

Eighth Edition

DIGITAL MARKETING

STRATEGY, IMPLEMENTATION
AND PRACTICE

Dave Chaffey
Fiona Ellis-Chadwick

DIGITAL MARKETING



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Dave Chaffey

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Preface

Digital media and technology, an opportunity and a threat

Digital marketing has transformed how businesses and other organisations communicate with their audiences. Consumers now have access to a much wider choice of entertainment, products, services and prices from different suppliers and a more convenient way to select and purchase items. Organisations have the opportunity to expand into new markets, offer new services, interact with audiences in new ways and compete on a more equal footing with larger businesses. Marketers working within these organisations have the opportunity to develop new skills and to integrate these new tools to improve the competitiveness of the company.

In Chapter 1 we introduce the 7Ds of digital marketing to highlight the many factors that contribute to effective digital marketing. The 7Ds are digital goals and strategy, digital audiences, digital devices, digital platforms, digital media, digital data and digital technology. These can be used, alongside traditional marketing techniques, to get closer to audiences than ever before. Throughout the text we emphasise the importance of integrating the 7Ds, such that digital marketing is not treated in isolation but aligned with marketing and business strategy, while offering opportunities to impact strategy through new revenue and business models.

At the same time, the internet and related digital technology platforms give rise to many threats to organisations. For example, online companies such as ASOS and Zalando (clothing); Amazon (retail); Spotify (music) and Booking.com and Expedia (travel) have captured a significant part of their market and struck fear into the existing players. Many consumers now regularly use social networks such as Facebook, Instagram, LinkedIn, Snapchat, TikTok and Twitter as part of their daily lives, with the majority of access via smartphones. Engaging these consumers is an ongoing challenge but, as we will see, companies such as those above have taken advantage of these opportunities to interact with customers and evaluate these interactions, and this has helped them develop as worldwide brands.

Throughout this text we highlight the potential of digital data, analytics and insight to learn more about customers and their interactions, and customise marketing propositions and communications to increase relevance and response. We show that a data-driven or insight-driven marketing approach offers many advantages, but that organisations must carefully consider the implications for customer data privacy and security.

Management of digital marketing

With the success stories of companies capturing market share following the rapidly increasing adoption of the internet by consumers and business buyers, it is a prerequisite that all organisations must have an effective online presence to prosper, or possibly even survive! What Michael Porter said in 2001 is still valid today:

The key question is not whether to deploy Internet technology – companies have no choice if they want to stay competitive – but how to deploy it.

What are the marketing communications techniques that businesses need to master to make effective use of digital marketing? The proliferation of new media channels, digital technologies and interaction options has given a challenge of understanding, prioritising and

Table P.1 The RACE planning framework for managing key activities for integrated digital marketing across the customer lifecycle

Plan	Reach	Act	Convert	Engage
Create a digital marketing strategy or transformation plan	Increase awareness, drive website, mobile and social media visits	Generate interactions and leads	Achieve sales online or offline	Encourage customer loyalty and advocacy
1.1 Situation review (Chapters 2 and 3)	2.1 Media effectiveness review (Chapters 8 and 10)	3.1 Customer journey effectiveness (Chapter 7)	4.1 Retargeting (Chapters 6 and 9)	5.1 Customer onboarding (Chapters 6 and 7)
1.2 Set vision and objectives, evaluate (Chapters 4 and 10)	2.2 Search marketing (Chapter 9)	3.2 Data profiling (Chapter 6)	4.2 Personalisation (Chapter 7)	5.2 Customer experience (Chapter 7)
1.3 Strategy (Chapters 4–8)	2.3 Earned and owned media (Chapters 6–9)	3.3 Content marketing (Chapter 8)	4.3 Mobile experiences (Chapter 7)	5.3 Customer service (Chapter 7)
1.4 Segmentation (Chapters 4 and 6)	2.4 Paid media (Chapter 9)	3.4 Landing pages (Chapter 7 and 8)	4.4 Multichannel selling (Chapter 4)	5.4 Email marketing (Chapters 6 and 9)
1.5 Value proposition and brand (Chapters 4 and 5)	2.5 Acquisition plan (Chapters 8 and 9)	3.5 Content strategy and campaign plan (Chapter 8)	4.5 Conversion rate optimisation (Chapters 7 and 10)	5.5 Social media marketing (Chapters 6 and 9)

Source: Chaffey (2021)

