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DIGITAL MARKETING

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Digital Marketing





Digital Marketing

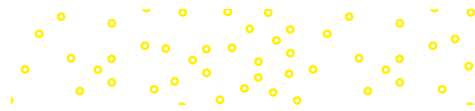


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DIGITAL MARKETING

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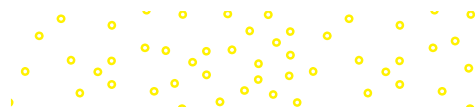
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Over the past 20 years, Dr. Sachdev has had the opportunity to teach/facilitate 50+ courses at different institutions, including at Oxford University, Stanford CSP, Cornell University, and Columbia College among others. Having been awarded for his teaching excellence, he has mentored students to win a national marketing-simulation competition and has been a founding advisor to an AMA Collegiate Chapter.

His TEDx talk at Northwestern University, “Value Creating Our Way to the Smart Home of 2050,” focused on marketing in smart digital environments with emerging and futuristic technologies. His keynote talk at AMA’s The Year Ahead 2021 conference covered “The Future of Smart Digital Marketing Amidst Cybersecurity and Privacy Challenges.” He has also spoken at other major industry conferences and events and has been a guest speaker at renowned universities such as Oxford, Harvard, Cambridge, and Stanford.

As an interdisciplinary researcher, Dr. Sachdev is most interested in digital marketing and the areas of emerging and futuristic technologies, privacy/security, and law. He has written general and peer-reviewed articles, as well as short pieces on avoiding “dumb” digital marketing in a smart world (*The Marketing Journal*), smart robots and AI with strategies for digital marketing (*Journal of AI, Robotics, and*

Workplace Automation, forthcoming), smart home value creation (*IPMA Journal*), social media trademark law (Thomson Reuters Carswell), and digital marketing strategies related to privacy and security (*AMA Marketing News*), among others. He proposed and created a new legal control for the Cloud Security Alliance (CSA) IoT Security Controls Framework Version 2. He researches e-commerce websites, search advertising, social media, and mobile app trademark law at Maastricht University and was a visiting researcher at UC Berkeley.

PREFACE

Digital Marketing is targeted primarily at undergraduate courses in Digital Marketing, however it may also be used in certificate and graduate programs. It is grounded in marketing theory and concepts and adopts a strategic and analytical approach with global examples. The material can be used in any teaching format: in-class, online, and hybrid. Not only does it reference some of the latest digital marketing tools, it also emphasizes current marketing trends and shows how these may be applied.



Digital Marketing is sized to work in most course formats. Its 12 chapters include three foundational chapters that introduce students to the general topic of digital marketing in a digital world (Chapter 1), how to create value through strategic digital marketing (Chapter 2), with a sample strategic digital marketing plan (Appendix to Chapter 2), and digital consumer behavior (Chapter 3). The product's two concluding chapters look at the important legal, ethical, privacy, and security issues relating to digital marketing (Chapter 11) and the trends and future of digital marketing (Chapter 12).



The middle chapters—Chapters 4 through 10—are “doing chapters.” These seven chapters focus on how to use marketing theory and concepts, in combination with digital marketing tools, to “do digital marketing.” Each of these chapters has a content structure that looks first at value creation and objectives, and next at considerations, strategies, and tactics for digital marketing related to the chapter topic. The strategies and tactics sections show *applications* of marketing theory and concepts, using examples and references to popular and effective digital marketing tools. They then look specifically at *content* strategy related to the chapter topic.

Each of the “doing chapters” ends with a section on *analytics*, showing which analytics are appropriate for monitoring the effectiveness of the digital marketing related to the chapter topic. Where relevant, a summary table of the analytic measures appropriate for a specific type of digital marketing is included.

Depending on the length and focus of their course, instructors can use any combination of chapters in pretty much any sequence. The chapter content is primarily U.S.-based, but with many global examples included in the text as well as additional feature boxes that highlight specific global issues. (See the discussion of the feature boxes in the next paragraph.) As a brand-new, first edition, the text is also very up-to-date, with a multitude of current references, examples, screenshots, and (in Chapter 8) discussion of the current social media platforms that students are familiar with.

