Digital Marketing Fundamentals

From Strategy to ROI

Marjolein Visser, Berend Sikkenga & Mike Berry

1st edition

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Preface

In 2010, when Marjolein Visser and Berend Sikkenga first asked each other whether it wasn't time to write a book about digital marketing that covered the whole marketing process, we could not foresee that this adventure would be such a success. Since then, tens of thousands marketers have read the book and used the basic principles that we then formulated. And we did not anticipate that the success of our book would lead to this international (English language) edition in collaboration with Mike Berry. Mike is an expert in the field of digital marketing with extensive international experience and his valuable input opens the book up to a wider audience. We welcome Mike to the team.

The simple question for a book that covers digital marketing as a whole, has led to an intensive process thatwe have adopted over 8 years and 3 editions. How to create a book that is founded on the core principles of marketing, a solid scientific basis, but also shows the reader how to approach digital marketing in 'real-world' practice? We decided to ask leading specialists in aspects of online marketing to write the book with us. So far, some forty top professionals have contributed to the book. We have consistently followed a process in which for each subject the scientific findings are compared with the experiential knowledge of specialists. This leads to an up-to-date theoretical framework that is directly linked to methods and instruments that have proven their worth in practice. The scientific basis has been strengthened still further over the years. The result turns out to fit well in with the frame of reference of both marketing professionals and academics and lecturers. An even greater compliment is that students experience the book as helpful, easily readable and inspiring. They also appreciate the many examples.

We are very pleased with the contributions of all digital marketing specialists who have contributed to this publication. In addition we thank everyone who has provided us with examples and cases and of course the co-authors of the earlier editions. Without them this book would never have existed. We would like to specially place Tony Williams in the spotlight. It is great to have someone on the team who is not only an excellent translator, but also perfectly at home in the world of digital marketing. In the personal sphere we thank Maureen, Linde, Douwe and Jane: we are grateful for their understanding for all those hours that we spent behind our computer instead of with the people we love. Jasper and Maarten we thank for their supporting work. And, of course, a word of appreciation for our Publisher Bert Deen for his involvement and trust.

We hope to meet all readers soon in the groups for this Book:
- digitalmarketing.noordhoff.nl: the official website including test questions, trainer concepts and PowerPoints
- LinkedIn Lecturers Digital Marketing Fundamentals (linkedin.com/groups/13568788/): for tips, current events, research results and discussion
- Digital Marketing Fundamentals on Facebook (www.facebook.com/groups/digital.marketing.fundamentals.book): for recent examples, new insights and information exchange
- Pinterest: for each chapter there is a folder with infographics, statistics and videos (www.pinterest.com/Marjolein Visser)

For educators there is a special Dropbox folder available with additional study material. You can ask access via LinkedIn or Marjolein Visser: info@market-wise.nl.

Marjolein Visser, Berend Sikkenga and Mike Berry

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Digital Marketing

Author: Marjolein Visser

Over the past decades the framework of marketing has changed dramatically. Internet use has become part of the daily routine for most people. It has radically transformed the behaviour of consumers and business buyers. Knowledge of online consumer behaviour and Digital Marketing are vital to marketers. The modern marketer not only needs to know how Digital Marketing communication works; but also how he or she can make use of the Internet for the purpose of product realisation, market research or distribution. This first chapter will explain what Digital Marketing involves and which basic principles are adhered to in this book. The following chapters will describe the involvement of Digital Marketing within all of the other marketing related business processes. The last chapters of this book describe overarching subjects such as effective websites, digital/web analytics and the planning and organisation of the Digital Marketing process.

After reading this chapter you will be able to:
- explain what Digital Marketing involves
- identify the differences between traditional marketing and Digital Marketing
- name and recognise 'the seven types of websites'
- denote the relationship between the four Ps and the four Cs
- describe the five Digital Marketing-related core business processes

1.1 Definition of Digital Marketing

Kotler and Armstrong (2013) define marketing as follows: 'Marketing is the process by which companies create value for customers and build strong customer relationships in order to capture value from customers in return.' Peter Drucker (1973), a famous management guru, defined the purpose of marketing as follows: 'The aim of marketing is to know and understand the customer so well that the product or service fits him and sells itself'.