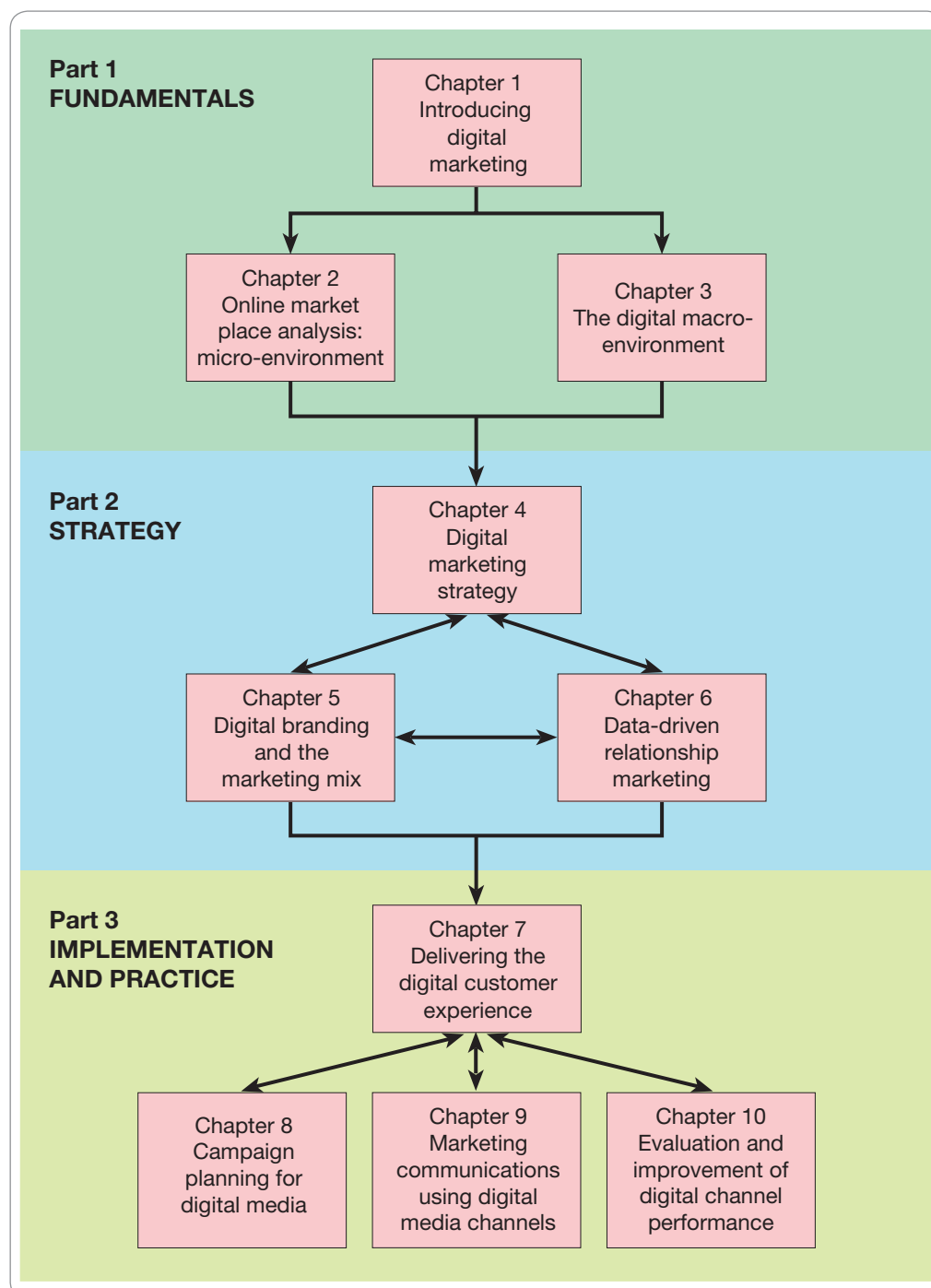
managing many new digital communications techniques. To help summarise these at a top level of the customer lifecycle or classic marketing funnel, Chaffey (2021) defined the RACE planning framework shown in Table P.1. RACE planning defines a structure of $5 \times 5 = 25$ key digital marketing techniques that need to be harnessed in most organisations to fully exploit digital marketing to reach, interact with, convert and engage online audiences across the customer lifecycle, from generating awareness, conversion to sale (online and offline) and retention and growth of customers. RACE also emphasises the need to plan to create a coordinated, integrated approach to digital marketing, which is integrated with other communications activities. Many of the activities across RACE are introduced in Chapter 1 as ‘always-on’ lifecycle communications, meaning businesses need to ensure that they can optimise their capabilities to achieve the RACE goals shown in the second row of Table P.1. For larger organisations, Table P.1 provides a summary of activities that need to be managed as part of digital transformation programmes, which review the innovation across people, process, tools and measures needed to increase competitiveness.

The table shows the range of different marketing activities or operating processes needed to support acquiring new customers through communicating with them on third-party websites and social media, attracting them to a company website, mobile app or social network and converting interest into leads and sales, and then using online customer communications to encourage further purchases and advocacy. You can see that applying social media and content marketing is a part of RACE that can be deployed to support many activities, and therefore is one of the key management challenges in digital marketing, so we consider approaches to managing social media and content marketing throughout the text, with a focus in Chapters 6, 8 and 9. Applying digital platforms as part of multichannel marketing to integrate customer journeys between traditional and digital media is also a major challenge and a theme throughout this text. Management processes related to governance of digital marketing include planning how digital marketing can be best resourced to contribute to the organisation and integrated with other marketing activities. The increased adoption of digital marketing also implies a significant programme of change that needs to be managed. New objectives need to be set, new communications strategies developed and staff developed through new responsibilities and skills.

Digital marketing – new skills required?

The aim of this text is to provide you with a comprehensive guide to the concepts, techniques and best practice to support all the digital marketing processes shown in Table P.1. This text (the structure of which is shown in Figure P.1) is based on emerging academic models together with best practice from leading adopters of digital media. The practical knowledge

Figure P.1 Structure of the text



developed through reviewing these concepts and best practice is intended to enable graduates entering employment and marketing professionals to exploit the opportunities of digital marketing while minimising the risks.

Specifically, this text addresses the following needs:

- To know to what extent digital technology and media changes existing marketing models and how new models and strategies can be applied to exploit the medium effectively.
- How to best integrate and align digital marketing with business and marketing strategies and communications, including dedicated digital transformation programmes and digital marketing strategies where necessary.
- Marketing practitioners need practical digital marketing skills to market their products effectively. Knowledge of the jargon – terms such as ‘marketing automation’, ‘click-through’, ‘cookie’, ‘uniques’ and ‘page impressions’ – and of effective methods of site design and promotion such as search engine marketing will be necessary, either for direct ‘hands-on’ development of a site or to enable communication with other staff or agencies that are implementing and maintaining the site.

The text assumes some existing knowledge of marketing in the reader, perhaps developed through experience or by students studying introductory modules in marketing fundamentals, marketing communications or buyer behaviour. However, basic concepts of marketing, communications theory, buyer behaviour and the marketing mix are outlined.

Summary of changes for the eighth edition

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 digital marketing in existing and startup companies.

