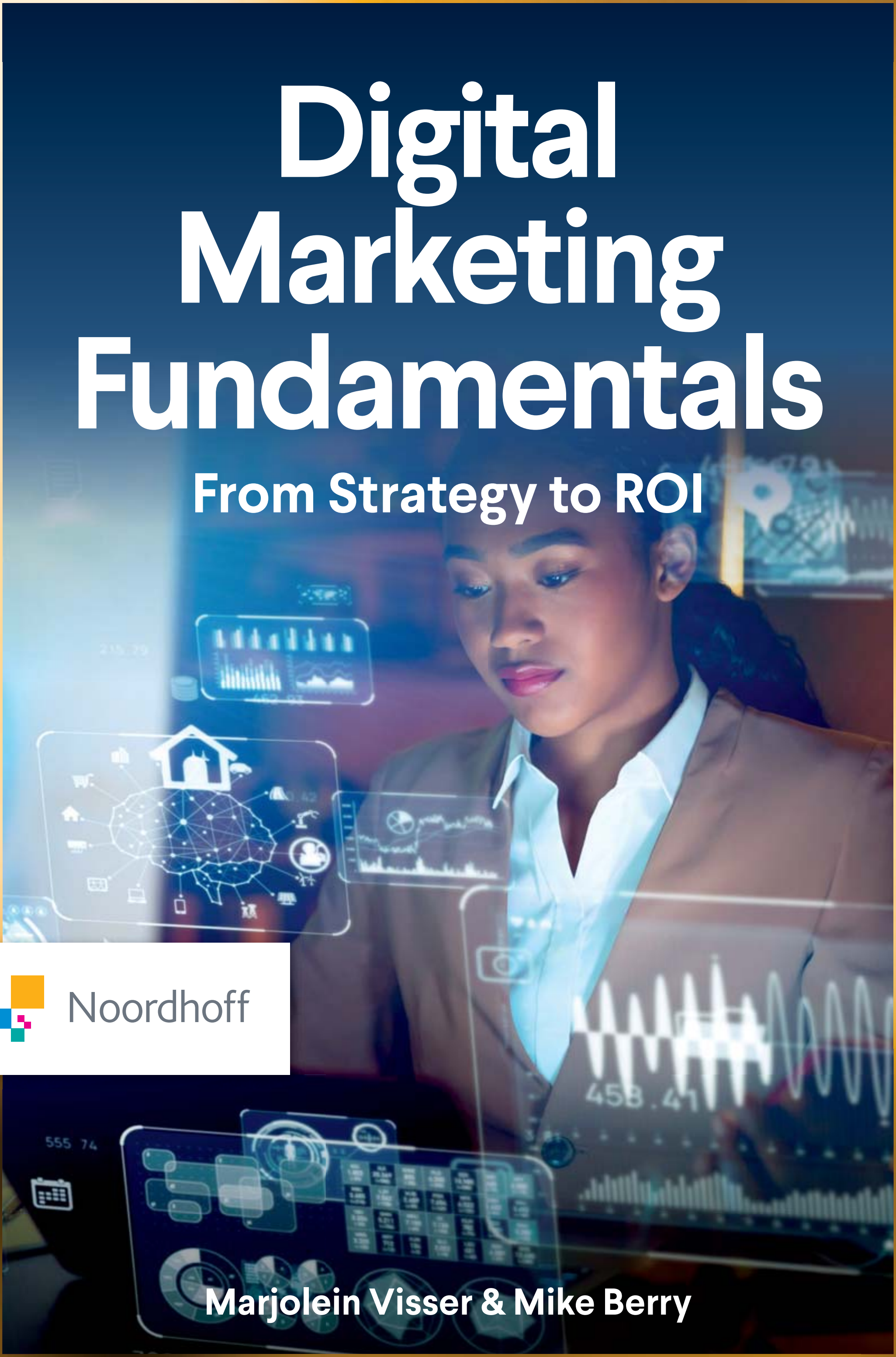
Digital Marketing Fundamentals

From Strategy to ROI



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Marjolein Visser & Mike Berry

3rd edition

Digital Marketing Fundamentals

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Mike Berry

Third Edition

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Preface

Welcome to the Third Edition of *Digital Marketing Fundamentals*. It is now six years since the First Edition of Digital Marketing Fundamentals was published, and twelve years since the original Dutch version of this book was launched.

Marjolein and I are delighted that these 'Fundamentals' books have found a permanent place in the curricula of providers of accredited marketing courses and in the business education programmes of universities across the world. Universities and business schools in Australia, New Zealand, Asia, Scandinavia, the Netherlands, the US and the UK have adopted *Digital Marketing Fundamentals* which won the PIM Marketing Literature Prize for 'Best Marketing Study Book'.

We wish to thank our highly-supportive publisher Bert Deen for his enormous dedication and patient encouragement. We thank our colleague Tony Williams – who has been involved with this project since the First Edition and who is an accurate and tireless translator, employing his highly practical knowledge of Digital Marketing, whilst working in both English and Dutch. Thanks too to Maarten Pot, Project Manager Marketing & IT, who has made many valuable suggestions and additions and also to our tireless and sharp-eyed Editorial Assistants who made many valuable improvements to the manuscript: Angel Buenviaje Dioneda, Yumi Liberman and Ervin Nur Dogus. As always, we thank our loving and highly tolerant families including Jane and Douwe for their support and understanding while we wrote this book.

Crucially, valuable contributions from over twenty expert Digital Marketers (see 'About the co-authors') ensure that contemporary best practice is firmly embedded in the approach and techniques in this book which could not exist without them. We also thank the Digital Marketing professionals and organisations (marketers, agencies, educators and consultants) who have provided us with current examples and cases.

As we write, Digital Marketing is evolving faster than ever. For this Third Edition, the book has been completely revised and many new examples and cases added. Marketers today must distinguish between 'fads' and 'trends'. In this edition, we include emerging technologies eg. artificial intelligence (AI) and Augmented and Virtual Reality (AR and VR), highlighting the opportunities they increasingly offer to marketers and the consequent (and ongoing) structural shifts in the marketing sector. We include recent research findings and practical examples throughout the book. As always, we emphasise the need to set quantified (Digital) Marketing objectives and to systematically measure return-on-investment (ROI).

