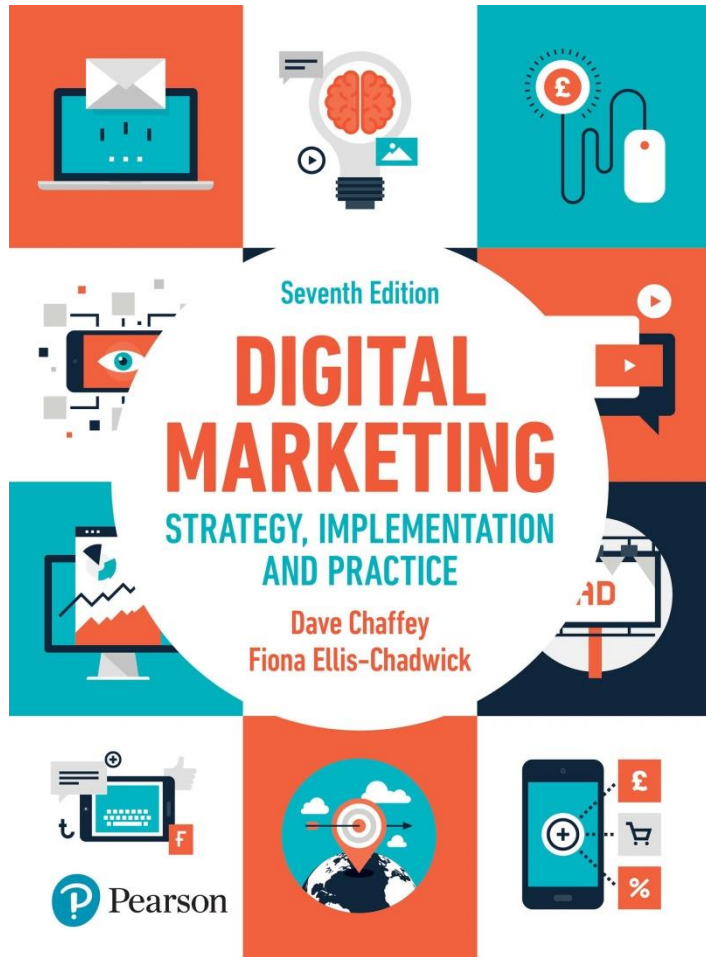


# Seventh Edition



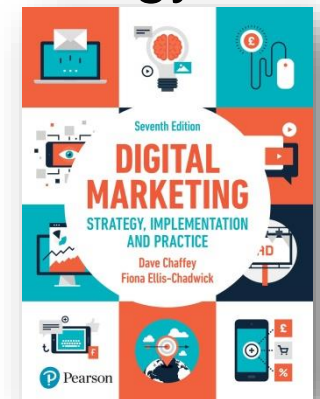
# Digital marketing strategy

# Chapter 4 Digital Marketing Strategy



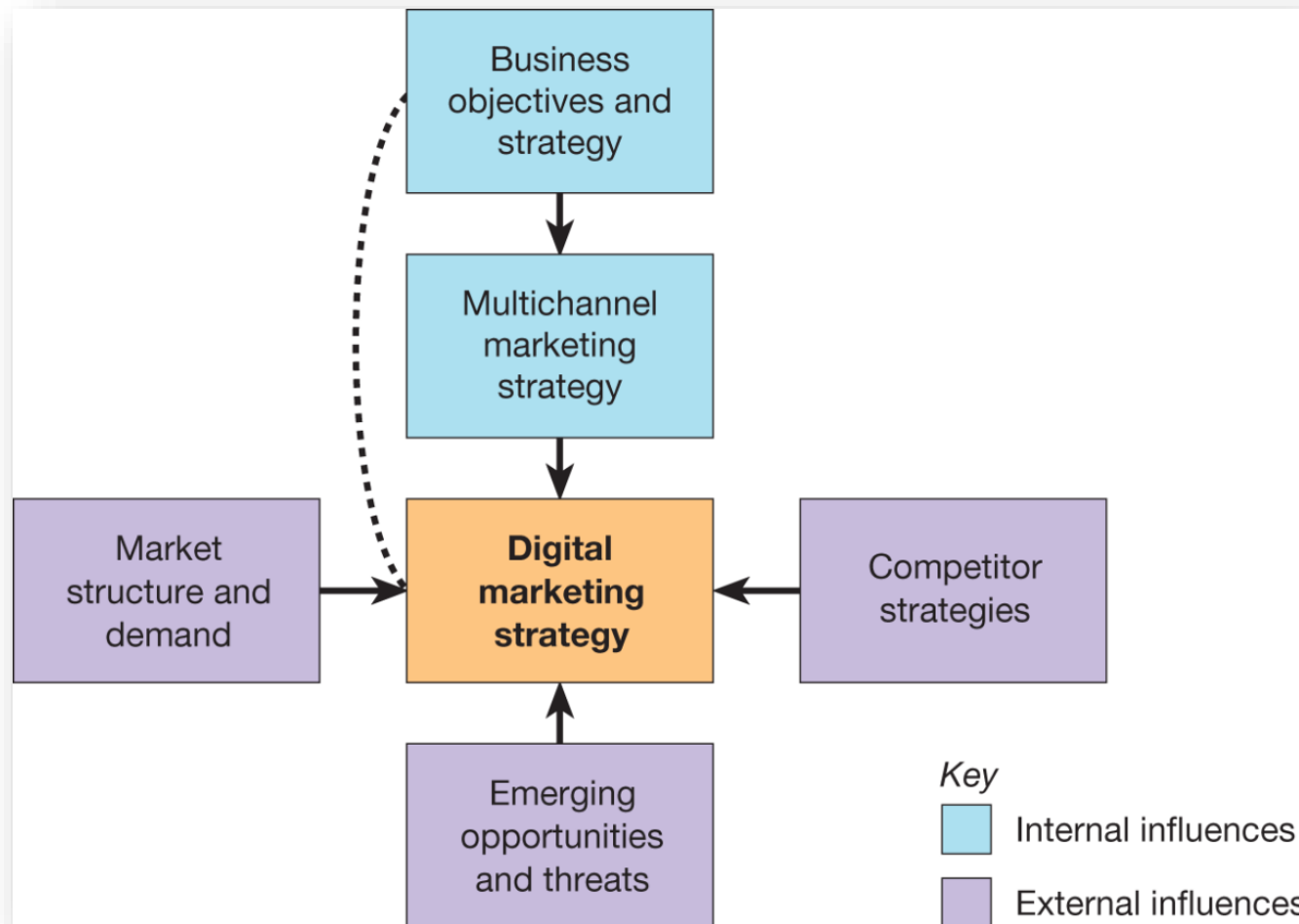
## Main topics

- Digital marketing strategy and channel strategy management
- Importance of integrated digital marketing strategy
- How to structure a digital marketing strategy
- Competitor analysis
- Setting goals and objectives
- Strategy formulation
- Strategy implementation
- Assessing different digital projects

