

DS 780

Data Science and Strategic Decision-Making

Lesson 6 Introduction
Integrated Digital Marketing

Integrated Digital Marketing

- Transition to digital
- Integrated Digital Marketing (IDM) defined
- IDM and the Organization
- IDM Strategic Model
- IDM & Digitally Integrated Organization (DIO)



Welcome to the summary for week 6 of the course. The topic this week is integrated digital marketing.

And there are five major sections, some more major than others, in the chapter. The first is the transition to digital and how it's progressing. Then the definition of Integrated Digital Marketing-- or IDM. And then some discussions of IDM and how it fits into the organization-- the strategic model the authors have developed for IDM. And then finally, just a bit on IDM and then DIO-- the Digitally Integrated Organization.

Transition to Digital Marketing

- Already well underway
- Degree of transition varies by firm
- Vast majority of companies face a choice: transition to digital or die



As far as the transition to digital marketing goes, I think it's pretty clear that things are already very well underway. We're already seeing major companies deeply into digital territory, particularly social media, most recent adoptions. And they've been all over the whole idea of the web as a communications channel since at least the mid '90s to late '90s.

Now, the degree of transition does vary from firm to firm and some are far ahead of the rest. And it's important to note that some got into it maybe a little bit early on what's sometimes known as the bleeding edge of the transition where maybe their investment didn't provide quite as good a return as those that came a little bit later. But then you also have to be careful of the trailing edge because if you're too far behind, you really give first mover advantage to the companies that are ahead of you. So there's always this worry about finding the right spot and not being necessarily the first and the one that incurs all the costs with little return because the change hasn't been accepted yet versus those that are always playing catch up. You want to be somewhere in the middle probably, middle towards the beginning.

Now, that leads us to the last point here on the slide. The vast majority of companies really do face a choice. At some point, you have to transition to digital, or you die, in most cases, as a company.

There might be some minor exceptions, some industries that are sheltered and kind of throwback sort of industries. But the vast majority of companies really do have to embrace this. What you don't want to do is end up being in the buggy business when everybody is now driving cars.

Or in the aircraft business, you didn't want to be building propeller-driven airliners when consumers and the airlines that had to cater to those consumers were demanding jets from the manufacturers. Or to use a non-transportation example, would you like to be in the television business right now selling a line of TVs that used cathode-ray tubes to display rather than the flat screens. It would be a pretty tough place to be in the market.

Drucker on Digital Marketing

The entrepreneur always searches for change, responds to it, and exploits it as an opportunity.

- Peter Drucker

The computer is a moron because it makes no decisions; it only carries out orders.

- Peter Drucker

As far as the transition to digital marketing goes, I think we can actually draw on some ideas and quotes from the management guru Peter Drucker. Now, one of his quotes shown on the left is that the entrepreneur always searches for change, responds to it, and exploits it as an opportunity. And he's talking about successful entrepreneurs of course. And quite often, smaller companies, entrepreneurial companies are more flexible and respond faster whether they've been in existence or whether they've come into existence in order to take advantage of some change that's already happening in an industry.

So in this case where we're talking about the transition to digital, it's a mixed bag. There are companies that are making the transition fairly nicely. There are companies that are jumping in and trying out new models based on digital marketing. But the point is the companies have to respond to this change.

And they have to view it as an opportunity-- not an expense, not a cost, not a bother. The change represents an opportunity. And if they take that sort of attitude, there's a good chance that they'll come through it pretty nicely.

Now, on the right, there's almost a counterbalance from another Peter Drucker quote. "The computer is a moron because it makes no decisions. It only carries out orders."

So of course, digital marketing relies heavily on computing power. And I think everybody in this class for the most part understands that computers are pieces of hardware. And it's really the programming, the code, that makes

them what they are, makes them useful to us, and makes them something that people need or something that can improve people's lives.

So that has to balance out this whole thing. You can't just go into new technology for new technology's sake. It has to be something that people want, that people need. And it has to be enabled by computer power and software that can actually make it all work.

Transition to Digital Marketing

Drucker on computers and data in business:

- Computers extend our capacity
- Computers should provide information, not data
- "If the computer doesn't enable us to simplify our organizations, it is being abused."