We are grateful that numerous adopters of this book have provided suggestions for improvement. We welcome the many tips and ideas received from educators and learners from across the world – please keep them coming!

Please check out:

- digitalmarketing.noordhoff.nl: the official online learning environment
- www.basisboek-onlinemarketing.nl/digital-marketing-fundamentals-english.html for info on support for lecturers
- LinkedIn Lecturers Digital Marketing Fundamentals (linkedin.com/groups/13568788/): tips, current events, research results and discussion

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Enjoy your Digital Marketing and see you online!

Mike Berry and Marjolein Visser RM

Overview of the most important changes from the Second Edition

The focus in marketing is increasingly on creating value for the customer, organisation and other stakeholders. This Third Edition of *Digital Marketing Fundamentals* places more emphasis on this. The customer cycle has been chosen as the starting point. This has had major implications for the chapter layout, the theory covered throughout and for the questions and assignments. It is, therefore, difficult to use the different editions of the book alongside each other.

Chapter 1: Introduction
- Almost entirely rewritten
- Explains the principles of creating customer value
- Two basic models: the customer cycle and a renewed online marketing communication funnel
- Questions/assignments updated

Chapter 2: Digital transformation, strategy and business models
- Elements of the former Chapters 2 and 3 in a new order
- Content updated
- New concepts such as the metaverse, NFTs, smart contracts and production model
- Questions/assignments adapted

Chapter 3: Online customer behaviour
- Largely new
- Usage figures and insights from (academic) research updated
- New topics such as digital television, podcasts, streaming services and FOMO
- Questions/assignments adapted
- New case

Chapter 4: Understanding the customer
- New elements and parts of the former Chapters 3 and 12 in a new order
- Data-driven marketing is central
- New topics such as user research, on-page surveys, experiments and merging customer insights into customer personas
- Questions/assignments adapted
- New case

Chapter 5: Strengthening the brand
- Adapted to the new basic models and updated
- New concepts such as mapped moments and nano-influencers added
- Questions/assignments renewed

Chapter 6: Digital Marketing in the inspiration phase
- Elements of the former Chapters 6 and 7 in a new order
- Adapted to the new basic models and updated
- More attention to programmatic advertising
- Questions/assignments adapted
- New case

Chapter 7: Digital Marketing in the research phase
- Elements from the former Chapters 6, 7 and 12 rearranged
- Focus on brand and offer findability
- Describes search engine optimisation
- Adapted to new basic models, more concise and updated
- Questions/assignments adapted
- New case

Chapter 8: Digital Marketing in the evaluation and selection phase
- Merged old former Chapter 8 with elements of former Chapter 6
- Introduces the online marketing funnel
- Added topic of platforms
- Questions/assignments adapted

Chapter 9: Facilitating online purchases
- Adapted to new basic models and updated
- New concepts: quick commerce, dark stores, last mile hubs and customer success management
- Questions/assignments adapted
- New case

Chapter 10: Setting up digital/automated services
- Elements from Chapter 4 rearranged, updated and adapted to new models
- Focuses on organising the digital customer journey on the website or app after purchase
- Added topic of minimal lovable product
- Questions/assignments adapted
- New case

Chapter 11: Digital marketing througout the use cycle
- Former Chapter 10 rearranged, shortened, updated and adapted to new models
- Stronger focus on engagement value
- Added concepts like various forms of relevance, next best actions, offer and product, customer influencer value, customer referral value and customer knowledge value
- Questions/assignments adapted

Chapter 12: Designing effective websites and apps
- Former Chapter 11 shortened and adapted to new models
- Stronger focus on experience value
- Search engine optimisation moved to Chapter 7
- Added concepts: user journey map, UX journey map, intuitive use and card sorting method
- Questions/assignments adapted

Chapter 13: Digital analytics, testing and experimentation
- New elements and parts of former Chapter 12 rearranged
- Data-driven marketing is central
- Added concepts: analysis paralysis, actionable and vanity metrics, landing page, brand lift study, brand tracking, data-driven attribution model, PEACO circle, ranking and exit page
- Questions/assignments adapted

Chapter 14: Digital Marketing planning and organisation
- Former Chapter 13 updated and shortened
- Added concepts including DDoS throughout, defacing, information security, innovative sweet spot, responsible disclosure and T-shaped
- Questions/assignments adapted
- New case

