DIGITAL MARKETING
STRATEGY, IMPLEMENTATION AND PRACTICE
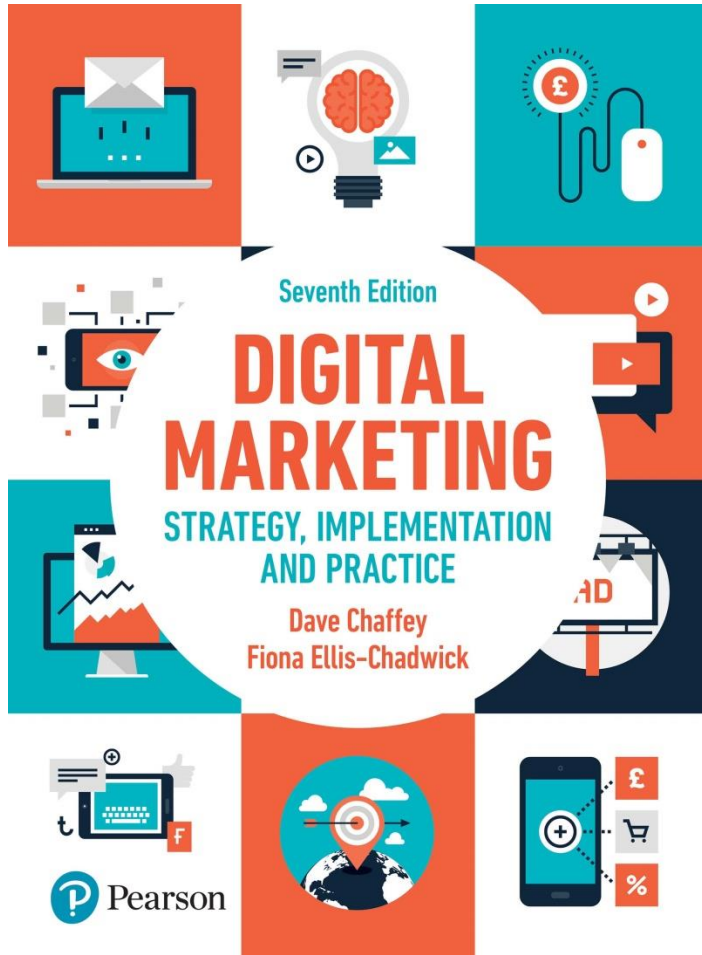### Seventh Edition

Part 2

Digital marketing strategy development

Chapter 5

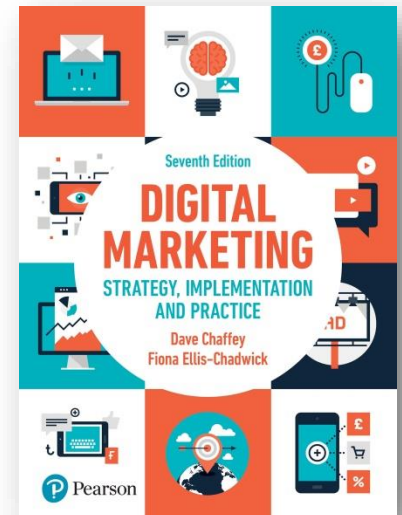Digital media and the marketing mix

Chapter 5 Digital media and the marketing mix

Main topics:
- Product
- Price
- Place
- Promotion
- People, process and physical evidence

Case study: Spotify streaming develops new revenue models

What is the marketing mix?

Using the Internet to vary the marketing mix

| Product	Promotion	Price	Place	People	Process	Physical evidence
• Quality • Image • Branding • Features • Variants • Mix • Support • Customer service • Use occasion • Availability • Warranties	• Marketing communications • Personal promotion • Sales promotion • PR • Branding • Direct marketing	• Positioning • List • Discounts • Credit • Payment methods • Free or value-added elements	• Trade channels • Sales support • Channel number • Segmented channels	• Individuals on marketing activities • Individuals on customer contact • Recruitment • Culture/ image • Training and skills • Remuneration	• Customer focus • Business-led • IT-supported • Design features • Research and development	• Sales/staff contact experience of brand • Product packaging • Online experience

