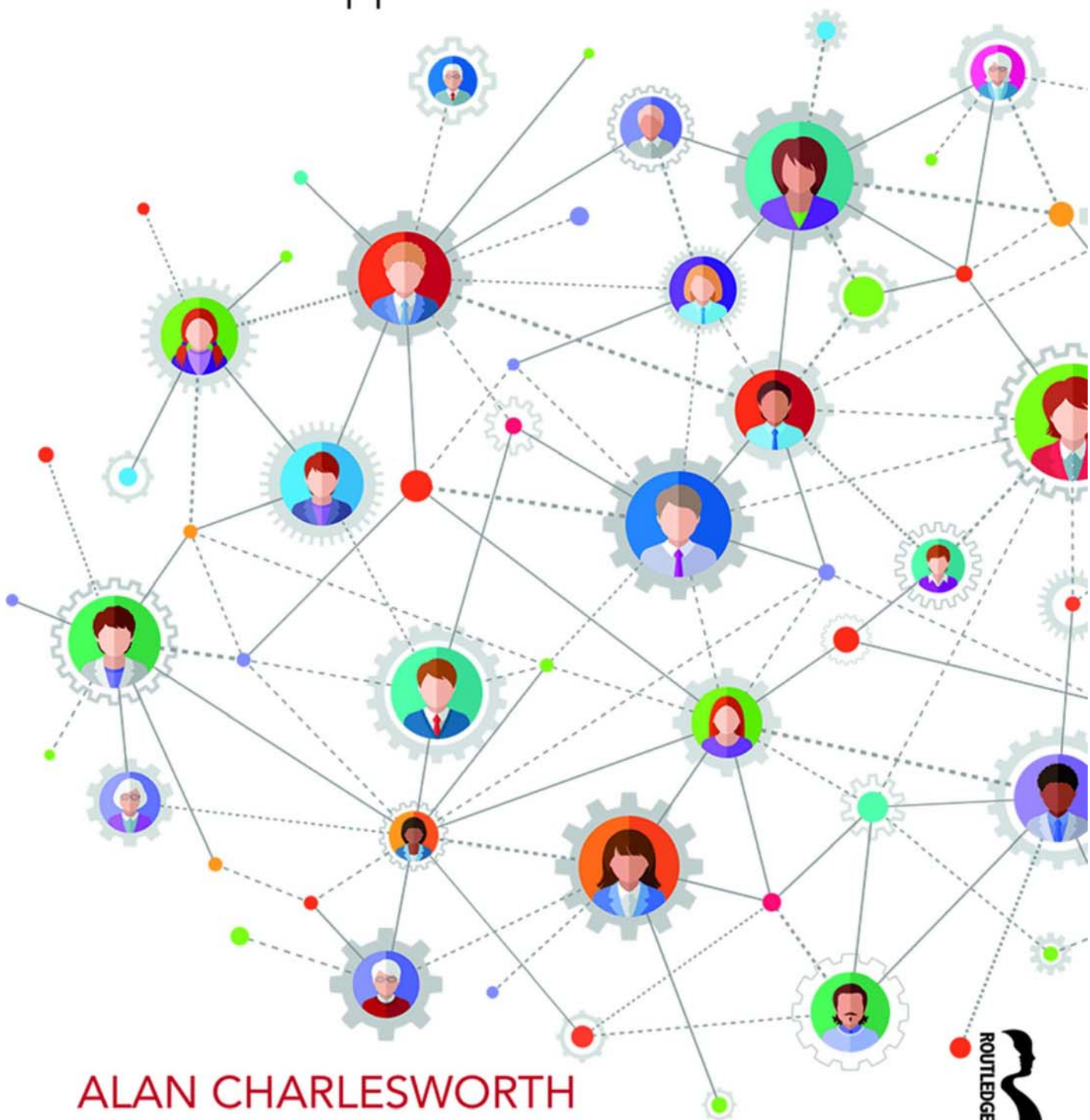


THIRD EDITION

DIGITAL MARKETING

A Practical Approach



ALAN CHARLESWORTH



Digital Marketing

Third Edition

As in the previous editions of this book, whilst strategic issues are included where appropriate, by concentrating on the operational and functional aspects of this dynamic subject, *Digital Marketing: A Practical Approach* provides a step-by-step guide to implementing the key aspects of online marketing. Similarly, although primarily aimed at an academic market, the practical – rather than purely theoretical – nature of the book means that it will be equally useful in both training and self-learning scenarios.

After reading this book – and completing the exercises within it – the reader will be equipped to undertake any digital marketing role within a variety of organizations. The practical case study exercises – based on theory and recognized good practice – will ensure that readers will be able to analyse situations within the workplace, identify the most appropriate course of action and implement the strategies and tactics that will help the organization meet its online objectives.

A key aspect to this digital marketing book is the use of a number of bespoke case studies that are designed to make clear how the impact of each online application varies between organizations and markets. For each section of every chapter there is a case study question that is pertinent to that subject – though readers are welcome to switch case studies for each question if they so wish, or even substitute their own organization. This makes the book an excellent text for work-based learning programmes such as Degree Apprenticeships.

As the subject has evolved in recent years, so too has the structure of the third edition of this book. The book is now in two distinct parts.

Part I considers the environment in which digital marketing is practised, digital buyer behaviour and has a chapter that includes sections covering strategic digital issues such as content marketing, attribution, influencers and digital marketing objectives.

