

DIGITAL MARKETING

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SIXTH EDITION

DIGITAL MARKETING

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Preface

Digital media and technology, an opportunity and threat

The development of the Internet, World Wide Web and other digital technologies have transformed marketing. For consumers, they give a much wider choice of products, services and prices from different suppliers and a more convenient way to select and purchase items. There is also a choice of technology platforms from desktops and laptops to smartphone and tablet devices for consumers to use. For organisations, digital media and new technology platforms give the opportunity to expand into new markets, offer new services, apply new online communications techniques and compete on a more equal footing with larger businesses. For those working within these organisations it gives the opportunity to develop new skills and to use these new tools to improve the competitiveness of the company.

At the same time, the Internet and related digital technology platforms give rise to many threats to organisations. For example, online companies such as **ASOS.com** (clothing), **Amazon.com** (books and retail), iTunes (music) and Expedia (travel) have captured a significant part of their market and struck fear into the existing players. Many consumers now regularly use social networks like Facebook, Google+, LinkedIn and Twitter as part of their daily lives. Engaging these consumers is an ongoing challenge, but as we will see, companies like ASOS have taken advantage of these opportunities to interact with customers and this has helped them develop as a worldwide brand.

Management of digital marketing

With the success stories of companies capturing market share following the rapidly increasing adoption of the Internet by consumers and business buyers has come a fast-growing realisation that all organisations must have an effective online presence to prosper, or possibly even survive! Michael Porter said in 2001:

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

What are the techniques that businesses need to master to make effective use of digital marketing? Figure P.1 gives an indication of the range of marketing activities that now need to be managed effectively and which are covered in this text. RACE describes the range of tactics needed to reach, interact with, convert and engage online audience across the customer lifecycle from generating awareness, conversion to sale (online and offline) and retention and growth of customers.

The figure shows the range of different marketing activities or operating processes needed to support acquiring new customers through communicating with them on third-party websites and social media, attracting them to a company website, converting website visits into sales and then using online media to encourage further sales. You can see that applying social media is a part of RACE and therefore is one of the key management