The main changes made for the eighth edition, based on feedback from reviews and our close monitoring of the trends and latest developments, are:

- Increased coverage and examples of data-driven marketing techniques including digital analytics, artificial intelligence and machine learning.
- Updated examples of deploying organic and paid social media.
- Simplified chapter introduction pages blending learning objectives and topics.
- Increased diversity within case studies and mini case studies to feature more startup and not-for-profit businesses.

The main innovations included in the chapters are as follows.

Chapter 1 – Introducing digital marketing

- The 5Ds of digital marketing extended to 7Ds to emphasise the importance of goal setting, strategy and customer insight.
- New and updated visuals to introduce and explain digital marketing concepts and options. Overall, this edition has over 50 new or updated figures and tables.

Chapter 2 – Online marketplace analysis: micro-environment

- Table 2.1 updated to include the latest customer research tools and sources for students to use in their assignments.
- New research on share of searches and examples of keywords.
- New mini case study on how social media influencers can shape our opinions.

- New activity on B2B social network LinkedIn.
- New digital marketing competitor benchmarking framework based on RACE.

Chapter 3 – The digital macro-environment

- Increased focus on marketing technology and AI and reduced introductory content on ‘how the web works’.
- New mini case study covering Bitcoin and marketing applications of blockchain.
- New digital marketing insight covering digital minimalism and digital addiction.
- Updates to legislation related to digital marketing and coverage of the ‘cookieless future’.

Chapter 4 – Digital marketing strategy

- New digital marketing insights box exploring: ‘Is a digital marketing strategy needed in the post-digital world?’
- New section and figure on completing a digital marketing capability review.

Chapter 5 – Digital branding and the marketing mix

- New focus on digital branding.
- New research and examples on each part of the marketing mix added.

Chapter 6 – Data-driven relationship marketing using digital platforms

- New section on data-driven marketing covering Big Data, AI and machine learning, and analysis techniques including lead scoring and lead grading with a mini case study illustrating the concept. Chapter restructured to emphasise this, with social media marketing moved to the end and now including social media monitoring.
- New figures explaining how email marketing and social media can be used to support marketing activities across the customer lifecycle of Reach, Act, Convert and Engage.
- New case study showing how a startup business – B2B social media sharing service Buffer – has used data-driven marketing to grow the business.

Chapter 7 – Delivering the digital customer experience

- Options of cloud-based hosting and website hosting introduced. Google Core Web Vitals added.
- Usability and digital accessibility updated with new Voice of the Customer examples and McGovern’s ‘top tasks’ methodology.
- Updates of new IoT and AR applications including addition of classical literature on VR, AR and mixed reality.

Chapter 8 – Campaign planning for digital media

- New coverage and research covering balance between brand-building and brand-response campaigns and how digital media can facilitate this.
- Case study on Facebook replaced by not-for-profit Global Action Plan, which campaigns for environmental improvements.
- Updated figures recommending an integrated campaign timeline and best media types for different campaign budgets.

Chapter 9 – Marketing communications using digital media channels

- Best practices recommendations updated, particularly for organic and paid search. New mini case added on advertising in Tik Tok.
- New case study on using analytics to review media effectiveness at Smart Insights.

Chapter 10 – Evaluation and improvement of digital channel performance

- More practical coverage of Google Analytics, including a student activity reviewing the main reports in the Google Analytics Demo Accounts for Universal Analytics and GA4.
- Short section and mini case study added on Voice of Customer research.

Table P.2 In-depth case studies in *Digital Marketing*, 8th edition

Chapter	Case study	Themes
1 Introducing digital marketing	Boo hoo: learning from Boo.com – the largest European dot.com failure and the success of Boohoo.com	Business and revenue model, proposition, competition, objectives and strategies, risk management. Updated to contrast with Boo.com
2 Online marketplace analysis: micro-environment	Creating the beauty that moves the world	Assessing a consumer market, business models, marketing communications
3 The digital macro-environment	Social media and the changing face of celebrity influencers	Companion vision, branding, target market, communicating the proposition, challenges and reasons for failure
4 Digital marketing strategy	ASOS shifts the focus of high-street retailing to enhance the customer experience	Business models, proposition and online product range, target market strategy
5 Digital branding and the marketing mix	Spotify streaming develops new revenue models	Peer-to-peer services, revenue models, proposition design, strategy, competition, risk factors
6 Data-driven relationship marketing using digital platforms	Buffer: from idea to paying business customers in seven weeks	Testing concepts and innovating value propositions using data-driven marketing in a startup business
7 Delivering the digital customer experience	Refining the online customer experience at i-to-i.com	Strategy, proposition, site design, on-site search capabilities
8 Campaign planning for digital media	Global Action Plan – campaigning for a better world	Exploring the campaign planning process at charity GAP, with examples of different participation and social-media-led campaigns
9 Marketing communications using digital media channels	Smart Insights: how content strategy fuels inbound marketing to grow an online B2B service	Digital media channel strategy and measurement using Google Analytics for a small business
10 Evaluation and improvement of digital channel performance	Learning from Amazon's culture of metrics	Strategy, measurement, online marketing communications, personalisation approach

The structure and content of this text

The text is divided into three parts, each covering a different aspect of how organisations use the internet for marketing to help them achieve competitive advantage. Table P.3 shows how the text is related to established marketing topics.

Part 1 Digital marketing fundamentals (Chapters 1–3)

Part 1 relates the use of the internet to traditional marketing theories and concepts, and questions the validity of existing models given the differences between the internet and other media.