According to Kotler, marketing is an integrated process that companies use to create value for customers and to build strong customer relationships in return for a reciprocation of value from their customers. In many instances, products or services are traded for money, but alternative exchanges are also possible. For example, political parties that trade ideological representation of interests for votes or brands that trade interesting/ valuable content for the user's time and attention.

The Internet plays an ever-increasing role within the marketing process. Digital Marketing is a sub-process of marketing. Therefore, we can define Digital Marketing as a process in which organisations and existing or potential customers use the Internet to create value and products as well as interchange them. In this respect we do not discriminate between the various ways that the Internet is accessed and the device on which the Internet is viewed. Whether a computer or a smartphone is used is of importance to the applied technological methods, but not to the marketing principles. Internet marketing, online marketing and e-marketing are all synonyms for Digital Marketing. In this book, we will use 'Digital Marketing'.

Ecommerce

One frequently asked question remains: what is the difference between Digital Marketing, ecommerce and ebusiness? ecommerce refers to selling products or services over the Internet. Customers can complete transactions or submit changes using a website. This book considers ecommerce to be one of the possible options within Digital Marketing. Many organisations do approach their customers over the Internet, but don't sell their products online. In this case it is a question of Digital Marketing communication, an element of Digital Marketing, but not of ecommerce.

Ebusiness

The authors of this book see ebusiness as a way of doing business with the assistance of digital technologies. Ebusiness is a wider concept than Digital Marketing and ecommerce. In ebusiness it's not only about the interaction with markets, but about adequately establishing all of the processes that enable an organisation to make their products or provide their services. It's about the front and the back of the organisation, the parts the customer does not come into contact with (see figure 1.1). Ecommerce is simply defined as 'selling and buying online'.

FIGURE 1.1 Ebusiness encompasses digital processes throughout the entire organisation and is more inclusive than Digital Marketing
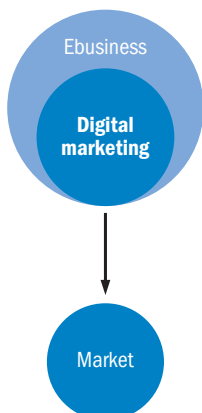
1.2 Digital Marketing versus traditional marketing

Digital Marketing is becoming increasingly important. According to research conducted by consultancy firm Deloitte, marketing managers expect to spend two thirds of their media budget online by 2020 (Deloitte, 2017).

As a result of the growing number of possibilities regarding digitalisation and interactivity that the Internet facilitates, a number of marketers' dreams have become reality. When used wisely, the Internet makes marketing more effective: marketing objectives can be met with less effort. Consider the following possibilities:

- Thanks to the Internet, the customer's demands for information are more easily and simply met.
- The Internet allows for the provision of tailor-made information.
- The Internet offers the possibility of gathering large quantities of data about potential customers.
- The effects of marketing communications on the Internet can (in most cases) be easily measured
- A high level of interactivity with customers is possible.

Also, Digital Marketing can be more efficient than traditional marketing. For example:

- It is possible to share large quantities of information with potential customers at low cost.
- The marketing budget can be more purposefully assigned due to the fact that the effects of marketing communications are (in general) more easily measurable.