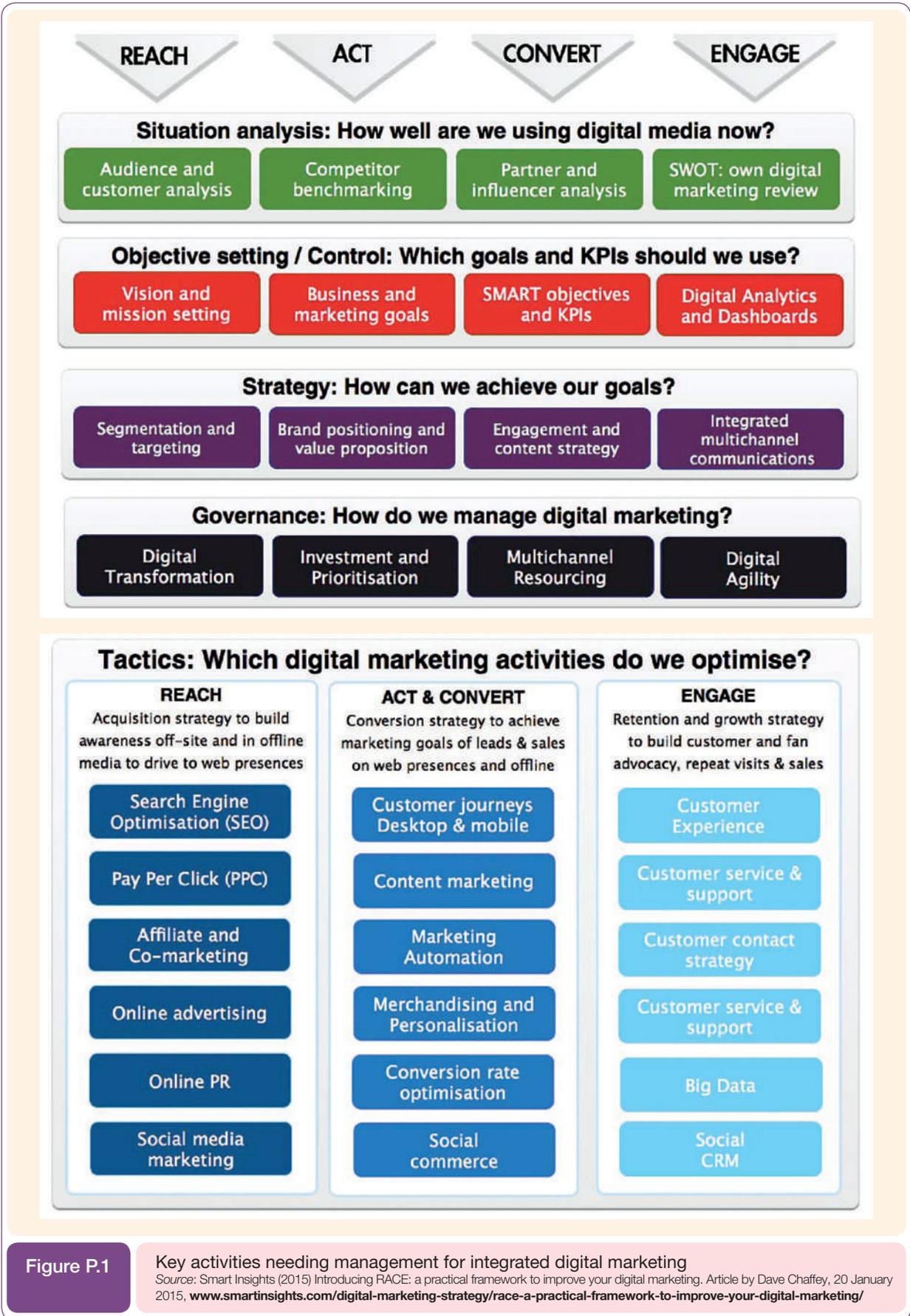


Figure P.1

Key activities needing management for integrated digital marketing
 Source: Smart Insights (2015) Introducing RACE: a practical framework to improve your digital marketing. Article by Dave Chaffey, 20 January 2015, www.smartinsights.com/digital-marketing-strategy/race-a-practical-framework-to-improve-your-digital-marketing/

challenges in digital marketing, so we consider approaches to managing social media marketing throughout the text. Applying digital platforms as part of multichannel marketing to integrate customer journeys between traditional and ‘new’ media is also a major challenge and a theme throughout this text. Management processes related to governance of digital marketing include planning how digital marketing can be best resourced to contribute to the organisation and integrating with other marketing activities. The increased adoption of digital marketing also implies a significant programme of change that needs to be managed. New objectives need to be set, new communications strategies developed and staff developed through new responsibilities and skills.

Digital marketing – new skills required?

The aim of this text is to provide you with a comprehensive guide to the concepts, techniques and best practice to support all the digital marketing processes shown in Figure P.1. This text is based on emerging academic models together with best practice from leading adopters of digital media. The practical knowledge developed through reviewing these concepts and best practice is intended to enable graduates entering employment and marketing professionals to exploit the opportunities of digital marketing while minimising the risks.

Specifically, this text addresses the following needs:

- There is a need to know to what extent digital technology and media changes existing marketing models and whether new models and strategies can be applied to exploit the medium effectively.
- Marketing practitioners need practical digital marketing skills to market their products effectively. Knowledge of the new jargon – terms such as ‘marketing automation’, ‘click-through’, ‘cookie’, ‘uniques’ and ‘page impressions’ – and of effective methods of site design and promotion such as search engine marketing will be necessary, either for direct ‘hands-on’ development of a site or to enable communication with other staff or agencies that are implementing and maintaining the site.
- Given the rapidly changing market characteristics and best practices of digital marketing, web-based information sources are needed to update knowledge regularly. This text and the supporting companion website contain extensive links to websites to achieve this.

