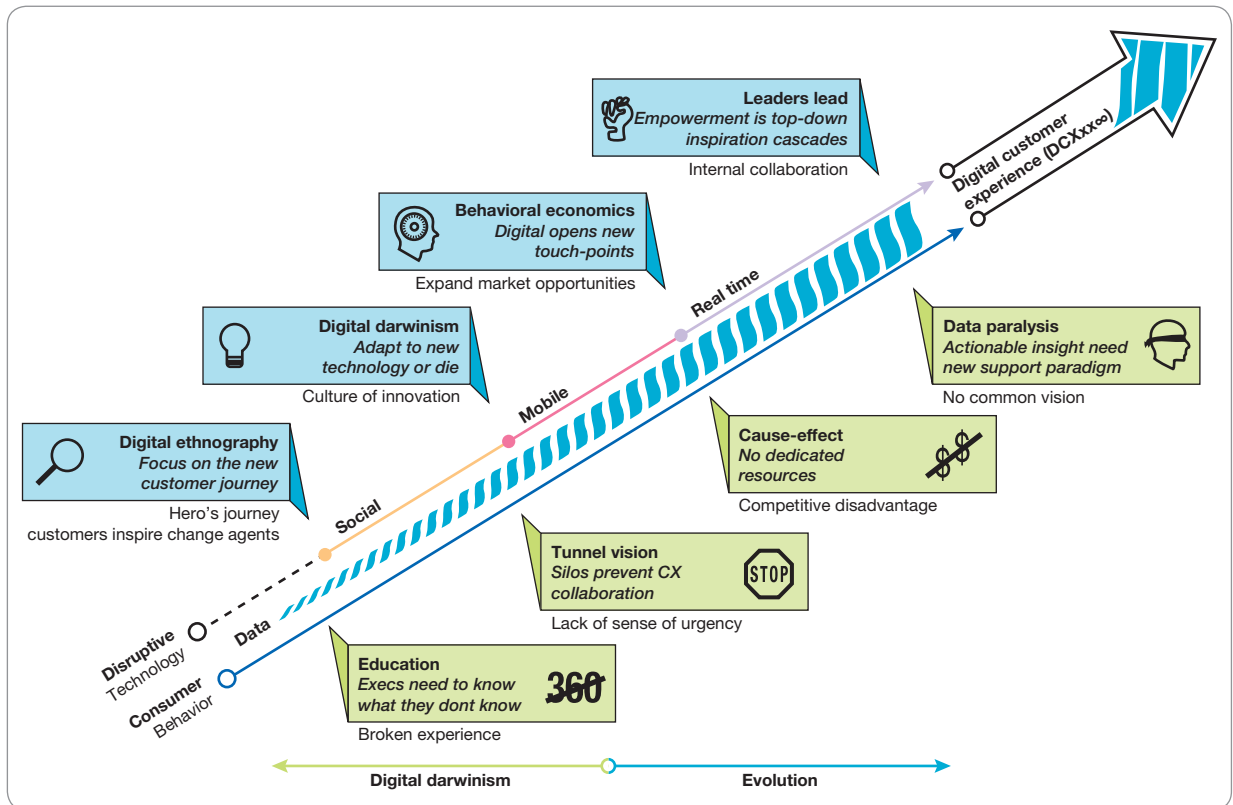
Given the future importance of digital marketing and new entrants that are **digital disruptors**, larger organisations have introduced digital transformation programmes to help manage these challenges. The approach has been discussed by many management consulting groups, for example MIT Center for Digital Business and Capgemini Consulting (2011) and Solis (2014).

Solis (2014) produced a visual proposing enablers and barriers to digital transformation (Figure 1.4). It shows how disruptive digital technologies such as social media, mobile platforms and real-time marketing should be harnessed to create an effective digital customer experience. McKinsey’s 7Ss remain a useful framework for reviewing an organisation’s existing and future capabilities to meet the challenges posed by the new digital channels (as shown in Table 4.7).

A strategic framework for developing a digital marketing strategy

To realise the benefits of digital marketing and avoid the pitfalls that we have described, an organisation needs to develop a planned, structured approach. Consequently, this text defines a strategic approach to digital marketing that is intended to manage these risks and deliver the opportunities available from online channels. In Figure 1.5 we suggest a process for creating and implementing a strategic digital marketing plan that is based on our experience of strategy definition in a wide range of companies. This diagram highlights the key activities and their dependencies that are involved for the creation of a typical digital marketing strategy, and relates them to coverage in different chapters in this text.

Figure 1.4 The drivers and barriers to digital transformation



Source: Solis (2014)

