

See discussions, stats, and author profiles for this publication at: <https://www.researchgate.net/publication/336374802>

Digital Marketing Fundamentals From Strategy to ROI 1 st edition. Chapter 1.

If, as a lecturer, you want a free copy of the book you can contact me.

Chapter · October 2019

CITATION

1

READS

4,106

3 authors, including:



[Marjolein Visser](#)

Breda University of Applied Sciences

10 PUBLICATIONS 11 CITATIONS

[SEE PROFILE](#)



[Mike Berry](#)

Hult International Business School

9 PUBLICATIONS 11 CITATIONS

[SEE PROFILE](#)

Some of the authors of this publication are also working on these related projects:



Digital Marketing Fundamentals from Strategy to ROI [View project](#)



E-commerce [View project](#)

Digital Marketing Fundamentals

From Strategy to ROI



Noordhoff

Marjolein Visser,
Berend Sikkenga & Mike Berry

2nd edition

Digital Marketing Fundamentals

Marjolein Visser RM
Berend Sikkenga SMP
Mike Berry

Second edition

Noordhoff Groningen / Utrecht

Cover design: G2K Creative Agency (Groningen-Amsterdam)

Cover illustration: Getty Images

Any comments concerning this or other publications should be addressed to Noordhoff Uitgevers bv, Afdeling Hoger onderwijs, Antwoordnummer 13, 9700 VB Groningen or via the contact form at www.mijnnoordhoff.nl.

The information contained in this publication is for general information purposes only. No rights or liability of the author(s), editor or publisher can be derived from this information.



0 / 21

© 2021 Noordhoff Uitgevers bv, Groningen/Utrecht, The Netherlands

This publication is protected by copyright. If you wish to (re)use the information in this publication, you must obtain prior written permission from Noordhoff Uitgevers bv. More information about collective rights management for Dutch educational institutions can be found at www.onderwijsauteursrecht.nl.

ISBN (ebook) 978-90-01-74985-9

ISBN 978-90-01-74984-2

NUR 802

Preface

Welcome to this, the Second Edition of *Digital Marketing Fundamentals*. It is three years since the first edition of *Digital Marketing Fundamentals* was published, and nine years since the original Dutch version of this book was launched.

Marjolein and I have been gratified to learn that the books have found a permanent place in the curricula of providers of accredited marketing courses and in the business education programmes of universities across the world. Universities and business schools in Australia, New Zealand, Asia, Scandinavia, the Netherlands, the US and the UK have adopted the book which won the PIM Marketing Literature Prize for The Best Marketing Study Book.

Sadly, just after we started working on this edition, we received the news that Berend Sikkenga, co-initiator and co-author of this book, had died unexpectedly. We dedicate this edition to him. Berend was an inspirational Digital Marketer and *Digital Marketing Fundamentals* would not exist without him.

Naturally, we also wish to thank to our publisher Bert Deen for his enormous dedication, and patient encouragement. We thank our colleague Tony Williams – who is not only an accurate and tireless translator, but fluent in Dutch, English and Digital Marketing. We also thank our families including Jane and Douwe for their support and understanding while we wrote this book.

Contributions from over twenty Digital Marketing specialists (see ‘About the authors’) ensure that contemporary best practice is firmly embedded in the approach and techniques in this book. We are grateful for their involvement. In addition, we thank all Digital Marketing professionals and organisations who have provided us with current examples and cases.

Digital Marketing continues to evolve and the pace of change is increasing. For this edition the book has been completely revised and many new examples and cases added. We feature emerging technologies such as Artificial Intelligence (AI) and Natural Language Processing (NLP) and the opportunities they increasingly offer to marketers. We focus on the need to quantify objectives and to measure systematically the return on investment in Digital Marketing activities. Recent research outcomes, techniques, sources and examples have been incorporated throughout the book. Two essential models are introduced in Chapter 1 and run through the whole book: the Digital Marketing funnel and the RAIA model for Digital Marketing communication.

We very much appreciate the fact that the first adopters of this book have provided several suggestions for improvement. It is wonderful that an increasing number of teachers and students from across the world are sending us tips and ideas. We value your contributions!

We hope to meet all readers soon in the groups for this Book:

- digitalmarketing.noordhoff.nl: the official website, including test questions, trainer concepts and Teaching PowerPoints
- LinkedIn Lecturers Digital Marketing Fundamentals ([linkedin.com/groups/13568788/](https://www.linkedin.com/groups/13568788/)): for tips, current events, research results and discussion
- Digital Marketing Fundamentals on Facebook (www.facebook.com/groups/digital.marketing.fundamentals.book/): eg. new insights and information exchange

For educators there is a special Dropbox folder available with additional study materials. Ask for access by sending a mail to info@market-wise.nl.

Meanwhile: feel free to connect with us on LinkedIn:

<https://www.linkedin.com/in/mikeberrylinkedin>

<https://www.linkedin.com/in/marjoleinvisser>

See you online!

Mike Berry and Marjolein Visser RM

Overview of the most important changes from the First Edition

These adjustments make it difficult to use the 1st and 2nd editions side by side.