Throughout relevant chapters, various feature boxes highlight relevant issues in Digital Marketing:

-  *Digital Marketing Value Creation* boxes highlight how organizations create value for consumers, themselves, and/or society through digital marketing.
-  *Privacy and Security Considerations in Digital Marketing* boxes focus on incorporating privacy and security in digital marketing practices, being compliant, and providing consumers with privacy and security options.

-  *Legal and Ethical Issues in Digital Marketing* boxes introduce students to key laws, regulations, rules, and ethical issues in digital marketing relating to the use of legal content and imagery, location targeting, influencers, intellectual property, ethical search marketing, email marketing, and various other areas.
-  *Thinking about Global Digital Marketing* boxes illustrate ways in which digital marketing is practiced for consumers in countries outside of the United States.

Each chapter offers useful end-of-chapter review and learning content including: key terms, chapter summary with learning objectives, review questions, mini group exercise/ in-class discussion, and a digital marketing case study. Select chapters also offer a chapter project.

Focusing on students and incorporating their learning process, *Digital Marketing* has been written as a resource with hands-on digital marketing exercises. Exercises are explained and instructions are provided to guide students to understand what is required and to apply what they have learned. With the student in mind, tools or technology are used for all relevant practical exercises.

Some chapters recommend the completion of an industry certification, such as Google Ads, Social Media, and Email Marketing. To gain these certifications, students will need to engage in additional study beyond the relevant chapter. Instructor materials will detail additional information about these certifications.

Instructor Support

The instructor material covers tips for each teaching format, including incorporating material into online courses. The Instructor's Manual includes many hands-on activities, including hands-on projects and assignment questions for relevant chapters, information on optional certifications, and additional tips for advanced or graduate courses. For example, hands-on projects include creating a digital buyer persona, building a website (using tools, not programming), and creating an SEM plan with keyword research, a social media plan, an email marketing plan, a mobile marketing plan, and relevant reports. In Chapter 2, there is an outline of a strategic digital marketing plan that can be used for a semester project, with a sample provided in Appendix to Chapter 2.

The online Testbank content—offering 75 auto-gradable questions per chapter and quizzes providing 25 auto-gradable questions per chapter—allows for assessment of students' skill level. Accessible PowerPoint® presentations support in-class instruction. All support materials can be found within McGraw Hill's Connect platform.

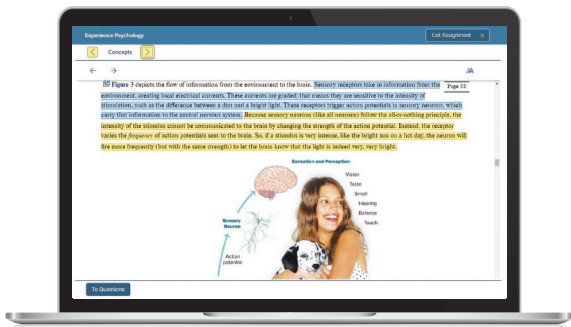
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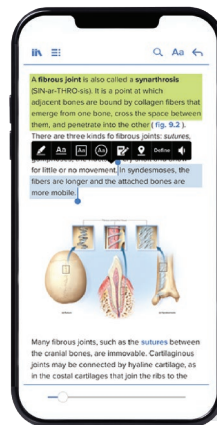
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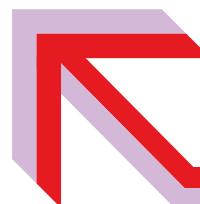


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Digital Marketing



CHAPTER 1

Digital Marketing in a Digital World

LEARNING OBJECTIVES

- LO 1-1** Define digital marketing.
- LO 1-2** Summarize the evolution and the environment of digital marketing.
- LO 1-3** List the major types of digital marketing.
- LO 1-4** Discuss how digital marketing can provide value.
- LO 1-5** Apply the digital marketing mix.
- LO 1-6** Explain key digital marketing objectives.
- LO 1-7** Explain the importance of monitoring, measurement, and analytics to digital marketing.



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Digital Marketing in a Digital World

As a consumer in a digital world, you are exposed to digital marketing every day. You likely are familiar with shopping on an e-commerce website, searching for products or services on Google, engaging with Facebook ads, or downloading an app from the App Store to make a purchase. The average U.S. household has access to more than 10 digital devices. These might include mobile phones, laptops, tablets, smart TVs, and others. This means that digital marketers have great opportunity to reach consumers through various mediums, and each requires an understanding of digital marketing considerations.