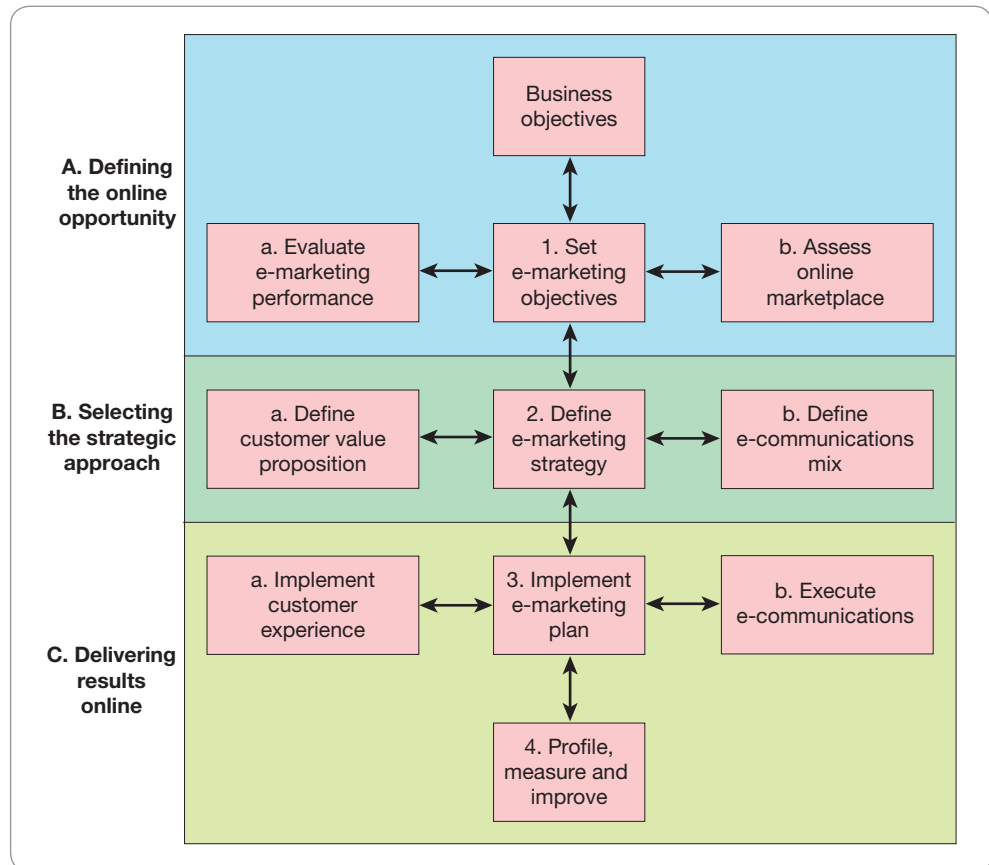
A. Opportunity: defining the online opportunity

Setting objectives to define the potential is the core of this phase of strategy development. Key activities are:

- 1 Set digital marketing objectives (Chapters 4 and 8). Companies need to set specific numerical objectives for their online channels and then resources to deliver these objectives. These objectives should be informed by and influence the business objectives and also the following two activities.
 - 1a Evaluate digital marketing performance (Chapters 4 and 10). Apply web analytics tools to measure the contribution of leads, sales and brand involvement currently delivered by online communications such as search engine marketing, online advertising and email marketing in conjunction with the website.
 - 1b Assess online marketplace (Chapters 2, 3 and 4). Situation analysis review of the micro-environment (customers, competitors, intermediaries, suppliers and internal capabilities and resources) and the broader macro-environment that influences strategy, such as legal requirements and technology innovation.

B. Strategy: selecting the strategic approach

- 2 Define digital marketing strategy (Chapter 4). Select appropriate strategies to achieve the objectives set at stage A1.
- 2a Define customer value proposition (Chapters 4 to 7). Define the value proposition available through the online channel and how it relates to the core proposition

Figure 1.5 A generic digital marketing strategy development process

Note: 'e-marketing' is no longer commonly used in business, but is used here for brevity.

delivered by the company. Review segmentation and targeting options. Review the marketing mix and brand values to evaluate how they can be improved online.

- 2b Define digital communications mix** (Chapters 4, 8 and 9). Select the offline and online communications tools to encourage usage of an organisation's online services and to generate leads and sales. Develop new outbound communications and event-triggered touch strategies to support customers through their relationship with the company.

C. Action: delivering results online

- 3 Implement digital marketing plan** (Part 3). This details the implementation of the strategy.
- 3a Implement customer experience** (Chapter 7). Build the website, mobile apps and create the marketing communications that form the online interactions customers make with a company. Create online customer relationship management capabilities to understand customers' characteristics, needs and behaviours and to deliver targeted, personalised value (Chapter 6).
- 3b Execute digital communications** (Chapters 8 and 9). Manage the continuous online marketing communications such as search engine marketing, partnership, social media marketing, sponsorships and affiliate arrangements, and campaign-based e-marketing communications such as online advertising, email marketing and micro-sites to encourage usage of the online service and to support customer acquisition

and retention campaigns. Integrate the digital media channels with traditional marketing.

- 4 **Customer profiling** (Chapter 6), monitoring and improving online activities and maintaining the online activities (Chapter 9). Capture profile and behavioural data on customer interactions with the company and summarise and disseminate reports and alerts about performance compared to objectives in order to drive performance improvement.

You will see that in the process diagram (Figure 1.5) many double-headed arrows are used, since the activities are often not sequential, but rather inform each other; so activity 1, set digital marketing objectives, is informed by the activities around it but may also influence them. Similarly, activity 4, profile, measure and improve, is informed by the execution of online activities but there should be a feedback loop to update the tactics and strategies used.

Digital marketing audiences and buyer behaviour

Business-to-consumer (B2C)

Commercial transactions between an organisation and consumers.

Business-to-business (B2B)

Commercial transactions between an organisation and other organisations (inter-organisational marketing).

Direct-to-customer model

A brand that has previously communicated to its customers via intermediaries such as media sites or wholesalers communicates directly via digital media such as social networks, email and websites.

Consumer-to-consumer (C2C)

Informational or financial transactions between consumers, but usually mediated through a business site.

Consumer-to-business (C2B)

Consumers approach the business with an offer.

Metaverses

Online worlds where people can game, work and communicate in a virtual environment, typically supported by VR headsets, chat and video.

e-government

The use of internet technologies to provide government services to citizens.