Chapter 1 Digital Marketing:

- introduction of the Digital Marketing funnel and the RAIA model have been added
- theory, examples, questions and case have been updated

Chapter 2 Strategy and Business Models:

- theory, examples, questions and case have been updated

Chapter 3 Market Sensing:

- the order of the sections has been changed
- 3.1 and 3.2 on online consumer behaviour have been significantly adjusted based on recent research
- 3.4 on the use of social media has been supplemented and updated
- concepts such as biohacking, immersive experiences and connected home have been added
- remaining sections have been updated
- questions have been updated
- new case study

Chapter 4 Product Realisation:

- structure has been changed
- theory, examples, questions and case study have been updated
- concepts such as contextual interaction, crowd management, Customer Effort Score, journey innovation, proactive personalisation, product owner, Minimal Viable Product, relationalisation, scrum, user stories and Willingness to Pay have been added
- new case study

Chapter 5 Customer acquisition: digital brand communications:

- adapted to the use of the RAIA model
- theory, examples, questions and case have been updated
- mobile communication from Chapter 6 has been moved to this chapter
- more attention has been given to influencer marketing
- concepts such as attention signals, celebrity influencers, newsjacking, interest signals, micro influencers, native apps, personal relevance, social media influencers and web apps have been included

Chapter 6 Customer acquisition: recruiting visitors through owned or earned channels:

- adapted to the use of the RAIA model
- theory and examples have been updated
- a section about marketing automation has been added
- concepts such as lead nurturing, lead scoring and Search Engine Results Page have been added
- questions have been supplemented and updated

Chapter 7 Customer acquisition: recruiting visitors through paid channels:

- adapted to the use of the RAIA model
- theory and examples have been updated
- concepts such as ad extensions, bumper, effective cost per click, embedded formats, feature phone banner, first and second price model, mid- and post roll, mobile phone interstitial, open auction, preferred deal, private auction, programmatic direct, search intent, smart bidding, smartphone banner and negative keyword have been added
- questions and case study have been supplemented and updated

Chapter 8 Customer acquisition: sales and pricing:

- theory and examples have been updated
- more attention has been given to marketplaces
- concepts such as mobile commerce, personal pricing and social log-in have been added
- questions have been supplemented and updated

Chapter 9 Order processing:

- theory, examples, questions and case have been updated
- concepts such as seamless customer experience, social care and wallets have been added

Chapter 10 Customer Relationship Management:

- structure has been changed
- theory, examples and questions have been updated
- concepts such as usage data and collaborative experiences have been added
- new case study

Chapter 11 Designing effective websites and apps:

- section about effective apps has been added
- theory and examples have been updated
- concepts such as cultural probing, Google Actions, hallway test, HEART framework, persuasive design, shadowing and task completion rate have been added
- questions have been updated and supplemented
- new case study

Chapter 12 Digital analytics:

- theory, examples and questions have been updated
- concepts such as attribution model, connection ratio, event, intelligent tracking prevention and property have been added
- new case study

Chapter 13 Planning and organisation:

- section about security measures for the prevention of cyber crime has been added
- theory, examples, questions and case have been updated
- concepts such as cryptoware, DDoS attacks, defacing, Design Thinking, product backlog, ransomware, scrum and sprint have been added

Contents

1	Digital Marketing	13
1.1	Definition of Digital Marketing	14
1.2	Digital Marketing versus traditional marketing	15
1.3	Digital Marketing and the Marketing Mix	17
1.4	Digital Marketing in relation to business processes	18
1.5	Development of Digital Marketing	20
1.6	Two important models for Digital Marketing communication	21
1.7	The outline of this book	24
	Questions and assignments	26
	Case: Digital Marketing at Marriott	26
2	Strategy and Business Models	31
2.1	Digital Marketing and Strategy	32
2.2	Marketing Strategy	34
2.3	The business model	37
2.4	Determining the impact of new internet technology on Digital Marketing	57
	Questions and assignments	62
	Case: Cleartrip	63
3	Market Sensing	69
3.1	Internet usage	70
3.2	Online shopping behaviour	73
3.3	Online buying process and the Digital Marketing funnel	76
3.4	Use of social media	89
3.5	Online Market Research	94
3.6	Big data and customer insights	107
3.7	Relevant trends in Digital Marketing	115
	Questions and assignments	126
	Case: How Alibaba benefits from Singles Day	127
4	Product Realisation	131
4.1	The aim of the product realisation process is customer value	132
4.2	Co-creation	135
4.3	Product development, mass collaboration and crowdsourcing	137

- 4.4 Developing and setting up online products 142
- 4.5 Product improvement 159
 - Questions and assignments 165
 - Case: Hire your neighbour's car with SnappCar 166

- 5 Customer acquisition: digital brand communications 171**
 - 5.1 Digital Marketing communication: the basis 172
 - 5.2 Role of Digital Marketing communications in brand management 184
 - 5.3 Role of social media in digital brand communications 189
 - 5.4 Content marketing 200
 - 5.5 Mobile communications 208
 - Questions and assignments 216
 - Case: Digital Brand communications at Patagonia 217

- 6 Customer acquisition: recruiting visitors through owned or earned channels 223**
 - 6.1 Using digital communications and sales channels to reach and win customers 224
 - 6.2 Search Engine Marketing 226
 - 6.3 Link-building 232
 - 6.4 Use of social media channels 243
 - 6.5 Email marketing 254
 - 6.6 Marketing automation 266
 - Questions and assignments 272
 - Case: Samsung UK targets SMEs 272

- 7 Customer acquisition: recruiting visitors through paid channels 277**
 - 7.1 Digital Marketing communication through paid channels 278
 - 7.2 Paid Search (Pay-Per-Click = PPC) 279
 - 7.3 Online display advertising 295
 - 7.4 Advertising on social networks 314
 - 7.5 Affiliate marketing 320
 - 7.6 Using online games for advertising 337
 - Questions and assignments 340
 - Case: Under Armour ecommerce (Google Shopping) 341

- 8 Customer acquisition: sales and pricing 347**
 - 8.1 Selecting digital sales channels 348
 - 8.2 Online sales via ecommerce sites and apps 351
 - 8.3 Online sales advice 365
 - 8.4 Online price setting 370
 - Questions and assignments 384
 - Case: ASOS 385

9 Order processing 389

- 9.1 Selection of distribution channels 390
- 9.2 Payments 395
- 9.3 Sub-processes of order processing 407
- 9.4 Online service 411
 - Questions and assignments 420
 - Case: IKEA focuses on customer experience and self-service 420