- Chapter 1 *Introducing digital marketing* considers using the internet as part of customer-centric, multichannel marketing; it also reviews the relationship between internet marketing, digital marketing, e-commerce and digital business, and the benefits the internet can bring to adopters; and outlines differences from other media and briefly introduces the technology.
- Chapter 2 *Online marketplace analysis: micro-environment* reviews how digital media and technology changes the immediate environment of an organisation, including the marketplace and channel structure. It describes the type of situation analysis needed to

Table P.3 Coverage of marketing topics in different chapters

Topic	1	2	3	4	5	6	7	8	9	10
Advertising								✓		✓
Branding				✓	✓	✓				✓
Consumer behaviour	✓	✓					✓	✓	✓	✓
Channel and market structure	✓	✓		✓						✓
Communications mix				✓				✓	✓	
Communications theory	✓							✓	✓	
Customer service quality						✓	✓	✓		
Direct marketing						✓		✓	✓	
International marketing		✓	✓	✓			✓			
Marketing mix		✓		✓	✓			✓		
Marketing research	✓	✓	✓							✓
Evaluation and measurement	✓			✓			✓	✓	✓	✓
Pricing strategy		✓		✓	✓					
Promotion	✓	✓		✓				✓	✓	
Public relations								✓	✓	
Relationship marketing						✓	✓			
Segmentation		✓		✓	✓	✓		✓		✓
Services marketing					✓		✓			
Strategy and planning	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Technology background	✓		✓						✓	✓

support digital strategy by examining how customers, competitors and intermediaries, and the interplay between them, can be evaluated.

- Chapter 3 *The digital macro-environment* reviews the impact of social, technological, economic, political, legal and environmental influences on digital strategy and its implementation. The emphasis is on privacy and data protection regulations and managing technology innovation.

Part 2 Digital marketing strategy development (Chapters 4–6)

Part 2 describes the emerging models for developing strategy and provides examples of the approaches companies have used to integrate the internet into their marketing strategy.

- Chapter 4 *Digital marketing strategy* considers how the digital strategy can be aligned with business and marketing strategies, and describes a generic strategic approach with phases of situation review, goal setting, strategy formulation and resource allocation and monitoring.
- Chapter 5 *Digital branding and the marketing mix* assesses how the different elements of the marketing mix can be varied in the online environment as part of strategy formulation.
- Chapter 6 *Data-driven relationship marketing using digital platforms* details strategies and tactics for using digital communications to build and sustain ‘one-to-one’ relationships with customers.

Part 3 Digital marketing: implementation and practice (Chapters 7–10)

Part 3 of the text explains practical approaches to implementing a digital marketing strategy. Techniques for communicating with customers, building relationships and facilitating electronic commerce are all reviewed in some detail. Knowledge of these practical techniques is essential for undergraduates on work placements involving website, content or social media marketing activities, and for marketing managers who are dealing with suppliers such as design agencies.

- Chapter 7 *Delivering the digital customer experience* explains how an online presence is developed to support branding and customer service quality objectives. The stages of analysis of customer needs, design of the site structure and layout and creating the site are covered, together with key techniques such as user-centred design, usability and accessibility design. It also covers different service quality models used to assess experience.
- Chapter 8 *Campaign planning for digital media* describes the novel characteristics of digital media, and then considers different aspects of marketing communications that are important for developing a successful online campaign.
- Chapter 9 *Marketing communications using digital media channels* covers techniques such as banner advertising, affiliate networks, promotion in search engines, co-branding and sponsorship, email, online PR, viral and word-of-mouth marketing, with particular reference to social networks.
- Chapter 10 *Evaluation and improvement of digital channel performance* reviews methods for assessing and improving the effectiveness of a website and digital communications using digital analytics, with a focus on Google Analytics. The chapter briefly covers process and tools for updating content.

Who should use this text?

Students

This text has been created primarily as the main student text for undergraduate and postgraduate students taking specialist marketing courses or modules that cover e-marketing, internet and digital marketing, electronic commerce and e-business. The text is relevant to students who are:

- *undergraduates on business programmes* that include modules on the use of the internet and e-commerce, including specialist degrees such as digital marketing, electronic commerce, marketing, tourism and accounting or general business degrees such as business studies, business administration and business management;
- *undergraduate project students* who select this topic for final-year projects or dissertations – this text is an excellent supporting text for these students;
- *undergraduates completing a work placement* in a company using the internet to promote its products;
- *students at college aiming for vocational qualifications*, such as an HNC or HND, in business management or computer studies;
- *postgraduate students* taking specialist master's degrees in electronic commerce or internet marketing, generic MBAs and courses leading to qualifications such as the Certificate in Management or Diploma in Digital Marketing or Management Studies that involve modules on electronic commerce and digital marketing.

Practitioners

Previous editions have been widely used by digital marketing practitioners including:

- *marketing managers or specialists such as e-commerce managers or digital marketing managers* responsible for defining digital marketing strategy and implementing and maintaining the company website;
- *senior managers such as chief marketing officers (CMOs) and directors* wishing to understand the potential of digital marketing for a company and who need practical guidelines on how to exploit this potential;
- *technical project managers or webmasters* who may understand the technical details of building a site, but have a limited knowledge of marketing fundamentals and how to develop an internet marketing strategy.

What does the text offer to lecturers teaching these courses?

The text is intended to be a comprehensive guide to all aspects of using the internet and other digital media to support marketing. The text builds on existing marketing theories and concepts, and questions the validity of models in the light of the differences between the internet and other media. The text references the emerging body of literature specific to internet marketing. It can therefore be used across several modules. Lecturers will find the text has a good range of case studies, activities and exercises to support their teaching. Website links are given in the text and at the end of each chapter to provide important information sources for particular topics.

Student learning features

A range of features has been incorporated into this text to help the reader get the most out of it. Each feature has been designed to assist understanding, reinforce learning and help readers find information easily, particularly when completing assignments and preparing for exams. The features are described in the order in which you will find them in each chapter.

At the start of each chapter

The 'Chapter at a glance' page is a summary of the content for each chapter. It contains:

- **Learning objectives and topics:** a list relating the learning objectives to the main sections in which they are covered in the chapter.
- **Case study:** an organisation is featured in the main case at the end of each chapter.
- **Links to other chapters:** a summary of where key concepts are also covered in other chapters.