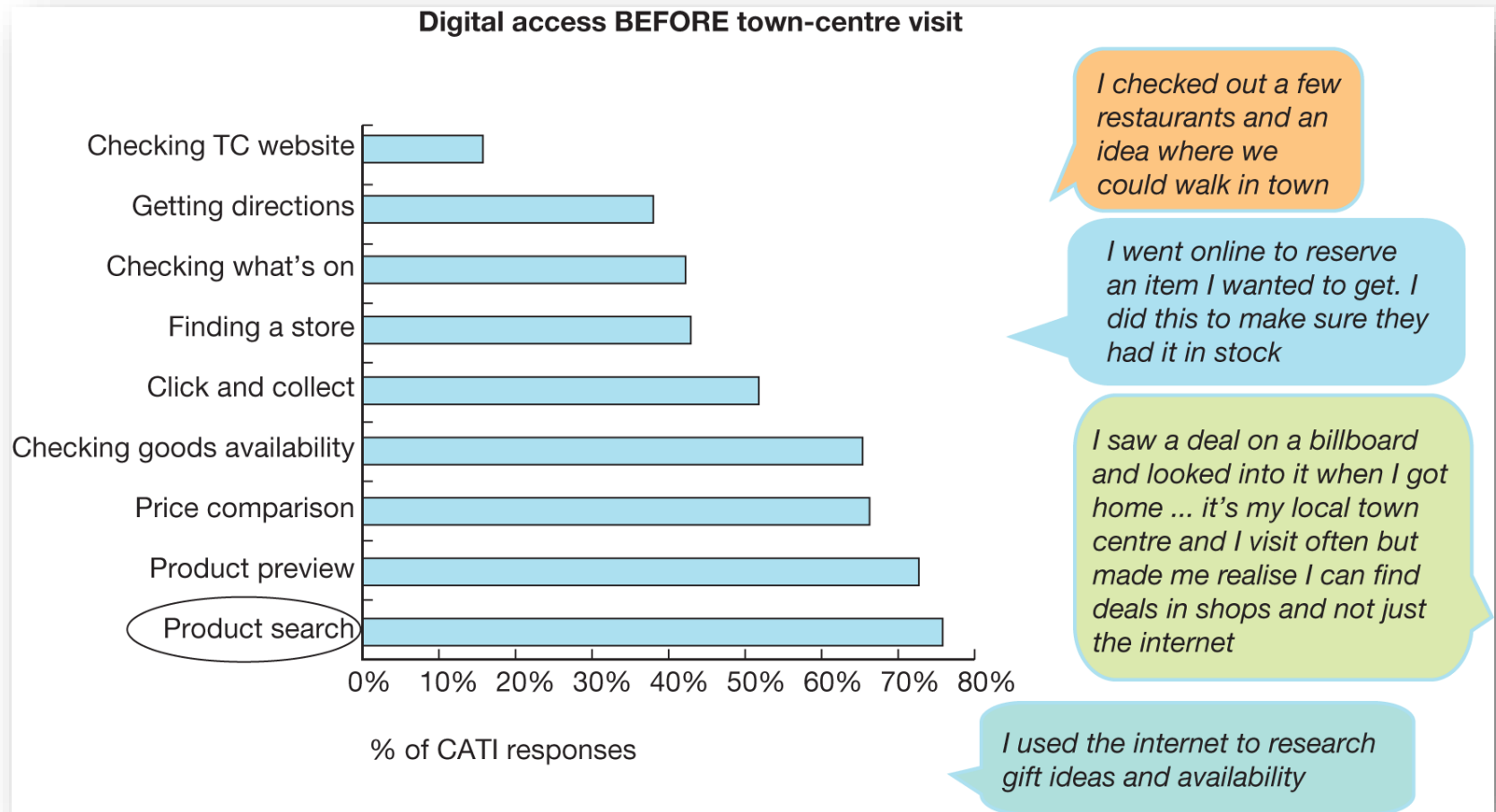


**Case study:** ASOS shifts the focus of high-street retailing

# Digital marketing strategy and channel strategy management

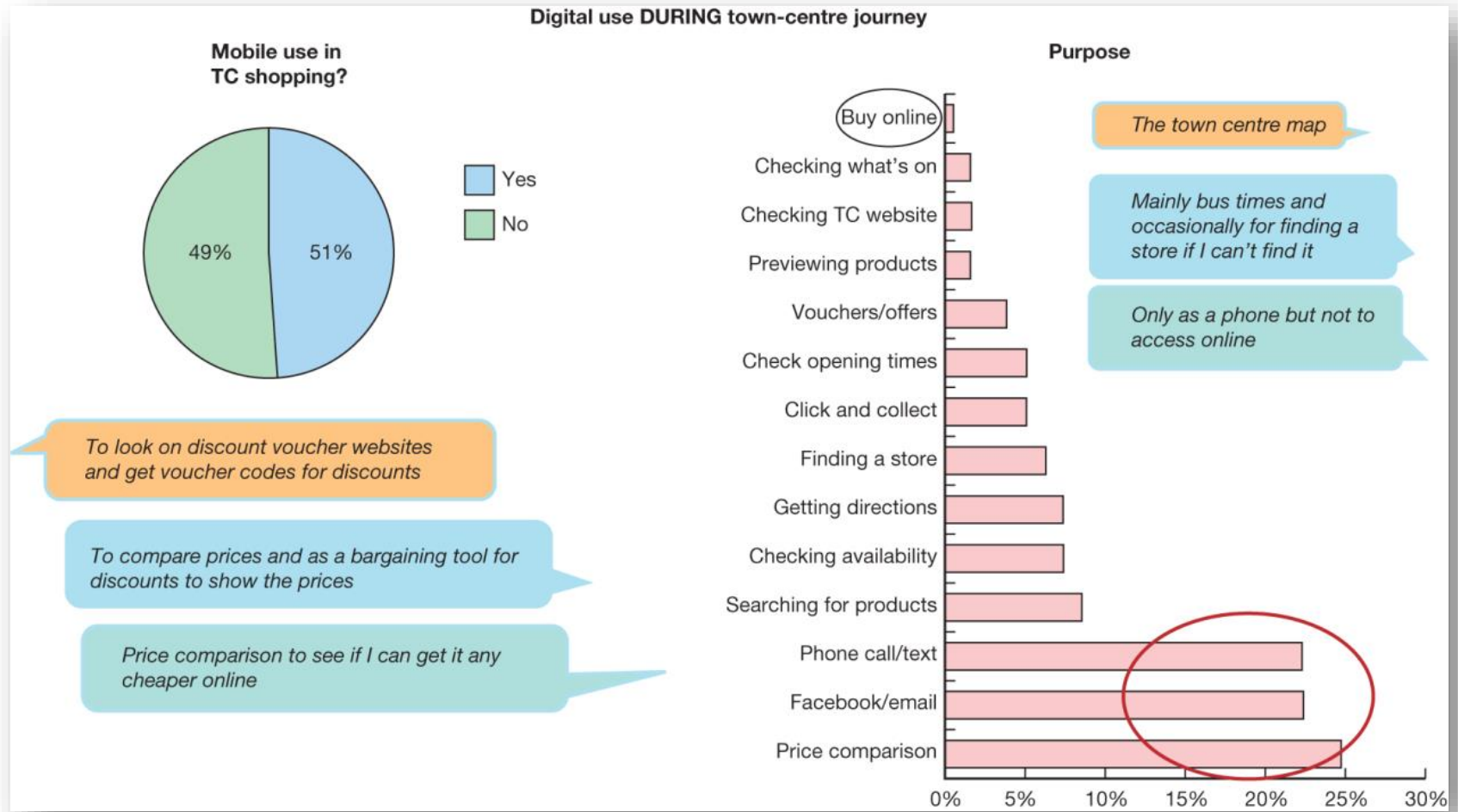


# Figure 4.2 Typical shopper behaviour before a town-centre shopping trip



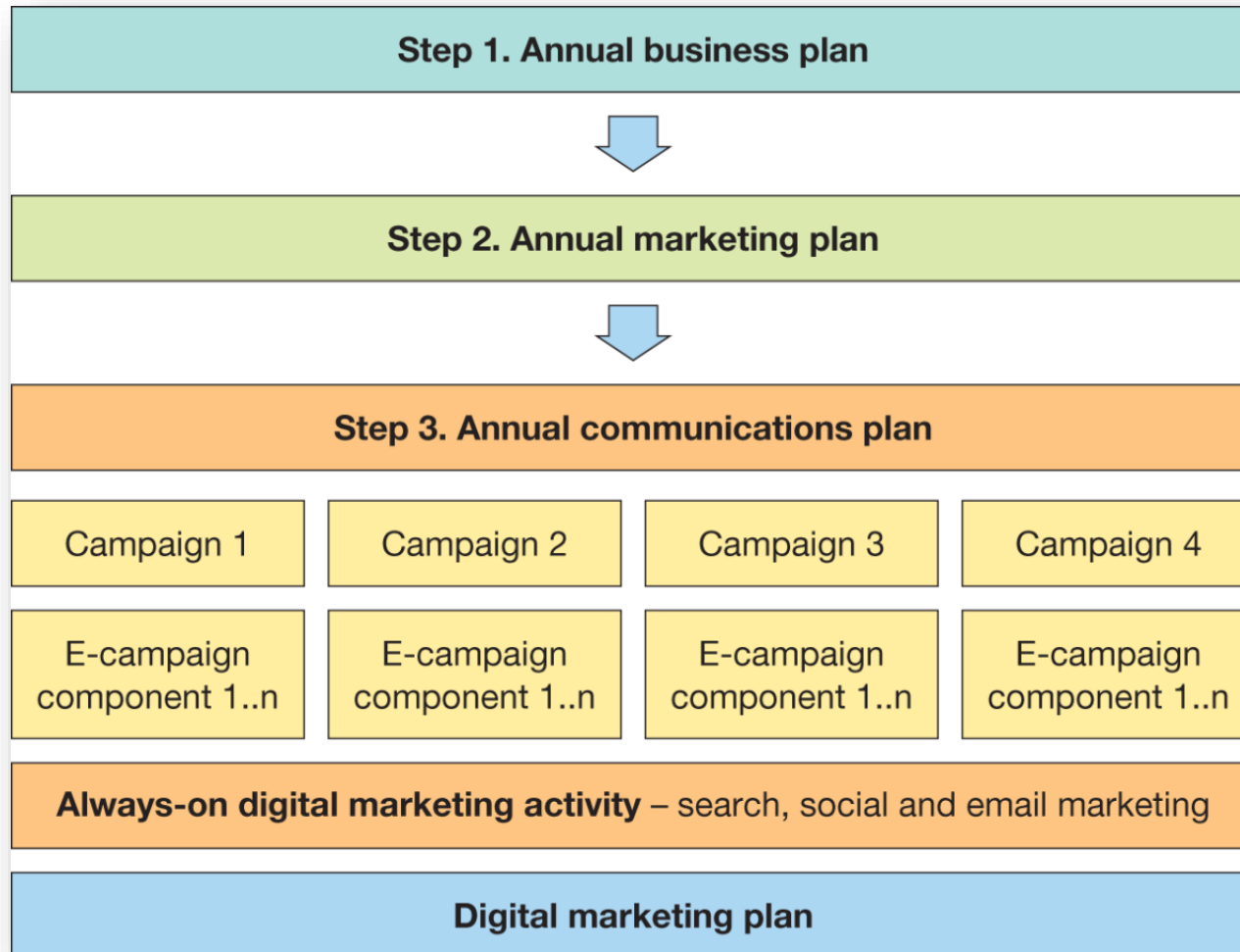
Source: Hart et al. (2017)

# Figure 4.3 Digital access during town-centre visit



Source: Hart et al. (2017)

# Importance of integrated digital marketing strategy



# Table 4.2 Digital Marketing Planning failures and solutions

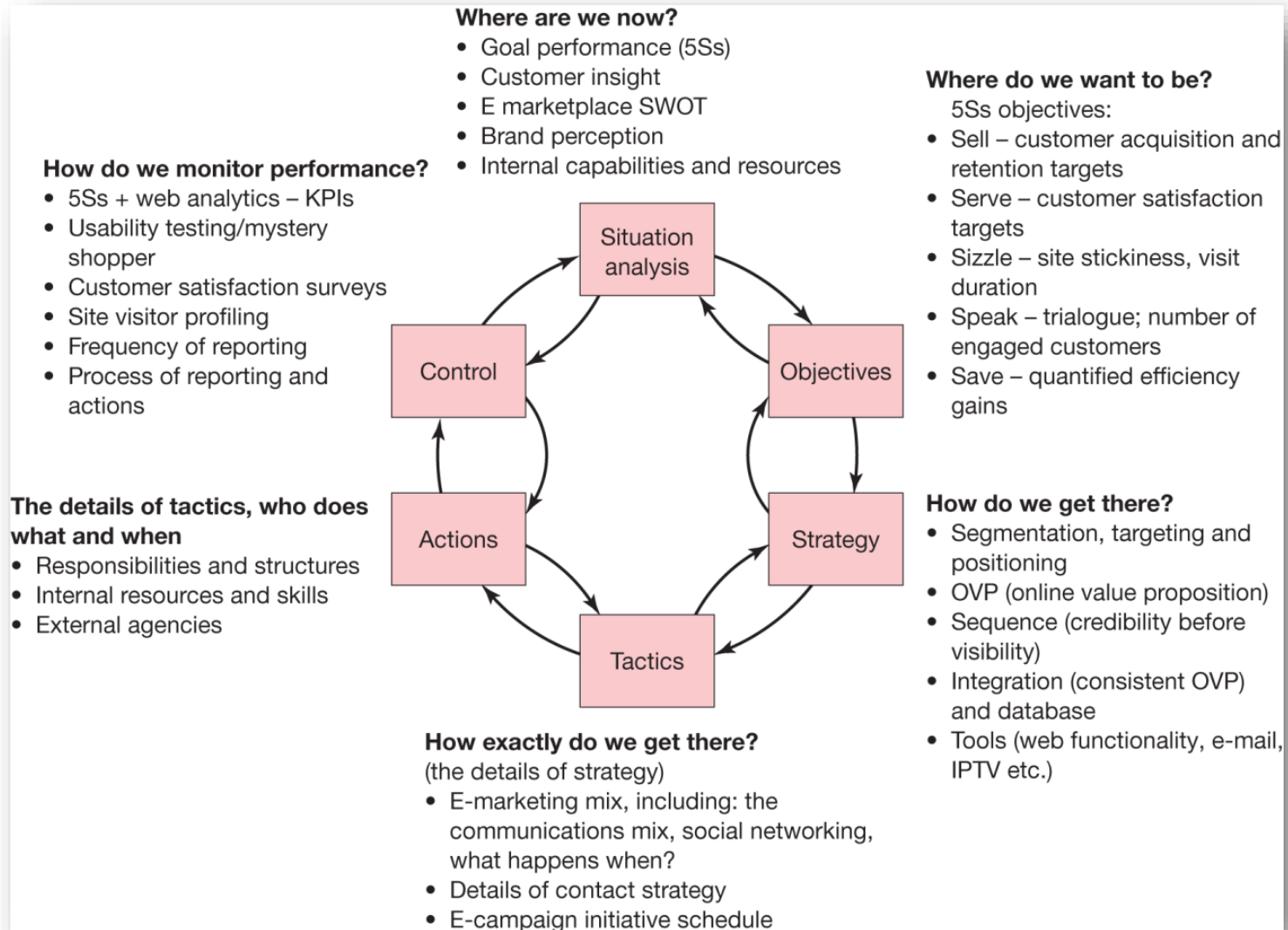
Potential failure or problem	Potential solution
Underestimated customer demand for online services	Research demand, set objectives, allocate sufficient resources
Intense competition from existing and new market entrants who may spark digital disruption in sector through new business or revenue models	Analyse the market, especially the intensity of rivalry, anticipate competitive responses, plan a clear market entry strategy or potential changes to business and revenue models
Duplication of resources	Improve internal communications to avoid different parts of the marketing organisation purchasing different tools or different agencies for performing similar online marketing tasks
Insufficient resources and capabilities	Ensure budget and specific specialist digital skills are available to support the strategic initiatives including 'always-on' activities to continuously engage audiences using search, social and email marketing

