DIGITAL MARKETING EXCELLENCE

Planning, Optimizing and Integrating Online Marketing

Dave Chaffey and PR Smith

FIFTH EDITION

COMPANION @ WEBSITE

The **definitive digital marketing resource** for new and veteran digital marketers managing the constantly changing landscape of digital marketing, from strategy to implementation. **A 'must-have'** for every teacher and marketer's library.

Gene De Libero, *New York University School of Continuing and Professional Studies, USA*

Digital Marketing Excellence is a practical textbook for all marketing executives, managers and students who plan and implement digital campaigns. The book is **engaging**, **practical**, **easy to follow** and **comprehensive**, and is **highly recommended** by the IDM.

Tracey Poulson, *Director of Learning, Institute of Direct and Digital Marketing, UK*

Chaffey and Smith have supported the digital marketing revolution from the start. Their book, *Digital Marketing Excellence*, Fifth Edition, covers elements of how to **turn data into information** and **information into insight** – and insight is the fuel that **drives digital marketing success**.

Marialena Zinopoulou, *CEO, The Digital Marketing Association, UK*

In *Digital Marketing Excellence*, the leading edge examples **demonstrate data-driven decision making** in practice. The SOSTAC® framework is an element that our students take from the classroom to the workplace and use as a **systematic** and **comprehensive** approach to digital marketing planning.

Dr Etain Kidney, *Programme Director, Digital Marketing, DIT, Ireland*

Digital Marketing Excellence

Now in its fifth edition, the hugely popular *Digital Marketing Excellence: Planning, Optimizing and Integrating Online Marketing* is fully updated, keeping you in line with the changes in this dynamic and exciting sector and helping you create effective and up-to-date customer-centric digital marketing plans.

A practical guide to creating and executing integrated digital marketing plans, it combines established approaches to marketing planning with the creative use of new digital models and digital tools. It is designed to support both marketers and digital marketers, and students of business or marketing who want a thorough yet practical grounding in digital marketing.

Written by two highly experienced digital marketing consultants, the book shows you how to:

- Draw up an outline digital marketing plan
- Evaluate and apply digital marketing principles and models
- Integrate online and offline communications
- Implement customer-driven digital marketing
- Reduce costly trial and error
- Measure and enhance your digital marketing
- Learn best practices for reaching and engaging your audiences using the key digital marketing platforms like Apple, Facebook, Google and Twitter.

This new edition seamlessly integrates the latest changes in social media technology, including expanded coverage of mobile technology, demonstrating how these new ways to reach customers can be integrated into your marketing strategy. It also includes new sections on data analytics, clearly explaining how marketers can leverage data to their advantage.

Offering a highly structured and accessible guide to a critical and far-reaching subject, *Digital Marketing Excellence,* Fifth Edition, provides a vital reference point for all students and managers involved in marketing strategy and implementation.

Dave Chaffey is a leading digital marketing consultant, trainer and author. Recognised by the CIM as one of 50 gurus who have shaped the future of marketing, Dave is an examiner on the CIM e-Marketing Award and course director for CIM e-marketing workshops since 1997. Dave Chaffey is CEO of SmartInsights.com, an online publisher and consultancy providing advice on digital marketing strategy to members in over 100 countries worldwide.

PR Smith is an international speaker, marketing consultant and author of a range of books including digital marketing planning and integrated marketing communications. Paul created SOSTAC® Planning framework, voted in the Top 3 business models worldwide by CIM and recently adopted by many companies including LinkedIn and KPMG. Paul just launched the SOSTAC® Certified Planners online portal www.sostac.org. He also founded www.GreatSportsmanship.org, an NFP programme which combines short stories and social media to inspire a new generation of global citizens.

Digital Marketing Excellence

Planning, Optimizing and Integrating Online Marketing

Fifth Edition

Dave Chaffey and PR Smith

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Preface to the fifth edition

The constant innovation in digital media and technologies and the ways in which we interact with them have continued relentlessly since the fourth edition. In this preface, we introduce some of the success factors for individuals and organizations to master digital transformation and summarize the main changes for each chapter since the previous edition.

We hope you enjoy the read, enjoy the digital ride towards being a world-class marketer and let us know what you think via our sites/pages.

Dave (www.smartinsights.com) and Paul (www.PRSmith.org).

THE IMPORTANCE OF COMPETING THROUGH DIGITAL MEDIA AND TECHNOLOGY

Since the previous edition, consumer and business adoption of digital media and technology has continued apace. There are very few businesses today that aren't using a range of digital marketing tactics to compete as they seek to grow their business. So competition has increased further as businesses invest more in digital marketing to reach their audiences and encourage them to interact and buy.