10 Customer relationship management 427

- 10.1 Digital customer relationship management 428
- 10.2 Working with customer groups 439
- 10.3 Encouraging customer satisfaction and loyalty 444
- 10.4 Increasing customer value 451
- 10.5 Individual value propositions 456
- 10.6 Social CRM 461
 - Questions and assignments 467
 - Case: Fashion brand Diane von Furstenberg makes customers feel special 467

11 Designing effective websites and apps 473

- 11.1 Effectiveness of websites and apps 474
- 11.2 Influencing the visitor 478
- 11.3 Website usability 484
- 11.4 Web content and web text 489
- 11.5 Interaction and conversion 497
- 11.6 Effective landing pages 502
- 11.7 Search Engine Optimisation (SEO) 505
- 11.8 The development of an effective app 513
 - Questions and assignments 520
 - Case: An International Marketing Award for the Anne Frank Foundation 521

12 Digital analytics 525

- 12.1 Digital analytics: definition and starting points 526
- 12.2 The Digital Marketing funnel translated into performance indicators 528
- 12.3 Different traffic sources within digital analytics 537
- 12.4 The ABC Model: the Digital Marketing funnel 548
- 12.5 Recognising the phase that the visitor is in 551
- 12.6 Social media metrics 553
- 12.7 Digital analytics in the organisation 556
 - Questions and assignments 559
 - Case: Digital Analytics in practice at Van der Valk Hotels 560

13 Planning and organisation 565

13.1 Organising Digital Marketing activities 566

13.2 Digital Marketing plan 577

13.3 Project management 590

13.4 Security measures against cybercrime 603

13.5 Legal aspects of Digital Marketing 605

Questions and assignments 617

Case: Online food delivery service Deliveroo 618

References 622

Illustrations 632

Index 634

About the authors 645



1

Digital Marketing

Author: Marjolein Visser

Over the past decades the framework of marketing has changed dramatically. Internet use has become part of the daily routine for almost everyone. It has radically transformed the behaviour of consumers and business buyers. Knowledge of online consumer behaviour and Digital Marketing are vital to marketers. This first chapter will explain what Digital Marketing involves and which basic principles are covered in this book. The following chapters will describe how Digital Marketing fits within all of the other marketing related business processes. The last chapters of this book describe overarching subjects eg. effective websites and apps, digital/web analytics and the planning and organisation of the Digital Marketing process.

This chapter will cover:

- the definition of Digital Marketing
- Digital Marketing versus traditional marketing
- Digital Marketing and the marketing mix
- Digital Marketing in relation to business processes
- development of Digital Marketing
- basic models for Digital Marketing communication

After reading this chapter you will be able to:

- explain what Digital Marketing involves
- identify the differences between traditional marketing and Digital Marketing
- name and recognise 'the seven types of websites'
- denote the relationship between the Four Ps and the Four Cs
- describe the five Digital Marketing-related core business processes
- describe the phases in the development of Digital Marketing
- using examples, illustrate how the Digital Marketing funnel is related to the RAIA model

1.1 Definition of Digital Marketing

Kotler and Armstrong (2019) define marketing as follows: “Marketing is the process by which companies create value for customers and build strong customer relationships in order to capture value from customers in return.” Peter Drucker (1973), a famous management guru, defined the purpose of marketing as follows: “the aim of marketing is to know and understand the customer so well that the product or service fits him and sells itself.”

According to Kotler, marketing is an integrated process that companies use to create value for customers and to build strong customer relationships in return for a reciprocation of value from their customers. In many instances, products or services are traded for money, but alternative exchanges are also possible, eg. political parties that trade ideological representation of interests for votes or brands that trade interesting/valuable content for the user’s time and attention.

The internet plays an ever-increasing role within the marketing process. Digital Marketing is a sub-process of marketing. Therefore, we can define Digital Marketing as a process in which organisations and existing or potential customers use the internet to create value and products as well as exchange them. In this respect we do not discriminate between the various ways that the internet is accessed and the device on which the content on the internet is viewed. Whether a computer or a smartphone is used is of importance to the applied technological methods, but not to the marketing principles. Internet marketing, online marketing and e-marketing are all synonyms for Digital Marketing. In this book, we will use ‘Digital Marketing’.

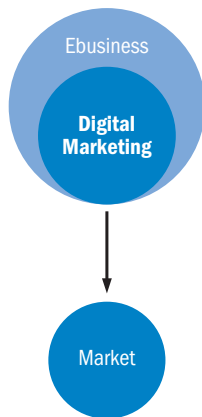
Ecommerce

One frequently asked question remains: what is the difference between Digital Marketing, ecommerce and ebusiness? Ecommerce refers to selling products or services over the internet. Customers can complete transactions or submit changes using a website. This book considers ecommerce to be one of the possible options within Digital Marketing. Many organisations do approach their customers via the internet, but don’t sell their products online. In this case it is a question of Digital Marketing communication, an element of Digital Marketing, but not of ecommerce.

Ebusiness

The authors of this book see ebusiness as a way of doing business with the assistance of digital technologies. Ebusiness is a wider concept than Digital Marketing and ecommerce. In ebusiness it’s not only about the interaction with markets, but about adequately establishing all of the processes that enable an organisation to make their products or provide their services. It’s about the front and the back of the organisation, including the parts the customer does not come into contact with (see Figure 1.1). Ecommerce is simply defined as ‘selling and buying online’.

FIGURE 1.1 Ebusiness encompasses digital processes throughout the entire organisation and is more inclusive than Digital Marketing



1.2 Digital Marketing versus traditional marketing

Digital Marketing is becoming increasingly important.