How much time do you, your friends and family spend online each day? Naturally, it depends on many factors, but you'll know from the 'screen time' warnings on your smartphone that it's significant and growing, unless you have managed a 'digital detox'.

The advent of digital media has prompted changes to buyer behaviour and communications, which we introduce in this section. We also consider the new ways to target audiences.

It's helpful to start by distinguishing between interactions with consumers (**business-to-consumer, B2C**) and with other businesses (**business-to-business, B2B**).

Digital media and technologies offer new opportunities for **direct-to-customer** strategies where brands can communicate directly to their consumers. For example, a publisher and authors can interact with their readers, or food brands can interact directly with their purchasers via their websites or social media.

Figure 1.6 gives examples of different companies operating in the business-to-consumer (B2C) and business-to-business (B2B) spheres. Often companies such as easyJet and BPTTM will have products that appeal to both consumers and businesses, so will have different parts of their sites to appeal to these audiences.

Figure 1.6 also presents two additional types of transactions – those where consumers transact directly with other consumers (**consumer-to-consumer, C2C**) and where they initiate trading with companies (**consumer-to-business, C2B**). Common C2C interactions include transactional exchange (e.g. eBayTM, www.ebay.com), financial services (e.g. ZopaTM, www.zopa.com) and betting (e.g. BetfairTM, www.betfair.com). In the early stages of the evolution of the web, Hoffman and Novak (1996) highlighted the potential importance of C2C interactions; the significance of their findings has been supported by the growth of social networks. More recently, Adjei *et al.* (2010) found how brand communities can be effective tools for influencing sales and retaining customers, and for building confidence in new customers. Digital platforms such as Facebook are touting VR-supported **Metaverses** for future C2C interactions (The Verge, 2021).

The significance of C2C interactions, which often involve creation of what is known as UGC or user-generated content, is illustrated in Activity 1.1.

Government and public-service organisations deliver online or **e-government** services. Employees can be considered as a separate type of consumer through the use of intranets, which is referred to as employee-to-employee or E2E.

As we will see in the next section, adoption of digital devices and platforms within consumer audiences differs widely based on age. An increasing number of people, including

Figure 1.6 Summary and examples of transaction alternatives between businesses, consumers and governmental organisations

		From: Supplier of content/service		
		Consumer or citizen	Business (organisation)	Government
To: Consumer of content/service	Consumer or citizen	Consumer-to-consumer (C2C) <ul style="list-style-type: none"> • eBay • Peer-to-peer (Skype) • Blogs and communities • Product recommendations • Social networks (Facebook, Instagram, LinkedIn) 	Business-to-consumer (B2C) <ul style="list-style-type: none"> • Transactional: Amazon • Relationship-building: BP • Brand-building: Unilever™ • Media-owned – News Corp • Comparison intermediary: Kelkoo™, Pricerunner™ 	Government-to-consumer (G2C) <ul style="list-style-type: none"> • National government transactional: tax – HM Revenue & Customs • National government information • Local government information • Local government services
	Business (organisation)	Consumer-to-business (C2B) <ul style="list-style-type: none"> • Priceline • Consumer feedback, communities or campaigns 	Business-to-business (B2B) <ul style="list-style-type: none"> • Transactional: Eurooffice • Relationship-building: BP • Media-owned: Emap business productions • B2B marketplaces: EC21 • Social networks (LinkedIn) 	Government-to-business (G2B) <ul style="list-style-type: none"> • Government services and transactions: tax • Legal regulations
	Government	Consumer-to-government (C2G) <ul style="list-style-type: none"> • Feedback to government through pressure groups or individual sites 	Business-to-government (B2G) <ul style="list-style-type: none"> • Feedback to government businesses and non-governmental organisations 	Government-to-government (G2G) <ul style="list-style-type: none"> • Inter-government services • Exchange of information

Activity 1.1

Why are C2C interactions important?

Purpose

To highlight the relevance of C2C transactions to B2C companies.

Activity

Consult with fellow students and share experiences of C2C interactions online. Think of C2C on both independent sites and organisational sites. How can C2C communications assist these organisations?

Digital natives

Term used to describe people who have grown up with digital media and technology. Some consider this to include Millennials (Generation ‘Y’, born 1981 to 1996), who started using the web and smartphones in their teenage years, but strictly it starts with Zoomers or Generation Z (born 1997 onwards), who start using tablets or smartphones as soon as they can pick them up.

many readers of this text, are **digital natives** who grew up with technology. However, other generations have lower levels of adoption and may need the benefits of such adoption to be communicated. Even digital natives will face new technology to evaluate and adopt – smart speakers being a relatively recent example.

Benefits of digital media

In the section on digital marketing strategy, we described some of the applications of digital marketing to support communications with customers across the purchase cycle from generating awareness, achieving direct response for lead generation or sale and supporting

customer service and relationship marketing. In this section we explore key differences between digital media and traditional media that savvy marketers exploit.

Digital marketing communications differ significantly from conventional marketing communications because digital media enables new forms of interaction and new models for information exchange. A useful summary of the differences between new media and traditional media was originally developed by McDonald and Wilson (1999) and is still valid – they describe the ‘6Is of the e-marketing mix’, which are still useful to consider as they are practical benefits of digital marketing that the marketer should exploit since they highlight differences from other channels.

1 Interactivity

Figure 1.7(a) shows how traditional media are predominantly *push media* where the marketing message is broadcast from company to customer, although interaction can be encouraged through direct response to phone, website or social media page. However, online it is often the customer who initiates contact and is *seeking* information through researching information on a website (Figure 1.7(b)). In other words, it is a ‘*pull*’ mechanism where it is particularly important to have good visibility in search engines when customers are entering search terms relevant to a company’s products or services.