Part II replicates the successful structure of the first two editions of the book by having chapters devoted to the key elements of operational digital marketing. Essential updates made necessary by both technology and consumer behaviour are made to all elements, but specifically to programmatic advertising and marketing on social media. There is also the addition of a chapter devoted to e-metrics and online analytics. Online support and subject updates that both compliment and enhance each chapter's content can be found on the author's website at AlanCharlesworth.com/DigitalMarketing.

Alan Charlesworth is a senior lecturer in marketing at a UK university and has been involved in what we now call 'digital marketing' in either practical, training, research or academic roles since 1996.

Digital Marketing

A Practical Approach

Third Edition

Alan Charlesworth

Third edition published 2018
by Routledge
2 Park Square, Milton Park, Abingdon, Oxon OX14 4RN

and by Routledge
711 Third Avenue, New York, NY 10017

Routledge is an imprint of the Taylor & Francis Group, an informa business

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First edition published by Elsevier/Butterworth-Heinemann 2009
Second edition published by Routledge 2014

British Library Cataloguing in Publication Data
A catalogue record for this book is available from the British Library

Library of Congress Cataloging in Publication Data

Names: Charlesworth, Alan, 1956– author.

Title: Digital marketing : a practical approach / Alan Charlesworth.

Other titles: Internet marketing

Description: 3rd edition. | Abingdon, Oxon ; New York, NY : Routledge, 2018. | Includes bibliographical references and index. |

Identifiers: LCCN 2017050236 (print) | LCCN 2017053549 (ebook) |

ISBN 9781315175737 (eBook) | ISBN 9781138039520 (hardback : alk. paper) |

ISBN 9781138039568 (pbk. : alk. paper)

Subjects: LCSH: Internet marketing.

Classification: LCC HF5415.1265 (ebook) | LCC HF5415.1265 .C488 2018 (print) | DDC 658.8/72–dc23

LC record available at <https://lccn.loc.gov/2017050236>

ISBN: 978-1-138-03952-0 (hbk)

ISBN: 978-1-138-03956-8 (pbk)

ISBN: 978-1-315-17573-7 (ebk)

Typeset in Iowan Old Style

by Wearsset Ltd, Boldon, Tyne and Wear

My profession is teaching
My hobby is digital marketing

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Acknowledgements

All at Routledge who helped make this publication possible – thanks.

Katie Short for her prufe reading – if there is any errers its ‘cos I told her to leeve them in.

All the students, trainees and audiences at any event at which I have spoken – if you hadn’t asked the questions, I would not have had to find the answers.

All those practitioners, writers, commentators, bloggers and researchers who do the work that keeps people like me informed.

All those organizations that have asked me to monitor or participate in their digital marketing efforts – you learn more in an hour at the sharp end than you do in days of reading the theory.

Those colleagues who have supported and encouraged me in writing my books. It is a constant gripe of mine that academia values journal papers read by only a few scholars over books that help educate thousands of students.

Preface

INTRODUCTION

This is a book on digital marketing – it is not a book on marketing per se. To get the best from this book the reader should be aware of – though not necessarily an expert in – common marketing theories, strategies and tactics. To spend time explaining aspects of marketing – segmentation, for example – within this book would be to diminish the focus on its titular subject area. The content is, therefore, driven by digital marketing applications rather than elements of traditional marketing – though naturally there is some commonality.

Nevertheless, it is inevitable that each chapter will integrate elements of marketing within its subject area. For example, facets of the marketing mix are a constant throughout the book – as are issues associated with buyer behaviour, product/service and customer/consumer. Any book that has pretensions as an academic text should have appropriate academic underpinnings, which this book has. There are, however, four addendums to this:

1. The practical nature of the content means that there are also significant *practical* underpinnings – that is, there are also references to the work of practitioners who have proved themselves at the coalface of digital marketing. Furthermore, data science has – in my opinion – negated the value of some academic research. For example, I read one article on online advertising that ‘... applied a vector autoregressive models analysis to investigate...’. The findings were pretty accurate. I – and others – knew they were accurate because Google’s AdWords/AdSense analytics tell us the same as the findings – but in real-time.
2. References are also made to statistics or research findings from commercial organizations. Although there may be an element of bias in some of these, they are up to date and represent real-world issues.
3. The academic research in the subject area is out-dated. Not only does the process of researching and publishing academic articles work against contemporary findings – an article published in 2017 may have no references that post date 2015 (or earlier) as that is when the research was conducted – but whilst some *findings* pass the test of time, many *conclusions* do not. For example, any comments with regard to social

media marketing made in 2015 are not necessarily true for Internet users now; similarly, online advertising has changed so significantly in the last two years that any research into its effectiveness that pre-dates, well ... *now*, is useless for anything other than history.

4. Some of the academic research in the subject area is of dubious quality. A continuation from the previous comment is that some later work uses the findings of earlier research without question, so making subsequent conclusions potentially flawed. In particular, meta-analysis (on academic articles) is popular in this field – I have yet to read one that questions the research rather than accepting the findings as presented. Also, a surprising amount of the research is conducted only on university campuses, with respondents being either (a) academics, or (b) students. Similarly, many requests to complete questionnaires are posted online – usually on social media. Whilst this might be acceptable in *some* research, when looking at anything Internet related these samples are not reasonable representations of the population.

However – and I am not sure whether this is a compliment or criticism, but it seems most academic articles on digital marketing include in them somewhere a phrase something like: There is still a significant gap in our understanding/research of the subject area.