The Internet has accelerated the transition from mass marketing to one-to-one marketing or individual marketing. The aim of individual marketing is to fully tailor products or marketing efforts to the individual customer. **One-to-one marketing**

Individual

Because the Internet allows for the customer's individual data to be saved, communications has become increasingly 'personalised'. The profile of the individual customer is recognised; thus, they receive a 'personalised offer', an individual proposition. That way a travel agency can offer a customer, who is recognised in their database as someone who likes to take his/her children to a theme park, a last-minute deal for Disneyland Paris. Simultaneously, an older couple that enjoy walking are offered a peaceful holiday in the Austrian Alps. **Individual proposition**

The Internet makes individualised production easier. On the Internet, you can design T-shirts or greetings cards with a personalised image on them, You can even design your own brooch and have it printed in 3D. Digitised services mean users can seek advice or information at any time: even in the middle of the night you can ask your bank for a statement or pay a bill; the Internet and world wide web are 'always-on' 24/7. Individualised distribution of ordered goods or services is relatively cheap and often highly effective via the Internet. When you book a flight online for instance, you can either print your ticket yourself or access it on your smartphone via the airline's own app. A package from Amazon.com is delivered to your doorstep the following day; you don't have to go to the store for it; moreover, you get helpful messages regarding the status of your order. **Individualised production**

The website is at the centre of Digital Marketing. Websites can be classified as follows:

Corporate sites

- *Corporate sites* are aimed at supporting interaction between the organisation and the various stakeholders, like customers, employees, press and shareholders.

Ecommerce sites

Selling sites

- *Ecommerce sites* are online stores or selling sites where products can be viewed and ordered; famous examples are Amazon.com, eBay and Taobao (Alibaba). Ecommerce sites can also be procurement sites of a company or sector, where the purpose is seeking/accepting offers, ie buying, not selling.

Communication sites

- *Communication sites* inform their visitors more about the products or services of the supplier. Besides product descriptions these sites also include functional elements such as lists of stores where the product can be purchased (or 'store finder' tools) and user manuals. An example of this type of site is https://www.apple.com/uk/iphone-x/.

Lead generation sites

- In some cases (especially for Business-to-Business ie B2B marketing) this type of website has the specific purpose of reaching out to potential customers. These are called *lead generation sites*.

Branding sites

- *Branding sites* have the aim to improve brand knowledge and brand perception. These sites are usually very interactive and contain recreational elements such as forums or games intended to make the visitor come back more often. For example, Heineken.com.

Service sites

- *Service sites* not only provide information but are also involved in the production process of the organisation. For instance; online banking, and online newspapers. In these cases the content and functionality is the product.

Portals

- *Portals* present an overview of websites for specific target groups or for particular subjects. In web history, brands like AOL, Yahoo! and msn were early examples.

Content sites

- *Content sites* or publishing sites provide their visitors with information. This could be news, but also other kinds of information that would be interesting for a specific target group or in a specific situation, eg reviews. Consider sites such as huffingtonpost.com or tripadvisor.com

5S-model Chaffey

In his 5S-model Chaffey (2015) states five objectives for Digital Marketing communications activity:

- Sell; increasing sales by accessing new markets or by developing new (online) products.
- Speak; initiatives for better communications with (potential) customers.
- Serve; improving customer service.
- Save; cost reduction through the use of digital media.
- Sizzle; initiatives to support the brand.

1.3 Digital Marketing and the Marketing Mix

Marketing Mix

The 'Marketing Mix' is one of the most frequently used concepts from marketing theory. Originally it represents a sort of formula for marketing activities. The idea is that the marketer should be a kind of chef, mixing the four elements together in order to achieve an offer that caters optimally to the taste of the target audience; a product that aligns with their needs and desires, a price they are willing to pay for that product, a place where they can buy or reserve the product and promotion to stimulate the sales of the

product. Another analogy is that of the marketer as the 'conductor of the orchestra', bringing in each instrument at the appropriate time and at the appropriate volume. Later, the Marketing Mix's element 'place' gained a broader definition. It's not only about the question of where the customer can buy the product (distribution), but also about the answer to the question of how the product will eventually end up in the consumer's hands.

Today, almost every organisation uses the Internet for customer communications. This could simply be a way of providing information (replacing traditional brochures), but also advertising (online display advertising for example) or sales. The Internet can contribute towards each of the marketing instruments: product, place, price and promotion (the four Ps). **Four Ps**
Examples of websites as a **product** are auction sites (eg eBay) and dating sites (eg Tinder, Grindr). Websites as distribution channels (**place**) are those of for example music publishers or publishers of scientific publications. After payment you can download the desired song or article. Airlines are a good example of how the Internet can be deployed as part of the marketing instrument '**price**'.