Product

Implications for digital technology for the product element of the mix

1. Options for varying the core product
2. Options for offering digital products
3. Options for changing the extended product
4. Conducting online research
5. Speed of new product development
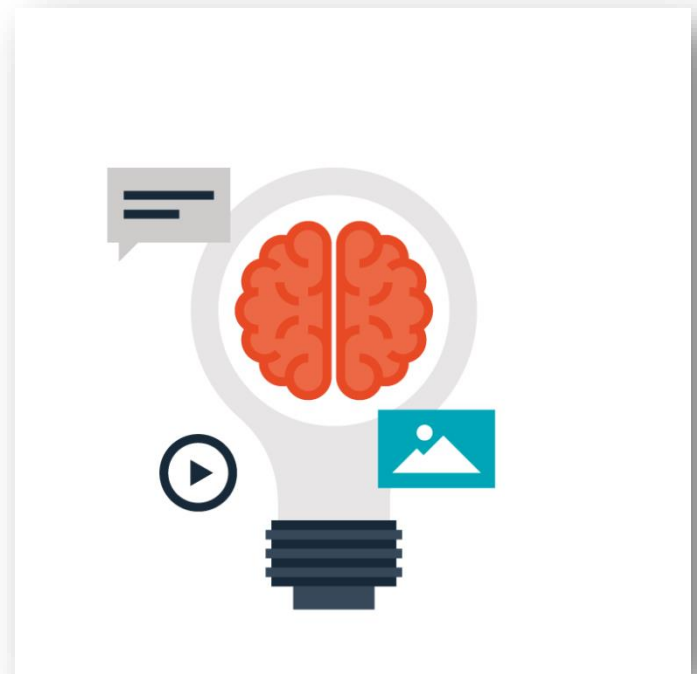6. Speed of new product diffusion