I also find that the results of a great deal of academic research actually tell us nothing new. Or rather, tell practitioners nothing they have not already discovered by trial and error. For example, a special issue of *European Journal of Marketing* published in 2013 featured an article entitled ‘The Impact of Online User Reviews on Camera Sales’ by Zhang *et al.* (2013). Its abstract included the following:

Practical implications – This research indicates that the retailers should provide channels for and encourage customer online reviews for search goods to improve sales. It is also beneficial for online retailers to provide detailed product attributes to help their customers make the purchase decision. Carefully designed and executed price promotions could also be effective ways to improve sales of searchable goods.

Originality/value – This study is one of the first attempts to investigate the impact of online user reviews on sales of search goods.

Now, I do not doubt or question the integrity of this article’s authors (or, indeed, that of any academic researcher), but – in my non-academic-research opinion – Amazon and a thousand other online retailers knew the first element of the *practical implications* back in the last century (*I* certainly did) and, by definition, a *search good* is a product that is easily appraised before purchase and so is subject to price competition – and so nothing new there.

As for the *originality/value*, Amazon – and its contemporaries – will have been, and are still, running real-time research on *the impact of online user reviews on sales of search goods*, again since the last century. This *might* have been one of the first academic studies of its kind (I have often come across references to an article by Godes and Mayzlin published

in 2004 as ‘the first researchers to investigate the impact of the online review’), but it does not tell us anything new.

Also with regard to academic research, I find there is confusion in the crossover between computing, business and other subject areas – with examples of discipline *experts* making basic errors when they stray from their own field. This includes marketers making *technical* statements that are flawed as well as IT writers who – without the qualification or experience in the subject – make erroneous comments about business applications or, of specific relevance to this book, marketing applications.

An example that combines both of these issues (*nothing new* and *subject crossover*) is a paper by Hsu *et al.* (2013) entitled ‘The Effects of Blogger Recommendations on Customers’ Online Shopping Intentions’. The stated purpose of the paper’s research was:

to examine whether the blog reader’s trusting belief in the blogger is significant in relation to the perceived usefulness of the blogger’s recommendations; and how the blog reader’s perceptions influence his/her attitude and purchasing behaviour online. The moderating effect of blogger’s reputation on readers’ purchasing intentions is also tested.

In my opinion, that describes research of a psychological nature – though as I am a marketer I would say the subject is consumer behaviour. Full biographies of the three authors are not available with the paper, but their university departments are listed, them being: Computer Science and Information Management. Whilst I do appreciate there are academics who have dual specialisms, there is no indication that any of the authors have any qualifications or experience in marketing, let alone consumer psychology. So, before I had even read a sentence of the paper I had my doubts about its value, let alone validity in the *real world*. Furthermore, as I do when marking students’ dissertations, I started with a quick look at the reference list for the paper. Of around 80 references, fewer than a quarter were to marketing, psychology or even business-related journals, the majority being from computer science fields, including several related to the *Technology Acceptance Model* (TAM). My background of working with computer scientists within a digital environment means I am aware of this model. It is an IT concept that looks at how users accept technology and in particular considers the factors that influence their decision about how and when they will use that technology. Call me naïve if you wish, but in my opinion anyone who is using the Internet to read blogs that may influence their online purchase behaviour has already not only accepted the technology of the Internet, but is comfortable with it. So why would research into consumer behaviour even mention a model designed to evaluate a technology? By this point, I would normally have stopped reading the paper as I felt it carried little or no validity to my *practitioner* outlook to the subject of digital marketing. However, I still had this preface to write, and this paper looked to be a contender for an example of my view towards academic papers in my field of study. So I read on.

Sadly, I could gather no enthusiasm to continue further after reading the hypotheses, which included *H2a* ‘Trust will positively affect blog readers’ perceived usefulness’ and

H3 ‘Blog readers’ attitudes toward shopping online will positively affect their intentions to shop online’. My immediate thought was: *do the answers to those questions really need researching?* Anyone who has ever worked in any kind of sales environment selling any product in any industry, market or environment will tell you that if someone trusts a person who is recommending a product then they are more likely to purchase that product. As for shopping online, isn’t anyone who is psychologically in a position to trust an online blogger already making purchases online? Bringing the subject more up to date, online retailers certainly knew the answer to these questions in around 1997. I certainly did. And I am not even going to mention the role bloggers played in the early Internet, except to say that they were – probably – the first Internet authors to be *trusted* by users.

As a footnote that builds on comments I make earlier in this section: I checked the sampling procedure for the primary research of the paper, which included placing a banner on one of the authors’ Facebook pages, requesting the page’s visitors complete the questionnaire. I’ll leave a question hanging: is that a good example of a valid sample?

Another significant flaw within academic research in the field is that it relies on other academic research to maintain its validity. For example, in an article by Lowry *et al.* (2014), on the question of how quickly visitors judge a website when they arrive on it, the authors – naturally – rely on other academics to support their assertion, saying that:

Research suggests that 80 per cent of web surfers spend just a few seconds viewing a site before continuing to the next site (Peracchio and Luna, 2006). Moreover, most web users are unlikely to look past the first few pages of a website (Thompson, 2004).

And yet the likes of Amazon knew these things in 1994. I knew them from reading the log files of websites in 1996 – as did thousands of other website publishers. Furthermore, we knew them *absolutely*, with no margin of error in research bias. So long as you know how to interpret them, computer-generated website metrics have no research bias. They tell you *exactly* how long visitors stay on your website and how deep into it they go. Furthermore, to conduct their research, Lowry *et al.* used *mocked-up* websites to test their hypotheses. In real-life research, there is no *mock* site – they are real. Lowry *et al.* also concentrate on the impact of logos on perceived credibility of the site – which is fine, but the logo is only part of the perception. In real life, using real-time multivariate testing, you can check all aspects of the page.