It is remarkable how the different marketing instruments seem to merge on the Internet and particularly in the case of information-based service businesses and publishers. Banks are a clear example of this: online banking is undeniably part of the production process, but it also replaces the physical bank branch as a distribution channel. Simultaneously the website functions as promotional channel for the various financial products that the bank wants to bring to the attention of their customers.

The four Ps are often denounced as not being viewed from the purchaser's perspective. For this reason, Robert Lauterborn introduced the four Cs model. He states that marketing has developed from a technique for organisations to sell a product (P) into a philosophy to endear themselves to their customers and encourage commitment. The old Ps are predominantly suitable for a manufacturer, the modern Cs are a better fit for a more customer-orientated organisation that view themselves through the eyes of their customers (Lauterborn, 1990).
Therefore, Lauterborn transforms the 4P-model into the 4C-model (see **4C-model** table 1.1).

TABLE 1.1 From 4P-model to 4C-model

Four Ps	Four Cs
Product	*Customer solution*: solving the consumer's problem
Price	*Cost to the customer*: price/quality ratio
Place	*Convenience*: accommodating the customer
Promotion	*Communication*: reciprocal communication between an organisation and its customers

Dev and Schultz followed up on this model by translating it into the SIVA-model **S**olution, **I**nformation, **V**alue, **A**ccess (Dev & Schultz, 2005). **SIVA-model** Both the 4C- and the SIVA-model fit in with the interactivity and customer focus that characterises Internet marketing, but they turned out to be less

suitable for the structure of this book. After weighing the pros and cons of each of the established models, the format that was chosen was one that matches the core processes related to marketing as described in Philip Kotler's recent books. This way the relationship to general marketing theory is retained.

1.4 Digital Marketing in relation to business processes

The five core processes of a business's marketing are (Kotler & Keller, 2014):

Market sensing process

1 The market sensing process: the process that keeps organisations up-to-date with the market's needs, developments and trends.

Product realisation process

2 The product realisation process: researching and developing new core products and services, extending the market supply and the launch of the product.

Customer acquisition process

3 The customer acquisition process: defining target markets and acquiring new customers.

Order fulfilment process

4 The order fulfilment process: receiving and approving orders, shipping the ordered goods on time and collecting payments. (literally: delivering on your promises).

Customer relationship management

5 The customer relationship management process (CRM): building a deeper understanding, a better relationship and a better offer for individual customers.

Among other things, online market sensing consists of actively following and analysing the website's own visitor behaviour, gathering information from social media and online market research (see Chapter 3). One of online market research's biggest advantages is that results can be quickly collected and immediately accessed.

User generated content (UGC)

Crowdsourcing

With the realisation of a new product, activity concepts such as 'user generated content (UGC)' (Chapter 2) and crowdsourcing (Chapter 4) come into play. Users lay the foundation for new products and product improvements by reviewing products and answering the questions of other users. Crowdsourcing organisations actively encourage the Internet community to get involved and come up with new ideas for products.

Digital/web analytics

Market sensing and digital/web analytics (Chapter 12) play a big part in forecasting how successful new products will be. Immediate feedback from users leads to a more rapid process of quality improvement and product innovation.

Digital Marketing communication

Digital Marketing communication (Chapters 5 to 8) provides a way of generating new customers. Online sales and pricing are important aspects for this. One great advantage that the Internet provides is that the results can be easily measured, which allows quick changes to be made if necessary. This way the organisation can also calculate exactly what the most and least profitable communication activities are.

Order handling is done quickly and efficiently when the website is combined with an effective and efficient payment and distribution system

(see Chapter 9). The advantage of using the Internet is that there is minimal time between order, payment and approval of the order ('real-time' transactions). The payment process is therefore more efficient and customer-friendly than in the 'offline' world. If the product is digital, it is even more effective: it can be delivered to the customer immediately after payment: the organisation sends a confirmation email or gives the customer access to a download on a website.