The majority of digital media interactions between consumers and businesses are now mediated through a small number of platforms, so it's important for marketers to understand the fundamental best practices for using these platforms in their campaigns and 'always-on' channel marketing which we explain in *Digital Marketing Excellence*. Smartphone adoption rates have been phenomenal across the world, to the extent that, in many markets there are now more smartphone brand interactions than desktop in key sectors such as retail, financial services and travel. Mobile marketing tactics are vital, but many mobile users also use desktop devices so multi-device plans and tracking are needed.

It's also important for marketers to monitor the latest tactical changes the core digital platforms make to enable them to get an edge over their competitors. We have seen a consolidation with some platforms becoming dominant including Facebook (particularly with their acquisitions of Instagram and WhatsApp), Google (best known for its search platform but also YouTube, the Chrome browser and Android mobile operating system). Apple mobile devices have become hugely popular throughout the world meaning that MacOS, iOS on mobile and the Safari browser have become more important. Then we have Microsoft, which still has its Bing search engine, browsers, tablets and recent growth in importance for business-to-business marketers with its acquisition of LinkedIn. Other platforms such as

Twitter, Pinterest and Snapchat, while not dominant, command significant devoted audiences and are important for marketers to understand as well.

UNDERSTANDING DIGITAL PLATFORMS IS ESSENTIAL, BUT APPLYING THE MARKETING FUNDAMENTALS ARE VITAL

Despite the rapidly changing digital media and technology landscapes, we believe that marketing fundamentals have remained constant and are even more essential to help differentiate businesses given the intense competition. It's still important to understand your customer using the digital insights tools we recommend; personalization to deliver relevant content and offers based on clear segmentation and targeting are still key to communications; consumers make decisions based on their preference for brands that they relate to; digital media and channels shouldn't be silos, so integration is vital and successful marketers don't use tactics on an ad hoc basis, but instead use a carefully orchestrated approach based on the crystal clear strategies we recommend.

WHAT ARE THE ESSENTIAL SKILLS OF THE MODERN MARKETER AND BUSINESS?

Given these ongoing changes, it's essential for individuals to remain relevant to employers during their career through developing their knowledge and practical skills of using integrated digital marketing techniques. As suggested by the subtitle, 'Planning, integrating and optimising your digital marketing', we have developed this book to help marketers develop and hone their skills including planning, management and optimization of channels. It's also essential for businesses to develop these skills amongst their staff and teams and to transform their businesses and change their processes and structures so that they can deploy integrated digital marketing techniques effectively. Despite digital marketing not being new any longer, many businesses have only just recently implemented digital transformation programmes to make the changes needed for their businesses to remain relevant to their customers. Many other businesses still need to make this digital transformation.

So, what are some of the key characteristics of tomorrow's marketer which you should develop? Here are seven essential skills that we believe are important to support your career development through the recommendations in *Digital Marketing Excellence*.

1 *Specialization or focus on core competences*. With so many digital marketing tactics, it's almost impossible to be a master of all techniques. However, your core competences, perhaps content marketing or campaign planning, may not be specialized sufficiently to understand the latest best practices needed to excel and enable your companies to compete. So, seize the day and specialize!

2 *Integrated communications*. Marketers need to learn the traditional marketing communications skills to implement campaigns and 'always-on' activities which fulfill the 4Cs of integrated communications – that's Coherence, Consistency, Continuity and Complementarity.

3 *Go beyond basic tactical skills to develop strategic planning and optimization skills*. Many businesses don't have an integrated digital marketing strategy and one reason behind this is

that there is insufficient knowledge of planning frameworks such as SOSTAC®, which we explore in the planning chapters of this book.

4 *Obsess about transforming data to insight.* You will know about the 'Big Data' hype, but the reality is that many businesses are desperately in need of making use of 'Small Data', i.e. developing their digital analytics and market research skills to maximize their customer insights and optimize their digital experiences and communications. It's time to embrace actionable analysis.

5 *Develop creative techniques which help engage audiences and differentiate brands.* Although a lot of digital marketing is involved with the details of optimization, ultimately it is the creative ideas which will engage our audiences, differentiate our brands and encourage brand favourability and sharing. These skills need to be encouraged and developed within the team.

6 *Become more customer focused.* Marketing has always been customer focused. We have witnessed a sea change in marketing over the last ten plus years where the Internet and social media have given customers far more choice when selecting suppliers and a voice for venting their frustrations about brands. Leading businesses have responded to this and have moved from product centred to more customer focused, yet many other businesses haven't. Chief Customer Officers are becoming more common, marketing and digital marketing functions are being mixed with the customer centres across large businesses.

7 *Keep learning, develop new skills and test new approaches.* The changes made by the key digital marketing platforms such as Google, Facebook and LinkedIn, which mediate so many communications between customers and businesses today, demand that marketers keep learning rapidly. Businesses that can quickly trial and adopt new techniques and test their communications through A/B testing and multivariate testing can gain a competitive edge.

WHAT'S NEW IN THIS EDITION?