Now there's a few other thoughts here from Drucker on computers and data in business. First, computers have the power to extend our capacity.

So that's true of a lot of technology. If you go back a little bit to a less complicated world, a sharpened rock, a shovel, a hoe, horse-drawn plow-- those are all things that over a very long time period as they move through all those things helped farming activities. Humans were actually farming to extend their capabilities, to extend their capacity. So it's kind of leverage really.

And that's what computers have done. Computations had to be done by hand, all that sort of thing. Now that can be done instantly, free up human talent to do things and move the ball ahead really for business or society as a whole.

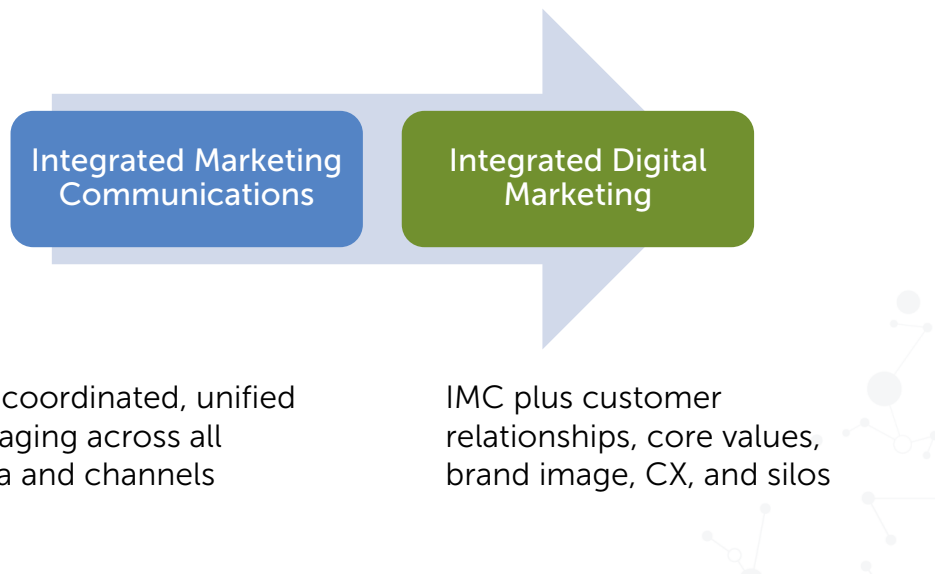
The second point, that the fact that the whole thing works only if computers provide managers with useful information rather than massive amounts of data. Now this tracks with a minor theme that I think is sort of run through some of my earlier presentations. And that is there is a difference between information and data.

We really want to make sure, in the business world when we're talking about decision making, we want to provide those decision makers with useful information, not bury them in just piles and piles and piles of data. It's the computer's job and the job of the people that are designing the systems that run on those computers, run on these digital systems to be able to transform those piles of data into these nuggets of useful information that managers need. So they don't have to go find the needle in the Haystack.

Now thirdly, and this is a direct quote from Drucker, "If the computer doesn't enable us to simplify our organizations, it's being abused." Now note he doesn't blame the computer. He says that if it doesn't enable us to simplify our organizations, it, the computer, is being abused.

Who is it being abused by? Managers, technicians that are maybe designing or buying or installing and then adding software and systems and procedures around that computer to do some sort of job. So that's really important for us to also keep in the back of our minds as we go through any of these things and probably a lot of other things during our careers. So don't blame the computer; blame the people that have set up the systems on that computer and designed the procedures around them.