The long tail concept
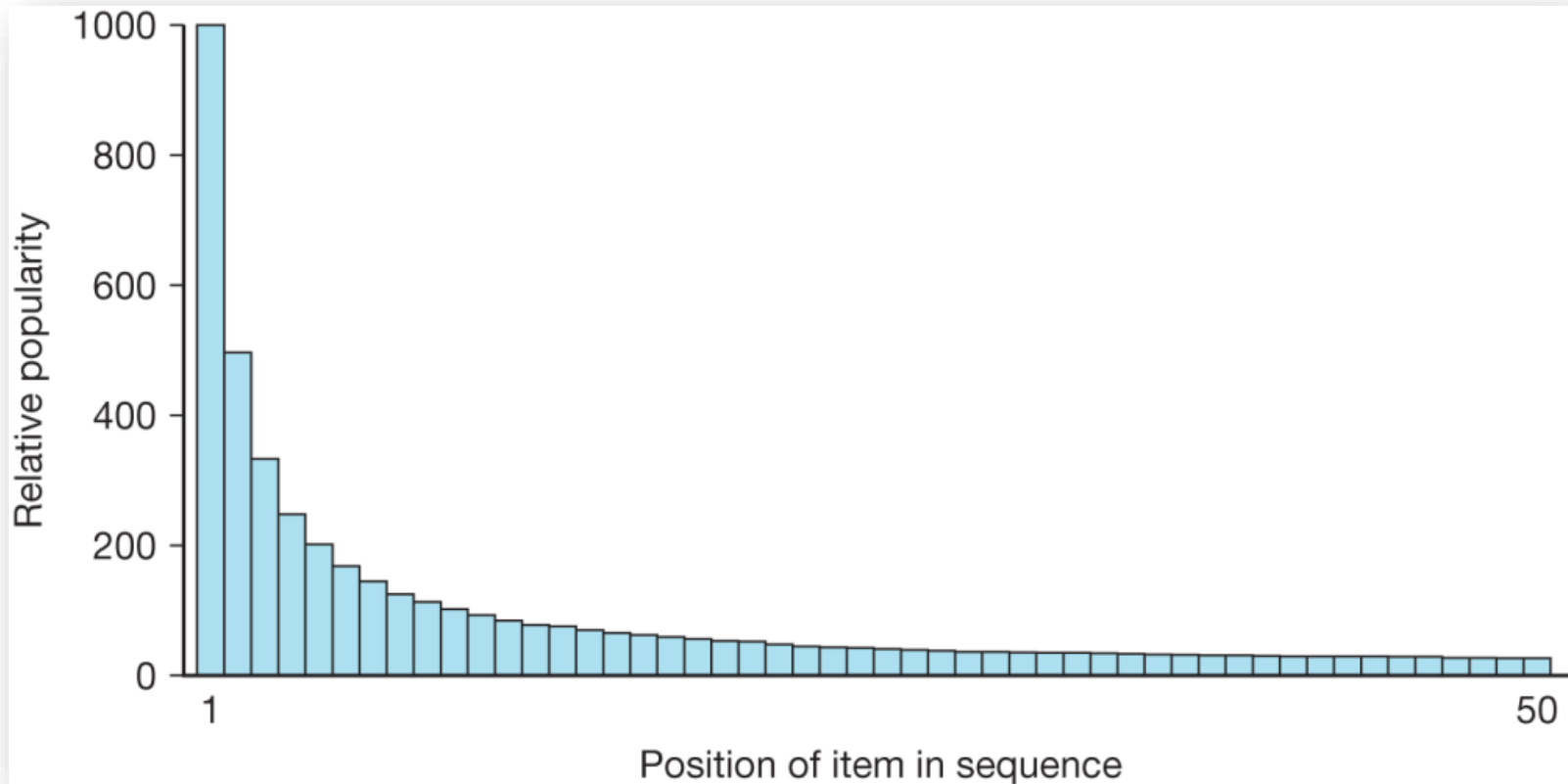