The most obvious change in this edition is the new title of *Digital Marketing Excellence*, updated from *Emarketing Excellence*, which dates way back to 2001 when the first edition was published. In the previous edition we updated the sub-title to reference 'digital marketing' which has gained traction in recent years amongst client-side and agency-side marketers and academics compared to previous terms 'E-marketing' and 'Internet marketing' as Google Trends shows. We like the term 'digital marketing' since it suggests the challenges and opportunities from managing digital media, digital technology and gaining insight from digital interactions with consumers that happen on digital devices.

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

We have highlighted the changes to each chapter below.

HOW IS *DIGITAL MARKETING EXCELLENCE* STRUCTURED?

Digital Marketing Excellence has been developed to help you learn efficiently. It has supported students on many university and college business and marketing courses and a range of specialist qualifications in digital marketing offered by the Chartered Institute of Marketing/CAM and The Institute of Direct and Digital Marketing and Manchester Metropolitan University. It is structured around ten self-contained chapters, each of which supports learning through a clear structure based on sections with clear learning outcomes, summaries and self-test questions. The Digital Marketing Insight boxes give varied perspectives from practitioners and academics while the Digital Marketing Excellence boxes give examples of best practice. We have also included numerous tips and best practice checklists for you to compare your digital marketing against and to help you to develop a plan.

Chapter 1 Introduction to digital marketing

This chapter introduces digital marketing and its benefits and risks. It describes the difference between e-commerce, e-business and digital marketing; the alternative digital communications channels and technology platforms, the dangers of sloppy digital marketing; how to present a business case for increasing your online activities and the benefits – Sell, Serve, Save, Speak and Sizzle. We also explain core concepts such as social, inbound and content marketing that are at the heart of digital marketing today.

The introduction now emphasises the importance of integrating eight key digital marketing activities that need to be managed with traditional communications channels and explores the risks of digital silos.

A new case study about Zalando shows the power of using digital marketing to rapidly enter new markets.

Chapter 2 Remix

The digital world affects every aspect of business, marketing and the marketing mix. Some argue that physical distribution, selling and pricing absorb the biggest impact. In fact all the elements of the marketing mix are affected by digital marketing. This chapter shows you exactly how to evaluate the options for varying your marketing mix.

In this new edition we explain how the ongoing customer experience goes beyond the initial Online Value Proposition via a new emphasis on lifetime customers and lifetime marketing. Innovative thinking including Alibaba and Amazon's innovative dash button, using data to enrich experiences, and using storytelling to grab attention and build relationships alongside social CRM. Finally we look at the impact of new disruptive technologies.

Chapter 3 Digital models

The business world is changing faster than ever before. Old approaches and models are being turned on their head. In this chapter we show how to assess your online marketplace, review new business, revenue and communications models and develop budget models.

In the new edition we explore the impact of the *Internet of Things*, review the business model canvas, a great tool for start-ups and existing businesses, new campaign targeting options, programmatic advertising, including behavioural targeting and location-based ads and the sales funnel. New, non-linear, dynamic 'butterfly' buying models are also explored.

Chapter 4 Digital customers

This chapter looks inside the online customer's mind. We explore customers' issues, worries, fears and phobias, as well as other motivators for going online – and how marketers can respond to these behaviours. We also look at on-site behaviour, the online buying process, web analytics and the many influencing variables. We finish with a look to the future, your future, and how to keep an eye on the digital customer.

In the latest update we show how customers process information is changing, identifying motivations including B2B emotional motivations, Nudge Theory and subconscious motivations; how information is processed differently on mobile devices; the role of AI bots as part of the Decision Making Units (DMU); and new customer profiling via data analysis.

Chapter 5 Social media marketing

This is where the online world gets really interesting. We're excited about the potential of social media marketing! It's one of the biggest opportunities in marketing we've seen for years. But, if it's ad hoc or unmanaged, it won't be fully effective and can even be damaging. It definitely cannot be ignored and warrants its own strategy. That's why we've devoted a separate chapter showing you how to create a structured plan for social media marketing.

The fundamentals of this chapter are unchanged, but we have explored some of the faster-growing social networks such as Instagram, Pinterest and Snapchat.

Chapter 6 Designing digital experiences

This chapter will make you think about web sites a little differently. We go beyond best practice in usability and accessibility, to show how to design commercially-led sites which deliver results. Commercially-led site designs are based on creating compelling, persuasive experiences which really engage visitors through relevant messages and content, encouraging them to stay on the site and return to it.

This chapter has been renamed from 'Site design' since digital channel design now includes digital presences in stores where relevant. We also include discussion of Mobile First design principles and more detailed exploration of the merits of Responsive Web Design (RWD) and adaptive design options.