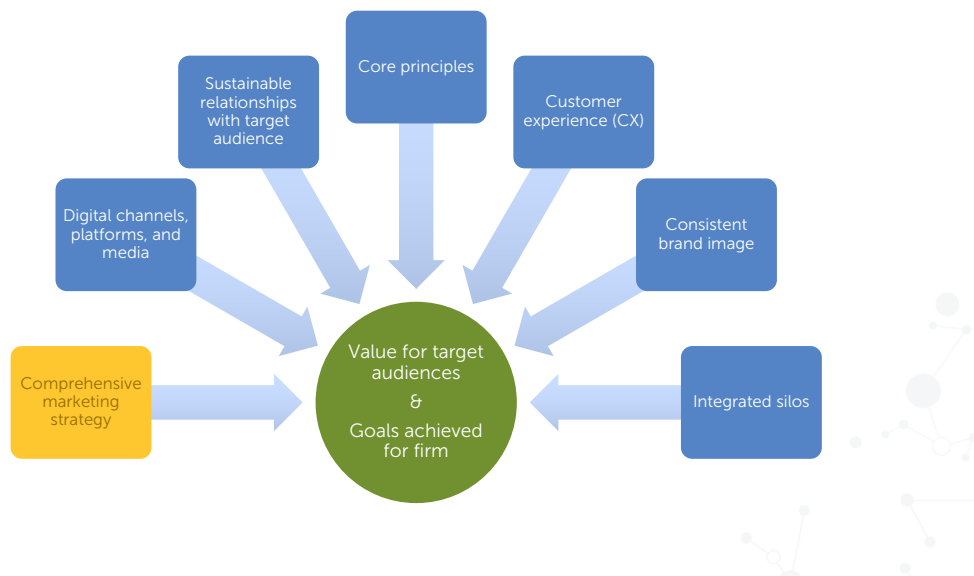
IDM Defined



The next topic is really the definition of integrated digital marketing. And what it is is sort of an extension of this idea of integrated marketing communications that marketers have been following for some time. And all that really amounts to is the coordination of marketing messages across all the media and all the channels that marketers use to deliver that message to consumers.

So the idea is that it has to be coordinated. The message has to be the same. You want the message that's going out on broadcast TV to be the same message essentially that's going out in, say, social media. Now when we go to integrated digital marketing, it's really integrated marketing communications plus adding in things about customer relationships and core values, brand image, customer experience, and the breaking down of silos.

IDM Diagram



Rather than trying to pick apart a definition of integrated digital marketing, I think this diagram might help a little bit in kind of picturing the whole situation. Now, the point of this is to get to delivering value for whoever your target audiences are, your target customers and prospects and also to achieve the goals the firm has set for itself. So in order to reach typical goals of revenue or units sold, things like that, you're going to have to provide value for those target audiences, your current customers, potential customers. Now, that's not everybody-- not everybody in the world, everybody in the country, or everybody in your town. It's for your target audiences, the ones that are most likely to be a good match for whatever product you're selling.

Now, we have to start with some kind of comprehensive marketing strategy. Otherwise, this thing will just become a mess of like a bowl of spaghetti. You never know what you're going to get if you tug on something.

So with a marketing strategy in place, then we can start looking at all these other things-- so for instance, the digital channels, platforms, and media that are being used. And by the way, the wording here that's used, the channels, the platforms, the media, can get kind of confusing because sometimes those words are used interchangeably. Sometimes they're not.

But I think the best way to look at it is that channels and media are very, very close in meaning. And platforms are generally sort of a subset of a channel or a medium. So for instance, if we say social media, the media is plural. It's really referring to that there's a bunch of different social media platforms.

But social media is oddly enough really a medium. If you're looking at broadcast TV, that's a medium. Newspapers are a medium-- all of those sorts of things. But for of course our purposes, we're really talking about the digital end of things.

Now, the book does have practically a page devoted to how everything is digital, making the argument that TV and radio is digital because it uses a digital transmission. In the engineering sense or that a banner at a trade show that has a URL on it makes that digital, I think it might be pushing things a little bit. But they're trying to make a point.

Now the next thing as we go around is sustainable relationships with target audience. That's one of the strengths, of course, of digital, especially on the social media side, where you can reach out and talk to individuals essentially in a way as opposed to, say, a broadcast TV sort of thing where you're talking-- and the name actually implies this, broadcast. That you're talking to a very wide audience, a very broad audience. But the relationship part is really important. And what this is really referring to mostly is customer relationship management and the computer systems that enable companies to have really sophisticated Customer Relationship Management, or CRM, systems in place.

The core principles of the company have to be part of the equation as well. You don't want to get lost in the wilderness trying to implement all kinds of crazy new technologies that maybe don't fit your strategy or don't really align well with whatever the principles of the company might be. The customer experience-- digital can enhance the customer experience. It's going back to the idea that computers are a tool, and they can be used to leverage our efforts, extend our capability or capacity. And that's really what's going on with customer experience.