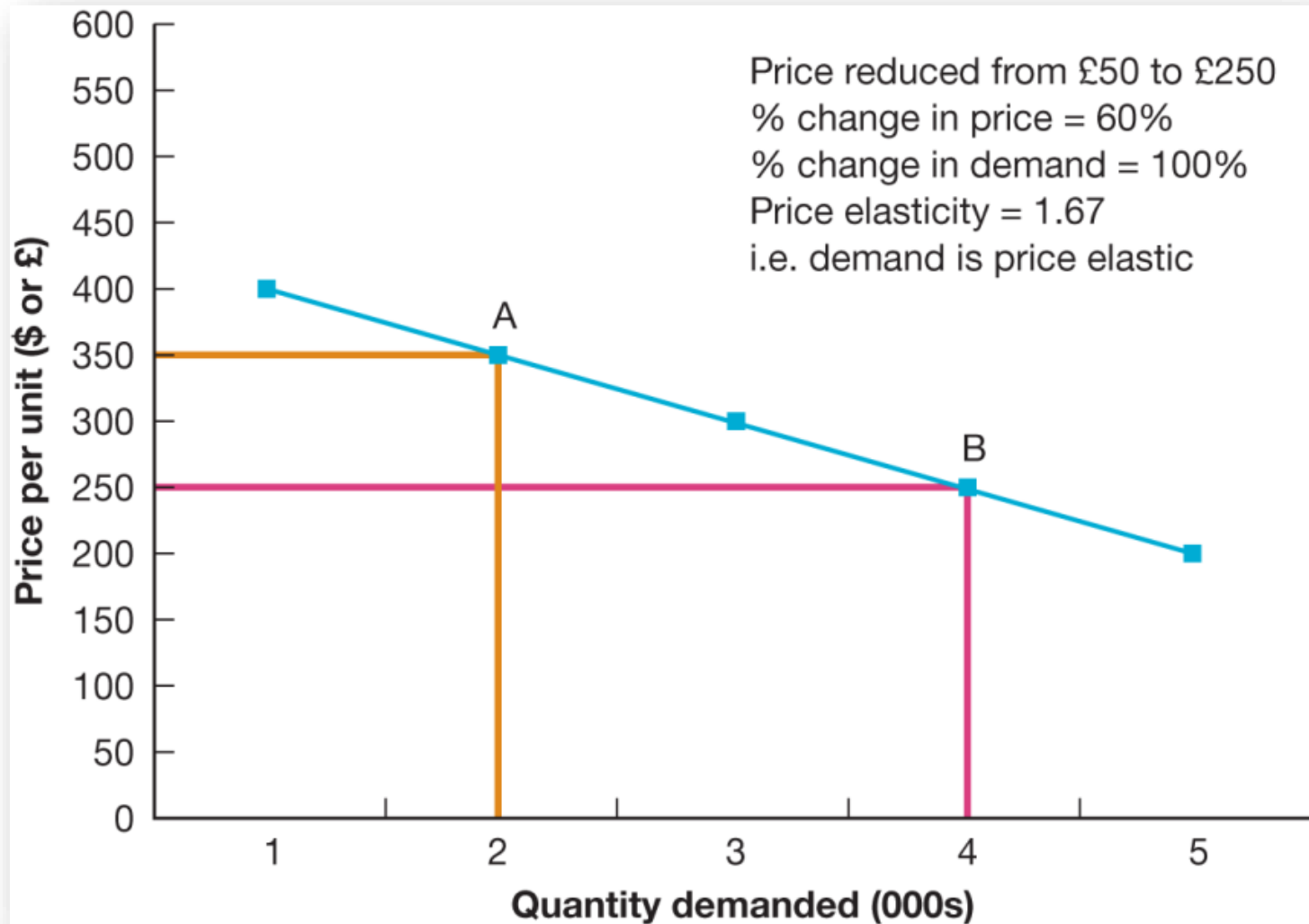
Branding in a digital environment