As a result of the growing number of possibilities regarding digitalisation and interactivity that the internet facilitates, a number of marketers' dreams have become reality. When used wisely, the internet makes marketing more effective: marketing objectives can be met with less effort. Consider the following possibilities:

- Thanks to the internet, the customer's demands for information are more easily and simply met.
- The internet allows for the provision of tailor-made information.
- The internet offers the possibility of gathering large quantities of data about potential customers.
- The effects of marketing communications on the internet can (in most cases) be easily measured.
- A high level of interactivity with customers is possible.

Also, Digital Marketing can be more efficient than traditional marketing. Eg.:

- It is possible to share large quantities of information with potential customers at low cost.
- The marketing budget can be more purposefully assigned due to the fact that the effects of marketing communications are (in general) more easily measurable.

The internet has accelerated the transition from mass marketing to individual marketing. The aim of individual marketing is to fully tailor products and marketing or marketing efforts to the individual customer.

Because the internet allows for the customer's individual data to be saved, communications have become increasingly 'personalised'. The profile of the individual customer is recognised; thus, they receive a 'personalised offer', an individual proposition. That way a travel agency can offer a customer, who is recognised in their database as someone who likes to take his/her children to a theme park, a last-minute deal for Disneyland Paris.

**One-to-one
marketing**

**Individual
marketing**

**Individual
proposition**

Individualised production

Simultaneously, an older couple that enjoys walking are offered a peaceful holiday in the Austrian Alps.

The internet makes individualised production easier. On the internet, you can design T-shirts or greetings cards with a personalised image on them, You can even design your own brooch and have it printed in 3D. Digitised services mean users can seek advice or information at any time: even in the middle of the night you can ask your bank for a statement or pay a bill; the internet and world wide web (www) are 'always-on' 24/7. Individualised distribution of ordered goods or services is relatively cheap and often highly effective via the internet. Eg. when you book a flight online, you can either print your ticket yourself or access it on your smartphone via the airline's own app. A package from Amazon.com is delivered to your doorstep the following day; you don't have to go to the store for it; moreover, you get helpful messages regarding the status of your order.

The website is at the centre of Digital Marketing. Websites can be classified as follows:

- Corporate sites**
 - Corporate sites are aimed at supporting interaction between the organisation and the various stakeholders, eg. customers, employees, press and shareholders.
- Ecommerce sites**
 - Ecommerce sites are online stores or selling sites where products can be viewed and ordered; famous examples are Amazon.com, eBay and Taobao (Alibaba). Ecommerce sites can also be procurement sites of a company or sector, where the purpose is seeking/accepting offers/bids/tenders, ie. buying, not selling.
- Selling sites**
- Communication sites**
 - Communication sites inform their visitors more about the products or services of the supplier. Besides product descriptions these sites also include functional elements eg. lists of stores where the product can be purchased (or 'store finder' tools) and user manuals. An example of this type of site is Grundig.com. In some cases (especially for Business-to-Business ie. B2B marketing) this type of website has the specific purpose of reaching out to potential customers. These are called lead generation sites.
- Lead generation sites**
- Branding sites**
 - Branding sites aim to improve brand knowledge and brand perception. These sites are usually very interactive and contain 'fun' recreational elements eg. forums or games intended to make the visitor come back more often. Eg. Liverpoolfc.com.
- Service sites**
 - Service sites not only provide information but are also involved in the production process of the organisation. Eg.; online banking, ebay.co.uk and online newspapers. In these cases, the content and functionality are the product.
- Portals**
 - Portals present an overview of websites for specific target groups or for particular subjects. In web history, brands like AOL, Yahoo! and msn were early examples.
- Content sites**
 - Content sites or publishing sites provide their visitors with information. This could be news, but also other kinds of information that would be interesting for a specific target group or in a specific situation, eg. reviews. Examples are websites eg. huffingtonpost.com or tripadvisor.com.

Apps can also take on the aforementioned roles within the Digital Marketing strategy.



The Liverpool FC brand website is interactive and contains relaxing elements

In referencing PR Smith's 5Ss model, Chaffey & Ellis-Chadwick (2019) list five objectives for Digital Marketing communications activity:

- Sell; increasing sales by accessing new markets or by developing new (online) products.
- Speak; initiatives for better communications with (potential) customers.
- Serve; improving customer service.
- Save; cost reduction through the use of digital media.
- Sizzle; initiatives to support the brand.

5Ss model

1

1.3 Digital Marketing and the Marketing Mix

The 'Marketing Mix' is one of the most frequently used concepts from marketing theory. Originally it represents a sort of formula for marketing activities. The idea is that the marketer should be a kind of chef, mixing the four elements together in order to achieve an offer that caters optimally to the taste of the target audience; a product that aligns with their needs and desires, a price they are willing to pay for that product, a place where they can buy or reserve the product and promotion to stimulate the sales of the product. Another analogy is that of the marketer as the 'conductor of the orchestra', bringing in each instrument at the appropriate time and at the appropriate volume. Later, the Marketing Mix's element 'place' gained a broader definition. It's not only about the question of where the customer can buy the product (distribution), but also about the answer to the question of how the product will eventually end up in the customer's hands.

Marketing Mix

Today, almost every organisation uses the internet for customer communications. This could simply be a way of providing information (replacing traditional brochures), but also advertising (eg. online display advertising) or sales. The internet can contribute towards each of the marketing instruments: product, place, price and promotion (the Four Ps). Examples of websites as a **product** are auction sites (eg. eBay) and dating sites (eg. Tinder, Grindr). Websites as distribution channels (**place**) are those of eg. music publishers or publishers of scientific publications. After payment you can download or stream the desired song or article. Airlines are a good example of how the internet can be deployed as part of the marketing instrument '**price**' (see dynamic pricing).