# Table 4.2 Digital Marketing Planning failures and solutions (Continued)

Potential failure or problem	Potential solution
Relevant customer data not collected or utilised	Research to ensure best possible knowledge of target customers; integrate customer data into existing systems
Lack of control	Measure and analyse regularly to take corrective action to ensure achievement of objectives
Lack of senior management support	Ensure support for a long-term digital transformation plan as this will be needed to drive major strategic initiatives



# How to structure a digital marketing strategy



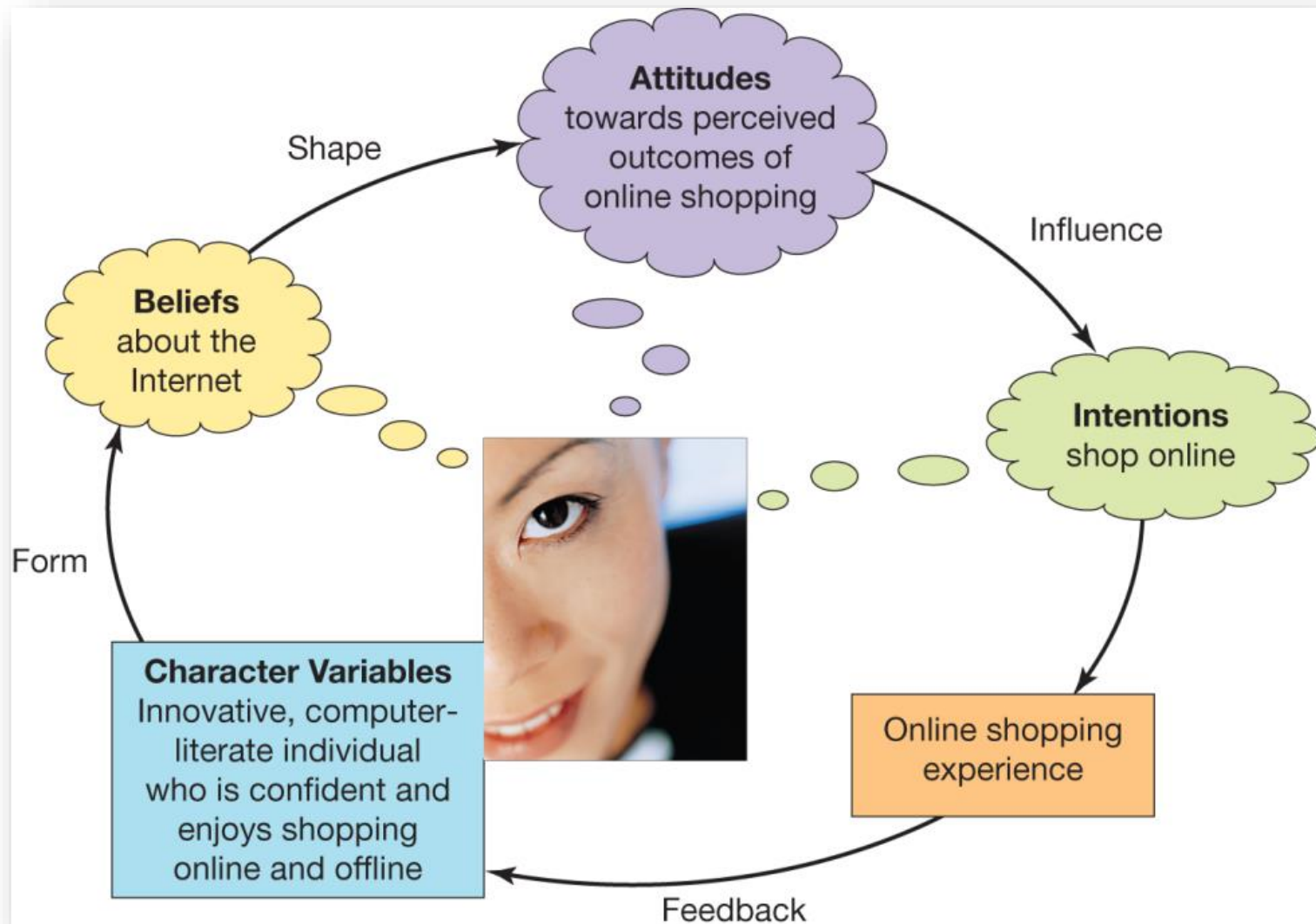
Source: Chaffey and Smith (2012)