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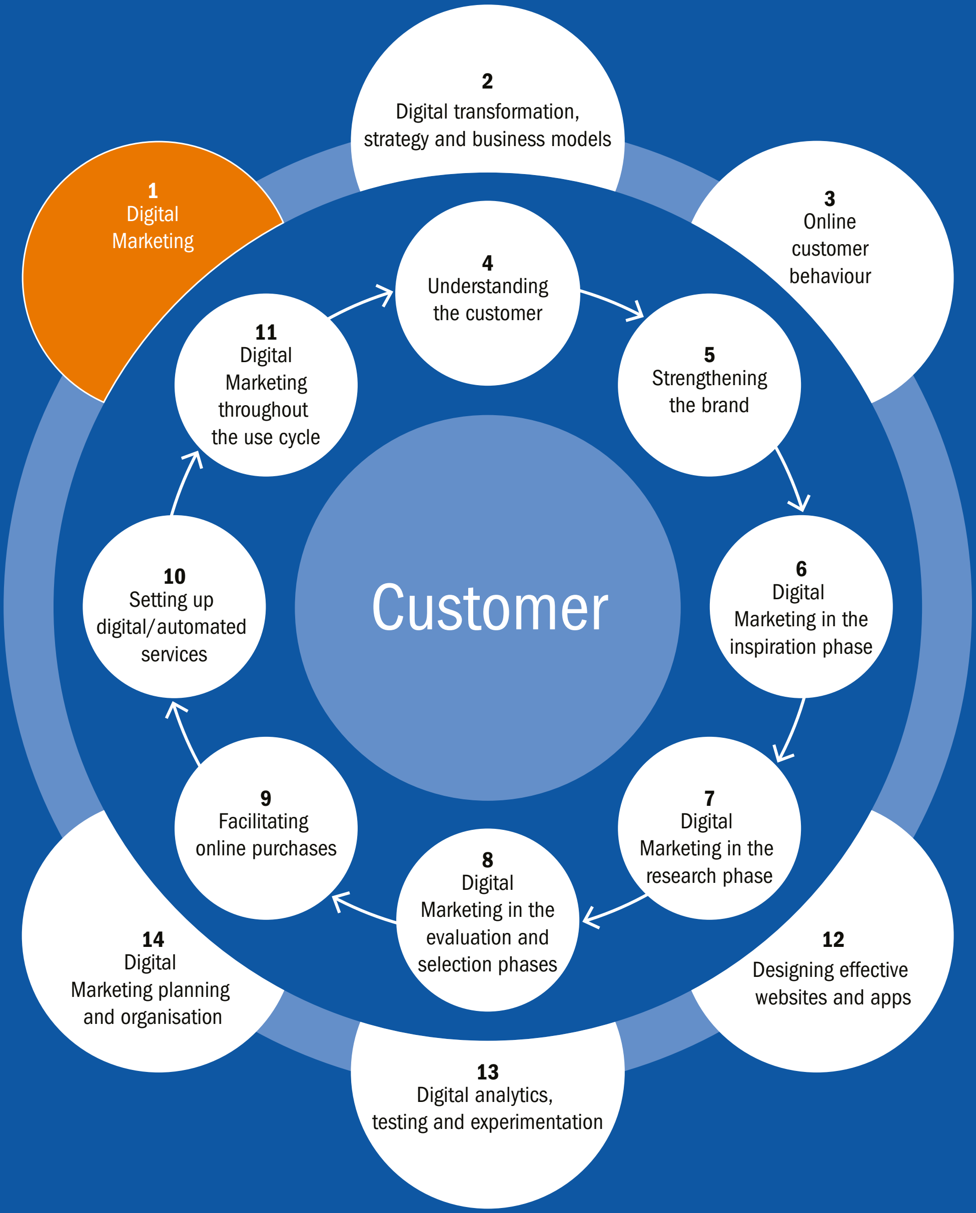
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1

Digital Marketing

Author: Marjolein Visser

Knowledge of online consumer behaviour and Digital Marketing is vital to marketers. This first chapter explains what Digital Marketing is and gives an introduction of the basic principles are covered in this book. The subsequent chapters will describe Digital Marketing and its place within the customer cycle and its role within the buy cycle and the use cycle. The final chapters of this book describe overarching subjects eg. designing effective websites and apps, testing and experimenting, and the organisation of the Digital Marketing process.

This chapter will cover:
- the definition of Digital Marketing
- how Digital Marketing plays a role in customer interaction
- development of Digital Marketing
- the three forms of customer value
- the Digital Marketing communications funnel
- Digital Marketing and the customer cycle

After reading this chapter you will be able to:
- explain what Digital Marketing involves.
- illustrate, using examples, how Digital Marketing plays a role in customer interaction.
- describe the phases in the development of Digital Marketing.
- explain, using examples, which forms of customer value are established by Digital Marketing.
- describe, using examples, the stages of the Digital Marketing communications funnel.
- describe how Digital Marketing fits within the customer cycle.

1.1 Definition of Digital Marketing

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 (Kotler et al., 2008). In many instances, goods or services are traded for money, but alternative exchanges are also possible, eg. the exchange of ideological representation of interests for votes by political parties or the exchange of interesting/valuable content for the user's time and attention by social media platforms.

Digital Marketing

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 exchange them. In this respect, we do not discriminate between the various ways in which the internet is accessed and the device on which the content on the internet is viewed. Whether a desktop computer, a smartphone or eg. the onboard computer of a car is used, is of importance to the applied technological methods, but not to the marketing principles.

Online

The term 'online' sometimes leads to misunderstandings. Online refers to a situation where there is a connection between computers. This can happen in various ways: through a computer, cable and modem; through a tablet and a wi-fi connection; or with a smartphone using mobile data or a wi-fi connection. We use the term 'online' to mean 'being connected to the internet'. Internet marketing, online marketing and e-marketing are all synonyms for Digital Marketing. Throughout the rest of this book, we will use 'Digital Marketing'.

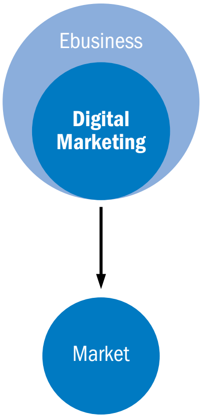
Ecommerce

One frequently asked question remains: what is the difference between Digital Marketing, ecommerce and ebusiness? Ecommerce refers specifically to selling products or services over the internet. Customers can complete transactions and make payments using a website. This book considers ecommerce to be one of the possibilities within Digital Marketing. Many organisations communicate with their customers via the internet, but don't actually sell their products online. In this case we are talking about Digital Marketing communications, an element of Digital Marketing, but not 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 also 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, including 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 key processes within Digital Marketing throughout the entire organisation and is more inclusive



1.2 How Digital Marketing plays a role in customer interaction

Internet-related techniques enable direct, real-time interaction with customers. Customer data is stored, allowing organisations to provide customised information. The effect of this customisation can be measured directly, which makes marketing more effective: marketing objectives can be met with less effort compared to an offline situation. New digital technologies, eg. artificial intelligence, have accelerated the transition from mass marketing to individual marketing. The aim of individual marketing is to fully tailor products and marketing or marketing efforts to the individual customer. Since organisations save a customer's personal data, the internet increasingly allows for 'personalisation'. The profile of an individual customer can be recognised; thus, they receive a 'personalised offer', an individual proposition. That way, a travel agency can offer a customer, who is identified 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 enjoys walking is offered a peaceful holiday in the Austrian Alps.