Four Ps

It is interesting how the different marketing instruments seem to merge on the internet and particularly in the case of information-based service businesses and publishers. Banks are a clear example of this: online banking is undeniably part of the production process, but it also replaces the physical bank branch as a distribution channel. Simultaneously the website functions as promotional channel for the various financial products that the bank wants to bring to the attention of their customers.

The Four Ps are often denounced as not being viewed from the purchaser's perspective. For this reason, Robert Lauterborn introduced the Four Cs model. He states that marketing has developed from a technique for organisations to sell a product (P) into a philosophy to endear themselves to their customers and encourage commitment. The old Ps are predominantly suitable for a manufacturer, the modern Cs are a better fit for a more customer-orientated organisation that views itself through the eyes of their customers (Lauterborn, 1990).

Therefore, Lauterborn transforms the Four Ps model into the Four Cs model (see Table 1.1).

TABLE 1.1 From Four Ps model to Four Cs model

Four Ps	Four Cs
Product	<i>Customer solution:</i> solving the consumer's problem
Price	<i>Cost to the customer:</i> price/quality ratio
Place	<i>Convenience:</i> accommodating the customer
Promotion	<i>Communication:</i> reciprocal communication between an organisation and its customers

Dev and Schultz followed up on this model by translating it into the SIVA model **S**olution, **I**nformation, **V**alue, **A**ccess (Dev & Schultz, 2005). Both the Four Cs and the SIVA model fit in with the interactivity and customer focus that characterises Internet marketing, but they turned out to be less suitable for the structure of this book. After weighing the pros and cons of each of the established models, the format that was chosen was one that matches the core processes related to marketing as described in Philip Kotler's recent books. This way the relationship to general marketing theory is retained.

1.4 Digital Marketing in relation to business processes

The five core processes of a business's marketing are (Kotler & Keller, 2016):

- 1 The market sensing process: the process that keeps organisations up to date with the market's needs, developments and trends.
- 2 The product realisation process: researching and developing new core products and services, extending the market supply and the launch of the product.
- 3 The customer acquisition process: defining target markets and acquiring new customers.

Market sensing process
Product realisation process
Customer acquisition process

- 4 The order fulfilment process: receiving and approving orders, shipping the ordered goods on time and collecting payments. (literally: delivering on your promises).
- 5 The customer relationship management process (CRM): building a deeper understanding, a better relationship and a better offer for individual customers.

Order fulfilment process

Customer relationship management

1

Among other things, online market sensing consists of actively following and analysing the behaviour of your own website visitors, gathering information from social media and online market research (see Chapter 3). One of online market research's biggest advantages is that results can be quickly collected and immediately accessed.

With the realisation of a new product (Chapter 4), concepts eg. 'user generated content' (UGC) and crowdsourcing come into play. Users lay the foundation for new products and product improvements by reviewing products and answering the questions of other users. Crowdsourcing organisations actively encourage the internet community to get involved and come up with new ideas for products. Market sensing and digital/web analytics (Chapter 12) play a big part in forecasting how successful new products will be. Immediate feedback from users leads to a more rapid process of quality improvement and product innovation.

User generated content (UGC)

Crowdsourcing

Digital/web analytics

Digital Marketing communications (Chapters 5 to 8) provides a way of generating new customers. Online sales and pricing are important aspects for this. One great advantage that the internet provides is that the results can generally be easily measured, which allows quick changes to be made if necessary. So the organisation can also calculate exactly what the most and least profitable communications activities are.

Digital Marketing communication

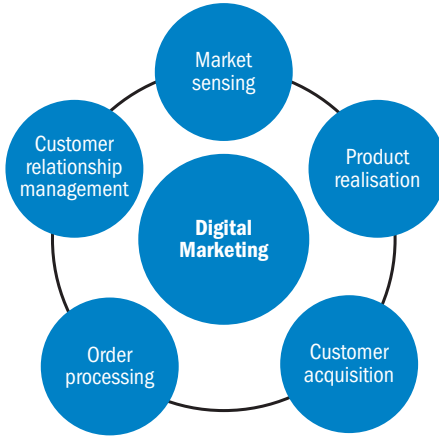
Order processing is done quickly and efficiently when the website is combined with an effective and efficient payment and distribution system (see Chapter 9). The advantage of using the internet is that there is minimal time between order, payment and approval of the order ('real-time' transactions). The payment process is therefore more efficient and customer-friendly than in the 'offline' world. If the product too is digital, the whole process is even more effective: it can be delivered to the customer immediately after payment: the organisation sends a confirmation email or gives the customer access to a download on a website.

Customer relationship management or CRM (Chapter 10) uses a variety of channels eg. social media, newsletters, web personalisation and email. In this way, organisations stimulate customer loyalty, allowing them to provide a more personalised service, to make individual offers and to generate higher earnings from existing customers. The main focus is to build customer loyalty. Because data from these customers can be directly included in the database, the results of these efforts are easily measurable, and the time needed to act on customers' activities can be minimised.

Market sensing does not only occur when a product is brought to market, but during all business processes. Using digital/web analytics, valuable information about the target market's behaviour is gathered permanently. Based on that information, the processes are being optimised and

improvements are made to the range of products/services on offer to the customer. Digital Marketing is a continuous cycle (see Figure 1.2).