Chapter 7 Traffic building

Sadly it's not always the best products that succeed, but rather reasonably good ones that (a) everyone knows about and (b) everyone can easily find when they need them. The same

is true of web sites. This chapter shows you how to build traffic – how to acquire the right visitors to your site in order to achieve the right marketing outcomes for you. You will receive a briefing on the different digital communications channels, including search engine marketing, online PR, online partnerships, interactive advertising, opt-in email and viral marketing. We will also show you that to succeed with your online communications also means gaining different forms of visibility on partner sites which are themselves successful in traffic building.

This edition is fully updated for the latest Google ranking factors including mobile search and how to avoid being a victim of Google's webspam penalties. New Owned, Earned and Paid Media options are explored including native advertising, AdWords optimization, programmatic advertising, remarketing and retargeting, location-based advertising v2 and campaign automation, lead generation affiliate bots, the Tactical Matrix (advantages and disadvantages of all ten communications tools), updated click fraud and, finally, the need for creativity.

Chapter 8 Customer lifecycle communications and CRM

Online customer relationship management is packed with fundamental common sense principles. Serving and nurturing customers into lifetime customers makes sense as existing customers are, on average, five to ten times more profitable. At the heart of this is a good database – the marketer's memory bank, which if used correctly, creates arguably the most valuable asset in any company. In this chapter we show how to develop integrated email contact strategies to deliver relevant messages throughout the customer lifecycle, automating and optimising wherever possible.

We have increased coverage of marketing automation and designing structured communications through lifecycle marketing. Social media customer service and remarketing using ads is also explored. A new data mining example introduced in line with the theme of Big Data and the relevant marketing application of 'Predictive Analytics'. We have also explored how the more complex Marketing Technology (MarTech) stacks can support customer lifecycle communications.

Chapter 9 Managing digital marketing

Managing digital marketing requires constant review of new digital marketing opportunities. A major transformation to e-business and social business in organizations is needed to fully implement these new capabilities. This chapter explores the challenges and changes needed in a company to manage always-on digital marketing effectively. Topics covered include the transformation to social business, automation, measurement, optimization and making the business case for these changes.

Key contemporary issues in managing digital marketing through Digital Transformation programmes are discussed including Mobile marketing, conversion rate optimization and tag management.

Chapter 10 Digital marketing planning

Digital marketing planning involves marketing planning within the context of the e-business digital environment. So, not surprisingly, the successful digital marketing plan is based on traditional marketing disciplines and planning techniques, adapted for the digital media environment and then mixed with new digital marketing communications techniques. This chapter shows you how to create a comprehensive digital marketing plan, based on the well-established principles of the SOSTAC® Planning System (Smith, 1993).

In the new edition the SOSTAC® Planning structure has been reviewed, restructured and simplified. Situation analysis including capability assessment, digital transformation planning, Sun Tzu's *Art of War*, new analytical tools (many of which are free), the KPI Pyramid, the sales funnel, the 5Ss and RACE planning are all added. We also discuss new digital marketing strategies, with excerpts and examples, key components of digital marketing strategy, testing your strategy, the Tactical Tools Matrix, excellent execution and internal marketing, and an example outline digital marketing plan for Huawei Smartphones.

WHO IS THIS BOOK FOR?

Marketing and business professionals

- *Marketing managers* responsible for defining a digital marketing strategy, implementing strategy or maintaining the company web site alongside traditional marketing activities.
- *Digital marketing specialists* such as new media managers, digital marketing managers and e-commerce managers responsible for directing, integrating and implementing their organizations' e-marketing.
- *Senior managers and directors* seeking to identify the right e-business and e-marketing approaches to support their organizations' strategy.
- *Information systems managers and Chief Information Officers* also involved in developing and implementing e-marketing and e-commerce strategies.
- *Technical project managers or web masters* who may understand the technical details of building a site, but want to enhance their knowledge of e-marketing.

Students

This book has been created as the core text for the digital marketing qualifications for the Chartered Institute of Marketing and the Institute of Direct and Digital Marketing. As such, *Digital Marketing Excellence* will support the following students in their studies:

- *Professionals studying for recognized qualifications*. The book provides comprehensive coverage of the syllabus for these awards.
- *Postgraduate students on specialist Masters degrees in electronic commerce, electronic business or e-marketing and generic programmes in marketing management, MBA, Certificate in Management or Diploma in Management Studies* which involve modules or electives for digital marketing
- *Undergraduates on business programmes* which include marketing modules on the use of digital

marketing. This may include specialist degrees such as electronic business, electronic commerce, Internet marketing and marketing or general business degrees such as business studies, business administration and business management.

● *Postgraduate and undergraduate project students* who select this topic for final year projects/dissertations – this book is an excellent source of resources for these students.

● *Undergraduates completing work placement* involved with different aspects of e-marketing such as managing an intranet or company web site.

● *MBA* – we find that this book actually gives non-marketing people a good grounding in marketing principles, business operations and of course digital marketing.

WHAT DOES THE BOOK OFFER TO LECTURERS TEACHING THESE COURSES?