A final flaw I encounter in academic research is partially related to reliance on previous academic research, but is one that I can only describe as *ignorance of the real world*. For example, I have read *published* work that:

- assessed the quality of a website by a series of evaluations, one of which was the site’s search engine optimization. However, the author used a totally inappropriate search term for that assessment (Google informs ad buyers on common search terms in all industries). The result, in *real* terms – useless findings.

- analysed the value to the organization of paid search advertising *versus* offline advertising – but the researchers ignored (didn't know?) that the highest bid does not automatically give a search ad the highest listing (I've covered the issue in all editions of this book) and so – in my opinion – the findings were so flawed as to be useless.

What I find most frustrating about issues such as these is that those people who work in digital marketing know the things that some academics seem to be ignorant of. And that is one of – if not *the* – key reason I will not reference articles such as that in this book. This book's primary objective is to help students understand digital marketing to an extent where they can find employment in the field. To direct them to flawed research as part of that learning curve will not only prevent them meeting that objective, it will hinder their progress.

Academic research, we are told, is used to test practical concepts. In some disciplines – predominantly scientific – this is perfectly valid. But where human behaviour is concerned, there will always be inaccuracies in the responses from participants (yes, I know this is built into research analysis) but with computer-generated website analytics the data is *absolute*. There is no need for academic research to validate it. For example, all other things being equal, if real-time multivariate testing of hundreds/thousands/millions of visitors to a web page shows they stay longer if it is predominantly blue rather than green – then blue works best. *Asking* people if they prefer blue or green in a controlled environment can never give the same degree of certainty. And yet we are meant to value that *academic* research more than data pulled from real-life events. I fundamentally disagree with this notion – and this is reflected in my books.

My scepticism towards *academic* research is not, however, absolute. Of course there are papers out there which challenge conventional thinking and so inspire marketers to reconsider practices. One which springs to mind is 'A New Marketing Paradigm for Electronic Commerce' by Donna Hoffman and Thomas Novak. Published in 1996 – and so written at least a year earlier – this paper predicts (almost) exactly what impact the Internet has had on *digital marketing* in the years since that time. It's available online – take a look and see what you think.

However, my scepticism towards research also extends to that I refer to as *practitioner* or *commercial* research (examples are many in this text). Independent bodies such as Nielsen (nielsen.com) deliver impartial data and analysis – but others have an in-built bias. An organization that sells software for use in marketing on Facebook will always present research into user's activity on the platform with a positive slant, for example.

CHAPTER STRUCTURE

Like its first two editions, this is not a book that evangelizes digital marketing with the aim of converting every marketer to its use. Its structure has always been to cover the concepts of each element of the subject, then consider the use of those elements in practical scenarios. As often as not, the answer to the question 'Is this element of digital marketing suitable for this particular business or organization?' is no, it isn't. Ten years

after the book's first edition, it is reasonable to state that digital marketing is still far from reaching maturity, but it is out of its infancy. We have reached a time when we can take a step back and take an objective look at marketing on the Internet. Without doubt, the Internet brought a change to society like no other technology before it, and quicker. And it brought changes to business too. Even those of us who were around before the Internet find it hard to remember life before email, for example. And how did we buy things without researching them online?

That step back, however, gives us a wider perspective. In the US, *online* represents only around 8 per cent of all retail sales. In the UK, it is higher – but its growth has stalled around 20 per cent. The increase in online advertising – to the loss of offline advertising budgets – has caused the spenders to look more closely at how effective it is compared to *traditional* advertising. And they do not particularly like what they are seeing. Then there is social media marketing. In the title of a book published just before this one, I pose the question: *Social Media Marketing – Marketing Panacea or the Emperor's New Digital Clothes?* The premise being that too many marketers have taken to social media without due diligence for their spending – and they are discovering it is impossible to measure any return on investment, let alone make the calculation as to its value. Marketing on social media does work – but only for the *right* organizations, brands and products, in the *right* markets. Similar questions on the effectiveness of online advertising have also been raised. But of course it is not all gloomy news. Would any of us consider booking a flight or hotel room in any way but online? So it is that this book continues as it started in its first edition – encouraging readers to question the suitability of every aspect of digital marketing before adopting it.

Earlier editions of this book committed the first couple of chapters to a background to the Internet and how it is used by shoppers and the public in general. Given that it is doubtful that anyone reading this third edition will not be aware of such issues, I have made the decision to omit that content and concentrate on the titular subject.

The book is now divided into two parts.

Part I – *Marketing in the digital world* – considers the environment in which marketers now work. These chapters take a holistic look at some of the key issues in the relevant subject areas – a sort of introduction to the digital environment. Three chapters make up Part I:

Chapter 1: The digital environment – doing business in a connected world

Chapter 2: Digital customers – the role of *digital* in buyer behaviour

Chapter 3: Marketing goes digital – concepts associated with online marketing that impact on more than one aspect of it

Part II – *Operational digital marketing* – continues the format of the earlier editions of chapters devoted to elements of digital marketing. Those subjects are:

Chapter 4: Search engine optimization

Chapter 5: Website development

Chapter 6: E-commerce

- Chapter 7: Advertising online
- Chapter 8: Email marketing
- Chapter 9: Marketing on social media
- Chapter 10: Metrics and analytics

Each chapter is divided into a number of sections that address specific aspects of the chapter's subject area. Each of these elements is then split into two parts. The first part examines the background – the concepts, theories and models related to the subject – whilst the second part, called *Decision time*, identifies the issues about which the digital marketer must make an evaluation of how they might impact on their organization, brand or product. At the end of each section, readers are presented with the challenge *You decide* – where a case study-based question is posed. The following sample is from the *Consumer reviews and ratings* section of Chapter 9:

YOU DECIDE

Advise the consortium that owns the Hotel Pillowmint (case study 3) on how consumer reviews and ratings might (a) impact on its marketing, or (b) be influenced by the organization's marketers.