Customer relationship management (CRM) uses a variety of channels such as social media, newsletters, web personalization and email (Chapter 10). In this way, organisations stimulate customer loyalty, allowing them to provide a more personalised service, to make individual offers and to generate higher earnings from existing customers. The main focus is to build customer loyalty. Because data from these customers can be directly included in the database, the results of these efforts are easily measurable, and the time needed to act on customers' activities can be minimised.

Market sensing does not only occur when a product is brought to market, but during all business processes. Using digital/web analytics, valuable information about the target market's behaviour is gathered permanently. Based on that information the processes are being optimised and improvements are made to the range of products/services on offer to the customer. Digital Marketing is a continuous cycle (see figure 1.2).

FIGURE 1.2 Digital Marketing is a continuous cycle
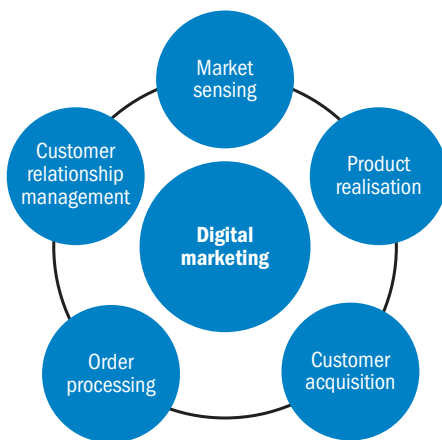
1.5 Development of Digital Marketing

In recent years Digital Marketing has advanced rapidly. We can divide this development into three broad phases: the mass media phase, the Internet phase and the social media phase. Figure 1.3 displays the development of marketing, brands and the role of the various forms of media. In short, figure 1.3 explains that brands and consumers are growing closer together.

FIGURE 1.3 The development of marketing, brands and media
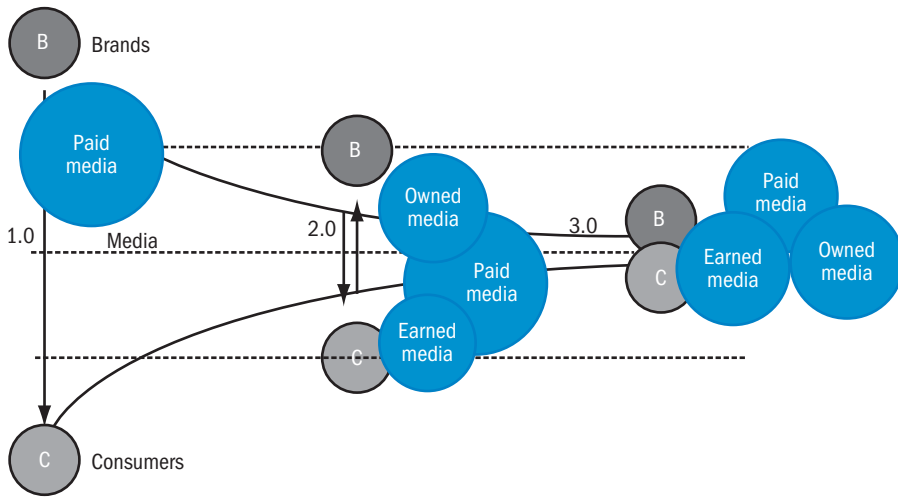
Source: Marco Derksen/Upstream, edited by DVJ Insights, 2011

In figure 1.3 you also see the concepts bought (= paid), owned and earned media. These are collective concepts for types of media:

Paid media

1 Paid media: these are types of media that marketers can buy to create brand awareness (consider online advertising, radio, television and print).

Owned media

2 Owned media: these are types of media that are readily available to marketers themselves and in which they can autonomously decide on the content (for instance websites, apps, email newsletters etc).