So if you think about your life as a consumer, you run into this sort of thing all the time. We don't think much of it anymore, but a self-service gasoline pump to how you either slide or insert now your credit card to pay at a self-service terminal at a checkout, which is very different from those that might remember the old days where the card got laid on a machine. And a multipart carbon form was placed over it.

And then they ran this machine that mangled your card over it and all that sort of stuff. So the customer experience has changed thanks to a lot of these sorts of things. And certainly, social media has taken it way beyond either of the examples I just gave.

Another thing that needs to be in the mix is a consistent brand image. This is a marketing mantra. And you certainly do not want your digital experience that customers have to be inconsistent with maybe a bricks-and-mortar, if you're say a retailer, experience.

Even though the experiences might differ, you want the brand image that goes with it to be similar. So you don't want to in one place be a very relatively expensive, high-quality sort of image and then somewhere else, you're a bargain basement image with the same brand. That doesn't make a whole lot of sense from a marketing standpoint.

And then lastly, the integration of the silos, breaking down of the silos really. For this idea to really work, you're going to need to have the marketing, the finance, the manufacturing, the operations. All the different pieces that have to work together, they have to be talking to each other for this to be pulled off.

IDM and the Organization

- IDM difficult to implement
- Fewer than half of firms use IDM
- Challenges to implementing IDM
 - Technology too complex
 - Teams not set up for it
 - Data not centralized
 - Too expensive
 - Too time consuming



In the section on IDM and the organization, the text really sort of focuses on the fact that it is very difficult to implement. Or it can be difficult to implement I guess. In some cases, it's not very difficult.

But the fact of the matter is, based on the surveys, they are talking about that fewer than half of the firms actually use something that resembles IDM. And they list the five biggest challenges. And it's very logical. These make sense.

First of all, technology's too complex. Well, that's not unique to IDM. It's true of almost any technology changeover that's happened in history. It can seem very complex, very vexing at first. But the fact of the matter is that with a change in direction by the company, hiring of different people, changing of strategy, if the new technology warrants that change of strategy or maybe the technology just helps implement the existing strategy, those are the things you have to figure out before you can really bring this technology in in a way that gets you past the initial complexity.

Now teams not being set up for it. That seems like kind of a little bit of a red herring because if you think about it, most companies are changing all the time. They're always kind of reorganizing in response to changes in the products they offer and the demand from customers in, say, manufacturing technology or the economics of manufacturing, that sort of stuff.

The fact of the matter is this is no different. If you're going to implement or evolve into IDM, your teams probably are going to have to be changed. But it's

not something that companies haven't done before. It's just that quite often there's a little bit of resistance to change.

Data not being centralized-- the third item. Yeah. That's a big problem. And I think probably most of you have been in companies where this is an issue.

In the Hollywood version for the cop shows that they use some kind of computer database or businesses that are portrayed in TV shows or Hollywood movies, the computer or the data systems are obviously highly evolved. And they're all connected. And your data streams are coming from cameras everywhere and all that sort of stuff.

The reality is that the computer systems are quite often siloed as much as the people are siloed in organizations. And I think we've all seen situations where the systems don't talk to each other. And all of a sudden, the technology part ends. And you got people trying to combine information that's coming out of two systems.

So that is a roadblock. But as we evolve slowly, that starts to go away. And IDM might kind of push ahead some of those efforts that are already underway in most companies.