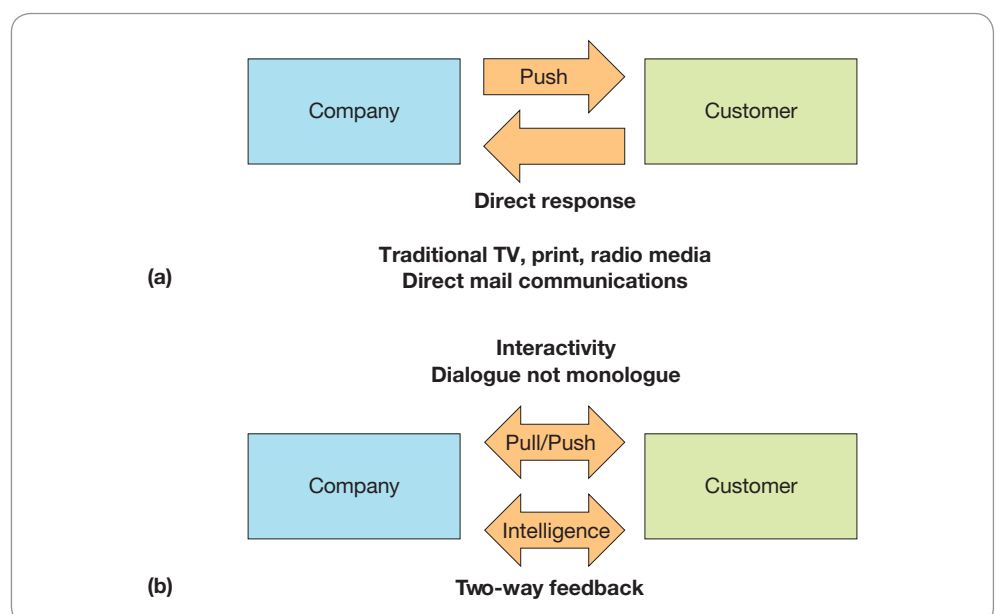
John Deighton was one of the first authors to identify these characteristics of a digital medium (Deighton, 1996):

- the customer initiates contact;
- the customer is seeking information or an experience (pull);
- it is a high-intensity medium – the marketer will have 100 per cent of the individual’s attention when he or she is viewing a website;
- a company can gather and store the response of the individual;
- individual needs of the customer can be addressed and taken into account in future dialogues.

2 Intelligence

Digital media and technology can be used as a relatively low-cost method of collecting marketing research, particularly about customer perceptions of products and services, as described in Chapter 10, which reviews digital analytics and market research.

Figure 1.7 Summary of communication models for (a) traditional media, (b) new media



Data lake and data warehouse

A data lake is a storage repository that holds a diversity of raw data in its native format where it is available for analysis and reporting by people across a company. This in contrast to a *data warehouse*, which contains structured data.

Personalisation

Digital experience personalisation is the dynamic serving of customised content, product or promotional offer recommendations to website visitors or app users based on their characteristics and intent behaviour to support conversion and long-term engagement goals.

Sense-and-respond communications

Delivering timely, relevant communications to customers as part of an automated contact strategy, based on assessment of their position in the customer lifecycle and monitoring specific interactions with a company’s website, emails and staff.

Outbound digital communications

Website, mobile push notifications or email marketing are used to send personalised communications to customers.

Inbound digital communications

Customers enquire through web-based forms, social media and email.

Interactions with consumers across all the different customer touchpoints can be stored in **data lakes** or **data warehouses** to provide insight collectively known as ‘Big Data’.