In each chapter

- **Definitions:** when significant terms are first introduced in the main text, there are succinct definitions of these terms in the margin for easy reference.
- **Web references:** where appropriate, web addresses are given to enable readers to obtain further information. They are provided in the main text where they are directly relevant as well as at the end of the chapter.
- **Essential digital skills:** practical ideas to boost employability by showcasing students' interests and experiences.
- **Mini case studies:** short features that give a more detailed example, or explanation, than is practical in the main text. They do not contain supplementary questions.
- **Digital marketing insights:** short features and examples of using research to facilitate data-driven marketing.
- **Activities:** exercises that give readers the opportunity to practise and apply the techniques described in the main text.
- **Case studies:** real-world examples of how companies are using the internet for marketing. Questions at the end of each case study are intended to highlight the main learning points from the example.
- **Chapter summaries:** intended as revision aids to summarise the main learning points from the chapter.

At the end of each chapter

- **Self-assessment exercises:** short questions that will test understanding of terms and concepts described in the chapter.
- **Exam and discussion questions:** these include questions that can be set for students or used for self-review by students. They include individual essays, topics for seminar discussion and short questions for exams to assess knowledge about a topic.
- **References:** these are references to books, articles or papers referred to within the chapter.

Note: In addition to the end of chapter material in the text, website links are hosted at www.davechaffey.com/book-support, structured by chapter to enable students to click-through to relevant sites. These are significant sites that provide further information on the concepts and topics of the chapter.

At the end of the text

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

Support material

Free supplementary materials are available at Dave Chaffey's website at www.davechaffey.com/book-support to support all users of the text. This regularly updated website contains advice, comment, support materials and hyperlinks to reference sites relevant to the text. A companion website for lecturers and students is available from the publisher at go.pearson.com/uk/he/resources. Lecturers can download an Instructor's Manual and supporting PowerPoint slides.

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About the authors

Dave Chaffey BSc, PhD, FCIM, FIDM



Dave is co-founder of Smart Insights (www.smartinsights.com), an online marketing training platform and blog providing advice and alerts on best practice and industry developments for marketers, digital marketers and e-commerce managers. Dave's personal blog features a glossary and other advice created to help readers of Dave's books, available from www.davechaffey.com/book-support.

Dave also works as an independent digital marketing trainer and consultant. He has consulted on digital marketing and e-commerce strategy for companies of a range of sizes from larger organisations such as 3M, Barclaycard, Dell, HSBC, Mercedes-Benz, Microsoft and The North Face to smaller organisations such as Arco, Confused.com, Eurooffice and Scan Computers.

Dave's passion is educating students and marketers about the latest and best practices in digital marketing, thus empowering businesses to improve their online performance through getting the most value from their web analytics and market insight. In other words, making the most of online opportunities and avoiding waste.

He is proud to have been recognised in 2004 by the Department of Trade and Industry as one of the leading individuals who have provided input and influence on the development and growth of e-commerce and the internet in the UK for the previous ten years. Dave has also been recognised by the Chartered Institute of Marketing as one of 50 marketing 'gurus' worldwide who have helped shape the future of marketing. He is also proud to be an Honorary Fellow of the Chartered Institute of Marketing and the Institute of Data and Marketing.

Dave has been a visiting lecturer on digital marketing and e-commerce courses at different universities including Birmingham, Cranfield, Derby, Leeds, Manchester Metropolitan and Warwick.

In total, Dave is author of five best-selling business books including *Digital Business and Ecommerce Management* (with Tanya Hemphill and David Edmunson-Bird), *Digital Marketing: Strategy, Implementation and Practice*, *Digital Marketing Excellence* (with P.R. Smith) and *Total Email Marketing*. Many of these books have been published in new editions since 2000 and translations include Chinese, Dutch, German, Italian and Serbian.

When offline, Dave enjoys fell-running, orienteering, indie guitar music and travelling with his family.

Dave is a volunteer at Abilitynet.org.uk helping people with disabilities, including visual impairment, to use digital devices.

Fiona Ellis-Chadwick PhD, BSc, PGCE



Fiona Ellis-Chadwick has a successful professional business and academic career. She had a successful commercial career in retail management before becoming an academic in 1998 and completing her PhD in 2000. Since then, she has been working on projects aiming to advance research in the fields of digital marketing; online retail management and the digital high street. She is currently working with central, regional and local government authorities and leading technology and retail organisations on projects that aim to ensure the future sustainability of UK high streets.

Additionally, as part of her academic career, Fiona is a very active researcher and innovator who frequently leads the development of thought-provoking multimedia teaching materials, bringing together her knowledge of research and business. Fiona's work has

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Fiona is passionate about business research and education and creating value for society, having started her working career as a young entrepreneur building a retail business. She believes bringing management research to life is very important, especially in her current role as Director of Impact at The School of Business & Economics, Loughborough University.

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Dave Chaffey

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Part 1

Digital marketing fundamentals

Chapter 1 introduces the opportunities and challenges of digital marketing and explains the different types of digital marketing platforms and media channels available to engage audiences online. It also introduces a planning framework that can be used to structure digital marketing strategies and campaigns. Chapters 2 and 3 provide a foundation for developing an integrated digital marketing strategy by reviewing how the online marketplace of an organisation can be assessed as part of situation analysis.