One-to-one marketing

Individual marketing

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. Via digitised services, users can seek advice or information at any time: even in the middle of the night you can pay a bill or ask your bank for a statement; the internet and World Wide Web (www) are 'always-on' and available 24/7. Individualised distribution of ordered goods or services is relatively cheap and often highly effective via the internet, eg. when you book a flight online, you can either print your ticket yourself or access it on your smartphone via the airline's own app. A parcel from Amazon.com is delivered to your doorstep the following day; you don't have to go to the shop for it. Moreover, you will receive helpful messages regarding the status of your order.

Individualised production

5Ss model Referencing PR Smith's 5Ss model, Chaffey (2019) lists five objectives for Digital Marketing communications activity:

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

The primary function of Smith's model is to highlight an organisation's online communications with its target audiences. This book offers a broader perspective. Digital Marketing plays an important role in creating a value proposition: how an organisation proposes to solve a problem for its customers.
A good value proposition consists of:

- products that offer solutions to the customer.
- a straightforward process for allowing those goods and services to be found, purchased and used by customers.
- convenient channels the customer can use to communicate with the organisation about those products and services.
- a price that, from the customer's point of view, matches (or is even less than) the value of the product/service.

For most organisations, online interaction is an indispensable part of their value proposition. Internet-related techniques are not only used for marketing communications and sales but can also be part of the product itself (consider eg. digital services, online banking and digital support during product use), used in the distribution of products and used in the determination of the price. Online channels also play an important role in **Market sensing** the market sensing process: the process that keeps organisations up to date with the market's needs, developments and trends.

When developing new products, online interaction with customers is a decisive factor for success: eg. data analysis plays a 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. Through product reviews and answers to questions from other users, this serves as the foundation for new products and product improvements. In addition, organisations actively use the online community to come up with new ideas for products.

Central to Digital Marketing is the organisation's main online meeting place, **Touchpoint** or touchpoint. This is usually a website and/or app. Websites and apps can be grouped in the following categories:

- communication websites/apps
- sales websites/apps
- services websites/apps

The sole purpose of communication websites and apps is to provide useful or/engaging content for the target audience. You cannot buy anything on **Corporate sites** them. Consider eg. corporate sites that support the interaction between the organisation and various stakeholders eg. customers, employees, the

Publication sites **Lead generation sites** **Brand sites**

media and shareholders and publication sites where people can find news or information relating to a specific target segment. martech.org/ and bbc.co.uk/news are example of this. There are also lead generation sites that are designed to find people who are interested in a particular product and brand sites that aim to improve brand knowledge and brand perception. An example of this is the website Unilever.com.

Sales websites

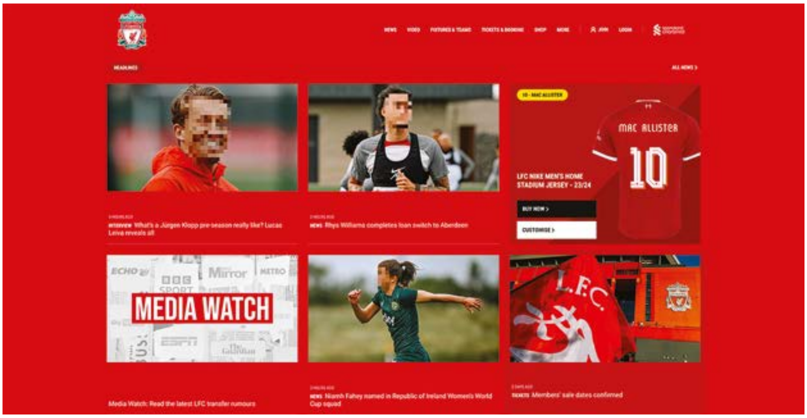
Sales websites and apps are online sales outlets where products can be viewed and ordered directly from the manufacturer, eg. you can go to menshealth.com to subscribe to their print magazine or use the Regus website to rent a meeting room.

Services websites

Service websites and apps are online channels where customers can use products that consist of digital services. Services offered online include the following:

Retail services **Interactive services** **Automated services**

- Retail services, where people can purchase from a range of goods from different brands, eg. commerce sites like johnlewis.com or online platforms like amazon.com.
- Interactive services: meeting places that enable people to communicate with each other digitally, eg. social networks like TikTok and review websites like Trustpilot, but also eg. an online consultation with your physician.
- Automated services based entirely on the exchange and processing of data, eg. hotel bookings, online banking and an online tax return website. Examples include Tinder and Booking.com.



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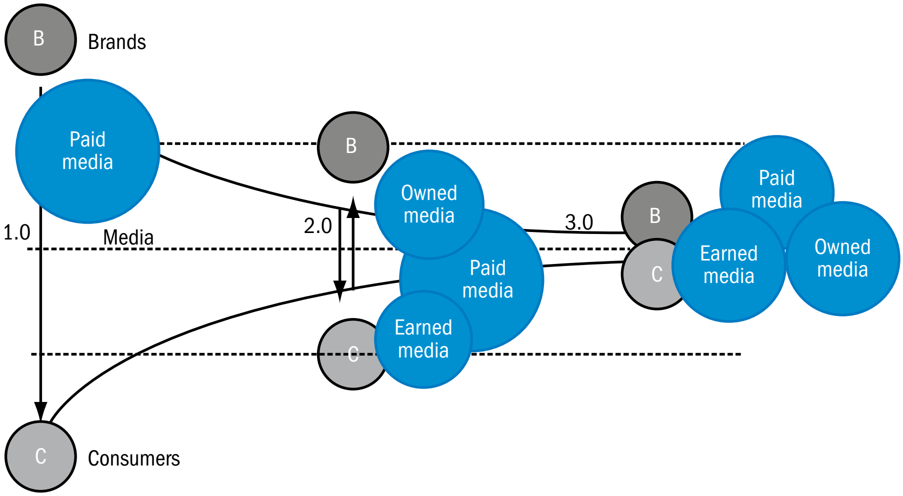
The Liverpool FC brand website is interactive and contains engaging content for fans.