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

Summary of changes for the sixth edition

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

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

Chapter 1 – Introducing digital marketing

- Concept of digital transformation in large organisations introduced at end of chapter.

Chapter 2 – Online marketplace analysis: micro-environment

- Chapter introduction updated to describe customer choice, mobile platform use and customer journeys in the context of buying decision models such as Google’s ZMOT and the McKinsey Loyalty Loop.
- Mini case study on *Ecomom* added to give a recent example of an e-retail failure with serious consequences.
- Business model canvas introduced. A useful new tool for students to review online business models for case studies and assignments. Section on portal types deleted.

Chapter 3 – The online macro-environment

- Structure of chapter retained with some discussion of updated laws for cookies, native advertising and distance selling.

Chapter 4 – Digital marketing strategy

- The latest approaches to strategy development including implementing digital transformation programmes and content marketing strategy.

Chapter 5 – The impact of digital media and technology on the marketing mix

- New section on co-marketing with the Napster case study replaced by a new case on Spotify.

Chapter 6 – Relationship marketing using digital platforms

- We introduce terms used to describe CRM in modern marketing including Marketing Automation, Big Data and predictive analytics.
- We have extended the section on social CRM and the concept of Loyalty Loop is described.

Chapter 7 – Delivering the online customer experience

- Change in emphasis from online customer experience to managing digital experiences on other platforms including mobile, social media and in-store retail.
- Explanation and example of DevOps and growth hacking added to the agile development section.
- Government Service Design Manual used as a reference to describe the process for developing online services through Discovery, Beta, Alpha and Live stages (also used in many commercial projects).
- Coverage of mobile site design issues has been extended in a section ‘Mobile design considerations and techniques’.

Chapter 8 – Campaign planning for digital media

- New coverage of ‘Always-on’ communications and real-time marketing and PR including campaign examples from Burger King, Evian and Metro.
- New analysis tools, the Content Distribution and Content Marketing matrix added for reviewing and prioritising content marketing and digital media investments.

Chapter 9 – Marketing communications using digital media channels

- An update on the latest changes in search ranking factors including a review of the importance of Google’s algorithm updates like Panda, Penguin and Hummingbird.
- A discussion of the marketing effectiveness of social media in the box ‘Is social media ‘mostly a waste of time’ and an ‘infantile delusion?’
- New content on co-marketing, programmatic ad buying and emotions that influence a viral campaign.

Chapter 10 – Evaluation and improvement of digital channel performance

- Change in emphasis from measuring and managing websites to managing digital experiences on other platforms including mobile, social media and in-store retail.
- New discussion of the need for digital agility to update different content types illustrated by a retailer.

Chapter 11 – Business-to-consumer digital marketing practice

- New and updated examples.

Chapter 12 – Business-to-business digital marketing practice

- New and updated examples.

A new series of cases ‘Digital marketing in practice – Smart Insights interview’ is included at the start of each chapter. These are presented in question-and-answer format and focus on the practical challenges and opportunities facing practitioners working in digital media:

- *Chapter 1* Nick Dutch of Domino’s Pizza Group
- *Chapter 2* Michael Welch of **Blackcircles.com**
- *Chapter 3* Fred Bassett of Blue Latitude
- *Chapter 4* Sajjad Bhojani of Dunelm
- *Chapter 5* Roberto Hortal of EDF Energy
- *Chapter 6* Guy Stephens of IBM
- *Chapter 7* Ben Jesson and Karl Blands of Conversion Rate Experts
- *Chapter 8* Mike O’Brien of the Jam Partnership
- *Chapter 9* Kate Webb of Vision Express
- *Chapter 10* Avinash Kaushik of Google.

All interviews are available online at: www.smartinsights.com.