This book is intended to be a comprehensive guide to all aspects of deploying digital marketing within an organization. It builds on existing marketing theories and concepts and questions the validity of these models in the light of the differences between the Internet and other media, and references the emerging body of literature specific to digital marketing and e-commerce. Lecturers will find this book has a good range of case study examples to support their teaching. Web links given in the text and at the end of each chapter highlight key information sources for particular topics.

LEARNING FEATURES

A range of features have been incorporated into *Digital Marketing Excellence* to help the reader get the most out of it. They have been designed to assist understanding, reinforce learning and help readers find information easily. The features are described in the order you will find them.

At the start of each chapter

● *Overview* – a short introduction to the relevance of the chapter and what you will learn.

● *Overall learning outcome* – a list describing what readers can learn through reading the chapter and completing the self-test.

● *Chapter topics* – chapter contents and the learning objectives for each section.

In each chapter

● *Digital Marketing Excellence boxes* – real-world examples of best practice approaches referred to in the text.

● *Digital Marketing Insight boxes* – quotes, opinions and frameworks from industry practitioners and academics.

● *Digital Marketing Best Practice Checklists* – to enable you to evaluate and improve your current approaches or plan a new initiative.

- *Practical Digital marketing Tip* – dos and don'ts to improve your website, e-mail or database marketing.
- *Definitions* – key digital marketing terms are highlighted in bold and the glossary contains succinct definitions.
- *Web links* – where appropriate, web addresses are given for further information, particularly those to update information.
- *Section summaries* – intended as revision aids and to summarize the main learning points from the section.

At the end of each chapter

- *Summary* – also intended as a revision aid and to summarize the main learning points from the chapter.
- *References* – these are references to books, articles or papers referred to within the chapter.
- *Web links* – these are significant sites that provide further information on the concepts and topics of the chapter. The web site references within the chapter, for example company sites, are not repeated here. The web site address prefix 'http://' is omitted for clarity except where the address does not start with 'www'.
- *Self-test questions* – short questions which will test understanding of terms and concepts described in the chapter and help relate them to your organization.

At the end of the book

- *Glossary* – a list of definitions of all key terms and phrases used within the main text.
- *Index* – all key words and abbreviations referred to in the main text.

Acknowledgements

Introduction to digital marketing

We have a vision – to be the first fashion company that is fully digital end-to-end. The experience is that the customer will have total access to Burberry across any device, anywhere, but they will get exactly the same feeling of the brand, feeling of the culture, regardless of where, when and how they are accessing it.

To any CEO who is sceptical today about social enterprise, you have to be totally connected with everyone who touches your brand. If you don't do that, I don't know what your business model is in five years.

Angela Ahrendts, when Burberry CEO, currently VP Retail and Online at Apple

OVERVIEW

This chapter introduces what we see as the fantastic potential of integrated digital marketing for engaging audiences and its risks. It introduces the difference between e-commerce, digital business and digital marketing; the alternative digital communications channels; the dangers of sloppy digital marketing; how to present a business case for increasing your online activities, and the benefits of doing so – Sell, Serve, Speak, Save and Sizzle.

OVERALL LEARNING OUTCOME

By the end of this chapter, you will be able to:

- Understand the opportunities and risks of integrated digital marketing
- Outline an approach to developing a digital marketing plan
- Explain the key digital marketing activities needed for competitive success.

CHAPTER TOPIC	LEARNING OBJECTIVE
1.1 Introduction	Outline the benefits and risks of digital marketing
1.2 The connected world	Outline the characteristics of the new multichannel marketplace
1.3 B2C, B2B, C2B and C2C	Identify different forms of collaboration between marketplace members
1.4 Digital marketing definitions	Describe the difference between e-commerce, e-business and digital marketing
1.5 Sloppy digital marketing	Avoid basic digital marketing mistakes
1.6 Objectives	Outline the five basic digital marketing objectives
1.7 Objective – Sell	Define objectives for selling to the customer online
1.8 Objective – Serve	Define objectives for serving the customer online
1.9 Objective – Speak	Define objectives for speaking to the customer online
1.10 Objective – Save	Define objectives for saving online
1.11 Objective – Sizzle	Define objectives for enhancing the brand online
1.12 Introduction to Digital marketing strategy	Outline approaches to achieving digital marketing objectives
1.13 Tactics, action and control	Outline digital marketing tactics, actions and control

1.1   Introduction

This chapter introduces you to the world of *integrated digital marketing*, its background and its benefits. It introduces the key concepts you need to succeed in digital marketing, plus

examples of good and bad digital marketing. Chances are your organization is already actively engaged in digital marketing, so in this chapter, and throughout the book, we give you a planning framework and checklists to evaluate and improve your current digital marketing practices and plan new initiatives.