1.3 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 1.2 displays the development of marketing, brands and the role of the various types of media. In short, Figure 1.2 explains that brands and consumers are growing closer together.

FIGURE 1.2 The development of marketing, brands and media



Source: Marco Derksen/Upstream, edited by DVJ Insights, 2011

In Figure 1.2 you also see the concepts: **paid** (= bought), **owned** and **earned** media. These are collective concepts for three 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 and controlled by marketers themselves and in which they can autonomously decide on the content (eg. 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/influencers writing about your brand on social media, or because other organisations refer to your brand on their website.

Mass media phase

Push

Internet phase

During the first period (the mass media phase), the gap between ‘brands’ and consumers was the largest; it was mainly the marketer who sent out messages to the consumer, who received them. This is also called ‘push’. In the second marketing phase (the internet phase), interaction between marketers and consumers grew and a dialogue began between them.

Social media phase

Pull

In the third (or current) phase, the social media phase, consumers are directly influencing the brand and are therefore an indispensable part of the process. There is not just dialogue, but also a degree of reciprocal influence. In this phase, there is no ‘push’ anymore, but ‘pull’: the consumer decides in tandem with the organisation what the brand stands for and the marketer observes and supports the consumer’s experience of the brand.

Data-driven phase

We are now at the dawn of a fourth phase: the data-driven phase. Advanced data analysis techniques can predict which information, which channels and which products meet the needs of the (potential) customer.

1.4 Digital Marketing and customer value

For an organisation, the aim of marketing is to add value for customers and to manage relationships in such a way that they (also) deliver value for the organisation and for all stakeholders involved.

Value for customers

Marketing creates value for customers in three ways:

1 Establishing appropriate exchange transactions: transaction value.

Transaction value

2 Contributing to the customer experience and thus to customer satisfaction, brand image and customer retention: experience value.

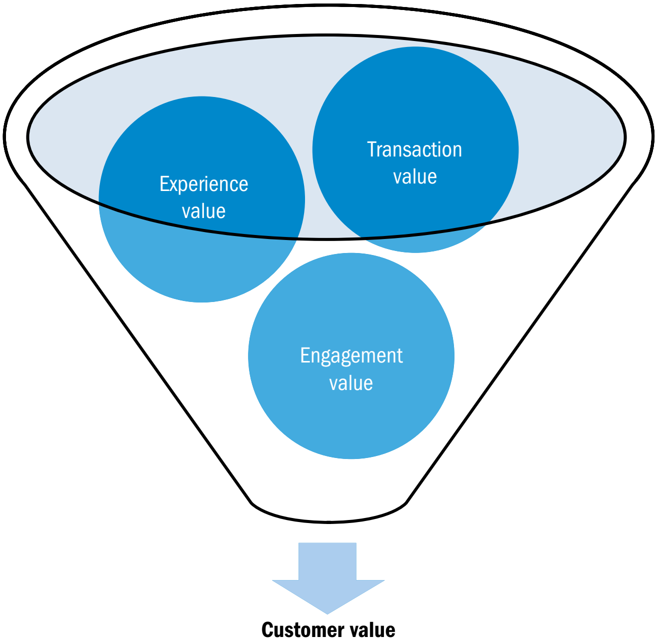
Experience value

3 Consistently working towards increased brand engagement and thereby laying the foundation for growth: engagement value (Visser, 2023).

Engagement value

Digital Marketing contributes to each of these three types of value creation (see Figure 1.3).

FIGURE 1.3 The three forms of value for customers



Digital marketers bring the brand and the products offered to the attention of the people who need/want them, ensuring that they are able to interact with the organisation using their channel of choice and that potential customers receive exactly the information they need. In this way, digital marketers bring about transactions that are valued by both the customer and the organisation. For commercial organisations, transaction value equates directly to financial value: the transaction creates revenue.

To create experience value, digital marketers must continuously improve the website, app, social media channels, emails and other online touchpoints. In doing so, they ensure that the value proposition is continuously adapted to better meet the customer's needs. Digital marketers optimise the customer journey and ensure that customers are as satisfied as possible. This leads to improved quality and lower costs (of marketing communications and customer service) in the short term. In the long run, it will result in increased customer loyalty. Digital marketers use this to indirectly create financial value.

Customer engagement

Truly satisfied customers are often motivated to talk about the brand online. They may write recommendations, respond to social media messages, help other customers by answering their questions, or provide product development ideas. This contributes to the brand's visibility and to the brand image. To increase engagement value, digital marketers cultivate customer engagement, the customer's emotional connection with the brand and emotional loyalty. For the organisation, these 'earned' online activities also represent financial value, although this is difficult to measure. Of course, people who are not (yet) customers may still experience and display engagement with a brand.

1.5 The Digital Marketing communications funnel

Digital Marketing communications

Conversion

As described in Section 1.1, the aim of marketing is the exchange of products and value. A company like ASOS aims to exchange a product for money, whereas a political party might aim to represent the interests of specific groups in society in 'exchange' for votes. Digital Marketing communications often encourage the target audience to engage in a specific action. When a consumer performs this action, it is called a conversion. For a commercial organisation, this conversion often takes place in a digital sales channel, eg. a website, app or online platform. We will explain the Digital Marketing communications funnel using an ecommerce website as an example.