Digital marketing has never been as important as it is today. Businesses of all kinds and sizes, from technology giants to a local family restaurant, benefit from different types of digital marketing. Consumers rely on digital marketing to find, purchase, and consume many types of products and services. It is hard to imagine a product or service that could not be marketed digitally. Consumers digitally try on items such as clothes and glasses. They purchase groceries online. They are now even buying cars online for quick delivery—and can even return the car within 30 days if they don't like it and meet the return requirements.

Source: Lionel S. Vailshery, "Average Number of Connected Devices Residents Have Access to in U.S. Households in 2020, by Device," Statista, last modified January 22, 2021, <https://www.statista.com/statistics/1107206/average-number-of-connected-devices-us-house/>; "Carmax Home Delivery," Carmax, accessed January 2, 2022, <https://www.carmax.com/home-delivery>.

LO 1-1

Define digital marketing.

What Is Digital Marketing?

To understand digital marketing, we must start with the definition of marketing in general. According to the American Marketing Association (AMA), *marketing* is “the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large.”¹ It seeks to identify and meet both human and social needs. A common element of many definitions of marketing is **value**. One definition of value is that which a consumer receives for what the consumer pays or provides.²

Digital marketing is an aspect of marketing that can be done in conjunction with or separately from traditional marketing, defined as that which is *not* conducted digitally. We’ll define **digital marketing** as marketing offerings of value to consumers and society through digital means. The AMA refers to digital marketing as “the use of digital or social channels to promote a brand or reach consumers.” In this context, a **brand** may be a “name, term, design, symbol,” or other aspect that identifies one organization’s product or service and distinguishes it from that of another.³

What is important about digital marketing is that it is always a changing, dynamic process.⁴ The true challenge is providing value within a fixed budget. As you will see in this chapter, the many types of digital marketing are a major driving force behind many organizations’ marketing and can have substantial reach.

LO 1-2

Summarize the evolution and the environment of digital marketing.

Evolution and Environment of Digital Marketing

While the terms *World Wide Web* (www), also known as the *web*, and *Internet* are used interchangeably, they do not mean the same thing.⁵ The **Internet** includes the web, in a global network that permits users to communicate, share, and obtain information from anywhere the Internet is accessible.⁶ The **World Wide Web** is a part of the Internet and includes various connected documents.⁷

The Evolution of Digital Marketing

Sir Tim Berners-Lee, widely known as the inventor of the web in 1989, likely had no idea the extent to which the web would be used for digital marketing or the impact it would have on consumers’ lives.⁸ By the 1990s, early forms of digital marketing were already seen on the web. Exhibit 1-1 show the evolution of digital marketing. Actually, email marketing is an example of digital marketing that originated back in the late 1970s and so predated the web.⁹

The development of the web in the 1990s started with Web 1.0, otherwise known as the “read-only web.”¹⁰ Over time the web evolved, moving into the current Web 4.0, and the next generation, Web 5.0, is now anticipated. Various types of digital marketing shown in Exhibit 1-1 were used throughout the evolution of the web. In Web 1.0, websites became popular and soon were used for marketing even in their most basic form. Advertising in the

Exhibit 1-1**Evolution of Digital Marketing**

form of banner ads on websites was prevalent and involved a display of an ad within websites and by digital means. Mobile phones also started to gain popularity.¹¹

This era was followed by Web 2.0 in the years 2000–2009, during which social media and interaction became widespread and the average consumer participated in adding content to the web through *user-generated content* (UGC).¹² This was also when the individual consumer's voice was heard through online channels such as MySpace, Facebook, forums, and blogs. As mobile phones continued to gain popularity and became capable of doing much more than earlier versions, mobile apps and mobile marketing expanded the ability to market to users of these devices.

Web 3.0, otherwise known as the “semantic web,” involved a “web of data” and was dominant in 2010–2019. Advertising based on a consumer's online behavior and activity became important in this phase, as did human–machine interaction, as computers became more useful and performed some tasks based on data. Currently, Web 4.0, also known as the “symbiotic web,” involves “intelligent interactions” between people and machines.¹³

Eventually we will enter Web 5.0, described by some as “sensory and emotive,” which will take the web to a new level.¹⁴ What shape this may take is yet to be seen. Existing, emerging, and futuristic technologies all affect digital marketing in many ways. In particular, marketing to smart devices results in *smart-environment marketing*, which is changing the way marketing is done. Yet, the oldest forms of digital marketing are still being used as futuristic ones are always being contemplated.