Table P.1

In-depth case studies in Digital Marketing, 6th edition

Chapter	Case study	Themes
1 Introduction	eBay thrives in the global marketplace	Business and revenue model, proposition, competition, objectives and strategies, risk management
2 Micro-environment	Boo Hoo – learning from the largest European dot-com failure	Assessing a consumer market, business models, marketing communications
3 Macro-environment	Zopa launches a new lending model	Companion vision, branding, target market, communicating the proposition, challenges and reasons for failure
4 Digital marketing strategy	Tesco online development strategy supports global expansion	Business models, proposition and online product range, target market strategy
5 Digital marketing mix	Spotify streaming develops new revenue models	Peer-to-peer services, revenue models, proposition design, strategy, competition, risk factors
6 Relationship marketing	Dell gets closer to its customers through its social media strategy	Influence of website design on conversion, retention marketing, personalisation, e-CRM, RFM analysis
7 Online customer experience	Refining the online customer experience at i-to-i.com	Strategy, proposition, site design, on-site search capabilities
8 Campaign planning	A short history of Facebook	Ad revenue models, privacy
9 Digital media channels	Innovation at Google	Technology, ad revenue models, innovation
10 Evaluation and improvement of digital channel performance	Learning from Amazon’s culture of metrics	Strategy, measurement, online marketing communications, personalisation approach
11 Business-to-consumer marketing	ASOS reinvents fashion retail	Online consumer profiles, purchasing behaviour and expectations and e-retailing
12 Business-to-business marketing	Covisint – typical history of a B2B marketplace? B2B adoption of the Internet: Inspirational Cosmetics	B2B trading environment, business markets, trading partnerships and digital marketing strategies

The structure and content of this text

The text is divided into three parts, each covering a different aspect of how organisations use the Internet for marketing to help them achieve competitive advantage. Table P.2 shows how the text is related to established marketing topics.

Part 1 Digital marketing fundamentals (Chapters 1–3)

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

- Chapter 1 *Introducing digital marketing* considers using the Internet as part of customer-centric, multichannel marketing; it also reviews the relationship between Internet marketing, digital marketing, e-commerce and e-business, and the benefits the Internet can bring to adopters, and outlines differences from other media and briefly introduces the technology.

Table P.2

Coverage of marketing topics in different chapters

Topic	Chapter											
	1	2	3	4	5	6	7	8	9	10	11	12
Advertising								✓		✓		
Branding				✓	✓	✓				✓	✓	
Consumer behaviour	✓	✓					✓	✓	✓	✓	✓	✓
Channel and market structure	✓	✓		✓						✓	✓	✓
Communications mix				✓				✓	✓			
Communications theory	✓							✓	✓			
Customer service quality						✓	✓	✓			✓	✓
Direct marketing						✓		✓	✓			
International marketing		✓	✓	✓			✓				✓	✓
Marketing mix		✓		✓	✓			✓				
Marketing research	✓	✓	✓							✓		
Evaluation and measurement	✓			✓			✓	✓	✓	✓		
Pricing strategy		✓		✓	✓							
Promotion	✓	✓		✓				✓	✓			
Public relations								✓	✓			
Relationship marketing						✓	✓					
Segmentation		✓		✓	✓	✓		✓		✓		
Services marketing					✓		✓					
Strategy and planning	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Technology background	✓		✓						✓	✓		

Note: A blue tick ✓ indicates fairly detailed coverage; a black tick ✓ indicates a brief direct reference or indirect coverage.

- Chapter 2 *Online marketplace analysis: micro-environment* reviews how digital media and technology changes the immediate environment of an organisation, including the marketplace and channel structure. It describes the type of situation analysis needed to support digital strategy by examining how customers, competitors and intermediaries and the interplay between them can be evaluated.
- Chapter 3 *The online macro-environment* reviews the impact of social, technological, economic, political and legal environmental influences on digital strategy and its implementation. The emphasis is on privacy and data protection regulations and managing technology innovation.