# Situation Analysis

Digital Capacity	ONE. Initial	TWO. Managed	THREE. Defined	FOUR. Quantified	FIVE. Optimized
A. Strategic Approach	No strategy	Prioritised marketing activities	Defined vision and strategy	Business-aligned strategy and roadmap	Agile strategic approach
B. Performance Improvement Process	No KPIs	Volume-based KPIs No dashboards	Quality-based KPIs 'Last click' attribution Business dashboards	Value-based KPIs Weighted attribution Ad hoc CRO	Lifetime-value KPIs Continuous CRO
C. Management Buy-in	Limited	Verbal support, but inadequate resourcing	Sponsorship and increased investment	Active championing and appropriate investment	Integral part of strategy development
D. Resourcing and Structure	No specific skills	Core skills centralised or agencies	Centralised hub and spoke Dedicated resources	Decentralisation and reskilling	Balanced blend of marketing skills
E. Data and Infrastructure	Limited / no customer database	Separate data, tools and IT services	Partially integrated systems and data	Integrated CRM systems and 360° data sources	Flexible approach to optimise resources
F. Integrated Customer Communications	Not integrated	Core push activities synchronised	Integrated inbound approach	Integrated, personalised, Paid-Owned-Earned media	Media optimised for ROI and to maximize CLV
G. Integrated Customer Experience	Website not integrated	Desktop and mobile support, not personalised	Partially personalised desktop and mobile experience	Integrated, personalised, web, mobile, email and social media	Full contextual personalised experiences and recommendations
	'Laggard'	'Developing capability'	'Competent average capability'	'Above-sector average capability'	'Market leading capability'

Source: Smart Insights (<http://bit.ly/smartbenchmarking>)

# Consumer Profiles



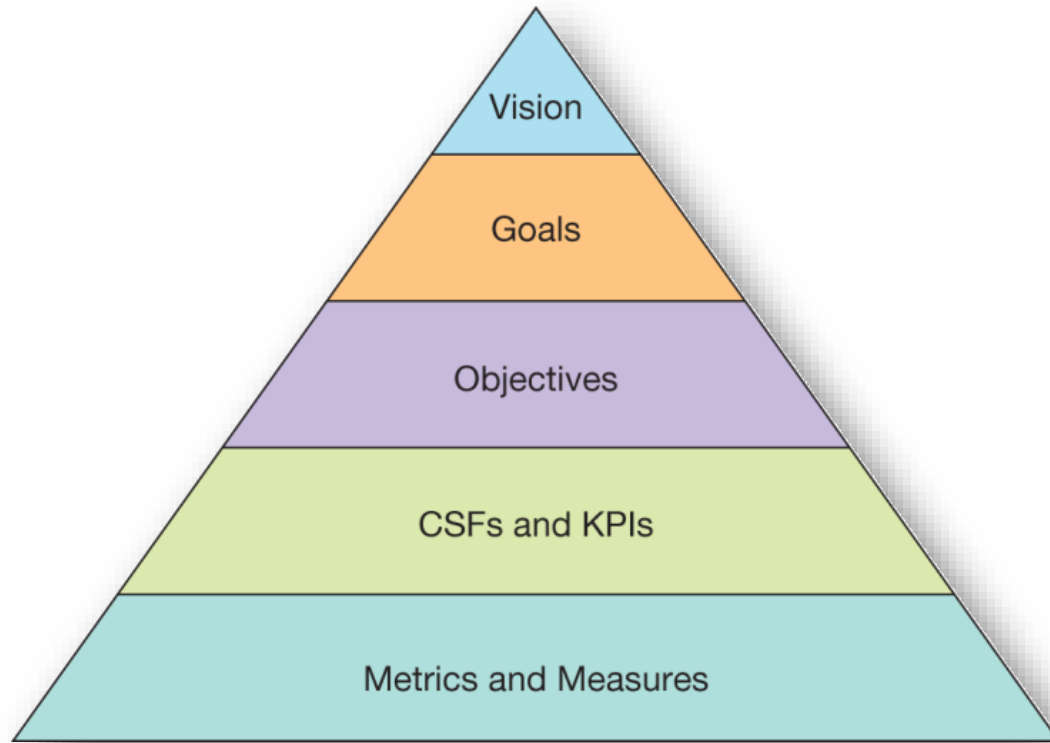
# Competitor analysis

- Intermediary analysis
- Assessing opportunities and threats

<b>The organisation</b>	<b>Strengths – S</b> <ol style="list-style-type: none"> <li>1. Existing brand</li> <li>2. Existing customer base</li> <li>3. Existing distribution</li> </ol>	<b>Weaknesses – W</b> <ol style="list-style-type: none"> <li>1. Brand perception</li> <li>2. Intermediary use</li> <li>3. Technology/skills</li> <li>4. Cross-channel support</li> </ol>
<b>Opportunities – O</b> <ol style="list-style-type: none"> <li>1. Cross-selling</li> <li>2. New markets</li> <li>3. New services</li> <li>4. Alliances/co-branding</li> </ol>	<b>SO strategies</b> Leverage strengths to maximise opportunities <b>= Attacking strategy</b>	<b>WO strategies</b> Counter weaknesses through exploiting opportunities <b>= Build strengths for attacking strategy</b>
<b>Threats – T</b> <ol style="list-style-type: none"> <li>1. Customer choice</li> <li>2. New entrants</li> <li>3. New competitive products</li> <li>4. Channel conflicts</li> </ol>	<b>ST strategies</b> Leverage strengths to minimise threats <b>= Defensive strategy</b>	<b>WT strategies</b> Counter weaknesses and threats <b>= Build strengths for defensive strategy</b>

# Setting goals and objectives:

- The online revenue contribution
- Setting SMART objectives
- Framework for objective setting



# Strategy formulation and implementation

Market growth	New markets	<b>Market development strategies</b> Use the Internet for targeting: <ul style="list-style-type: none"> <li>• New geographic markets</li> <li>• New customer segments</li> </ul>	<b>Diversification strategies</b> Using the Internet to support: <ul style="list-style-type: none"> <li>• Diversification into related businesses</li> <li>• Diversification into unrelated businesses</li> <li>• Upstream integration (with suppliers)</li> <li>• Downstream integration (with intermediaries)</li> </ul>
	Existing markets	<b>Market penetration strategies</b> Use the Internet for: <ul style="list-style-type: none"> <li>• Market share growth – compete more effectively online</li> <li>• Customer loyalty improvement – migrate existing customers online and add value to existing products, services and brands</li> <li>• Customer value improvement – increase customer profitability by decreasing cost to serve and increase purchase or usage frequency and quantity</li> </ul>	<b>Product development strategies</b> Use the Internet for: <ul style="list-style-type: none"> <li>• Adding value to existing products</li> <li>• Developing digital products (new delivery/usage models)</li> <li>• Changing payment models (subscription, per use, bundling)</li> <li>• Increasing product range (especially e-retailers)</li> </ul>
		Existing products	New products
		Product growth	

# Key decisions in strategy development:

1. Market and product strategies
2. Business and revenue model strategies
3. Target marketing strategy
4. Positioning and differentiation
5. Customer engagement and social media strategy