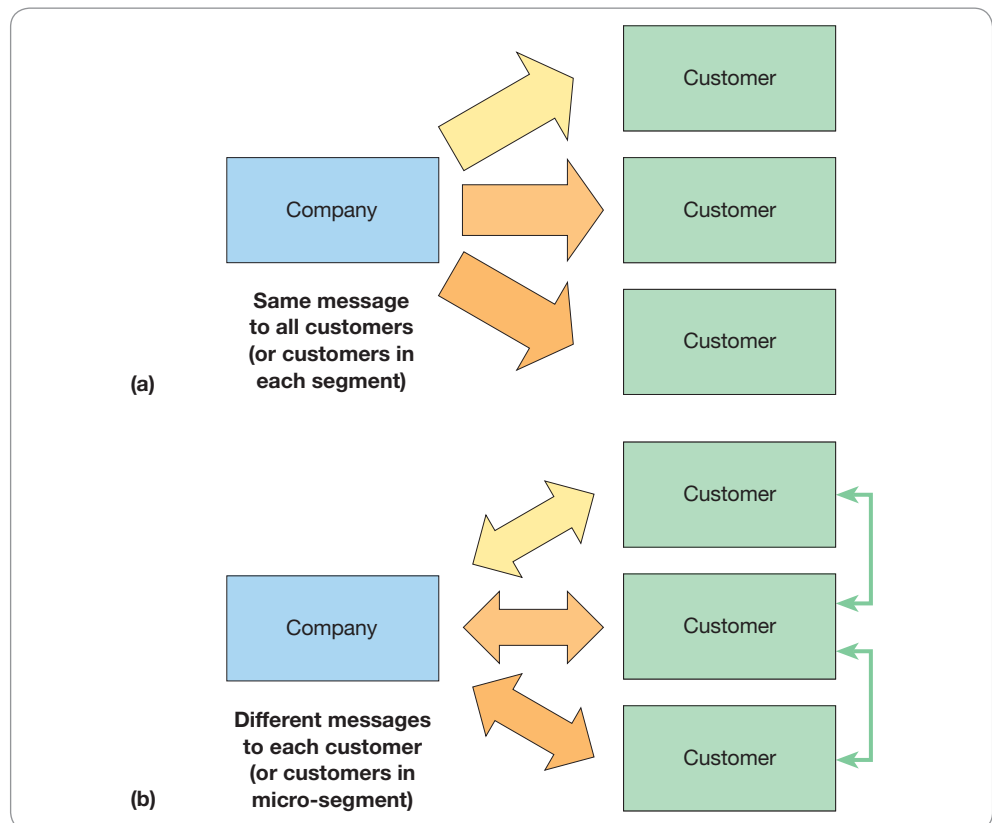
3 Individualisation

Another important feature of interactive marketing communications is that they can be tailored to the individual (Figure 1.8(b)) at relatively low costs, unlike in traditional media where the same message tends to be broadcast to everyone (Figure 1.8(a)). This individualisation is based on the intelligence collected about site visitors and then stored in a database and subsequently used to target and personalise communications to customers to achieve *relevance* in all media. The process of tailoring is also referred to as **personalisation** – Amazon is the most widely known example, where the customer is greeted by name on the website and receives recommendations on site and in their emails, based on previous purchases. This ability to deliver **sense-and-respond communications** is another key feature of digital marketing and is explored further in Chapter 6.

4 Integration

The internet provides further scope for integrated marketing communications. Figure 1.9 shows the role of the internet in multichannel marketing. When assessing the marketing effectiveness of a website, the role of the internet in communicating with customers and other partners can best be considered from two perspectives. First, there is **outbound digital communications** from *organisation to customer*. We need to ask how does the internet complement other channels in communicating the proposition for the company’s products and services to new and existing customers with a view to generating new leads and retaining existing customers? Second, **inbound digital communications** from

Figure 1.8 Summary of degree of individualisation for: (a) traditional media (same message); (b) new media (unique messages and more information exchange between customers)



customer to organisation: how can the internet complement other channels to deliver customer service to these customers? Many companies have now integrated email response and website call-back into their existing call centre or customer service operation.

Some practical examples of how the internet can be used as an integrated communications tool as part of supporting a multichannel customer journey (Figure 1.10) are the following:

- The internet can be used as a direct-response tool, enabling customers to respond to offers and promotions publicised in other media.
- The website can have a direct-response or call-back facility built into it. The Automobile Association™, for example, has a feature where a customer service representative will

Figure 1.9 Channels requiring integration as part of integrated digital marketing strategy

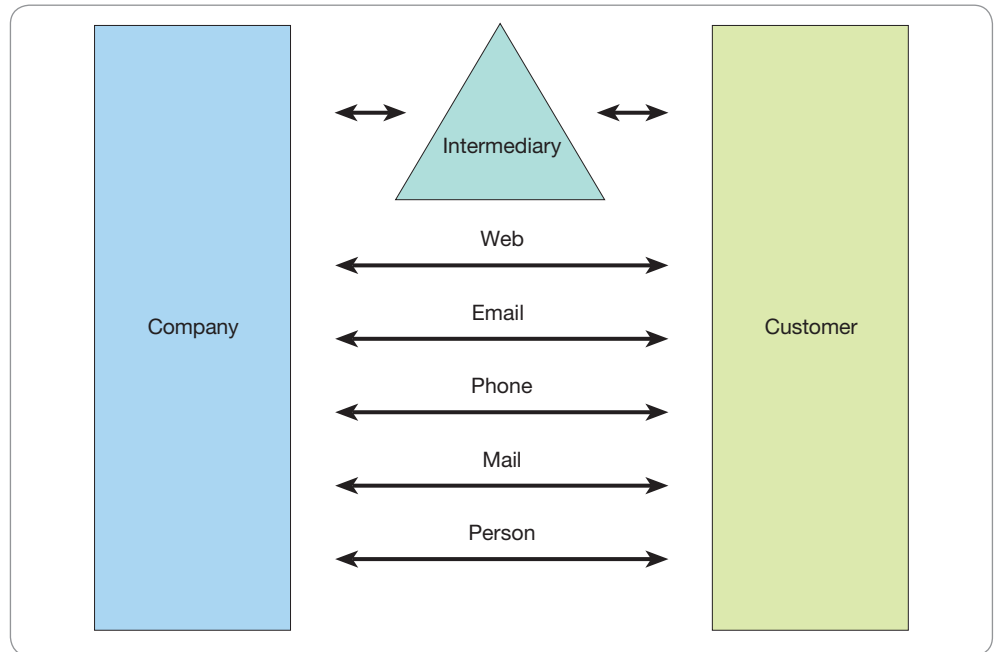
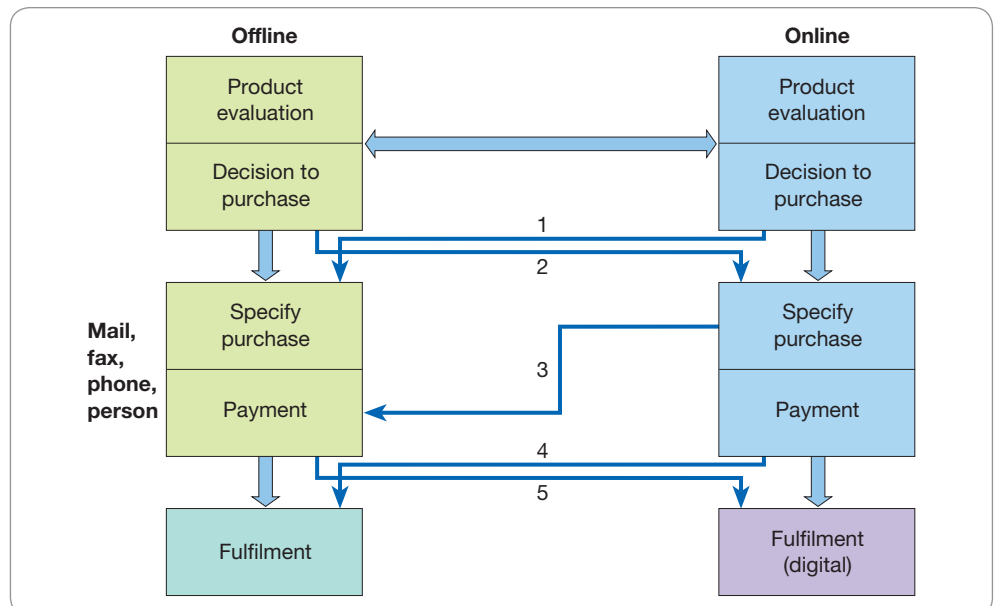