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

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

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

Part 3 Digital marketing: implementation and practice (Chapters 7–11)

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

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

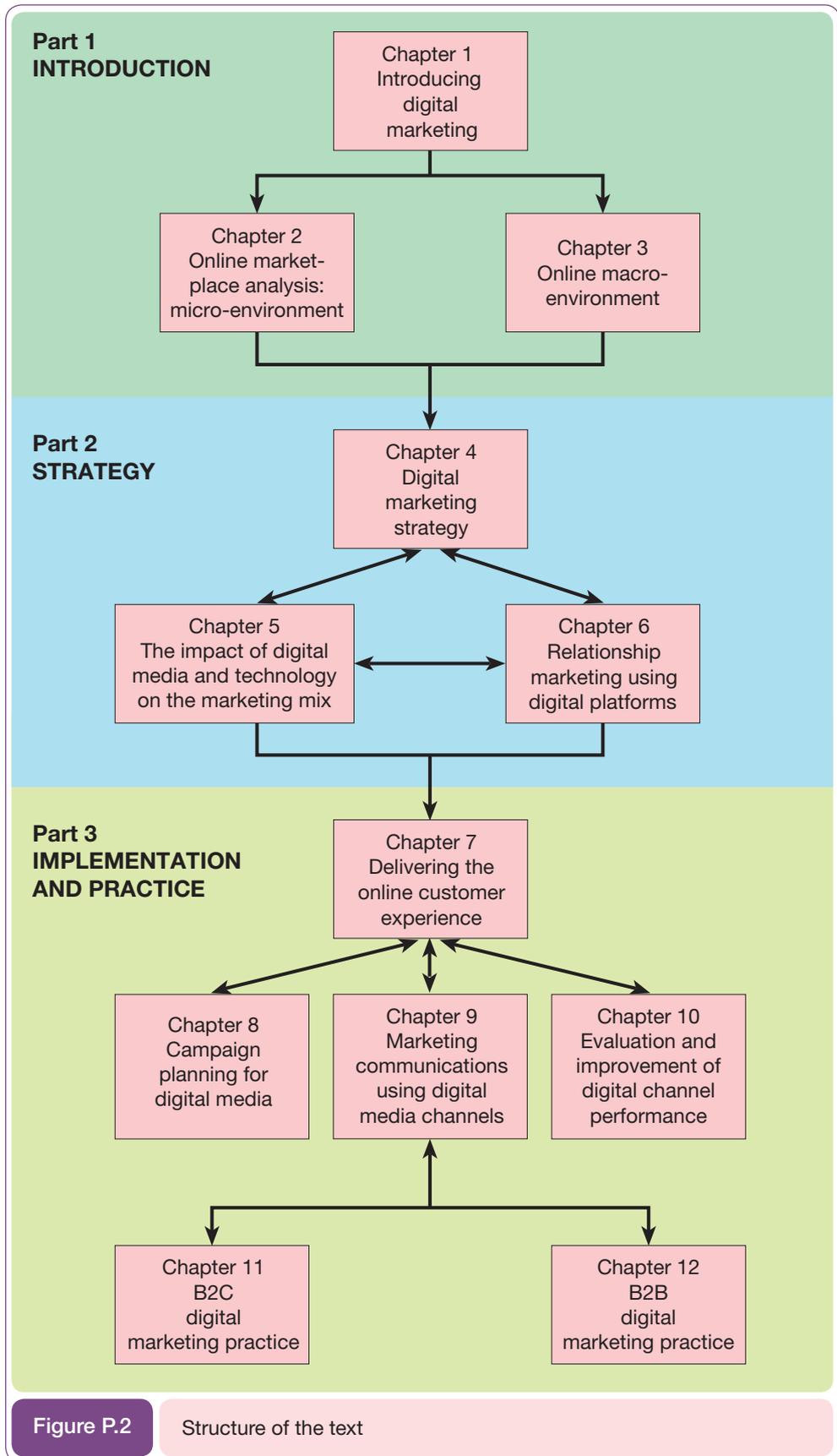


Figure P.2

Structure of the text

- Chapter 11 *Business-to-consumer digital marketing practice* examines models of marketing to consumers and provides case studies of how retail businesses are tackling such marketing.
- Chapter 12 *Business-to-business digital marketing practice* examines the different area of marketing to other businesses and provides many examples of how companies are achieving this to support international marketing.

Who should use this text?