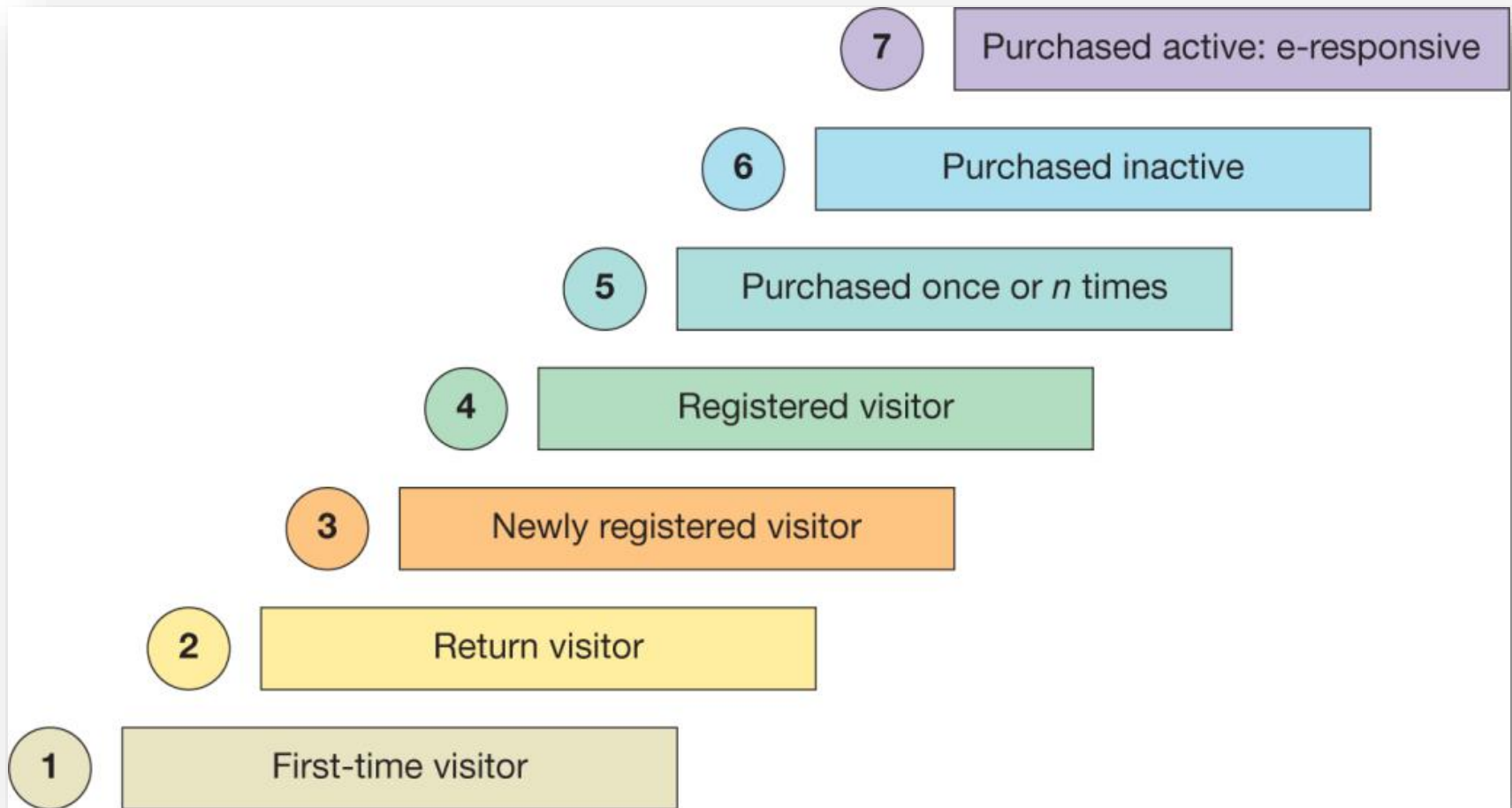
# Key decisions in strategy development:

6. Multichannel distribution strategy
7. Multichannel communication strategy
8. Online communication mix and budget
9. Organisational capabilities and governance to support digital transformation