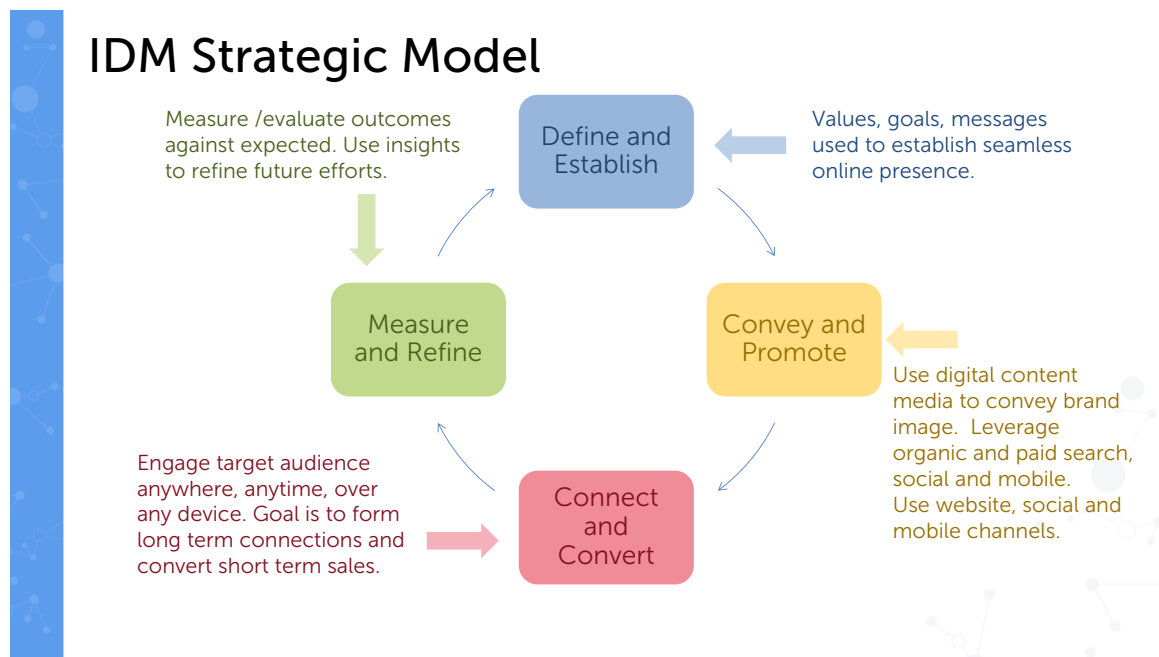
May be too expensive. Well, yeah. It's probably not going to be free, but you have to take a look at the cost versus the financial return on it.

And by financial return, I'm including not just expenses and maybe reductions in expenses by this, but also increased revenue or the ability to compete at all. You have to look at not just what you get, but you also have to worry about what do you lose if you don't make that change. Going back to some of those earlier examples, that buggy manufacturer-- yes, it would have been expensive to move to being an automotive manufacturer and maybe prohibitively expensive for some companies, but the cost of not making the change is basically going out of business and dying a slow or maybe not-so-slow death. So sometimes too expensive, again, red herring.

And then too time consuming. Well, yeah. If it's expensive you can bet there's probably a lot of time involved as well from the staff that again-- it's really an expense at the end of the day.

It really needs to be wrapped in to the whole expense side and the decision made on whether the return makes sense for the investment. And investment is probably the best word to use for the costs of implementing something like this rather than expense. And for those of you with an accounting vent, there's a big difference in meaning there. Expenses are charged in a particular period,

whereas an investment might be amortized over time, the time when you get the benefit from that change.



In the next section, the integrated digital marketing strategic model that is proposed by the authors-- what I've done is provide more of a diagram again rather than try and wade through some of the text. So if you take a look at this cycle-- again, we've got a nice circular cycle that keeps folding back on itself. So you've got define and establish is the first, then convey and promote, connect and convert, and finally, measure and refine as we start the cycle over again. And if you look ahead in the text, these are actually the topics of the next four chapters.

So let's start up here at define and establish. So what are you defining? What are you establishing?

Things like values, goals, and messages you might use to establish some kind of seamless online presence. Now that's a mess of words there really. But what you're doing is sort of setting the stage I guess might be a good way of putting it.

And then once that is pretty well underway and established, we can start to convey and promote. This is where we're going to use digital content to convey our brand image, to project this brand image out to the target audiences. Now this can start to employ things that start to become a little familiar to us here.

We might use organic and paid search. So remember organic search is putting something into Google for instance and it coming up in an unpaid listing, in other words, in the main section of the search screen that comes back to you,

but below the top ones which are the paid listings. And then of course, the paid search would be paying to appear up there under certain search terms or paying to appear in an ad off on the right-hand side in the case of Google.

Then there's also social and mobile. So all the various social media and then also paying attention to the mobile platform channel out there. That's crucial, and that's one that's growing. It's one we really need to pay attention to. And then just the use of the various tools-- the website, the social, and the mobile channels.