- Success factors for brand sites
- Brand identity
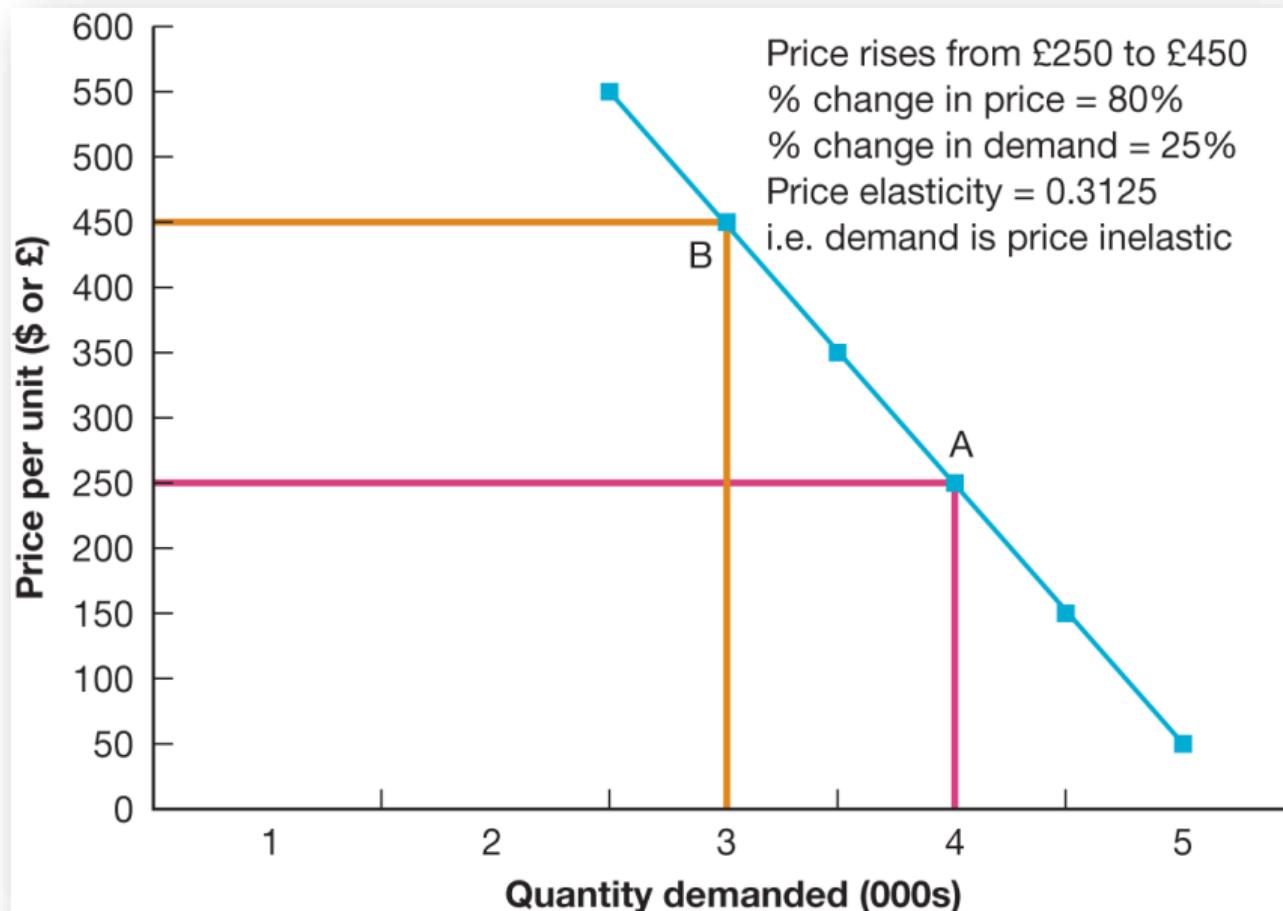- Brand names for online brands