The chapter is structured using a simple *aide-mémoire,* called SOSTAC®. SOSTAC® is a planning system used by thousands of professionals to produce all kinds of plans (marketing plans, corporate plans, advertising plans and digital marketing plans). In later chapters and, in particular, Chapter 10, we provide a step-by-step guide to creating a digital marketing plan. In this chapter, we'll use SOSTAC® to provide a structure for an initial review.

INTRODUCING SOSTAC® PLANNING FOR DIGITAL MARKETING

SOSTAC® stands for Situation analysis, Objectives, Strategy, Tactics, Actions and Control (Figure 1.1). It is described in more detail in Smith (2016) and Smith and Taylor (2004) who note that each stage is not discrete, but there is some overlap during each stage of planning – previous stages may be revisited and refined, as indicated by the reverse arrows in Figure 1.1 below. For creating a digital marketing plan, the planning stages are as follows:

Where are we now?
• Goal performance (5Ss)
• Customer insight
• E-marketplace SWOT
• Brand perception
• Internal capabilities and resources

How do we monitor performance?
• 5Ss + web analytics – KPIs
• Usability testing/mystery shopping
• Customer satisfaction surveys
• Site visitor profiling
• Frequency of reporting
• Process of reporting and actions

Where do we want to be?
5Ss Objectives:
• Sell – customer acquisition and retention targets
• Serve – customer satisfaction targets
• Sizzle – site stickiness, visit duration
• Speak – trialogue; number of engaged customers
• Save – quantified efficiency gains

The details of tactics
Who does what and when
• Responsibilities and structures
• Internal resources and skills
• External agencies

How do we get there?
• Segmentation, targeting and positioning
• OVP (Online Value Proposition)
• Sequence, (credibility before visibility)
• Integration (consistent OVP) and database
• Tools (web, functionality, e-mail, IPTV, etc.)

Situation analysis — Control — Objectives — Actions — Strategy — Tactics

How exactly do we get there?
(the details of strategy)
• E-marketing mix
  – including: the communications mix, social networking, what happens when
• Details of contact strategy
• E-campaign initiative schedule

Figure 1.1 SOSTAC® planning framework. SOSTAC® is a registered trade mark of PR Smith
Source: www.sostac.org

- *Situation analysis* means 'where are we now?' (In the context of this chapter, this includes definition of 'digital strategy' terms, growth in users and change in the marketplace, as well as examples of good and bad digital marketing.)
- *Objectives* means 'Where do we want to be?' What do we want to achieve through online channels and how they combine with physical channels, what are the benefits? We describe the '5Ss' as the main objectives of, reasons for, or benefits of being online, which you should exploit.
- *Strategy* means 'How do we get there?' Strategy summarizes how to fulfil the objectives. What *online value propositions (OVPs)* should we create, and what positioning should drive the overall marketing mix and the promotional mix, right down to the different *contact strategies* for different segments, and which digital media channels should be selected? Getting your digital strategy right is crucial. As Kenichi Ohmae says (1999), 'There's no point rowing harder if you're rowing in the wrong direction'.
- *Tactics* reviews the tactical tools and the details of the marketing mix which is covered in Chapter 2 and the communications mix which is covered in Chapter 7.
- *Actions* refers to action plans and project management skills – essential skills which we won't go into in this chapter.
- *Control* looks at how you know if your e-efforts are working, and what improvements can be made – again, we won't delve in too deeply in this chapter.

SECTION SUMMARY 1.1

Introduction

The SOSTAC® planning framework is used to structure this chapter. SOSTAC® is:

- Situation analysis – where are we now?
- Objectives – where do we want to be?
- Strategy – how do we get there?
- Tactics – which tactical tools do we use to implement strategy?
- Actions – which action plans are required to implement strategy?
- Control – how do we manage the strategy process?

1.2   Situation – the connected world

Let's consider the current situation of digital marketing – where the marketplace migrates into the *electronic marketspace*. How significant is this change? Fixed and mobile access to the Internet is continuing to grow rapidly and seamlessly across borders and into an online world already inhabited by over three billion customers. Given its scale and the benefits it offers to these customers and businesses, it is a big part of the future of all businesses. It also gives excellent opportunities to enter and grow a business by entering new markets as the Zalando case study shows.

Despite the vast number of people (and businesses) buying online, don't you think it's a little weird when you consider that billions and even trillions of dollars, pounds and euros pass seamlessly through wires interconnecting lots of devices all around the world? Google has built a billion-dollar business simply by charging for mouse clicks, some costing up to US$50!

THE CONNECTED WORLD

Mobile devices are now the most common way of accessing the Internet, superseding desktop computers or laptops. What are the up-and-coming ways of accessing the Internet? *Interactive digital TV, mobile phones and mobile apps*, planes, trains and automobiles all access the Internet. Cars can also be 'connected' so that they can alert roadside repair companies to your location before you actually break down. Just about anything can be wired up, courtesy of the powerful combination of computer chips and cordless or wireless technology, including higher speed data transfer protocols such as *4G* and *Bluetooth* for data transfer between mobile phones and other handheld devices. Digital marketers need to constantly evaluate the tremendous range of platforms as they evolve.