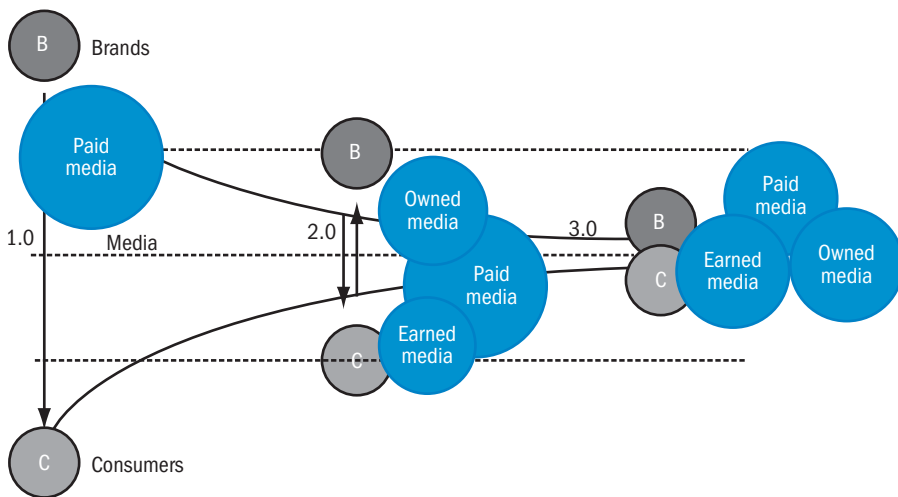
FIGURE 1.2 Digital Marketing is a continuous cycle



1.5 Development of Digital Marketing

In recent years Digital Marketing has advanced rapidly. We can divide this development into three broad phases: the mass media phase, the internet phase and the social media phase. Figure 1.3 displays the development of marketing, brands and the role of the various types of media. In short, Figure 1.3 explains that brands and consumers are growing closer together.

FIGURE 1.3 The development of marketing, brands and media



Source: Marco Derksen/Upstream, edited by DVJ Insights, 2011

In Figure 1.3 you also see the concepts: **paid** (= bought), **owned** and **earned** media. These are collective concepts for types of media:

- 1 Paid media: these are types of media that marketers can buy to create brand awareness (consider online advertising, radio, television and print).
- 2 Owned media: these are types of media that are readily available to marketers themselves and in which they can autonomously decide on the content (eg. websites, apps, email newsletters etc.).
- 3 Earned media: these are all types of media that a brand 'earns' thanks to customers or journalists, or bloggers/influencers writing about your brand, eg. on social media, or because other organisations refer to your brand on their website.

Paid media

Owned media

Earned media

During the first period (the mass media phase) the gap between 'brands' and consumers was the largest; it was mainly the marketer who sent out messages to the consumer, who received them. This is also called 'push'. In the second marketing phase (the internet phase) there was more interactivity between marketers and consumers and a dialogue started between them.

Mass media phase

Push

Internet phase

In the last (most recent, current) phase, the social media phase, it goes without saying that consumers are now influencing the brand and therefore are an indispensable part of the process. Not only is there dialogue, but also a reciprocal influence. In this case there is no 'push' anymore, but 'pull'. The consumer has a say in what the brand entails and the marketer observes the consumer's perception of the brand and is supportive of this. (You can read more about this in Chapter 4.)

Social media phase

Pull

1.6 Two important models for Digital Marketing communication

As described in 1.1, the ultimate aim of marketing is the exchange of products and value. A company like ASOS aims to exchange a product for money, an organisation like the US Democratic party aims to represent the interests of specific groups in society in exchange for votes. Regardless of the presence of a commercial objective, the ultimate goal of Digital Marketing communication is always to encourage the target audience to engage in a specific action. This is called a conversion. For a commercial organisation, this conversion takes place in the digital sales channel, eg. a website or an app. We will further explain two basic models using an ecommerce retailer as an example. First, the Digital Marketing funnel, then the RAIA funnel.

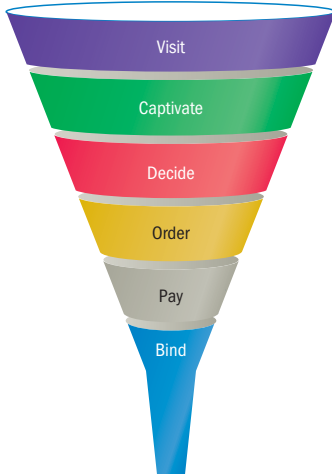
Conversion

Digital Marketing funnel

The first point of attention for a digital marketer is generating visits to the digital sales channel, in this case the ecommerce website (**visit**). Here, the objective is to ensure that visitors are so interested in what they find, that they want to find out more about what is on offer (**captivate**). The next step is ensuring that the visitors compare and evaluate products in order to come to the decision of what to buy (**decide**). Then the visitor orders the chosen product (**order**) and completes the payment procedure (**payment**), leading to the realisation of actual sales. The last objective is to bind the buyer to the ecommerce website in order to encourage repeat purchases (**bind**). This is clearly shown in the Digital Marketing funnel (Figure 1.4). This funnel is used

in order to ensure that the digital sales channel or communication channel, where the final conversion must take place, is structured as effectively as possible. More on this subject can be found in Section 3.3.

FIGURE 1.4 The Digital Marketing funnel



People tend not to find an online retailer by chance; rather the digital marketer must first reach out and convince them. This can be done by constructing a carefully-planned mix of paid, earned and owned media, supplemented with offline communication. Offline media are not covered in this book. The target audience can be reached by, eg. posting a video on social media (**Reach**). Once someone has seen the message, they must give it their full attention and become aware of the website's existence (**Attention**). Eg. someone is watching the first part of the video. It must attract their interest (**Interest**). If this person watches the video until the end, the digital marketer knows this has succeeded. Subsequently, the potential customer must be motivated to visit the website (**Activation**).

Activation

Activation means encouraging those who have been reached online, to follow through with the digital marketer's required action. This is illustrated in the RAIA model (Figure 1.5). Just as in the Digital Marketing funnel, this is a funnel through which the digital marketer attempts to guide people, using a step-by-step approach. More about this can be found in Section 5.1.