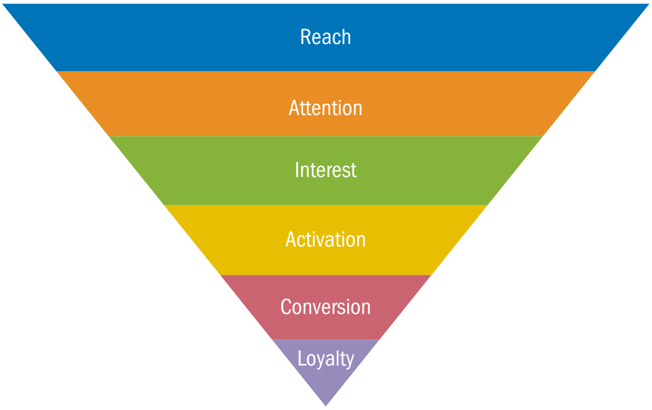
Activation

People tend not to find an online retailer by chance; rather the digital marketer must first reach out and convince them. This can be done by constructing a carefully planned mix of paid, earned and owned media, supplemented with offline communication. Offline media are not covered in this book. The target audience can be reached initially by, eg. posting a video on social media (**R**each). Once someone has seen the message, they will (hopefully) give it their full attention and become aware of the website's existence (**A**ttention), eg. someone is watching the first part of the video. It must attract their interest (**I**nterest). If this person watches the video until the end, the digital marketer knows that the communication has succeeded. Subsequently, the potential customer must be motivated to visit the website (**A**ctivation). Activation means encouraging those who have been interacted with online, to follow through with the digital marketer's required action. On the ecommerce site, the customer buys a product (**C**onversion). The purchasing process goes smoothly, they receive a 'thank you'-email with a link to the web chat in case they have any questions, and the customer is satisfied. The next day the product will be delivered. When asked, they give the website a 5-star review. A week later, they may make another purchase (**L**oyalty).

Digital Marketing communications funnel

This is illustrated in the Digital Marketing communications funnel (Figure 1.4). This is a funnel through which the digital marketer attempts to guide people, using a step-by-step approach. More about this can be found in Section 5.2.

FIGURE 1.4 The Digital Marketing communications funnel



Hard conversion

Soft conversion

Conversion is a general term used to describe the group of people who have been reached by Digital Marketing communications and who have exhibited the desired behaviour (ie. ‘converted’). Any successful activation (including a click or increased brand awareness) can be seen as a conversion, but this can lead to some confusion. This is why the ultimate aim of Digital Marketing, eg. an online sale, is called a ‘hard’ conversion. An intermediate step, eg. clicking on an ad or visiting the website, is called a ‘soft’ conversion. Often, several soft conversions are necessary in order to achieve a hard conversion: someone reads a social media message, watches a corresponding video, then searches for more information using a search engine and clicks on a link in an article, leading them to the website, where they eventually buy something.

In summary: the digital marketer uses the Digital Marketing communications funnel to encourage members of the target audience to visit the digital sales channel (eg. the website or app) using a carefully-selected mix of paid, owned and earned media. Next, the realisation of a sale or another form of hard conversion (eg. a subscription, vote or donation) is attempted. Then, by binding them to the organisation, customers are encouraged to remain loyal. Loyalty is expressed in repeat visits, but also in online word-of-mouth. In this way, a relationship is established with the customers, further insight into their behaviour is gained and communication can become more personal and effective.

1.6 Digital Marketing and the customer cycle

Customer cycle

For a long time, the purchasing of products and services was seen as a linear process that could be neatly divided into an orderly number of phases. Currently, the preferred term is customer cycle: consumers and companies are continuously engaged in buying, using, divesting and re-purchasing products and services. Within this cycle, there are several ‘moments of truth’ that determine whether the customer assesses the brand positively and would consider it for (repeat) purchases.

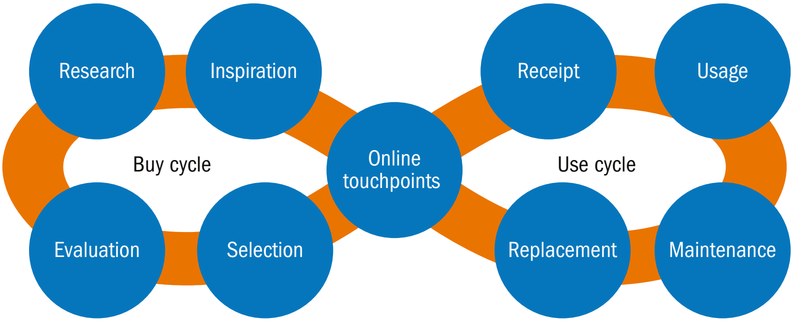
Buy cycle
Use cycle

The customer cycle can be divided into two phases that should blend together: the buy cycle and the use cycle. Central to these cycles is the organisation’s main online interaction channel, eg. the retail, communication or service website or app.

The customer cycle consists of eight phases. The first four phases fall within the buy cycle, the last four within the use cycle (see Figure 1.5):

1 Inspiration: the buyer identifies a problem, for which they seek a solution in the form of a product or service.
2 Research: the buyer seeks information about goods or services that meet their needs.
3 Evaluation: the buyer evaluates the goods or services they have found on the basis of criteria that they find relevant (consciously or subconsciously).
4 Selection: the buyer chooses a product or service and buys it.
5 Receipt: the user receives the product or service, physically or digitally.
6 Usage: the user uses the product or service as a solution to their problem and in this way gains experience with it.
7 Maintenance: the user ensures that the product or service continues to function properly.
8 Replacement: the user disposes of the product or service and makes a repeat purchase.

FIGURE 1.5 The customer cycle



Not all people from the target segment go through the entire customer cycle: sometimes steps are skipped, sometimes the cycle isn’t started at the beginning; eg. a man might see a fantastic watch from a well-known brand on Instagram and impulsively decide to buy it. His current watch isn’t as nice (problem identification, step 1), he trusts the brand and for this

reason skips straight to the selection phase (step 4). A woman receives a perfume tester, tries it and finds that it smells delicious (step 6). She then decides that she wants a whole bottle (step 1), finds and evaluates inexpensive and reliable sales channels (steps 2 and 3), and buys the perfume from a suitable ecommerce website (step 4).
The customer cycle is the main theme running throughout this book.

1.7 The outline of this book

Chapter 2 covers the strategic aspects of Digital Marketing. The main focus in this chapter is on determining the relationship between the business model and online activities.

Chapter 3 discusses the use of digital media and online consumer behaviour.

Chapter 4 covers how to better understand the customer by using market-sensing.

Chapter 5 describes how to strengthen the brand in order to provide a solid foundation for creating customer value during the customer cycle.