DIGITAL MARKETING INSIGHT

Digital marketing platforms

Although the desktop access platforms or devices were dominant for years and remain significant, mobile marketing platforms are now the most important. A Global Web Index (Buckle, 2016) survey found that on average consumers own 3.64 connected devices from smartphones, laptops and tablets to streaming sticks, wearables and consoles, many that are used simultaneously through *multiscreening*, often with a connected TV.

These are the main platforms that the digital marketer needs to evaluate and manage.

Rather than present statistics here that will instantly date, to see the latest figures on digital media adoption we recommend you check out http://bit.ly/smartsources. *This is updated regularly to show the most useful sources for consumer and business adoption of digital devices. The most comprehensive breakdown by country showing consumer access by different devices is the International Telecomms Union (ITU).*

Desktop, laptop and notebook platforms

1 *Desktop browser-based platform*. This is traditional web access through the consumer's browser of choice whether Google Chrome, Apple Safari or Microsoft Explorer or Edge. The app store on Chrome gives a new way to reach audiences.
2 *Desktop apps*. Apple users are accessing paid and free apps from their desktop via the Apple App Store while Microsoft Windows users have their equivalent gadgets. This gives opportunities for brands to engage via these platforms.

3 *Email platforms.* While email isn't traditionally considered as a platform, it is part of the online experience and offers a separate alternative to browser and app-based options to communicate with prospects or clients, whether through editorial or advertising, and email is still widely used for marketing.

4 *Feed-based and API data exchange platforms.* More advanced, professional users still consume data through RSS feeds, and Twitter and Facebook status updates can be considered a form of feed or stream where ads can be inserted.

5 *Video-marketing platforms.* Streamed video is often delivered through the other platforms mentioned above, particularly through browsers and plug-ins, but it represents a separate platform. Television channels delivered through streaming over the Internet known as IPTV are related to this platform.

Major social networks like Facebook, Instagram, LinkedIn, Pinterest and Twitter can also be called platforms; some call them ecosystems because of their supporting interfaces and tools. These are accessed across different devices.

Mobile phone and tablet platforms

The options on mobile hardware platforms are similar in many ways to the desktop. Since smartphones can be used in different locations, there are many new opportunities to engage consumers through mobile marketing and location or proximity-based marketing. The main platforms are:

1 *Mobile operating system and browser.* There are mobile browsers which are closely integrated with the operating system.

2 *Mobile-based apps.* Apps have to be developed specifically for the mobile operating system, whether it is Apple iOS, Google Android or Windows.

Other hardware platforms

There are a host of other and growing platforms through which to communicate with customers; for example:

1 *Gaming platforms.* Whether it's a PlayStation, Nintendo or Xbox variety of gaming machine, there are increasing options to reach gamers through ads or placements within games; for example, in-game ads.

2 *Indoor and outdoor kiosk-type apps.* For example, in-store interactive kiosks and augmented reality options to communicate with consumers.

3 *Interactive signage.* The modern version of signage is closely related to kiosk apps and may incorporate different methods such as touchscreen, Bluetooth or QR codes to encourage interactivity.

DIGITAL MARKETING EXCELLENCE

Zalando exploits the power of digital media and distribution to grow a multi-billion euro business in less than five years

Once a novel single-country startup, Zalando has become a €6 billion company and Europe's top Fashion retail platform. In 2008, Zalando served only Germany, five years later they were serving 15 European countries.

Now, Zalando sells over 1,500 international brands, including international premium brands as well as localized brands that are only available per country. For each of the 15 tailor-made websites per country they serve, they include customized shipping, payment, fashion and marketing strategies unique to the culture and country.

Zalando is popular and successful for many reasons including a media, content, merchandising and localization strategy applied to each country, an effective customer satisfaction programme and focus on the mobile experience. Their Google AdWords programme is particularly important as a method for them to gain rapid awareness in each country they have entered since other online media techniques like SEO (too slow to grow an audience rapidly in a competitive market) and social media (relatively poor at impacting online sales) can be lacking to gain traction in a market. Using AdWords and offline advertising plus the distribution infrastructure requires a significant investment, so substantial initial backing is needed for an international e-commerce business like this, evident since it took four-plus years to break even in the core regions of Germany, Austria and Switzerland.