Price

1. Increased price transparency
2. Downward pressure on price
3. Innovative pricing approaches
4. Alternative pricing structure or policies

Price elasticity of demand

Price reduced from £50 to £250
% change in price = 60%
% change in demand = 100%
Price elasticity = 1.67
i.e. demand is price elastic

Price elasticity of demand for a relatively inelastic product

Price rises from £250 to £450
% change in price = 80%
% change in demand = 25%
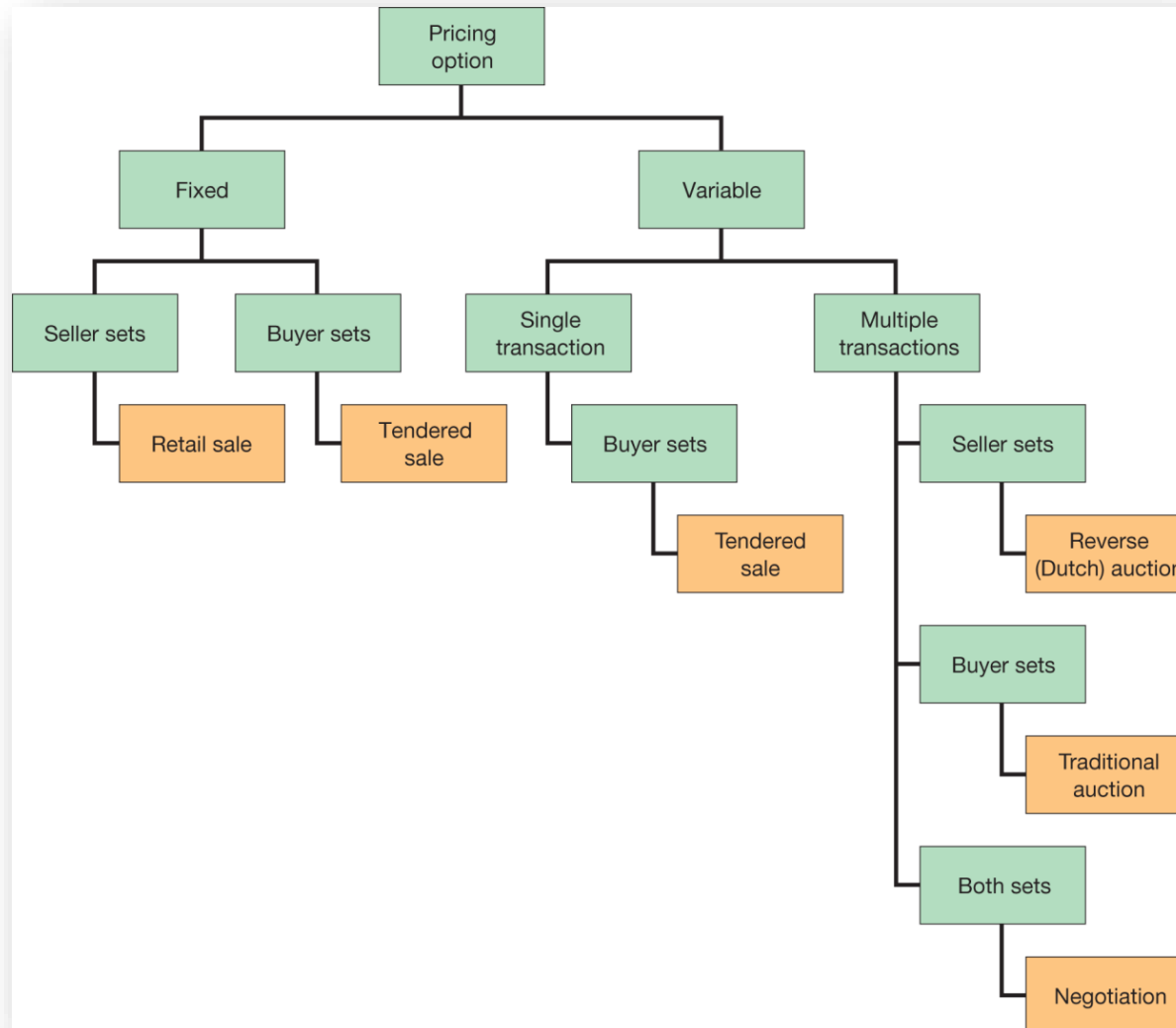Price elasticity = 0.3125
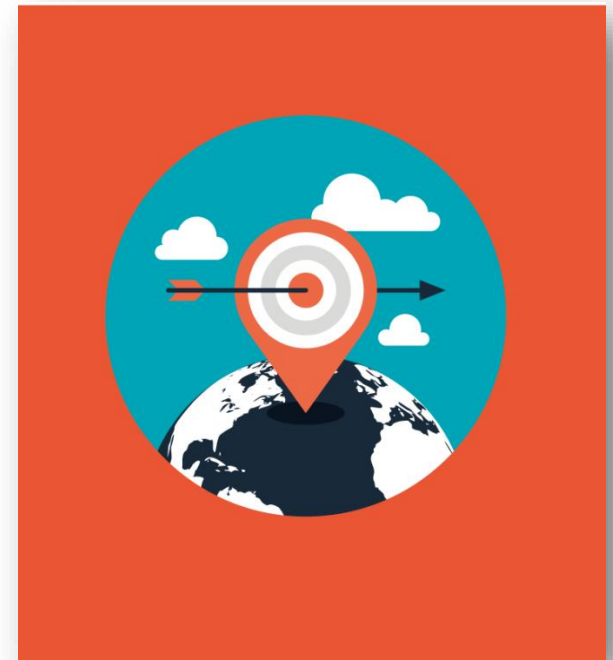i.e. demand is price inelastic