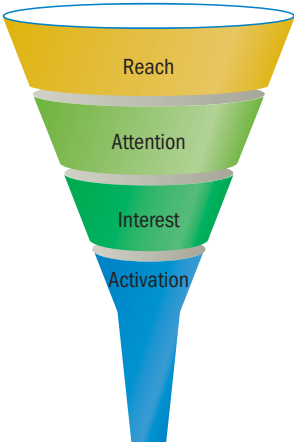
RAIA model

Conversion is a general term used to describe the group of people who have been reached by Digital Marketing communication and who have exhibited the desired behaviour (ie. 'converted'). Any successful activation is a conversion, which can lead to some confusion. This is why the ultimate aim of Digital Marketing, eg. an online sale, is called a hard conversion. An intermediate step, eg. clicking on an ad or visiting the website, is called a soft conversion. Often, several soft conversions are necessary in order to achieve a hard conversion: someone reads a social media message, watches a corresponding video, then searches for more information using a search engine and clicks on a link in an article, leading them to the website, where they eventually buy something.

Hard conversion

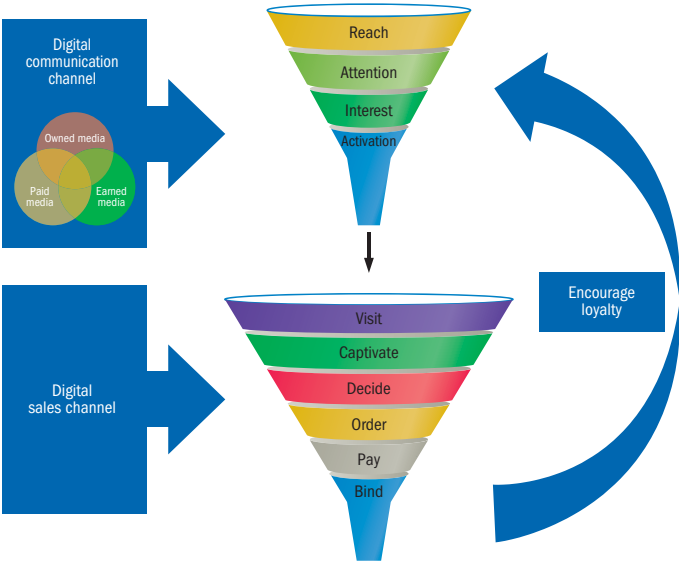
Soft conversion

FIGURE 1.5 The RAIA model



In summary: the digital marketer uses the RAIA model to encourage members of the target audience to visit the digital sales channel (eg. the website or app) using a clever mix of paid, owned and earned media. Next, the realisation of a sale or another form of hard conversion (eg. a subscription, vote or donation) is attempted. Then, by binding them to the organisation, customers are encouraged to remain loyal. This is illustrated in Figure 1.6. Loyalty is expressed in repeat visits, but also in online word-of-mouth. In this way, a relationship is established with the customers, further insight into their behaviour is gained and communication can become more personal and effective.

FIGURE 1.6 From the RAIA model to the Digital Marketing funnel



1.7 The outline of this book

Chapter 2 covers the strategic aspects of Digital Marketing. The main focus in this chapter will be on determining the relationship between the business model and the online activities.

Chapter 3 discusses the market sensing process, online consumer behaviour, the use of the internet in marketing and online market research. In Chapter 4 you can read how Digital Marketing translates itself into the 'product realisation' process.

Chapter 5 covers the first part of the customer acquisition process; online brand communications.

Chapter 6 covers customer acquisition through owned and earned channels. In Chapter 7 we will describe the customer acquisition process through paid channels, or in other words: online advertising (display and paid search).

Chapter 8 focuses on online sales and pricing.

In Chapter 9 you can read which aspects play a part in the ordering process resulting from online sales of products and services.

Chapter 10 deals with the customer relationship management (CRM) process. By this point in the book, all of Kotler's core processes will have been reviewed. Chapters 11, 12 and 13 deal with umbrella topics: designing and building effective websites, digital analytics, planning and finally resourcing Digital Marketing within the organisation.

In recent years, the confidence that web users have in the integrity of organisations who sell over the internet has been damaged on a number of occasions. Examples are privacy violations, the selling of data to third parties and negligent security. For this reason, Chapter 13 will elaborate on the ethical aspects of Digital Marketing in greater detail.

Figure 1.7 concisely displays the outline of the chapters.

FIGURE 1.7 The outline of this book

This book is structured in the same order that many organisations use to make their marketing decisions. If you are not particularly familiar with marketing and management issues you may choose to read Chapters 3 to 10 first, before tackling Chapter 2. That way you will get a better understanding of the exact contents of the business model and its specific elements and, crucially, why the selection of a business model is so important for every organisation.

Questions and assignments

1

NOW CHECK YOUR UNDERSTANDING:

- 1.1** Compare the way that amazon.com sells books to how a bricks-and-mortar bookstore like Barnes & Noble does this.
- a** What are the comparisons and differences in the way books are being sold?
 - b** Describe your idea of how each of the five marketing related processes (see Figure 1.2) progress for amazon.com and for Barnes & Noble, the bookseller.
 - c** How would you characterise both organisations: as a Digital Marketing organisation, as a traditional marketing organisation or as a mixture of both? Support your answer with evidence.
 - d** Digital Marketing has developed in three phases. To what extent have both organisations adapted to the most recent phase? Support your answer with examples.

- 1.2** **a** In Section 1.2, seven types of websites are discussed. For each of the following websites, specify which category it belongs to:

www.unilever.com
 www.staples.com
 www.independent.co.uk
 web.wechat.com
 www.apple.com
 www.citymapper.com
 www.airbnb.com

- b** Pick one of the above suppliers and construct the Marketing Mix using the Four Ps and the Four Cs. What do you notice?
- c** Using the Digital Marketing funnel and the RAIA model, create a coherent system of Digital Marketing objectives for the office supplies retailer, Staples.com. You may rely on assumptions but try to find some realistic conversion percentages online.