Earned media

3 Earned media: these are all types of media that a brand 'earns' thanks to customers or journalists, or bloggers writing about your brand, on social media for instance, or because other organisations refer to your brand on their website.

Mass media phase

Push

During the first period (the mass media phase) the gap between 'brands' and consumer was the largest; it was mainly the marketer who sent out messages to the consumer, who received them. This is also called 'push'.

Internet phase

In the second marketing phase (the Internet phase) there was more interactivity between marketers and consumers and a dialogue started between them. In the last (most recent, current) phase, the social media phase, it goes without saying that consumers are now influencing the brand and therefore are indispensable. Not only is there dialogue, but also a reciprocal influence. In this case there is no 'push' anymore, but 'pull'. The consumer has a say in what the brand entails and the marketer observes the consumer's perception of the brand and will be supportive of this. (You can read more about this in Chapter 4).

Social media phase

Pull

1.6 The outline of this book

Chapter 2 covers the strategic aspects of Digital Marketing. The main focus in this chapter will be on determining the relationship between the business model and the online activities.
Chapter 3 discusses the market sensing process; online consumer behaviour, the use of the Internet in marketing and online market research.
In Chapter 4 you can read how Digital Marketing translates itself into the 'product realisation' process.
Chapter 5 covers the first part of the customer acquisition process; online branding.
Chapter 6 covers customer acquisition through owned and earned channels.
In Chapter 7 we will describe the customer acquisition process through paid channels, or in other words: online advertising (display and paid search).
Chapter 8 focuses on online sales and pricing
In Chapter 9 you can read which aspects play a part in the order handling process resulting from online sales of products and services.

FIGURE 1.4 The outline of this book

Chapter 10 deals with the customer relationship management (CRM) process.

By this point in the book, all of Kotler's core processes will have been reviewed. Chapters 11, 12 and 13 deal with umbrella topics: designing and building effective websites, digital/web analytics, planning and finally resourcing Digital Marketing within the organisation.

Figure 1.4 concisely displays the outline of the chapters.

This book is structured in the same order that many organisations use to make their marketing decisions. If you're not particularly familiar with marketing and management issues you may choose to read Chapters 3 to 10 first, before you start on Chapter 2. That way you will get a better understanding of the exact contents of the business model and its specific elements and, crucially, why the selection of a business model is so important to every organisation.

Questions and assignments

NOW CHECK YOUR UNDERSTANDING:

1.1   Compare the way that amazon.com sells books to how a bricks-and-mortar bookstore like Barnes & Noble does this.

    a What are the comparisons and differences in the way books are being sold?

    b Describe your idea of how each of the five marketing related processes (see figure 1.2) progress for amazon.com and for Barnes & Noble, the bookseller.

    c How would you characterise both organisations: as Digital Marketing organisations, as traditional marketing organisations or as a mixture of both? Support your answer with evidence.

1.2 **a** In 1.2 seven types of websites are discussed.
For each of the following websites, specify what category they belong to:
www.unilever.com
www.staples.com
www.independent.co.uk
web.wechat.com
www.apple.com
citymapper.com
www.airbnb.com

    b Pick one of the above suppliers and construct the Marketing Mix using the four Ps and the four Cs. What do you notice?

1.3

CASE

## Digital Marketing at Marriott
By Marjolein Visser

Marriott International uses as much modern technology as possible to respond to the wants and needs of the young, contemporary business traveller, or the so-called Millennial. One of these technologies is the popular mobile check-in and checkout functionality. Members of the loyalty programme, Marriott Rewards, receive a push notification on their smartphone saying that they can check-in after 4 pm. After that they automatically receive a notification as soon as their room is ready.

This kind of prior communication shows that the hotel is prepared for their arrival and creates anticipation of a warm welcome and an enjoyable stay. Their payment details are already saved in their member profile, allowing them to simply walk to the special check-in desk on arrival where their pre-programmed key card will be waiting for them. At the end of their stay guests receive a push notification that tells them mobile

checkout is available. If they so choose, the guests will be asked for an email address to send the invoice to, meaning they don't even have to stop at Reception on their way out. (And importantly, this means that Marriott can capture their current email address!).