Digital marketing is affected by forces in both the macro- and the micro-environments, as described next.

Digital Marketing Macro-Environment

The **macro-environment** is a broad set of the forces generally not under the control of the marketer.¹⁵ Francis J. Aguilar has been credited with describing these forces in his famous ETPS analysis. Sometimes known as PEST analysis, it details Political, Economic, Social, and Technical influences.¹⁶ A commonly used variation is the PESTEL analysis, which incorporates the two additional factors of Environmental and Legal. The PESTEL forces that affect digital marketing are discussed below.

Political Political factors, including policies relating to foreign trade, may affect digital marketing. Digital marketers must bear in mind import and export costs and shipping considerations relating to specific countries. E-commerce websites that serve international audiences especially need to consider such particularities. When countries or regions experience political instability, digital marketers may be compelled to reconsider their strategies. In some countries, government policies toward digital platforms may also affect whether a digital marketer may use these successfully in those countries, if at all.

Economic Digital marketing can serve to boost economic development; some even say that social media fuels the economy.¹⁷ The economic status of certain countries, or across regions or states within countries, may affect which countries or regions should be targeted in the digital marketing strategy.

Disposable income of consumers is very relevant, because digital marketing helps to fulfill everyday needs as well as wants of consumers. High unemployment may result in the need to assess what consumers most value. Organizations must carefully measure fluctuations in demand and supply.

Social Differences in social attitudes toward digital marketing across regions must also be considered. For example, it is a social norm in many regions to make purchases through

digital channels such as smart devices, where available. Lifestyle choices and social trends can also compel digital marketers to be creative in their approaches.

Consumers decide what they consider to be socially acceptable, and digital marketers must cater to their target market's understanding and avoid communicating in ways that may offend those understandings.¹⁸ Some brands that directly take on social issues may get a positive response from consumers, although such strategy can also backfire.¹⁹ Cultural considerations are key when presenting digital marketing to wide audiences. It may not be the case that a single communication will be appropriate in an international setting.

Digital consumer behavior within a society will be discussed in Chapter 3. Digital marketing ethics will be considered in content boxes in various chapters, and in more detail in Chapter 11.

Technical Technology plays a huge role in the field of digital marketing. Existing, emerging, and futuristic technologies allow digital marketers to provide exceptional personalized and convenient experiences to consumers in ways that would never have been expected just a few years ago. As smart environments become more advanced, digital marketing is likely to play an increasing role.

Technologies will be discussed throughout the chapters as relevant to each type of digital marketing, and the future of digital marketing will be discussed in depth in Chapter 12.

Environmental Organizations are finding ways to promote environmental factors and be sustainable. Digital marketing can help reduce paper waste, as much activity is conducted via the Internet.²⁰ Amazon, for example, is working to reduce carbon emissions, aiming for all of its power usage to be from “100% renewable energy” and other initiatives by 2024.²¹

However, organizations providing services through the latest technologies and those providing the most up-to-date devices must also consider *digital waste* (or *e-waste*) from the perspective of older devices and electronics.²² Additionally, because much data is stored in the cloud, it is important to consider *cloud recycling*, which involves recycling equipment used in cloud data centers as organizations upgrade such equipment.²³

Legal Digital marketers must be aware of a number of legal considerations. Laws and regulations concerning privacy and cybersecurity are on the rise. Digital marketers must adhere to various requirements set out in these laws, such as the California Consumer Privacy Act (CCPA) and the General Data Protection Regulation (GDPR) in the EU. Also, digital marketing must adhere to advertising rules under the Federal Trade Commission Act and enforced by the *Federal Trade Commission (FTC)*, including prohibitions against “unfair and deceptive practices.”²⁴

Some products and advertising that may be legal in one country may not be legal in another. Digital marketers must also respect intellectual property laws of the legal jurisdictions in which they operate or market. Digital contracts must consider the legal rules of the places where digital marketing is being conducted depending on local rules.

Digital marketing legal considerations will be discussed in occasional content boxes in various chapters and in depth in Chapter 11.