1 Introducing digital marketing 4

- Introduction: how has digital marketing transformed marketing?
- Digital marketing goals and strategy
- Introduction to digital marketing strategy
- Business and revenue models
- Digital marketing audiences and buyer behaviour
- Digital devices and digital platforms
- Digital media
- Digital data
- Digital marketing technology

2 Online marketplace analysis: micro-environment 45

- Introduction to online marketplace analysis
- Situation analysis for digital marketing
- The digital marketing environment
- Customers: understanding how they interact with digital markets
- Customer choice and digital influence
- Customer characteristics
- Competitor analysis
- Suppliers, publishers, intermediaries and influencers
- New channel structures
- Digital business models
- Digital revenue models

3 The digital macro-environment 92

- Introduction to macro-environment forces
- Technological forces
- Legal forces
- Social forces
- Economic forces
- Political forces

1

Introducing digital marketing

Learning objectives and topics

After reading this chapter, you should be able to:

- Explain how the business opportunities and challenges of digital marketing can be managed using a strategic approach
 - Introduction: how has digital marketing transformed marketing?
 - Digital marketing goals and strategy
 - Business and revenue models
 - Challenges in developing and managing digital marketing strategy
- Review the options to achieve communications goals using different types of digital media and platforms
 - Digital marketing audiences and buyer behaviour
 - Digital devices and digital platforms
 - Digital media
- Review how different types of marketing data and technology can be used to improve audience experiences and support business goals
 - Digital data
 - Digital marketing technology

Case study

Case study 1: Boo hoo: learning from Boo.com – the largest European dot.com failure and the success of Boohoo.com

Links to other chapters

This chapter provides an introduction to digital marketing, and the concepts introduced are covered in more detail later in the text, as follows:

- Chapters 2 and 3 explain marketplace analysis for digital marketing planning and managing consumer concerns such as privacy.
- Chapters 4, 5 and 6 in Part 2 describe how digital marketing strategy can be developed.
- Chapters 7, 8 and 10 in Part 3 describe strategy implementation.

Introduction: how has digital marketing transformed marketing?

For businesses to compete effectively today, it's essential that they use digital marketing to support their business and marketing strategies. Each one of us now spends several hours each day using digital media, whether we're looking for entertainment, social interaction or seeking new products. Brands that don't have the right digital elements in place within their marketing communications programmes miss out on opportunities to influence consumers at key online touchpoints.

Digital marketing offers marketers many innovative communications techniques to reach and engage consumers and businesses online to support their goals. Compared to traditional media such as TV, print or cinema, these techniques may have many potential benefits. They offer interaction, personalisation to target audience interests and in some cases, such as in search engine or social media marketing, there may be organic options that don't incur a direct media cost. Yet some traditional media remain effective, and consideration of how to integrate these is needed.

For the authors of this text, digital marketing is an exciting area to be involved with, since it poses many new opportunities and challenges yearly, monthly and even daily. Innovation is a given, with the continuous introduction of new technologies, new business models and new communications approaches.

Yet, given the number of digital marketing techniques and platforms, there are many challenges in selecting the best media to gain cut-through to reach the right audience, at the right time, in the right place given the proliferation of digital media. The options available change rapidly as innovations occur across the digital platforms.

In this text, we explain a strategic approach for businesses to take advantage of the opportunities of using digital communications and digital transformation. It's based on a systematic process to define the opportunity (Part 1), develop strategies (Part 2) and implement digital techniques and best practices (Part 3).

How will this text help me?

To succeed in the future, organisations will need marketers, strategists and agencies with up-to-date knowledge of how to integrate digital marketing techniques into their marketing communications and develop new strategies to compete.

The aim of *Digital Marketing* is to support students and professionals in gaining and developing this knowledge. In this text, we will show how traditional marketing models and concepts can be applied to help develop digital marketing strategies and plans, and where new models are appropriate. We will also give many practical examples and best practices for applying digital marketing to effectively market an organisation's products and services using the internet and other digital media.

Digital marketing

The application of digital media, data and technology integrated with traditional marketing communications to achieve marketing objectives.

Online company presence

Different forms of online media controlled by a company including its website, blogs, email list and social media presences. Also known as 'owned media'.

What is digital marketing?

Digital marketing can be simply defined as:

Achieving marketing objectives through applying digital media, data and technology.

This succinct definition helps remind us that it is the results delivered by technology that should determine investment in digital marketing, not the adoption of the technology! We also need to remember that despite the popularity of digital devices for product selection, entertainment and work, we still spend a lot of time in the real world, so integration with traditional media remains important in many sectors.

In practice, digital marketing focuses on managing different forms of **online company presence**, such as company websites, mobile apps and social media company pages,

Customer relationship management (CRM)

Using digital communications technologies to maximise sales to existing customers and encourage continued usage of online services through techniques including a database, personalised web messaging, customer services, chatbots, email and social media marketing.

Digital transformation

A staged programme of organisational improvements to business models, people, process and technologies used for integrated digital marketing in order to maximise the potential business contribution of digital technology, data and media.

Multichannel (omnichannel) marketing

Customer communications and product distribution are supported by a combination of digital and traditional channels at different points in the buying cycle or 'path to purchase'. With the range of mobile and IoT touchpoints, some use the term 'omnichannel marketing'.

Customer journey

A description of modern multichannel buyer behaviour as customers use different media and touchpoints to achieve their goals, including selecting suppliers, making purchases and gaining customer support as part of the 'path-to-purchase'.

Paid media

Also known as bought media, a direct payment occurs to a site owner or an ad network when they serve an ad, a sponsorship or pay for a click, lead or sale generated.

Owned media

Different forms of media controlled by a company including its website, blogs, email list and social media presence.

Earned media

The audience is reached through editorial, comments and sharing both online and offline.

integrated with online communications techniques introduced later in this chapter, including search engine marketing, content marketing, social media marketing, online advertising, email marketing and partnership arrangements with other websites.

These techniques are used to support the objectives of acquiring new customers and providing services to existing customers that help develop the customer relationship through **customer relationship management (CRM)**. However, for digital marketing to be successful there is still a need for integration of these techniques with traditional media such as print, TV, direct mail and human sales and support as part of multichannel marketing communications.

To use digital marketing effectively, many established businesses have adopted **digital transformation** programmes. Analyst Brian Solis (2017) of Altimeter defines digital transformation as:

The evolving pursuit of innovative and agile business and operational models – fuelled by evolving technologies, processes, analytics, and talent – to create new value and experiences for customers, employees, and stakeholders.