All right. Connect and convert. That's all about how we engage our target audiences, both our current customers and our prospects, anywhere, anytime, over any device . That's the mantra that really fits in with the idea model here.

So you want to form long-term connections with these target audiences and also, at the same time, convert some short-term sales. Now some companies, just because of their product, it's all mostly going to be a long-term or mostly going to be short-term sales. But a lot of companies, probably the majority, have both. So you have to worry about the long term-- what are you going to be selling to this person six months from now, a year from now, five years from now-- as well as can we get a sale right now. So connect and convert.

And then the fourth, measure and refine. So here we're measuring and evaluating and reporting on outcomes against what we expected. It's sort of typical of anything you'd see if you looked at a budget, the forecast and the actual, except this goes beyond budget of course. And then we'd use the insights that we can glean from these measures and evaluations to refine or maybe even start new, but refine or start new future efforts. So this is how the circle gets started again with the define and establish.

IDM Strategic Model

Define & Establish	Convey & Promote	Connect & Convert	Measure and Refine
Strategic Analysis	Strategic Analysis	Strategic Analysis	Strategic Analysis
<p>Are your organization's values and goals in alignment?</p> <p>Are all elements of the Brand Blueprint Analysis (see Figure 6.3) consistent, and integrated with organizational values and goals?</p> <p>Have you taken time to perform an <i>IDM</i> Strategic Analysis (see below)?</p>	<p>Is your content engaging and effective?</p> <p>Does it reflect your organization's values and goals?</p> <p>Are you reaching your intended audience? Are you interacting with them?</p>	<p>Is your online presence optimized for mobile?</p> <p>Does each of the seven stages of the Digital Involvement Cycle correlate to the goals, targets, and tactics designated for each stage?</p>	<p>For each stage of the Digital Involvement Cycle, are analytics monitored and measured and KPIs evaluated against goals?</p>
Tactics	Tactics	Tactics	Tactics
<p>Clarify values</p> <p>Define goals</p> <p>Shape brand message</p> <p>Establish an online presence</p>	<p>Content marketing</p> <p>Social media marketing</p> <p>Paid social promotion</p> <p>search engine optimization (SEO)</p> <p>Paid search</p>	<p><i>SoLoMo</i></p> <p>Lead nurturing</p> <p>Lean conversion</p>	<p>Website performance management</p> <p>Social performance management</p> <p>Integrated performance management</p>

Source: Digital Marketing: Integrating strategy and tactics with values. Kotler and Edelman, 2015.

Just thought I'd point out figure 6.2 in the text that lays out the IDM strategic model in a slightly different format that I think is pretty useful. So you notice they've got the four categories of the IDM strategic model across the top. Then in each column underneath each of those categories, you have the same two subheadings-- strategic analysis and tactics. So this kind of shows you actual activity, actual strategies, and these tactics for the most part are activities, that go with each of the four categories. So I think this is something that's useful for you to review.

IDM Strategic Model

Analytical approaches to developing IDM model include:

- Reputational analysis
- SWOT analysis
- Competitive analysis
- Blueprint analysis
- SERVAS digital analysis
- Digital involvement cycle analysis



In the last section of the chapter, we talk about the IDM strategic model and the strategic analysis that's a part of it. So in this case, the analysis is really important as a part of the development process for the strategic model for an organization. And the book goes through six different analytical approaches. That doesn't mean that there aren't other approaches that couldn't be used. But these include some very well-known ones and all that make perfect sense.

So if we take a look at reputational analysis, there's a very brief section in the book on it. But basically, it's all about gathering marketing insights. And those insights come generally from consumers, but they can also come from employees and possibly some other audiences. Maybe they come from, if you have a dealer organization, from your dealers-- things like that.

And this is sort of traditional marketing research. So you're doing surveys and analyzing the data from the surveys, that sort of thing. At the same time, it talks about looking at the digital footprint of the organization. So that's where you might be out there taking a look and evaluating what sort of presence you have on the web and in social media and that sort of thing. And this can be quantitative if you're out there measuring things like numbers of mentions and those things, any kind of metrics that are available for you for websites, things of that nature, as well as social media.