Figure 1.10 The role of mixed-mode buying in digital marketing



contact a customer by phone when the customer fills in their name, phone number and a suitable time to ring.

- The internet can be used to support the buying decision, even if the purchase does not occur via the website, through assisted selling via live chat or phone. For example, Dell™ has a prominent web-specific phone number on its website that encourages customers to ring a representative in the call centre for support.

5 Industry restructuring

Disintermediation and **reintermediation** are key concepts of industry restructuring that should be considered by any company developing a digital marketing strategy and are explored in more detail in Chapters 2, 4 and 5.

For marketers defining their company's communications strategy it becomes very important to consider the company's representation on these intermediary sites by answering questions such as 'Which intermediaries should we be represented on?' and 'How do our offerings compare to those of competitors in terms of features, benefits and price?'

6 Independence of location

Electronic media also introduce the possibility of increasing the reach of company communications to the global market. This gives opportunities to sell into international markets, which may not previously have been possible. The internet makes it possible to sell to a country without a local sales or customer service force (although these may still be necessary for some products).

In terms of deploying campaigns, there are further benefits of digital communications:

- **Accountability.** Digital media are potentially more accountable through the use of measurement systems known collectively as web analytics. Google provides a free tool known as Google Analytics™ (www.google.com/analytics) to enable its advertisers to test the value generated from its ads.
- **Testing.** Potentially, testing becomes more straightforward at a lower cost with the option to trial alternative creative executions, messaging or offers. Google offers another free tool – Google Optimize – to test alternative landing pages.
- **Flexibility.** Campaigns can be more flexible, with the capability to change copy or offers during a campaign. Alternative ads can be served within Google to evaluate which works best. Google Ads also offers dayparting, where ads can be displayed at different times of the day.
- **Micro-targeting.** Alternative messages can be delivered for different audiences according to what they are searching for. Potentially a company can show a different advert in Google Ads for each term searched.

Disintermediation

The removal of intermediaries such as distributors or brokers that formerly linked a company to its customers.

Reintermediation

The creation of new intermediaries between customers and suppliers providing services such as supplier search and product evaluation.

Activity 1.2

Integrating online and offline communications

Purpose

To highlight differences in marketing communications introduced through the use of the internet as a channel and the need to integrate these communications with existing channels.

Activity

List communications between a PC vendor and a home customer over the lifetime of a product such as a PC. Include communications using both the internet and traditional media. Refer to the channel-switching alternatives in the buying decision in Figure 1.10 to develop your answer.

- **Cost-control.** Costs can be controlled for each group of search terms entered by customers through the search engine, managed collectively, and bids made can be increased or decreased with the aid of software.

Digital devices and digital platforms

To select relevant communications, it's useful for marketers to understand the context of use of digital media, i.e. how, when and why users are accessing the internet and how this may relate to other channels such as TV or print media. This can help determine investment decisions and there are options within paid media to vary the timing to test for ROI improvements since budgets won't enable us to target everyone. For example, to reduce wastage from targeting less-relevant audiences in digital media we can use:

- **device-specific targeting** to target users of a particular device, e.g. iPhone users;
- **dayparting** to target people when they are most likely to be active during the day or week. B2B marketers may downweight or stop spend during the evenings or weekends.

How many digital devices do you, your friends and family use? When the web first launched, very few had access and most likely it was through a desktop or laptop computer. The growth in smartphone usage changed when and where access occurred, with the majority of consumer usage now via smartphones and mobile apps.

When developing a strategic approach to digital media, it's useful to assess how demand for new devices among different audiences varies so we can assess the relevance of these devices for our marketing activities. Since adoption varies constantly, it's useful to consider key questions and sources, which we explore in Activity 1.3.

Activity 1.3

Understanding adoption of digital devices and platforms

Purpose

To reflect on the questions marketers should ask about consumer device and platform adoption and to share relevant sources to access this insight.

Context

You work in the innovation team for a cosmetic brand such as L'Oréal and are considering opportunities to add more interactive virtual and augmented reality (VR and AR) features to marketing communications aimed at increasing brand engagement and brand loyalty.

Activity

Identify the types of questions about device usage, media consumption and platform usage you would need to ask to gain insight on adoption within different age groups. Complete searches or access databases to identify useful sources for these types of questions.

Here are some examples of questions that you would seek to understand for different demographics such as age group, gender and income.

Device usage:

- How many devices?
- Adoption of device browsers or apps that support AR and VR. For example, for Apple or Android?