Digital Marketing Micro-Environment

The **micro-environment** of digital marketing includes specific factors over which the organization may have some control.²⁵ The micro-environment consists of the organization itself,

its suppliers, digital marketing intermediaries, competitors, publics, and its customers.²⁶ Organizations may need to adjust their digital marketing strategies based on the state of or changes in these environments.

Organization The organization itself is the key component of the micro-environment; it must be well suited to engage in digital marketing and have a well-defined strategic plan backed by top management. It must be able and willing to engage in certain risks and adapt its strategy to changing circumstances. Hiring marketing employees and leadership who are well versed in digital marketing can have a profound impact on the success of an organization. Organizations that draw talent and input from across functional areas to consider optimal digital marketing strategies often flourish.

Suppliers *Suppliers* are those individuals or organizations that offer inputs, goods, or services that the organization needs to manufacture or provide an end product or service to consumers. Managing supplier relationships, expectations, and negotiation enables an organization to be valuable to consumers. Walmart's ability to purchase in large volumes, for example, allows it to negotiate low prices with its suppliers as well as share data with suppliers to help with inventory management.²⁷

Intermediaries Digital marketing **intermediaries** are those individuals, organizations, online services, and platforms that assist in the marketing of products and services of one or more organizations.²⁸ Online retailers, search engines, social media platforms, portals, mobile app stores, online lists, aggregators, networks, coupon sites, and many others may be intermediaries.²⁹ These intermediaries can be crucial to digital marketers, and carefully selecting appropriate ones should be a part of ongoing strategic planning.

Competitors The competitive landscape in a digital context can be substantial. The Internet has opened doors to global competitors that may show up in search engine result pages (SERPs). Finding ways to sustain a *competitive advantage*—the “superior position” an organization has over its competitors because of the value it provides—is challenging. It is important to regularly check the digital platforms that competitors are using and even learn from their digital marketing activity, including what their customers are saying.³⁰ Digital marketers may employ various competitive strategies to sustain such advantage, which will be discussed in Chapter 3.

Publics *Publics* include individuals or groups who have a stake in or influence on the ability of an organization to attain its goals and purpose. Consumer groups can be a vocal public against organizations that do not meet their understanding of products and services or the digital marketing of these. Government publics such as the FTC regulate advertising and may pursue action against organizations that violate relevant rules. The media may help boost or hinder an organization through media reports of its activities, products, or services.

Customers Understanding customers is paramount in digital marketing. Organizations must not only provide value consistently but also deliver excellent customer experiences. Some customers who face negative experiences are not shy to display their dissatisfaction through digital channels; they may provide negative reviews that can hurt sales and the image of an organization. Managing relationships with customers is crucial in digital marketing. These matters are considered in Chapter 3.

LO 1-3

List the major types of digital marketing.

Types of Digital Marketing

The options for conducting digital marketing are many, and Exhibit 1-2 shows various types of digital marketing. This section introduces the types of digital marketing. Each type is also discussed in depth, along with key strategies, in the various chapters that follow.