The role of digital platforms in supporting integrated **multichannel (omnichannel) marketing** is a recurring theme in this text, and in Chapter 2 we explore its role in supporting different **customer journeys** on the 'path to purchase' through alternative communications and distribution channels. Online channels can also be managed to support the whole buying process from pre-sale to sale to post-sale and further development of customer relationships.

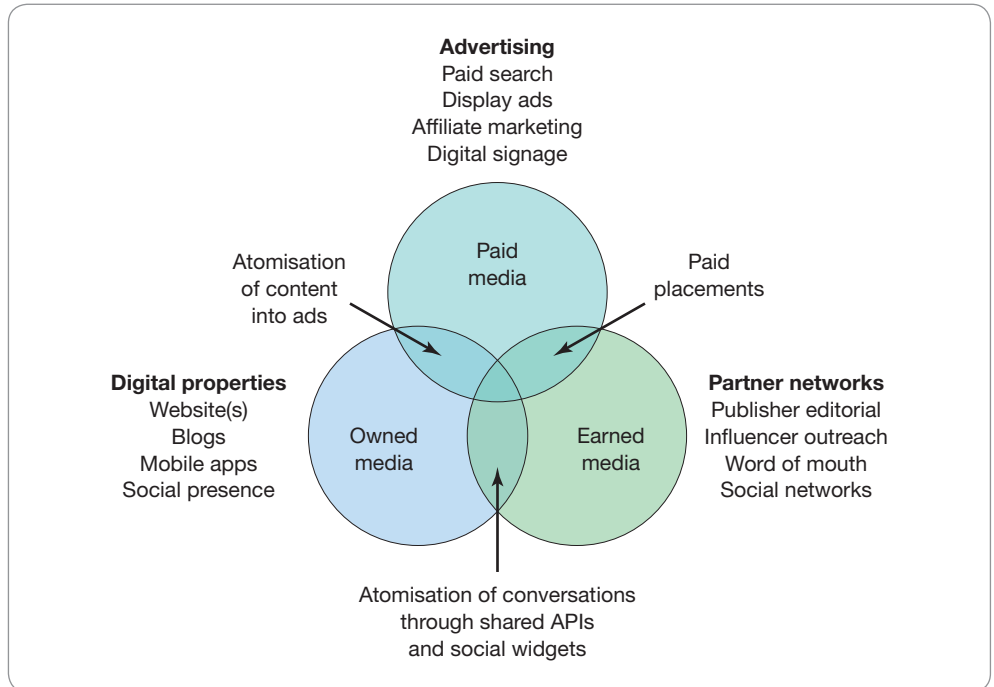
We will see at the end of this chapter that content marketing has become a core integrated modern marketing approach that involves communications across paid, owned and earned media.

Paid, owned and earned media

To develop a sound digital strategy today involves understanding a more complex, more competitive buying environment than ever before, with customer journeys including touchpoints in many different forms of online presence. To help develop a strategy to reach and influence potential customers online, it's commonplace to refer to three main types of media that marketers need to consider today (Figure 1.1):

- 1 Paid media.** These are bought media where there is investment to pay for visitors, reach or conversions through search, display ad networks or affiliate marketing. Offline, traditional media such as print and TV advertising and direct mail remain important for some brands such as consumer goods brands.
- 2 Owned media.** This is media owned by the brand. Online this includes a company's own websites, blogs, email list, mobile apps or its social presence on Facebook, Instagram, LinkedIn or Twitter. Offline owned media may include brochures or retail stores. It's useful to think of a company's own presence as media in the sense that it is an alternative investment to other media and it offers opportunities to promote products using similar ad or editorial formats to other media. It emphasises the need for all organisations to become multichannel publishers.
- 3 Earned media.** Traditionally, earned media has been the name given to publicity generated through PR invested in targeting influencers to increase awareness about a brand. Now, earned media also includes word of mouth that can be stimulated through viral and social media marketing, and conversations in social networks, blogs and other communities. It's useful to think of earned media as the sharing of engaging content developed through different types of partners such as publishers, bloggers and other influencers, including customer advocates. Another way of thinking about earned media is as different forms of conversations between consumers and businesses occurring both online and offline.

Figure 1.1 The intersection of the three key online media types



You can see in Figure 1.1 that there is overlap between the three different types of media. It is important to note this since achieving this overlap requires integration of campaigns, resources and infrastructure. Content on a content hub or site can be broken down (sometimes described as microcontent) and shared between other media types through widgets powered by program and data exchange APIs (**application programming interfaces**) such as the Facebook API.

Application programming interfaces

Method of exchanging data between systems such as website services.

Essential digital skills

Keeping up to date with digital

At the start of each chapter you will find an Essential digital skills box that has practical ideas to improve your knowledge and tips on how to improve 'hands-on' digital skills, which are recommended by employers.

In this chapter, we recommend some techniques that marketers can use to stay up to date with developments in digital marketing and with their competitors. We recommend you develop the following skills:

- regularly reviewing the latest trends in digital marketing techniques;
- assessing the relevance to business of new features from the main digital marketing platforms such as Facebook and Google.

These are the techniques that Dave Chaffey uses to keep up to date with the latest developments:

- Use Twitter Lists to get focused updates from the best websites or influencers, which are grouped into streams. I monitor these in www.Hootsuite.com, which you can also use to set up streams for competitors.



- Use a feed reader app such as Feedly™ to subscribe to different digital marketing news sites. The most popular articles are highlighted to help you filter out the biggest developments. Install Feedly and you will get recommendations of the best marketing sites.
- Subscribe to newsletters that cover the latest platform developments and best practices, for example, Econsultancy™, MarTech™ and Smart Insights™.