Alternatively, conduct the same exercise on your organization or that of your employer.

Throughout the book you will come across a number of content boxes, each serving a specific function. They are:

RESEARCH SNAPSHOT

These are snippets of information taken from published research – sometimes academic, but often the information has commercial origins.

MINI CASE

As the name suggests, these are short examples that illustrate a concept or model. They are often examples of good or bad practice in that concept.

PRACTICAL INSIGHT

These give readers an insight into how elements of Internet marketing are practised in real life – with many serving as *tips* for students when they might become practitioners.

GO ONLINE

From these boxes, readers are directed towards the book's website. There, links are provided that take them to information, articles or comments on the subject being discussed in that section that will supplement the content of the book.

The case studies are designed to make clear how the impact of each online application varies between organizations and markets. For each section, I have tried to select a case study that is pertinent to that section – though you are welcome to switch case studies for each question if you so wish. Alternately, if you are employed or run your own business you can ask that question of your – or your employer's – organization. A similar format is followed at the end of each chapter, but at this time you are invited to advise one of the case study organizations on all aspects of digital marketing covered in that chapter. The following sample is from Chapter 8:

CHAPTER EXERCISE

Giving justifications for all your decisions, advise Howard Johnson and his marketers at The Rockridge Museum (case study 1) on all aspects of digital marketing covered in this chapter.

Alternatively, conduct the same exercise on your own organization or that of your employer.

THE CASE STUDIES

Throughout the book, case studies are used as both examples of how theory might be practised and as exercises for readers to complete. Although the case studies are fictional, they all characterize real-life situations. The cases are not intended to be comprehensive or exhaustive – merely a snapshot of a particular state of affairs within what is normally a complex environment. The case studies have been compiled in such a way that all aspects of digital marketing can be addressed, with each element of the chapters having its own case-related question, with one case being presented as an end-of-chapter exercise.

The case studies are:

1. The Rockridge Museum – a not-for-profit organization with a mix of public and private funding.
2. Clough & Taylor Engineering – a small engineering company that makes bespoke products.
3. The Hotel Pillowmint – a new boutique hotel opening soon in a prime city-centre location.
4. Cleethorpes Visitors Association – a publicly funded tourism centre.

5. BethSoft – a small business that sells a range of specialist software to the engineering industry.
6. Matthew Humberstone Foundation Hospital – a private medical facility with hospitals and clinics around the world.
7. 22 Catches Fish Products – a consumer packaged goods manufacturer.
8. Hill Street Motorist Shop – a chain of retail outlets with a limited online presence.
9. The Modeller’s Stand – a single product sold in a niche market.
10. Huxley University – a small academic institution.
11. Two Cities Manufacturing Ltd – a medium-sized manufacturer and distributor of commercial and private grass cutting appliances.
12. Lindsey Naegle Consulting – a sole trader who works as a consultant in Internet marketing.
13. Phelps Online Department Store – a pure-play online retailer that sells women’s clothes and accessories.

Note that all of the above are UK based, but their geographic location could be changed to suit readers’ needs.

I have not included the actual case studies within the book – rather, they are online on the book’s website where they can be printed off. Although I accept that might cause you a small inconvenience, I have made this decision for a very good reason. If the cases were within this text, I would not be able to change them – at least not until the next edition of the book is published! Online, however, it is relatively simple for me to change, add or delete any element of each case. This means that as the Internet, the way it is used by the public and how it is adopted by organizations changes, I can adapt the scenarios to suit the environment in which those case study organizations operate.

I have left the case study *subjects* the same. I hope this will help with continuity for teachers using the book for their modules, programmes or courses. However, times change and digital marketing is constantly changing; therefore, although the case studies and the questions might be the same – the answers might well be different (I acknowledge that when quizzed by a student with regard to an exam question being the same as the previous year, Albert Einstein is said to have replied that the questions are the same, but this year the answers are different). I have also made the conscious decision not to offer any answers to the case studies. The key reasons for this are fourfold:

1. As with all marketing – there is no single answer that can be considered to be unambiguously *right*.
2. Such is the nature of not only the web’s development, but the global environment in which it exists, that the answers might actually change on a monthly basis.
3. As teaching staff may choose to use the case studies for summative assessment, I do not want sample answers in the public domain where misguided students might be able to get hold of them and present them as their own work.

4. The objective is that you should work to develop the answers yourself. If I put suggested answers in the book, too many students would succumb to the temptation to read them rather than doing the work necessary to understand the subject.

TERMS OF REFERENCE

Throughout the book I occasionally refer to ‘companies’ or ‘firms’, but in the main I use ‘organization’. This is deliberately vague. Whenever you see the word ‘organization’ feel free to replace it with any other term that you feel is relevant to the context or your own circumstances. As well as ‘company’ and ‘firm’, other examples might include ‘government department’, ‘university’, ‘hospital’, ‘foundation’, ‘school’, ‘society’, ‘not-for-profit’, ‘business’, ‘association’, ‘college’, ‘religious body’, ‘charity’, ‘club’ or any other entity – including ‘individual’.