ZALANDO INTERNATIONAL LOCATIONS GERMANY & EUROPE
STATE SEPTEMBER 2015

❶ **BERLIN** HEADQUARTERS AND OUTLET

❷ **BRIESELANG** FULFILLMENT CENTER

❸ **ERFURT** FULFILLMENT CENTER

❹ **MÖNCHENGLADBACK** FULFILLMENT CENTER

❺ **DORTMUNT** TECH HUB

❻ **FRANKFURT** OUTLET

❼ **PARIS** BUYING OFFICE

❽ **DUBLIN** TECH HUB

❾ **HELSINKI** TECH HUB

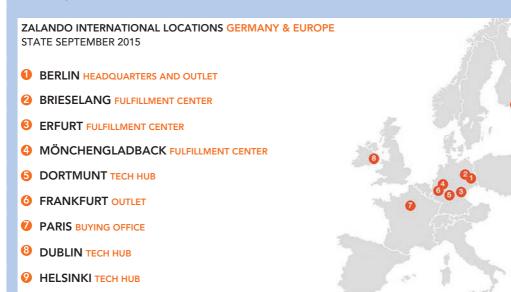**Figure 1.2**   The growth of Zalando

To effectively plan your digital marketing to predict your results, you need to tap into the wealth of research about current Internet usage and future trends. In Table 1.1, we summarize a selection of free and paid-for services to help you analyze your online marketplace. In Chapter 3 on digital models and Chapter 4 on digital customers, we explain how

Table 1.1 Tools for assessing your online marketplace

Service	Description
1 **Google insights tools**	Google is one of the best sources of accurate tools for marketplace analysis including: • *Google Display Planner* (this Adwords tool shows relative size and audience of publishers in the AdWords programme) • *Google Trends* – trends in search volume by country – no sign-in required • *Keyword Planner* – this tool available within AdWords gives estimates of consumer search volumes for different terms.
2 **SimilarWeb** (www.similarweb.com)	Freemium tool providing traffic ranking of individual sites and their sources of traffic. Works best for larger sites. Alternatives are Alexa and Compete.
3 **Nielsen** (www.nielsen.com). Paid tool.	Panel service based on at-home and at-work users who have agreed to have their web usage tracked by software. Top rankings on site gives examples of most popular sites in several countries.
4 **ComScore** (www.comscore.com). Paid tool.	A similar panel service to Nielsen, but focusing on the US and UK. Publishes free country adoption summaries.
5 **Internet or Interactive Advertising Bureau (IAB)** (US: www.iab.net UK: www.iabuk.net Europe: www.europe.uk.net)	Research focusing on investment in different digital media channels, in particular display ads and search marketing. Paid-for services.
6 **Government sources**	Useful government sources include Eurostat (EU: http://epp.eurostat.ec.europa.eu), Ofcom (UK: www.ofcom.org.uk and Statistics.gov.uk) and Data. gov for the US.
7 **Non-government organizations**	Pew Internet Surveys (US: www.pewinternet.org) and International Telecoms Union (www.itu.int)
8 **IMRG** (www.imrg.org)	The Internet Media in Retail Group has compilations on online e-commerce expenditure in the UK

you should analyze your online marketplace to help understand and exploit the online potential.

Situation – the connected world

More customers are spending an increasing part of their lives in the digital world. Marketers need to analyze demand by consumers for online services and respond to customers' needs in this new connected world.

1.3   Situation – B2C, B2B, C2B and C2C

The options for digital communications between a business and its customers are summarized in Figure 1.3. Traditionally, the bulk of Internet transactions are between business and business or industrial and commercial markets, known as *business-to-business (B2B)*; and between business and consumer markets (like cars and cola), known as *business-to-consumer (B2C)*.

B2B AND B2C

This is where the bulk of online business occurs. Once upon a time, marketers used to learn from the *fast-moving consumer goods (FMCG)* manufacturers like Guinness, Coca-Cola and Heinz, while industrial marketing, or B2B marketing, was considered by some to be less exciting. This is no longer the case, with relatively new B2B brands like Buffer, Hubspot, Smart Insights and Salesforce using *content marketing* to fuel dramatic growth through acquiring leads at low costs.
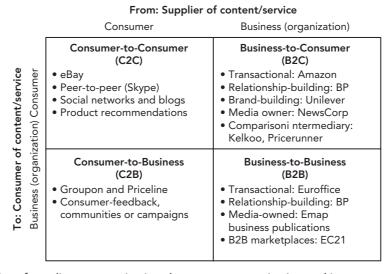
From: Supplier of content/service

	Consumer	Business (organization)
Consumer	**Consumer-to-Consumer (C2C)** • eBay • Peer-to-peer (Skype) • Social networks and blogs • Product recommendations	**Business-to-Consumer (B2C)** • Transactional: Amazon • Relationship-building: BP • Brand-building: Unilever • Media owner: NewsCorp • Comparisoni ntermediary: Kelkoo, Pricerunner
Business (organization)	**Consumer-to-Business (C2B)** • Groupon and Priceline • Consumer-feedback, communities or campaigns	**Business-to-Business (B2B)** • Transactional: Euroffice • Relationship-building: BP • Media-owned: Emap business publications • B2B marketplaces: EC21

(Left axis label: **To: Consumer of content/service** — Business (organization) / Consumer)

Figure 1.3 Options for online communications between an organization and its customers