Chapter 6 shows how Digital Marketing communications are used in the first phase of the buy cycle, the inspiration phase.

Chapter 7 shows how Digital Marketing communications are used in the second phase of the buy cycle, the research phase.

Chapter 8 describes how Digital Marketing communications are used during the phases relating to the evaluation and selection of a product.

In Chapter 9 you will read how to facilitate a purchase by the customer in an online sales channel.

In Chapter 10 you will find out how to set up digital services for the customer in an online channel.

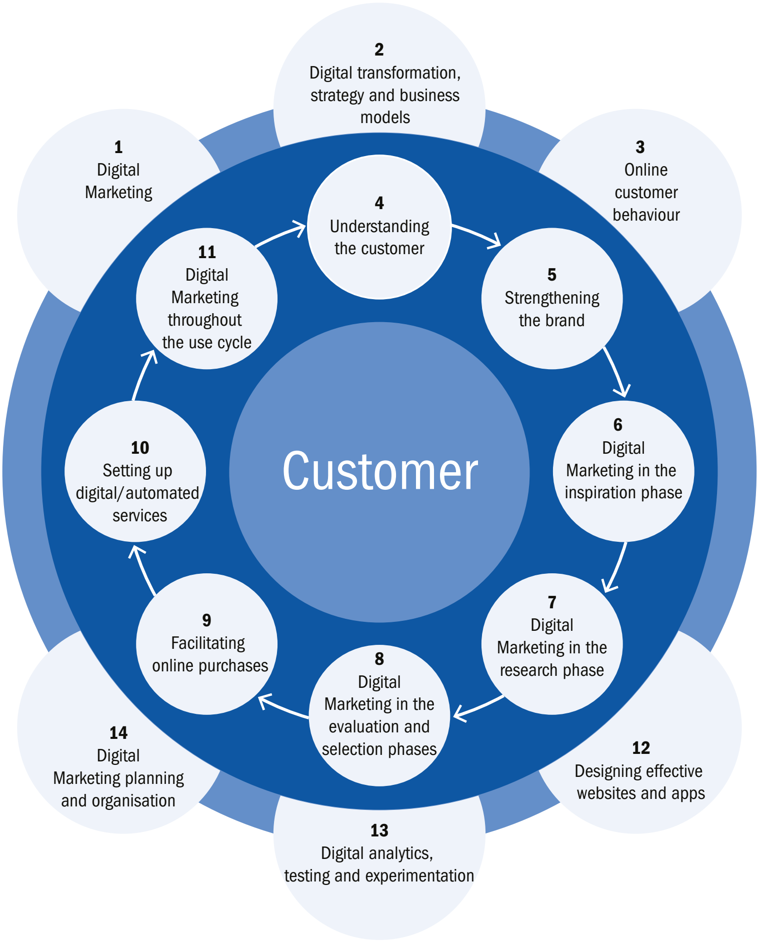
Chapter 11 is about providing customer value during the use cycle: receipt, use, maintenance and replacement.

By this point in the book, we will have reviewed the entire customer cycle

Chapters 12, 13 and 14 deal with umbrella topics: designing and building effective websites and apps, testing and analysing, planning and finally resourcing Digital Marketing within the organisation.

In recent years, the confidence that web users have in the integrity of organisations that sell online has been damaged on a number of occasions. Examples are privacy violations, the selling of data to third parties and negligent security. For this reason, Chapter 14 will elaborate on the ethical aspects of Digital Marketing in greater detail.
Figure 1.6 shows the structure of this book.

FIGURE 1.6 The outline of the chapters


2
Digital transformation, strategy and business models
1
Digital Marketing
3
Online customer behaviour
4
Understanding the customer
11
Digital Marketing throughout the use cycle
5
Strengthening the brand
Customer
10
Setting up digital/automated services
6
Digital Marketing in the inspiration phase
7
Digital Marketing in the research phase
9
Facilitating online purchases
8
Digital Marketing in the evaluation and selection phases
14
Digital Marketing planning and organisation
12
Designing effective websites and apps
13
Digital analytics, testing and experimentation

If you are not particularly familiar with marketing and management issues you may choose to read Chapters 3 to 11 first, before tackling Chapter 2. That way you will get a better understanding of the business model and its elements and, crucially, why the selection of a business model is so important for every organisation.

Questions and assignments

NOW CHECK YOUR UNDERSTANDING:

1.1 Zappos.com is a US-based global online shoe and clothing retailer with its HQ in Las Vegas, Nevada. The company was founded in 1999 by Nick Swinmurn and launched under the domain name Shoesite.com. Then, in July 2009, Amazon acquired Zappos in an all-stock deal worth around $1.2 billion and later purchased all of the outstanding shares and warrants. Zappos still trades under its own name, as an ecommerce site selling a range of shoes and clothing

a In this chapter, Digital Marketing is defined as 'a process in which organisations and existing or potential customers use digital technology to create value and products as well as exchange them'. Explain this definition using the example of Zappos.

b Use specific examples to illustrate the differences in interacting with potential and existing customers in a conventional shoe shop compared to on an ecommerce site. Do this based on the theory found in Section 1.2.

c Section 1.3 describes four phases in the development of Digital Marketing. Zappos has passed through all these phases. For each phase, indicate the necessary changes to their marketing approach.

1.2 **a** In Section 1.2, three types of websites are discussed, including several subcategories. For each of the following websites, state the type and specify which subcategory it belongs to:
www.unilever.com
www.staples.com
www.thetimes.co.uk
web.wechat.com
www.apple.com
www.citymapper.com
www.airbnb.com

b Pick one of the websites listed above. For each of the three types of customer value, give at least two examples of how this organisation provides this using Digital Marketing. Support your answer.

c Using the Digital Marketing communications funnel, create a coherent system of Digital Marketing communications objectives for the office supplies retailer, Staples.com. You may rely on assumptions but try to find some realistic conversion percentages online.

d Create a 2×8 table for one of the websites above. In the first column, enter the 8 phases of the customer cycle. In the second column, for each phase, propose a Digital Marketing activity that the organisation can successfully implement in its interaction with customers.