In a similar vein, it is common for marketers to use the term ‘customer’ to describe anyone who uses or partakes in the service on offer – not just the person who pays for a tangible product. In some cases, the customer has their own descriptor – opticians have patients, universities have students, political parties have voters, sports teams have supporters, churches have members and so on. Likewise – and this is particularly relevant online – the objective is not always to have the target customer *buy* something. The objective could just as easily be to elicit a donation, a subscription, an order, an application or to have someone become a member. Again, please use whichever term you feel is relevant wherever you see the word ‘customer’ or ‘buyer’ within this text.

Wherever possible, I have avoided any promotion of specific brands or products within the text. This is particularly the case where digital marketing tools, services or technologies are concerned – naming a particular website hosting company or software that helps with search engine optimization, for example. This is deliberate for two primary reasons: (1) I have not used all of the applications/companies and so am not in a position to rank one above another, and (2) to name one and omit another would appear to show favouritism, which may be construed as prejudice. There are instances, however, when to not name names would be to the detriment of the content – for example, some aspects of the ubiquitous Google empire have become common terms to describe elements of online marketing and so are difficult to replace with a generic description. Indeed, to ‘Google’ something is now recognized as a generic term for using a search engine. Note that it is also the case that for many of the tasks described within the text there are software applications that *claim* to do the job for you. As I have used very few of these I am not in a position to either recommend them or otherwise. I am sure some work, just as I am certain that some do not. I have deliberately not mentioned the availability, or suppliers, of any such software – effectively, this book is about the *manual* way of doing online marketing. A slight deviation to this rule comes where I have used organizations as examples to illustrate a subject, concept or practice – often with an accompanying image. This is not to promote any organization, brand or product; it is simply that these are examples I have come across as I surf my way around the web.

ONLINE SUPPORT

As well as the online elements of the case study exercises, this book makes extensive use of the Internet as a source of information. This includes the book's own website (alancharlesworth.com/DigitalMarketing), a feature of which is that each chapter has its own page that includes references to websites that provide more details on subjects covered within the text and links to information that will enhance the book's content.

In addition, the dynamic nature of the subject is acknowledged by there being – where appropriate – chapter *updates*. Whilst it is not feasible to produce complete re-writes of chapters, on occasion it might be prudent to add to or amend elements or sections in accordance with changes in contemporary practice. Whilst I cannot predict the future, before another edition of this book might be published, it is pretty certain that there will be (for example) changes in how search engine algorithms work. Similarly, any future mergers between key players in the industry would have a significant impact on the digital marketing environment.

In addition to the book's website (AlanCharlesworth.com/DigitalMarketing), I also maintain my own website (AlanCharlesworth.eu), which – amongst other things – has sections on digital marketing-related articles and practical tips, hints and advice. Judging by the visitor numbers around assignment time, this is already a popular site with students. On my Facebook page – facebook.com/AlanCharlesworth.DigitalMarketer – I post interesting articles and my opinion on digital news stories and events. All Facebook entries are repeated on my Twitter account. My blog – 'when you're inside the bottle, you can't read the label' – is a personal view on examples of good and bad digital marketing practices that I have come across.

Finally, whether you are a student, trainee, lecturer, trainer or practitioner, I hope you find this book *useful*. Note that I have refrained from wishing that you *enjoy* reading it. Although I have tried to make it easily readable, you should *enjoy* a John Grisham mystery or the series of Harry Potter adventures whilst relaxing in a comfy chair or sun lounger. I have written this book not to entertain but to help you achieve a professional or educational objective. Of course, if you do get pleasure from it, that is a bonus.

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Part



Marketing in the digital world

Chapter 1

The digital environment

Doing business in a connected world

Chapter at a glance

- 1.1 Introduction
- 1.2 Digital transformation
- 1.3 Programmatic marketing
- 1.4 Artificial intelligence
- 1.5 Virtual and augmented reality

1.1 INTRODUCTION

As is the case when writing about – or teaching – marketing, it is impossible to slice the subject into nice equal categories where no element of those categories overlaps with another. Even with that tenet of the discipline, the marketing mix, each of the 4Ps is inter-dependent on the other three.

So it is with Part I of this book. Many of the subjects I have placed in the three chapters of this part of the book could easily be in one of the others.

I have endeavoured to present the categories in a logical order, but if the subjects seem to jump around a little, bear with it ... it will all make sense in the end.

This first chapter considers some of the aspects of technological development that will – or already do – impact on the digital marketer. They are *generic* in nature in that they are not marketing subjects – but they have either (a) an impact on marketing, or (b) can be used by marketers in the practice of their craft.

GO ONLINE

A background to the Internet

In the previous editions of this book I assigned a section of the first chapter to a history of the Internet. I have omitted it from this edition – but if you do wish to read it, I have reproduced the relevant content online – follow the links on the chapter's web page.

1.2 DIGITAL TRANSFORMATION

Although some consider this to be little more than the latest buzz term being bandied about by those selling products associated with it – and authors – that would be to underestimate the concept behind it. A natural successor to the *digital revolution*, where changes to business brought about by digitalization were presented, the *digital transformation* takes the issue a stage – or several stages – further on into the impact of various technologies on business.

Although the term *digital transformation* has been around since the birth of the commercial Internet, it has previously been used to describe how organizations, industries or markets adapted to the digital world. Obvious examples are e-commerce (the sale of goods online) and the impact of digital technologies on the printing and music industries. More recently, however, digital transformation has become the term that indicates how the entire organization has adopted, adapted to – or ignored – the changes brought to society by the digital revolution.

“

Digital transformation is about organizing around the current customer. It is about putting the customer at the centre of the universe.