1.3

CASE

Digital Marketing at Marriott

By Marjolein Visser

Marriott International, the parent organisation of, amongst others, the Marriott and Ritz Carlton hotels, tries to make use of as much modern technology as possible in order to meet the needs of the young, contemporary business traveller, so-called Millennials. Using the Marriott Bonvoy app, guests participating in the loyalty programme are able to book a

hotel, check in on their mobile device, request services and extras, and chat with Marriott employees before, during, and after their stay. The app uses chatbots for simple questions, allowing guests to receive an immediate response. On the day before their arrival at the hotel, guests receive a push notification on their smartphone, informing them that they can check in. They will then receive an automatic notification when their room is ready for them.

This prior communication means that the hotel is prepared for their arrival. Since payment information is stored in the guest profiles, guests are given a virtual key via the app or, upon entering the hotel, they may visit a dedicated check-in counter where a pre-programmed key card is already waiting for them. At the end of their stay, guests receive another push notification alerting them to the availability of a mobile checkout option. Should they so choose, guests are asked to provide an email address to which their invoice can be sent, meaning they no longer have to call at the Hotel Reception.

Within the hotel itself the many possibilities that mobile communication has to offer are also employed. Marriott app users can request the most commonly used services from a drop-down menu, such as the provision of extra towels, pillows or breakfast in bed. With increasing frequency, hotel rooms are also being equipped with a digital assistant which connects guests with the Reception, allowing them to request room service, for example.

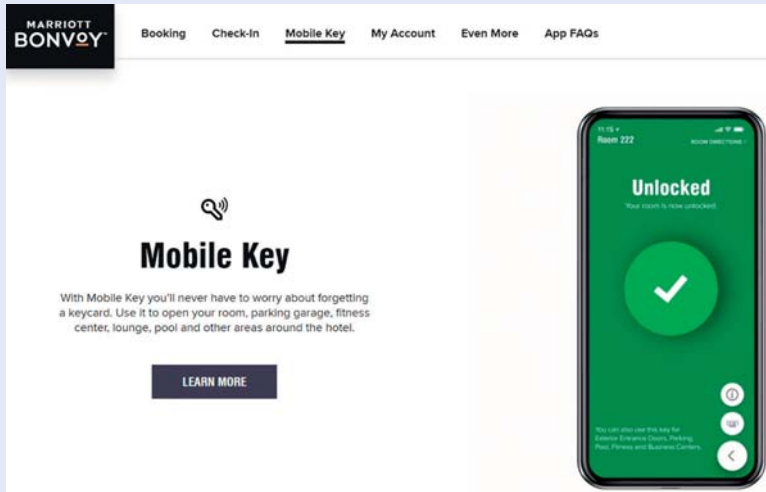
Stephanie Linnartz, Group President, Consumer Operations, Technology & Emerging Businesses, commented at the Skift Tech Forum: “To remain the market leader, we are constantly improving and expanding our offer through direct channels. We offer our loyal customers benefits when they book directly, such as free wi-fi, member rates and mobile check-in/out, mobile keys as well as other benefits. Our new and improved booking solution makes it possible for customers to ‘customise’ their stay. They can choose rooms with specific features, including ones they are willing to pay extra for and be assured of. Our customers enjoy knowing what their options are and being in control of them”.

“Marriott combines ‘high tech’ with ‘high touch’ to offer guests a seamless and personalised experience. We use technology that enables our members to have an ongoing “conversation” with us, regardless of which channel or device they are using, whether they are staying in one of our accommodations, or communicating through our call centre agents, our app or whilst searching for something on Marriott.com”.

The M Live social media monitoring hub also plays an important role in providing a seamless customer experience. Messages that hotel guests send via social media are analysed from social hubs in the United States, Europe and Asia. When someone is staying in a Marriott hotel, this is identified from the geolocation that is linked to the messages.

“Let’s say you’re staying in a Ritz Carlton hotel somewhere in the world and you’ve posted a photo on Instagram to let everyone know that you’ve become engaged”, said Scott Weisenthal, Vice President, Global Creative and Content Marketing, in an interview on inc.com, “a second later this comes up in our M Live Command Centre... we will then call the hotel and the hotel will send up a bottle of champagne”.

By monitoring what guests share, Marriott can deploy personalised marketing communications and surprise customers, leading them to become loyal customers and begin spreading positive messages about the brand. Of course, this needs to be done both sensitively and legally to give every guest a personal and valuable experience at every point on their customer journey.



The Marriott app even allows you to unlock the door to your room

Sources: hotelbusinessweekly.com, inc.com, skift.com and mobile-app.marriott.com

NOW CHECK YOUR UNDERSTANDING:

- a There are seven different categories of websites. To which category does the website Marriott.com belong?
- b Make an inventory of how Marriott International uses mobile communications for Digital Marketing. To help you with this, take a look at <https://mobileapp.marriott.com/> (N.B. This works on a tablet, laptop or desktop with Windows 10)
- c Section 1.2 explains how Digital Marketing can be more effective and efficient. Which of the seven advantages mentioned would also apply to mobile marketing as used by Marriott? Show evidence for each applicable advantage.
- d As part of which of the Four Cs does Marriott use mobile marketing?
- e Within which of the five marketing-related processes does Marriott use mobile marketing? Give an example for each core process.
- f The M Live social media monitoring hub plays an important role in providing a seamless customer experience. Find at least three other examples that demonstrate how Marriott has adapted well to the socially-connected world.
- g Devise a social media campaign for a Marriott hotel. Use the RAIA model and the Digital Marketing funnel to illustrate how this campaign can drive online hotel bookings via the Marriott website.