Also, within the hotel, mobile communication is used to its full potential. Users of the Marriott-app can request a range of services, such as requesting extra towels and pillows or breakfast in bed.

'I am responsible for Marriott.com. My department basically shapes Marriott.com's sales funnel. My team deals with acquisition, conversion and aftersales. We do everything from mobile booking to mobile services. Self-service is a very important topic. In recent years the main focus was primarily on the mobile booking experience. That is quite simple because there are people whose flights have been changed and they have to adjust their hotel reservation. You want to be there for them when that happens. That's why our mobile revenues have increased year after year. But a travel experience encompasses much more than just the online booking.'
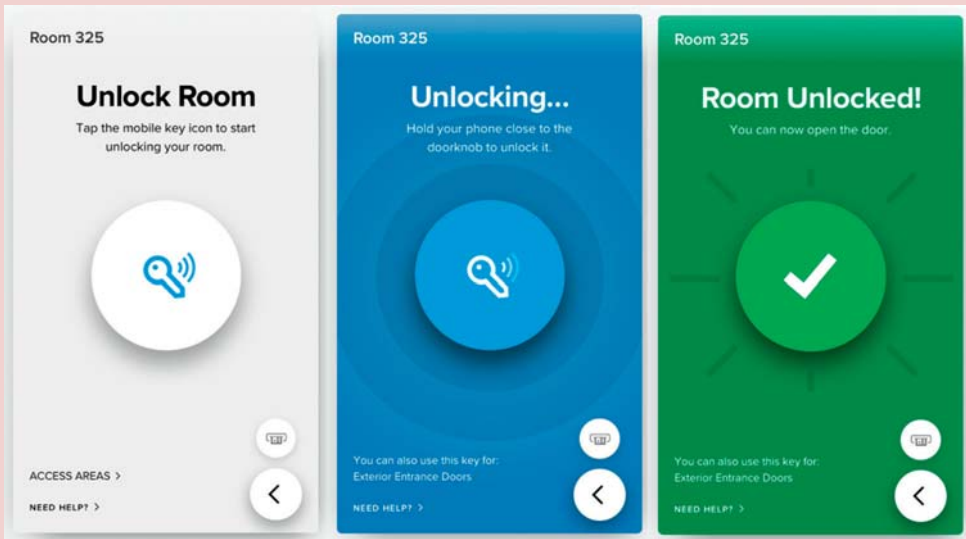
The Marriott app can even open your hotel room door

'The mobile experience and the personal interaction between guests and our hotel staff should not be viewed in isolation from one another. When this type of interaction is consistently provided, it changes the whole experience. Our statistics of mobile service requests currently indicate that 86% of the guests that use the functionality choose to chat directly with our hotel staff. That illustrates how much guests appreciate this personal interaction using their mobile devices. Almost nine out of ten guests gave a very high rating and a positive review. We continuously conduct user surveys and research in real-time and we monitor our own web data to identify improvement opportunities. Besides that we use multivariate tests to examine what works best and what it is we should discontinue. This way we can ensure an optimal customer experience.'

-George Corbin, Senior Vice-President Digital at Marriott International

Source: www.emarketer.com and http://computer.financialexpress.com

NOW CHECK YOUR UNDERSTANDING:

a There are seven different categories of websites. To what category does the website Marriott.com belong?
b Make an inventory of how Marriott International uses mobile communications for Digital Marketing. To help you with this, take a look at http://mobileapp. marriott.com/ (N.B. This works on a tablet, laptop or desktop with Windows 10)
c Paragraph 1.2 above explains how Digital Marketing can be more effective and efficient. Which of the seven advantages mentioned would also apply to mobile marketing as used by Marriott? Show evidence for each applicable advantage.
d As part of which of the four Cs does Marriott use mobile marketing?
e Within which of the five marketing-related processes does Marriott use mobile marketing? Give an example for each core process.