1.3

CASE

Digital Marketing at Marriott

By Marjolein Visser

Marriott International is the parent organisation of, amongst others, the Marriott and Ritz Carlton hotels. In its marketing activities, it tries to make use of as much modern technology as possible in order to meet the needs of the Millennial business traveller. Using the Marriott Bonvoy app, guests participating in the loyalty programme are able to book a hotel, check in on their mobile device, request services and extras, and chat with Marriott employees before, during, and after their stay. The app uses chatbots for simple questions, allowing guests to receive an immediate response. On the day before their arrival at the hotel, guests receive a push notification on their smartphone, informing them that they can check in. They will then receive an automatic notification when their room is ready for them.

This prior communication means that the hotel is prepared for their arrival. Since payment information is stored in the guest profiles, guests are given a virtual key via the app or, upon entering the hotel, they may visit a dedicated check-in counter where a pre-programmed key card is already waiting for them. At the end of their stay, guests receive another push notification alerting them to the availability of a mobile checkout option. Should they so choose, guests are asked to provide an email address to which their invoice can be sent, meaning they no longer have to call at the Hotel Reception.

Within the hotel itself, the many possibilities that mobile communication has to offer are also employed. Marriott app users can request the most commonly used services from a drop-down menu, eg. the provision of extra towels, pillows or breakfast in bed. With increasing frequency, hotel rooms are also being equipped with a digital assistant which connects guests with the reception, eg. allowing them to request room service.

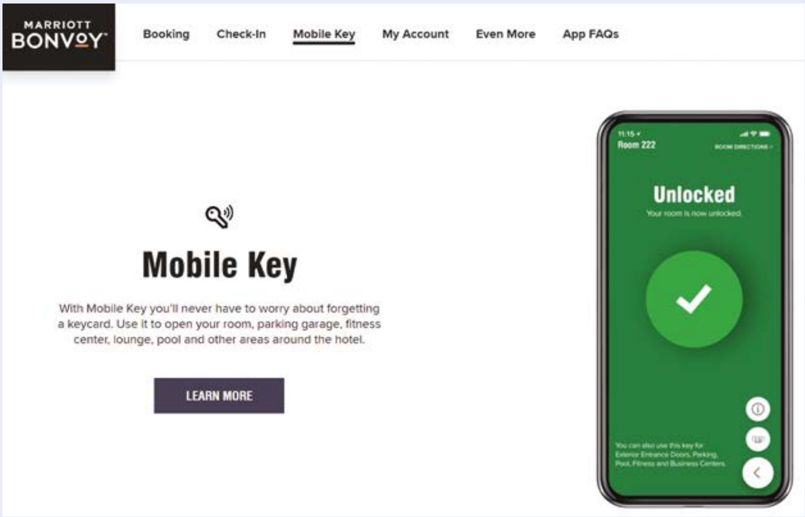
Stephanie Linnartz, Group President, Consumer Operations, Technology & Emerging Businesses, commented at the Skift Tech Forum: “To remain the market leader, we are constantly improving and expanding our offer through direct channels. We offer our loyal customers benefits when they book directly, eg. free wi-fi, member rates and mobile check-in/out, mobile keys as well as other benefits. Our new and improved booking solution makes it possible for customers to ‘customise’ their stay. They can choose rooms with specific features, including ones they are willing to pay extra for and be assured of. Our customers enjoy knowing what their options are and being in control of them.”

“Marriott combines ‘high tech’ with ‘high touch’ to offer guests a seamless and personalised experience. We use technology that enables our members to have an ongoing ‘conversation’ with us, regardless of which channel or device they are using, whether they are staying in one of our accommodations, or communicating through our call centre agents, our app or whilst searching for something on Marriott.com.”

The M Live social media monitoring hub also plays an important role in providing a seamless customer experience. Messages that hotel guests send via social media are analysed from social hubs in the United States, Europe and Asia. When someone is staying in a Marriott hotel, this is identified from the geolocation that is linked to the messages.

Scott Weisenthal, Marriott Vice President, Global Creative and Content Marketing, in an interview on inc.com, explained: “Let’s say you’re staying in a Ritz Carlton hotel somewhere in the world and you’ve posted a photo on Instagram to let everyone know that you’ve become engaged, a second later this comes up in our M Live Command Centre … we will then call the hotel and the hotel will send up a bottle of champagne.”

By monitoring what guests share, Marriott can deploy personalised marketing communications and surprise customers, leading them to become loyal customers and begin spreading positive messages about the brand. Of course, this needs to be done both sensitively and legally to give every guest a personal and valuable experience at every point on their customer journey.



Mobile Key

With Mobile Key you’ll never have to worry about forgetting a keycard. Use it to open your room, parking garage, fitness center, lounge, pool and other areas around the hotel.

Unlocked

Your room is now unlocked.

You can also use this key for Exterior Entrance Doors, Parking, Pool, Fitness and Business Centers.

The Marriott app even allows you to unlock the door to your room.

Sources: hotelbusinessweekly.com, inc.com, skift.com and mobile-appmarriot.com

a Marriott combines ‘high tech’ with ‘high touch’ to offer guests a seamless and personalised experience. Considering the definition in Section 1.1, does this constitute Digital Marketing? Support your answer.

b List the Digital Marketing activities from the case that Marriott uses to improve customer interaction.

c In Section 1.3 you have read about the four phases in the development of Digital Marketing. Based on the data in the case, analyse whether or not Marriott has properly adapted to each phase. Substantiate your conclusions.

d In Section 1.4 you read about the Digital Marketing communications funnel. For each marketing activity mentioned in the case, assign the correct layer of the funnel.

e For each of the three types of customer value, think of an example of a new Digital Marketing activity that Marriott can use to increase this value.

f For someone planning to go on holiday, describe how each of the eight phases of the customer cycle could proceed when searching, booking and using a hotel like Marriott. Use no more than two or three sentences per phase.