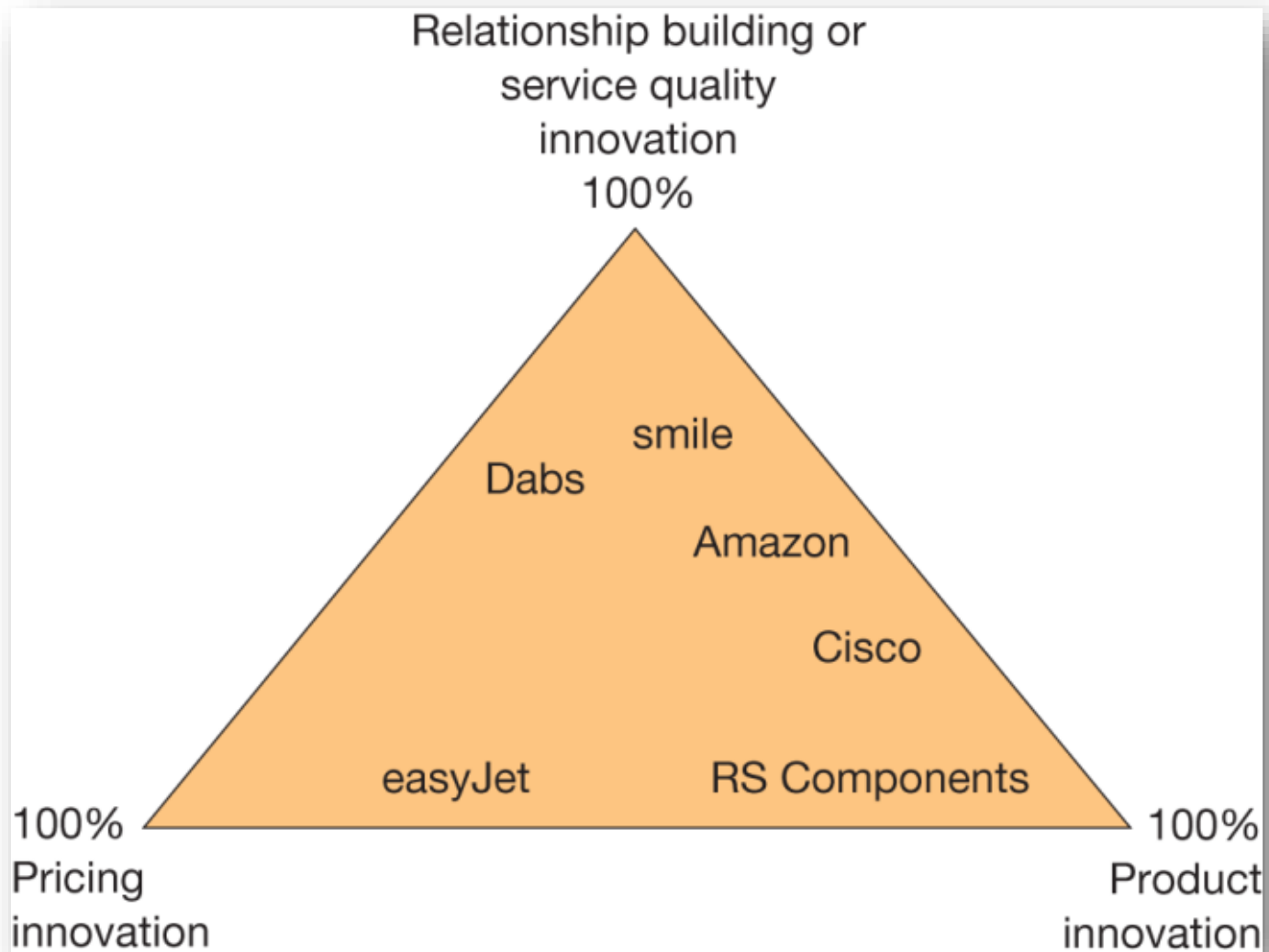




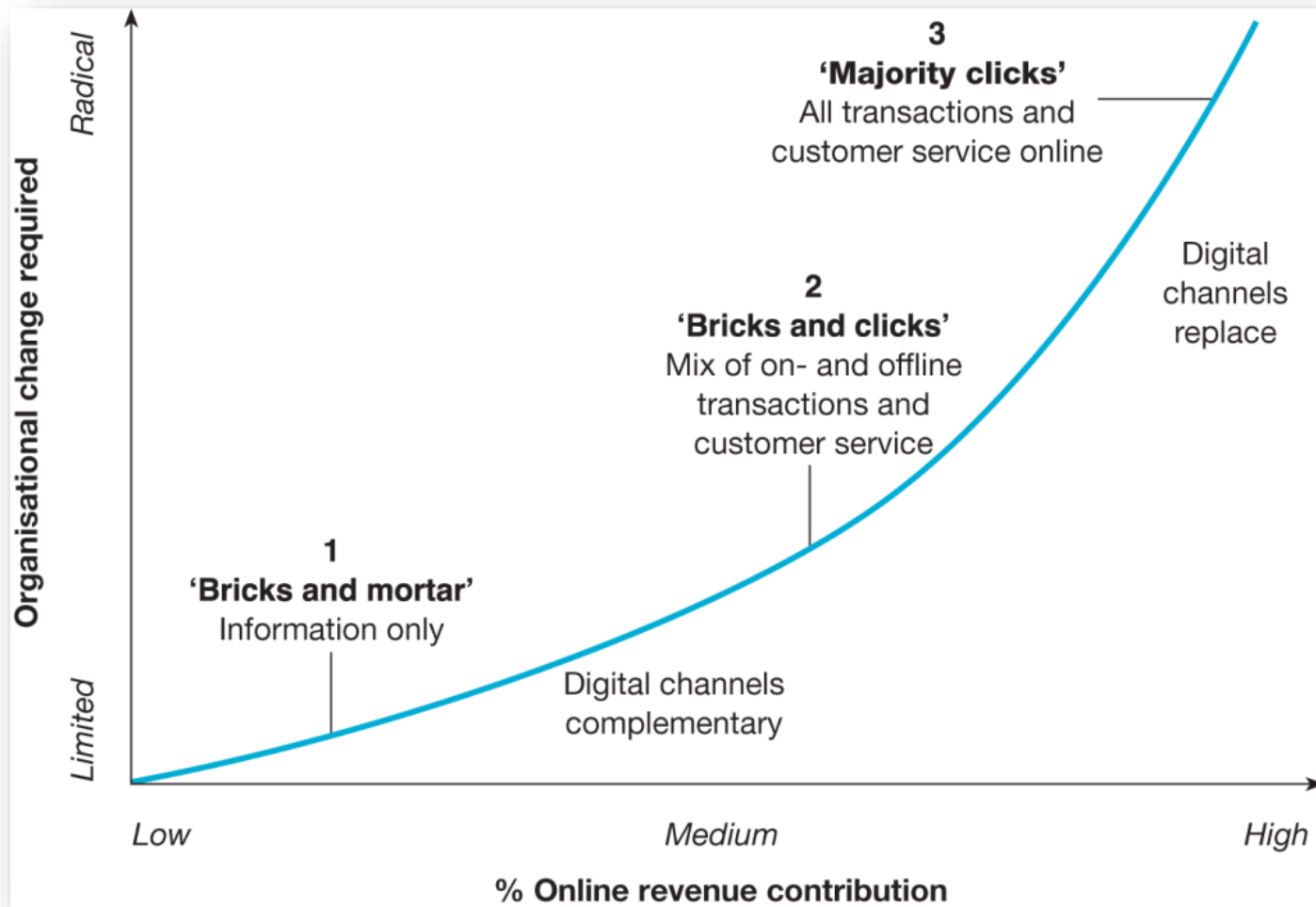
# Figure 4.15 Customer lifecycle segmentation