Media consumption:

- When are different types of media (and devices) used through the day?
- How popular are different mobile and desktop platforms for VR and AR?
- How common is multiscreening (where more than one device is used simultaneously)?

Platform usage:

- How popular are different social networks? Do they have support for interactivity?
- How many searches and what types of searches happen on Google?
- How does media spend compare between traditional and digital platforms?

Recommended resources: the digital marketing statistics sources section at www.davechaffey.com/book-support/

Digital platforms

Digital platforms are where the majority of online interactions occur. Despite the vast number of websites, access to these is mediated by search engines and social networks. So, to gain awareness and visibility, selection of digital marketing tactics requires knowledge of the latest communications options available via the digital platforms that online audiences use to interact. It's useful to review the FAMGA businesses here, since all offer organic and paid media options as part of their revenue model. Despite the choice available online, the dominance of a small number of platforms poses practical and ethical issues for marketers, which we explore further in Chapter 3. From a practical point of view, the majority of media spend is now online – mostly divided between what has been called the Facebook–Google duopoly. Perrin (2019) reports that within the United States and United Kingdom, more than 60 per cent of digital media spend is now with Facebook and Google. This has led to increased competition on these platforms, with auction-based media spend driving higher advertising costs. Many consider this situation and the limited tax paid by some of these companies anti-competitive and this has led to the anti-trust investigations in the United States and Europe. We consider the organic and paid media options for advertising on these platforms in Chapter 9.

Note that in some regions, such as Asia, the FAMGA businesses are less important, so options for reaching audiences on other dominant platforms are important. Plus, some sector-specific platforms may be important in particular sectors. For example, within the travel industry, TripAdvisor™ is used by so many consumers that marketers have to consider reviews and recommendations on this platform.

Digital media

Digital media

Communications and interactive services based on digital content accessible through different technology platforms and devices including the internet, web, mobile phones, computers, TV and digital signage.

The use of **digital media**, data and technology to support marketing activities has given rise to a bewildering range of labels and jargon created by both academics and professionals. In this section we focus on introducing these different digital media concepts and explaining how they are applied together to meet marketing goals.

Introduction to digital marketing communications

For many years, marketing campaigns were centred on traditional media channels including TV, print and radio ads and direct mail supported by public relations. But, in a few short years, since the web concept was first proposed in the late 1980s by Sir Tim Berners-Lee,

Digital media channels

Online communications techniques using paid, owned and earned media to achieve goals of brand awareness, familiarity and favourability, and to influence purchase intent by encouraging users of digital media to visit a website or mobile app to engage with the brand or product, and ultimately to purchase online or offline through traditional media channels such as by phone or in-store. The six main channels include search engine marketing, social media marketing, email marketing, display advertising, public relations and partner marketing.

Pay-per-click (PPC)

PPC refers to when a company pays for text ads to be displayed on the search engine results pages as a sponsored link (typically above, to the right of or below the natural listings) when a specific keyphrase is entered by the search users. It is so called because the marketer pays each time the hypertext link in the ad is clicked on. If a link is clicked repeatedly, then this will be detected by the search engine as click fraud and the marketer will not be charged.

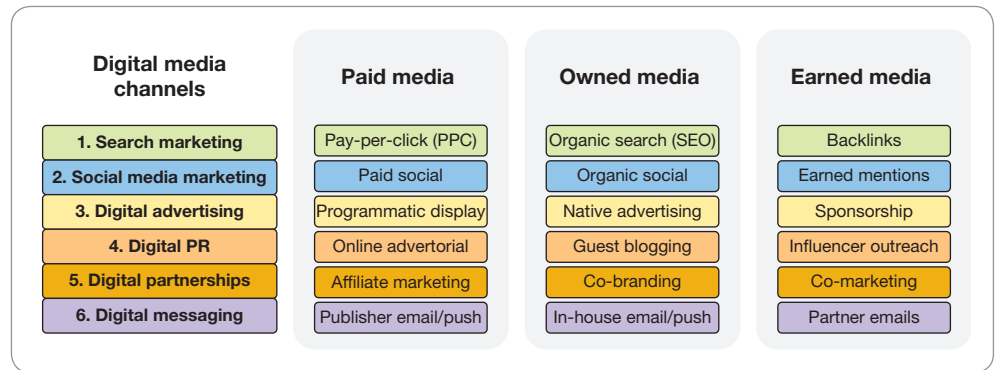
Search engine optimisation (SEO)

A structured approach used to increase the position of a company or its products in a search engine's natural or organic results listings (the main body of the search results page) for selected keywords or phrases.

Display ads

Use of graphical or *rich media ad units* within a web page to achieve goals of delivering brand awareness, familiarity, favourability and purchase intent. Many ads encourage interaction through prompting the viewer to interact or *rollover* to play videos, complete an online form or to view more details before clicking through to a site.

Figure 1.11 Six categories of digital media channels or communications tools showing their relationship to paid, owned and earned media



there have been huge changes in marketing communications. The digital equivalents of these traditional media, which are known as **digital media channels**, are vital components of most marketing campaigns today. We will see that marketers have many options for digital marketing communications techniques that can be used across different digital media channels.

Six key types of digital media channels

Marketers often use ‘paid, owned and earned media’ to describe investments at a high level, but it’s more common to refer to six specific digital media channels when selecting particular always-on and campaign investments.

To simplify prioritisation, we recommend considering the paid, owned and earned options available within six digital media channels or communications tools, as shown in Figure 1.11. Combining the techniques in this way gives 18 digital communications techniques for businesses to consider. Companies with a limited budget for paid media can focus on owned and earned techniques.