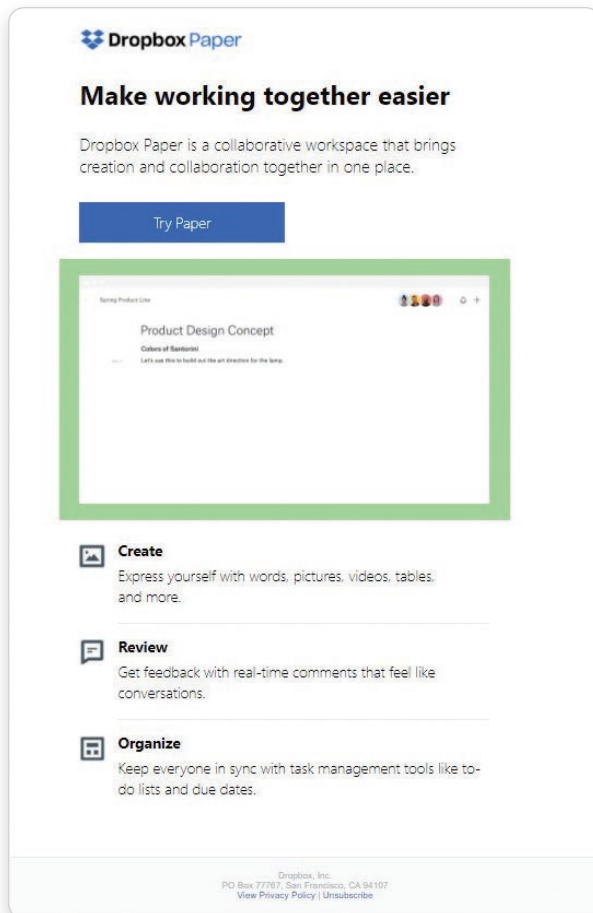
Email Marketing

Many consumers use email for communication purposes. As a tool, **email marketing** can be very effective. It involves sending carefully crafted emails to pertinent audiences; it may include promotions, new products, newsletters, or messages intended to keep a regular connection with customers. Best Buy may send emails to consumers when they sign up for promotional or informational services. It may send a promotion related to a purchase or an offer for accessories for a recently bought item.

An email subject line will likely play a key role in determining whether the consumer will open a marketing email. Whether the email will be read will depend on various factors, including strategies used in email marketing. For example, Dropbox sent an email using the subject line *Dropbox and Paper, together*. It used email marketing to promote a specific service consumers may not have been aware of. Its email clearly indicated the value of the service, *Make working together easier*, while describing what the service is. It also showed an example while succinctly outlining key benefits. A conspicuously placed

Email from Dropbox, Inc.
June 2021

Dropbox, Inc.



button appears for consumers to *Try Paper*. Such a strategy is known as a **call-to-action (CTA)**, an item that promotes a desired action. Email marketing is discussed in detail in Chapter 7.

Website Marketing

Websites can serve as channels for direct online marketing as well as a basis from which consumers may assess the company and its brand. **Website marketing** is marketing done through one or more websites. Even if no direct sales are being conducted on a website, it is important to have a web presence. Other websites and digital sources may link to an organization's website, and a key goal may be to drive traffic to the site. Websites may be viewed on a desktop, mobile device, or other devices, and it is important to consider how the website looks on each.

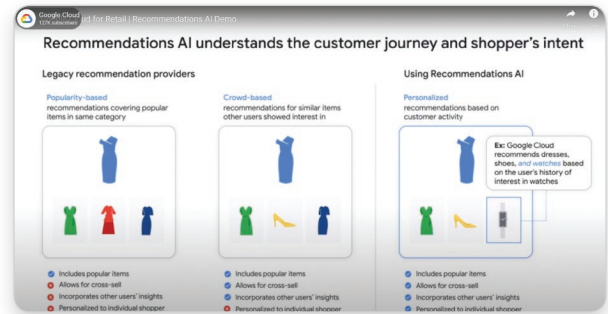
Some websites use *artificial intelligence (AI)*, which is the ability of a computer to mimic intelligent human behavior.³¹ An *AI chatbot* is a conversational software using AI, which may respond to and resolve an issue without human interaction. Where necessary, the AI chatbot may refer the customer to a live customer service representative to handle the issue. Walmart.com has gained substantial growth as an e-commerce website; it incorporates various design and content considerations and uses AI in several ways, including to suggest substitution grocery products to consumers when an item is not available.³² Google Cloud offers a



Exhibit 1-2

Types of Digital Marketing

service to help personalize consumers’ website shopping experience. Using Recommendations AI, recommendations will be made to the consumer based on their past activity rather than based on popular recommendations from the same or similar categories, or based on what others were interested in. For example, AI can learn about a consumer’s activity and make recommendations based on what it has learned. In the example shown, it will recommend watches based on the consumer’s past interest in watches.³³ Website marketing is detailed in Chapter 4.



Google Cloud Recommendations AI helps personalize experiences
Google LLC

Search Engine Optimization and Search Engine Marketing

Many consumers regularly use search engines such as Google, Yahoo!, and Bing to find information, products, and services. **Search engine optimization (SEO)** involves improving a website to optimize its use by search engines, which often prefer websites that have relevant content and that are secure and accessible. A key benefit of SEO includes ranking highly on **search engine results pages (SERPs)**, the pages that display ads, weblinks, and other materials based on a search input into a search engine.

Organizations generally do not directly pay for SEO, but they do pay for **search engine marketing (SEM)**. It involves bidding on **keywords** or **keyphrases**, the terms consumers use to search within search engines. Within their search engine account, an organization may