# Differential advantage



# Figure 4.17 Influences on customers of multichannel decision making

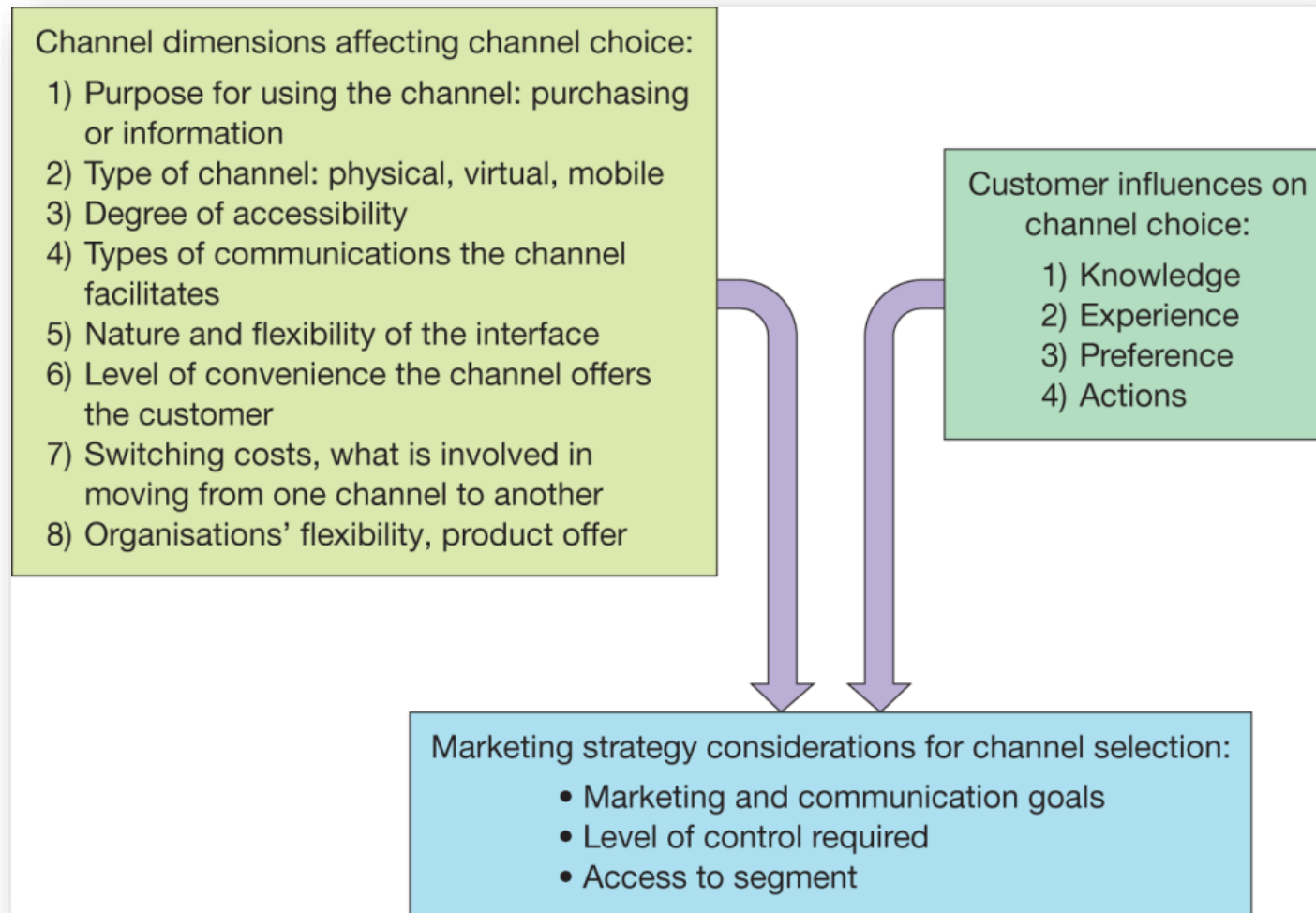


Source: adapted from Dholakia *et al.* (2010)

# Figure 4.18 Matrix for evaluating digital marketing business investment alternatives

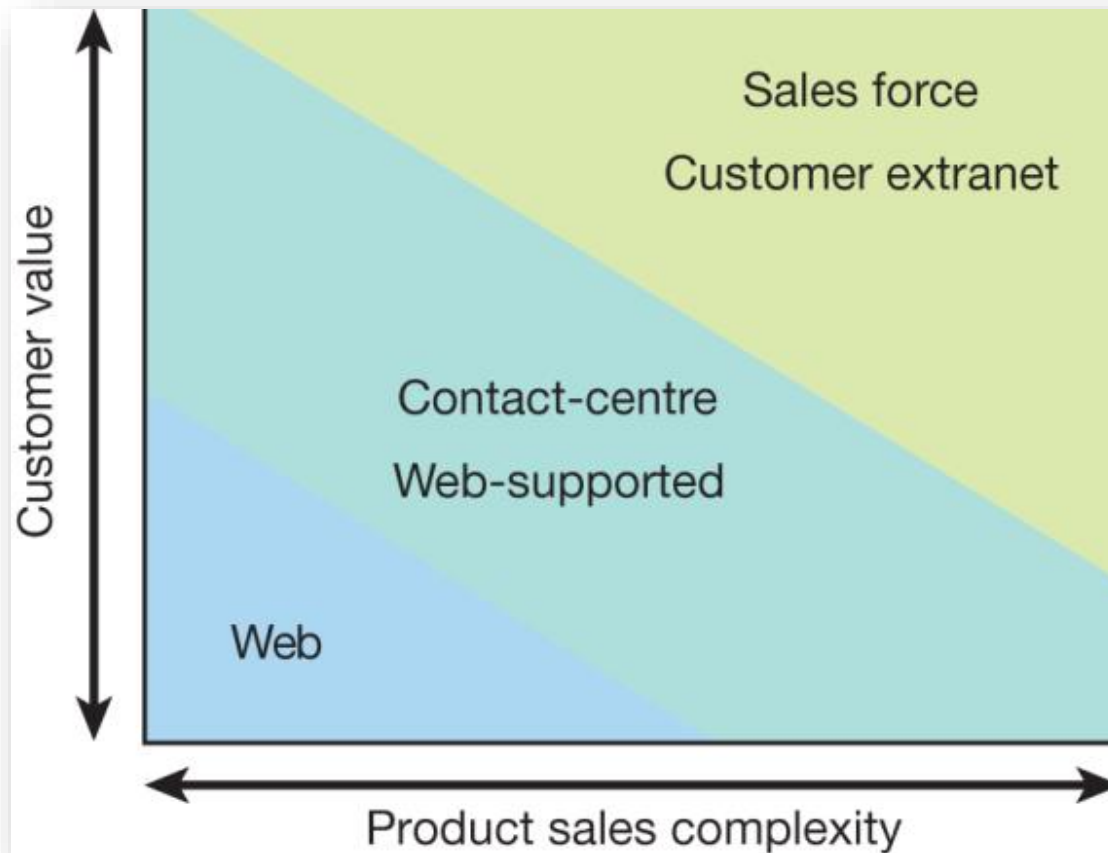
Internal people resource (cost/time) (0–20)	Resourcing viability	High	P3. Medium priority: Reduce scope or defer	P1. High priority: Implement
Agency resources (cost/time) (0–20)				
Set-up costs and technical feasibility (0–20)		Low	P4. Low priority: Don't implement or defer	P2. Medium priority: Reduce scope or defer
Ongoing costs (0–20)				
Business & implementation risks (0–20)				
			Organizational value and fit	
			Business value generated (0–50)	
			Customer value generated (0–20)	
			Alignment with business strategy (0–10)	
			Alignment with digital strategy (0–10)	
			Alignment with brand values (0–10)	

# Figure 4.19 Influences on customers of multichannel decision making



Source: adapted from Dholakia *et al.* (2010)

**Figure 4.20 Channel coverage map showing the company's preferred strategy for communications with different customer segments with different value**

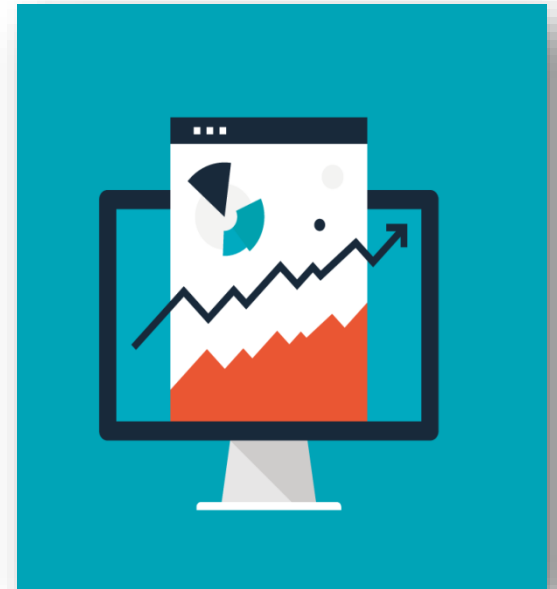


# Assessing different digital projects

## The online lifecycle management grid

Generic digital marketing strategies to achieve objectives in the grid include:

- Online value proposition strategy
- Online targeted reach strategy
- Offline targeted reach strategy
- Online sales efficiency strategy
- Offline sales impact strategy



# Case study 4 – ASOS shifts the focus of high street retailing

Questions:

1. Apply the SOSTAC model to ASOS and highlight why it has become such a successful online fashion brand
2. Describe how ASOS uses elements of the marketing mix as part of its digital strategy
3. Discuss how ASOS has used digital to develop its differentiated market position