Figure 5.6 Alternative pricing mechanisms

Place

1. Place of purchase
2. New channel structures
3. Channel conflicts
4. Virtual organisations

Promotion

| Communications Tool	Online implementation
Advertising	Interactive display ads, pay-per-click search advertising, targeted ads in social networks
Selling	Virtual sales staff, site merchandising, assisted selling (including livechat) and affiliate marketing
Sales promotion	Incentives such as coupons, rewards, online loyalty schemes
Public relations	Online PR and influencer outreach, blogs, e-newsletters, newsletters, social networks, links and viral campaigns
Sponsorship	Sponsoring an online event, site or service
Direct mail	Opt-in email using e-newsletters and focused 'solus' emails
Exhibitions	Webinars, virtual exhibitions and white-paper distribution
Merchandising	Promotional ad-serving on retail sites, personalised recommendations and email alerts
Packaging	Virtual tours, real packaging displayed online
Word of mouth	Social, viral, affiliate marketing, email a friend, links

People Process and Physical evidence

People:

1. Customer define support query
2. Receipt of email and acknowledgement
3. Routing of emails
4. Compose response
5. Follow-up

Process:

- Customer preferred channel
- Company -preferred channel
- Delivering customer services and assisted sales through Livechat
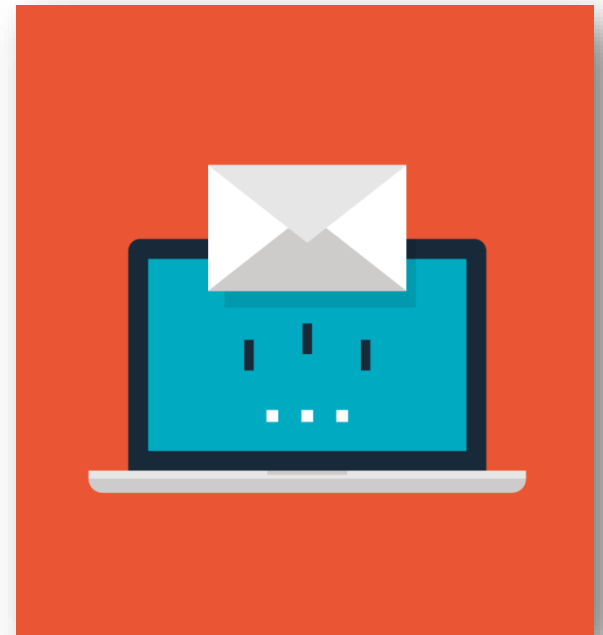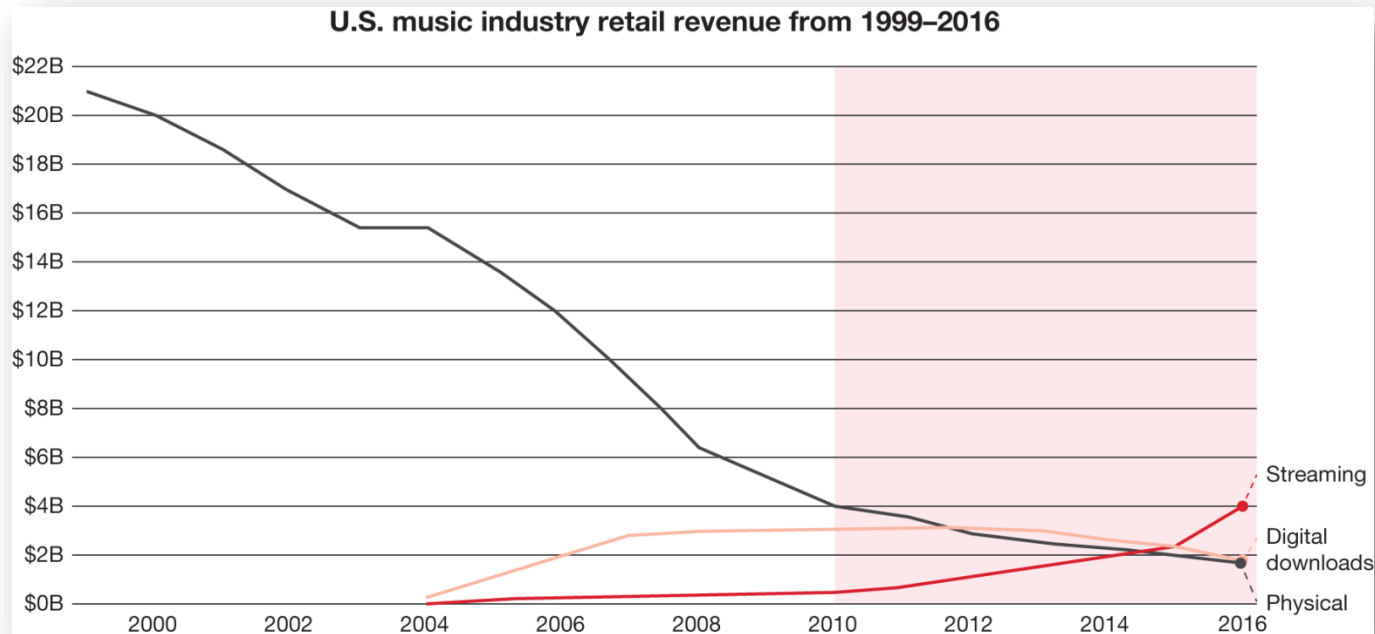
Physical evidence refers to:

A customer's experience of the company through the web site and other digital media.

Case study: Spotify streaming develops new revenue models

Question:

Assess how Spotify compete with traditional and online music providers by reviewing the approaches it uses for different elements of the marketing mix

U.S. music industry retail revenue from 1999–2016

Source: https://www.recode.net/2018/2/28/17064460/spotify-ipo-charts-music-streaming-daniel-ek