”

In attempting to define *digital transformation*, Fitzgerald *et al.* (2013) suggest it encompasses the use of new digital technologies to enable major business improvements (such as enhancing customer experience, streamlining operations or creating new business models). Customer service writer and practitioner Gerry McGovern is more specific, saying that: ‘Digital transformation is about organizing around the current customer. It is about putting the customer at the centre of the universe.’ In a warning to those organizations that *follow a trend* rather than fully committing to digital transformation, McGovern has also said that ‘Digital is the transformation agent, not the transformation.’

It is agreed, however, that for any organization to *digitally transform*, that transformation has to:

- be organization wide
- be understood by everyone in the organization
- involve everyone in the organization
- be cultural and not forced
- have no end date.

An effective digital transformation cannot be undertaken by one area or department of the organization. Furthermore, digital transformation is not about technology, it is about the strategic use of technology – an ethos I have always applied to marketing on the Internet and the series of books of which this is the latest edition. Unfortunately, however, too often the IT department is the least digitally *savvy* department within most organizations because they are still obsessed with the technology. A great many organizations still seem to think that the answer to digital technology is in buying the right technology.

Key components of the digital transformation include: big data, reverse marketing, mobile applications, the Internet of things and the automation of business processes. Let's consider each in more detail.

Big data

This is the collection of a wealth of data from and about everything internal and external to the organization and its interpretation to help make the business run more efficiently and improve customer service. It facilitates the ability to track customers and their communications across every channel, which can help measure and manage the *customer experience* – the sum of all the experiences a customer has with a business. In turn, this can:

- help improve customer service levels
- enhance customer retention
- improve overall customer lifetime value
- be used to deliver personalized services.

However, some are sceptical. As with other aspects of technology, those promoting the concept – and term – are more often those who will gain from its adoption; that is, those selling products or services associated with it. It is still not agreed whether it is the cutting edge of modern marketing or an overhyped buzzword. Commentators raise two other issues with regard to big data's value:

- Mathematical algorithms produce data in abundance on what has happened – or is happening – but they have difficulty answering the question of why things are happening. That is where the analytics come into play (the subject is addressed in the last chapter).
- Should we first learn to maximize value from *smaller* data before going big?

Sceptics who question the value of the *deluge* of data produced by data scientists have coined the phrase *weapon of math destruction* to describe the impact of *useless* big data on organizations.

PRACTICAL INSIGHT

Helping the buyer to buy

Despite search engine results seeming to credit me with the origin of this concept, I suspect I picked it up from somewhere around 20 years ago. As I said back then:

Arguably one of the most significant developments the Internet has brought to marketing is to give impetus to marketers' objectives shifting from *helping the seller to sell* to *helping the buyer to buy*. Consumers now expect to be facilitated in their research on the product or service that best meets their wants and needs.

In 2017 I will stick with this description – and I would still give you a good argument that its change on marketing was so fundamental that it *is* the significant development the Internet brought to marketing.

Reverse marketing

Associated to the concept of helping the buyer to buy, this is where organizations and brands are increasingly distrusted by customers and so the customer has become the marketer, that is, the roles are reversed.

Although Internet technology is the driving force behind most, if not all, aspects of the digital transformation, it is one of the Internet's platforms – social media – that has had the most significant impact on the customer's perception of the organization, brand or product. On social media, customers tell their friends (and the rest of the world) what they think about organizations, brands or products. And because they no longer trust marketing messages, customers trust other customers more. This can be by way of:

- simply conversation on platforms such as Facebook
- posting reviews on platforms such as TripAdvisor or retailer websites.

Furthermore, there is the impact of how potential customers use search engines. In this scenario, the customer types their want or need into the search box. For example, a search for “cheap flight to London” is actually asking organizations to respond to a specific request from an individual for a low-price flight to London. How organizations react to that request will determine who gets the business.

There is an argument that *traditional* marketing tactics such as PR and advertising are wasted on contemporary customers as they are seen as tools to change customer perception or misrepresent what the product *actually* is or does. Advocates of reverse marketing suggest that if you connect with the customer in such a way that they are 100 per cent

satisfied with your product and service, they will do your marketing for you. However, traditional marketers suggest that this is another example of *new* marketers hijacking an *old* concept – in this case, relationship marketing.

Mobile applications

If ever there was a subject to exemplify the advances in, and acceptance of, technology it is in the development and adoption of mobile devices – specifically, the smart phone.

“

Technology doesn't *cause* our behaviours to change, it *enables* our behaviours to change.

”

In the first edition of this book (published in 2009) I barely mentioned the use of smart phones as a platform for carrying a marketing message. By the second edition (published in 2014), the subject had risen in prominence so much that I devoted an entire section to it. However, we have now come full circle in that mobile is such an accepted mode of accessing the Internet – more Google searches are now performed on mobile devices than from

RESEARCH SNAPSHOT

Start the day with a smart phone

When a survey from Deloitte asked smart phone owners: 'Typically how long is the interval between waking up and looking at your phone for the first time?', the results suggested that addiction to your smart phone is endemic in the UK.