Students

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

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

Practitioners

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

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

What does the text offer to lecturers teaching these courses?

The text is intended to be a comprehensive guide to all aspects of using the Internet and other digital media to support marketing. The text builds on existing marketing theories and concepts, and questions the validity of models in the light of the differences between

the Internet and other media. The text references the emerging body of literature specific to Internet marketing. It can therefore be used across several modules. Lecturers will find the text has a good range of case studies, activities and exercises to support their teaching. Website links are given in the text and at the end of each chapter to provide important information sources for particular topics.

Student learning features

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

At the start of each chapter

The 'Chapter at a glance' page provides easy navigation for each chapter. It contains:

- *Main topics*: the main topics and their page numbers.
- *Case studies*: the main cases and their page numbers.
- *Learning objectives*: a list describing what readers can learn through reading the chapter and completing the exercises.
- *Questions for marketers*: explaining the relevance of the chapter for practitioners.
- *Links to other chapters*: a summary of related information in other chapters.

In each chapter

- *Definitions*: when significant terms are first introduced the main text contains succinct definitions in the margin for easy reference.
- *Web references*: where appropriate, web addresses are given to enable readers to obtain further information. They are provided in the main text where they are directly relevant as well as at the end of the chapter.
- *Case studies*: real-world examples of how companies are using the Internet for marketing. Questions at the end of the case study are intended to highlight the main learning points from the example.
- *Mini case studies*: short features which give a more detailed example, or explanation, than is practical in the main text. They do not contain supplementary questions.
- *Activities*: exercises in the main text which give readers the opportunity to practise and apply the techniques described in the text.
- *Chapter summaries*: intended as revision aids to summarise the main learning points from the chapter.

At the end of each chapter

- *Self-assessment exercises*: short questions which will test understanding of terms and concepts described in the chapter.
- *Essay questions*: conventional essay questions.
- *Discussion questions*: these require longer essay-style answers discussing themes from the chapter. They can be used either as topics for individual essays or as the basis for seminar discussion.

- *Examination questions*: typical short-answer questions of the type that are encountered in exams. These can also be used for revision.
- *References*: these are references to books, articles or papers referred to within the chapter.
- *Further reading*: supplementary texts or papers on the main themes of the chapter. Where appropriate, a brief commentary is provided on recommended supplementary reading on the main themes of the chapters.
- *Web links*: these are significant sites that provide further information on the concepts and topics of the chapter. This list does not repeat all the website references given within the chapter, for example company sites. For clarity, the website address prefix ‘[http://](#)’ is generally omitted.

At the end of the text

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

Support material

Free supplementary materials are available at Dave Chaffey’s website at www.smartinsights.com/book-support to support all users of the text. This regularly updated website contains advice, comment, support materials and hyperlinks to reference sites relevant to the text. There is a password-protected area for lecturers only to discuss issues arising from using the text; additional examination-type questions and answers; a multiple-choice question bank with answers; additional cases with suggestions for discussion; and a downloadable version of the Lecturer’s Guide and OHP Masters.

References

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About the authors

Dave Chaffey BSc, PhD, FCIM, MIDM

Dave is CEO of Smart Insights (www.smartinsights.com), an online publisher and analytics company providing advice and alerts on best practice and industry developments for digital marketers and e-commerce managers. The advice is also created to help readers of Dave's books. The most relevant information is highlighted at www.smartinsights.com/book-support.

Dave also works as an independent digital marketing trainer and consultant for Marketing Insights Limited. He has consulted on digital marketing and e-commerce strategy for companies of a range of sizes from larger organisations like 3M, Barclaycard, HSBC, Mercedes-Benz, Nokia and The North Face to smaller organisations like Arco, **Confused.com**, Eurooffice, Hornbill and i-to-i.

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

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

Dave is a visiting lecturer on e-commerce courses at different universities including Birmingham, Cranfield, Derby, Manchester Metropolitan and Warwick Universities. He is also a tutor on the IDM Diploma in Digital Marketing, for which he is senior examiner.

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

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

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