Practical success factors and best practices for implementing these are explained in Chapter 9, where we review their advantages, disadvantages and practical best practices to make them more effective. The six main media channels available to any business (and paid, owned and earned media options within these) are:

- 1 Search engine marketing.** Gaining visibility on a search engine to encourage click-through to a website when the user types a specific keyword phrase. Two key search marketing techniques are paid placements using **pay-per-click (PPC)**, and placements in the natural or organic listings using **search engine optimisation (SEO)** where no charge is made for clicks from the search engine. SEO can be considered owned media since it involves on-page optimisation by improving the relevance of content and technical improvements to the website to improve crawlability monitored through Google Search Console. SEO also has an earned media component where visibility in the search engines can be improved by getting relevant ‘backlinks’ from websites, which effectively count as a citation or vote.
- 2 Social media marketing.** Includes both paid advertising on social networks and organic social media amplification where companies aim to gain visibility through content shared by social media feeds and pages that are owned media. Earned social media is where a brand or social update is shared by a publisher or partner.
- 3 Display advertising.** Use of online ad formats such as banners and videos on publisher sites to achieve brand awareness and encourage click-through to a target site. These are usually considered as separate investments from paid search and paid social ads since **display ads** are typically displayed on publisher sites. Programmatic display refers

Affiliate marketing

A commission-based arrangement where by referring sites (publishers) receive a commission on sales or leads by merchants (retailers or other transactional sites). Commission is usually based on a percentage of product sale price or a fixed amount for each sale (CPA, or cost per acquisition), but may also sometimes be based on a per-click basis, for example when an aggregator refers visits to merchants.

Email marketing

Typically applied to outbound communications from a company to prospects or customers to encourage purchase or branding goals. Email marketing is most commonly used for mailing to existing customers on a house list, but can also be used for mailing prospects on a rented or co-branded list. Emails may be sent as part of a one-off campaign or can be automated, event-based, triggered emails, such as a welcome strategy that can be broadcast based on rules about intervals and customer characteristics.

Landing page

An entrance page to the site when a user clicks on an ad or other form of link from a *referring site*. It can be a home page but more typically, and desirably, a landing page is a page with the messaging focused on the offer. This will maximise conversion rates and brand favourability.

Social media marketing

Organic sharing and paid advertising using social networks and their messaging services to gain awareness and response from target audiences. Also involves facilitating and monitoring customer-to-customer and customer-to-company interactions and participation on social networks and other online communities where user-generated content is created.

to where media and target audiences are selected by trading or bidding against other advertisers. Native advertising involves paying to publish content that appears on a media site rather than a banner ad. It's similar to when companies pay for features on pages in newspapers. It's also similar to sponsorship, and in both cases there may be a long-term relationship where a brand pays for its name to be associated with a publisher or event.

- 4 **Digital PR.** Involves maximising favourable 'offsite' mentions of your company, brands and products by other organisations and people, especially media sites or influencers such as celebrities. These mentions may create name awareness, but have the benefit that they can also drive visits through links and support SEO through backlinks. These mentions may occur on publisher websites, blogs or social networks, and podcasts accessed by your target audience. Guest blogging involves writing an article for which no fee is charged on another business's website. It's often a reciprocal arrangement. Influencer outreach is used in both B2B and B2C communications. It usually refers to working with individuals rather than publishers to gain mentions through their social media, blogs or podcasts. Digital PR also includes responding to negative or positive online brand mentions and conducting public relations via a site through a social media news centre or blog, for example.
- 5 **Digital partnerships.** Creating and managing long-term arrangements to promote your online services on third-party websites or through website content and messaging. **Affiliate marketing** involves a commission-based arrangement where the advertiser pays only when a sale occurs. It's most applicable to the retail, travel and financial services sectors where an affiliate website will get paid for traffic when an online sale occurs. Co-branding is a paid or owned media technique where two brands are featured within email marketing or native advertising. Co-marketing is similar but it is a 'contra' arrangement, for which (usually) no fee is paid, when companies collaborate to share content with the aim of raising awareness and leads among the pooled audiences. For example, Dave Chaffey set up a co-marketing arrangement for publisher Smart Insights with martech vendor HubSpot, where joint research reports were created to raise awareness and generate leads for both brands. HubSpot has dedicated co-marketing managers in different regions to manage this activity, since the company views it as important.
- 6 **Digital messaging.** Traditionally, digital messaging to individuals who have subscribed to updates has focused on **email marketing**, which is still a commonly used digital media channel since it is cost-effective. However, email is used less by younger audiences who are more likely to subscribe to mobile push notifications from websites and apps. Digital messaging options include placing ads in third-party e-newsletters (paid media) or most commonly the use of an in-house list for customer activation and retention (owned media), or co-marketing techniques using other companies' newsletters. Buying or renting lists of email addresses is considered as a spamming technique and not permitted under the privacy legislation described in Chapter 3.

Regardless of the form of media, it's useful to consider the need for a relevant **landing page** on a website, so that when the audience clicks through to the site they see a relevant message rather than a home page.

Social media marketing is an important category of digital marketing that involves encouraging customer communications on a company's own site, or social presences such as Facebook or Twitter or in specialist publisher sites, blogs and forums. It can be applied as a traditional broadcast medium – for example, companies can use Facebook or Twitter to send messages to customers or partners who have opted in. However, to take advantage of the benefits of social media it is important to start and participate in customer conversations. These can be related to products, promotions or customer service and are aimed at learning more about customers and providing support, thus improving the way a company is perceived.