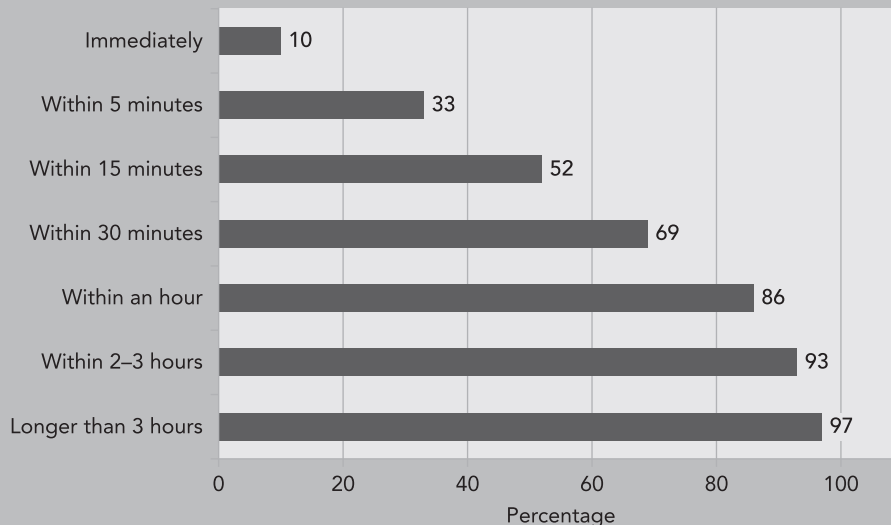


Figure 1.1 The interval between respondents waking up and looking at their phone for the first time

Source: UK edition, Deloitte Global Mobile Consumer Survey, May–June 2016.

PCs – that it does not warrant its own section. The subject is inherent to all aspects of digital marketing. Such is the impact of the *always connected* customer on the organization that it is their expectation that all tasks should be easily achievable from a mobile device.

However, this does give us a *chicken and egg* consideration: was the rise of the mobile Internet a result of consumer behaviour, or was consumer behaviour changed by the technology? Digital marketing practitioner and writer Gord Hotchkiss is more succinct; he said in 2010 that ‘Technology doesn’t *cause* our behaviours to change, it *enables* our behaviours to change’. I agree with this and suggest that it was the *convenience* that smart phones enabled that was behind their adoption, not their technology.

The Internet of things (IoT)

Essentially, this involves computers talking to each other to perform tasks without intervention from humans. Although the concept goes back to the early 1990s, and the term to 1999, it is only recently that the theory has become readily available as a usable – and saleable – reality. Internet-connected fridges that order more milk via a shopping app when you are running low is a popular example, though wearable devices that are used to monitor health, wellness or athletic performance are a better illustration of IoT in reality.

More advanced cases of what is already available is the Oral-B toothbrush that connects with your smart phone in order to track which teeth are being brushed. However, it is the car manufacturers who are making the greatest steps forward, with the BMW Group seeking to make customers’ BMW cockpit the place from which they control their digital and physical life. From a marketing perspective, this currently focuses on ensuring that the car’s onboard navigation system will connect the occupants with whatever they may wish to purchase, from hotels and restaurants to leisure facilities.

Further applications are limited only by developers’ imaginations ... because the technology is already with us. It is pretty certain that the aforementioned Internet-connected fridges will include a screen on which marketers can show adverts for products that the fridge has identified as requiring replenishment – although perhaps the next breakthrough in the concept will be when the fridge can decide for itself which supplier will be the best option for price and deliver speed ... then place and pay for the order. When that happens, digital marketers will have to market to fridges. Others are more sceptical of the value of IoT to marketers – perhaps the concept is this edition of the book’s *mobile marketing*?

The automation of business processes

Perhaps the most long-standing aspect of an organization transforming to the computerized world – the digital revolution – is the use of technology to automate processes. Examples include robots building cars and computer software doing jobs that once required an office full of clerks.

However, an illustration of the advantages of automating business processes to better satisfy customers comes from Richard Fain, CEO of Royal Caribbean Cruises Ltd (RCCL). At the Mobile World Congress in Barcelona (February–March, 2016), he said that: ‘Digital has transformed our business. We are still a very personal business, but the technology has freed our crew and our guests from many of the mundane tasks that keep us from human interactions.’ He went on to say that ‘... digital/mobile helps companies remove the *crap* out of customer experience’, citing the example of RCCL having reduced the on-boarding process from 1.5 hours to 10 minutes with the use of their Smart Check-in app, which enables guests to complete the necessary governmental, security, customs and immigration forms at home – so only a quayside scan of a barcode and passport are required.

Once again, the technology is here – marketers should be looking for how its application can meet customers’ wants and needs.

1.3 PROGRAMMATIC MARKETING

I feel it would be remiss not to include this subject in this chapter. However, since the majority – if not all – of what is referred to as programmatic (or automated) marketing is advertising I have decided that the subject is better addressed in Chapter 7.2 (where online advertising is covered) where it can be explained in context to its application.

1.4 ARTIFICIAL INTELLIGENCE

A long-standing subject for writers of science fiction, artificial intelligence (AI) is – according to Russell and Norvig in their best-selling book *Artificial Intelligence: A Modern Approach* (2003) – ‘the study of *intelligent agents*: any device that perceives its environment and takes actions that maximize its chance of success at some goal’. The same authors, in a later edition of their book, added that ‘the term *artificial intelligence* is applied when a machine mimics *cognitive* functions that humans associate with other human minds, such as *learning* and *problem-solving*’.

Although it is – as I write – a popular buzz phrase, not only has the concept been a reality for some time, but such are the advances in technology that actions once classed as AI are now demoted to being the mundane; for example, the character recognition used in scanning documents and voice recognition software such as Apple’s Siri and Amazon’s Alexa. Other examples include:

- Personalization of marketing messages – predominantly on websites. The subject is covered in detail in Chapter 3.4.
- Since late 2015, Google has been using its *RankBrain*, an AI system, to interpret some search queries.
- Chatbots – think of them as offering *intelligent* responses to questions which lead the user through a series of further questions, with each subsequent question being based on the answer to its predecessor.