The second is the SWOT analysis, which is a very well-known tool that's used in management and marketing. It drives most situation analyses and marketing and plans and business plans. So if you're not familiar with it, it's Strengths, Weaknesses, Opportunities, and Threats. That's where the SWOT acronym comes from. And it's a very, very useful, widely-used framework to help you

analyze your organization's strengths and weaknesses as well as its opportunities and threats.

And it's a time to be honest when you're putting this together. This is something that basically managers would probably research a little bit, but mostly they know from experience. And if you get a wide enough group of managers, you can come up with some pretty good stuff here. But you probably, especially on the weaknesses, would want to talk to customers and other folks in your distribution chain so that you get an objective outside view.

Something to point out here is that the strengths and weaknesses are internal in nature. So the company has strengths. The company has weaknesses. The opportunities and threats on the other hand are external.

So there you're assessing what new opportunities might there be out there. How is the market changing, how is technology changing-- things of that nature. And any of those kinds of changes could present opportunities, or they could present threats, and in some cases, they might present both.

Competitive analysis is the next type. And the book talks about two main topics, and then it kind of merges them. The first is how are your competitors positioned in the marketplace. And it talks about brand reputation, market share-- and you could do a bunch of other things as well.

But a typical analysis is usually two dimensional. You might put price and quality up there for instance. And if you do a scatterplot, you might plot out where you are on the price versus quality versus all of your competitors. So you can visualize really where your position is in this particular comparison between these two variables.

It's very useful. If you think in terms of retail, for instance, if you did price and quality, and if you did say price on the vertical and quality on the horizontal axis, then what you'd see is in Nordstrom's out there in the far upper right where both quality and price are high. And you might see Walmart on the other hand towards the middle to low on the quality side as well as the price side and maybe some dollar store further down lower into the left. So once you plot out yourself and your competitors, it gives you a pretty good idea of where you are.

The second it talks about, what are your competitor's media strategies, which is a little more salient for our purposes. Are they using the web? What kind of promotions are they doing? How is their social media savvy? Are they really into it or are they not into it or are they trying but they're kind of failing?

And do your competitors have mobile apps that are popular with customers or are they absent completely from mobile? And we could go on, but those are the ones the book sort of lists. So you want to find out where you are. And you could probably devise a mapping strategy similar to what I described for the positioning in the marketplace.

And then given the competitor's positioning and then the technology opportunities or threats that you might have uncovered, then you start looking for what action you need to do. If some opportunities are out there, say, none of your competitors have gone active in mobile yet, that might be a big opportunity for you. Flip side is all of your competitors are already fairly well advanced and have well-accepted mobile apps, and you don't. Well, that's a threat. Either way, it's going to point you in the direction of putting some effort into mobile.

The next one the book talks about is a brand blueprint analysis. And I think it kind of is self-explanatory in the book. This is not as widely used, and it's more unique to marketing. But you can see that it gets down into some fairly granular items on the marketing side and how you would promote a particular brand and that sort of thing. So that's also a useful tool.

And then they talk about the SERVAS digital analysis, SERVAS-- S-E-R-V-A-S. Again, not all that widely used, but it's a pretty nice framework with the six benchmarks of Sustainable goals, Engagement, Relationships, Value, Action, Synergy. And it might be useful in some situations and not in others.

But it's nice that it's been presented to us as an alternative. There's plenty of others out there-- some in general use, some that are sort of proprietary maybe to a particular consulting firm or that sort of thing. But that's just other things that we could put in our tool box.

Now beyond that, the book does continue. It goes back to the digital involvement cycle. And then it also in figure 6.5 does a nice job of mapping out the different stages in the digital involvement cycle analysis. And maps it out against goals, targets, tools, actions, and metrics or key performance indicators. That's an excellent chart to take a look at and kind of familiarize yourself with.

And then it finishes off with what are frankly sort of a little bit of cheerleading and rah-rah and how wonderful IDM is. And then finally, it talks about how IDM relates to the digitally integrated organization. And again, that kind of drops off into a little bit of cheerleading. But it's worth a read just to give yourself a lay of the land.

And I think that, after a particularly marathon PowerPoint session, is all we really need to talk about. And I hope you take it to heart. It's an interesting topic, and it does set the stage for what we're going to do over the coming weeks.