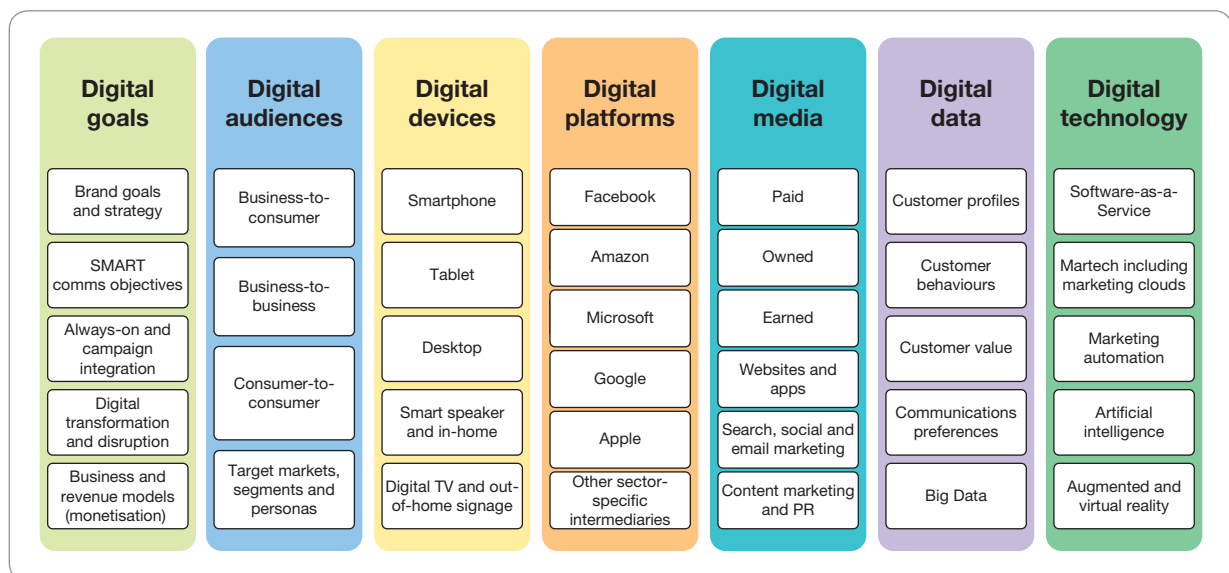
To audit your digital marketing skills across the RACE planning framework, use the Smart Insights Skills Assessment tool available at <http://bit.ly/smartdigiskills>.

Context – the 7Ds of digital marketing

As part of defining the scope of opportunity when using a strategic approach to digital marketing, it's helpful to think about which digital audience interactions we need to understand and manage through marketing communications. Digital marketing today is about managing many more types of audience interaction than simply a company website or email marketing. It involves harnessing all of these other '7Ds of managing digital marketing interactions', which are summarised in Figure 1.2. This summarises the key concepts and pillars supporting digital marketing that are introduced in this chapter. The marketing activities relating to the 7Ds that should be reviewed as part of a strategic approach to digital marketing are:

- **Digital goals and strategy.** Reviewing what the business or brand is aiming to achieve through using digital marketing and how well it is contributing. Considering how digital marketing can help the business compete through digital marketing strategy to define digital transformation needed for existing businesses, including changes to business and revenue models, and prioritisation of always-on marketing in addition to campaign investments.

Figure 1.2 The 7Ds or pillars supporting effective digital marketing



Internet of Things (IoT)

A network of objects and devices at home and at work providing sensors and connectivity that enable them to be monitored and exchange data with other systems.

FAMGA

An acronym standing for Facebook™ (which owns Instagram™ and WhatsApp™), Amazon™, Microsoft™ (which owns LinkedIn™), Google™ (whose parent group Alphabet™ owns YouTube™) and Apple™.

- **Digital audiences.** Understanding online audience characteristics, behaviours and preferences, summarised as personas, in order to deliver more relevant content and experiences to different target segments, aimed at increasing interactions and so meeting business goals within the competitive online marketplace.
- **Digital devices.** Understanding how our audiences interact with businesses as part of the buying process using a combination of smartphones, tablets, laptops, desktop computers, TVs, gaming devices, smart speakers and other connected devices forming the **Internet of Things (IoT)** (see Chapter 7).
- **Digital platforms.** Assessing the relative importance of interactions and priority for communications on the major ‘digital platforms’ or online services, sometimes described by the acronym ‘**FAMGA**’. These businesses are influential in developing the operating systems, browsers, apps, social networks and search engines used to mediate digital interactions between businesses and consumers. Industry sectors may have their own platforms that are important in influencing purchase, for example specialist online publishers or comparison sites. For example, within the travel sector, TripAdvisor™ is an important platform, built using the infrastructure provided by different FAMGA players.
- **Digital media.** Prioritising the use of different communications channels for reaching and engaging audiences that are available, including advertising, email and messaging, search engines and social networks, which we’ll introduce in this chapter.
- **Digital data.** Structuring and applying the insight businesses collect about their audience profiles; their interactions with businesses now need to be protected by law in most countries.
- **Digital marketing technology.** Selecting the marketing technology or martech that is used to create interactive experiences including websites and mobile apps. Technology is also used to support the planning, execution, optimisation, insight and reporting for digital marketing channel activities that form marketing campaigns.

Digital marketing goals and strategy

Since digital media are enabled through technology, there is a danger that adoption of digital marketing technology will be led by technology decisions. This risk is highlighted in the *Harvard Business Review* article ‘Digital transformation is not about technology’. Tabrizi *et al.* (2019) suggest that businesses will often:

Put the cart before the horse, focusing on a specific technology (‘we need a machine-learning strategy!’) rather than doing the hard work of fitting the change into the overall business strategy first. Not only should they align tech investments with business goals – they should also lean more on insider knowledge than outside consultants, acknowledge fears about job loss that those insiders may have, develop deep knowledge of how changes will affect customer experience, and use process techniques borrowed from the tech world (experimentation, prototyping, etc.) to facilitate change.

As with any strategic initiative involving investment in technology, it’s important to make the business case and set SMART objectives, as we detail in Chapter 4 on digital strategy. In this section we consider general benefits and applications of digital media and technology.

Goals of digital marketing

Since digital marketing should support marketing communications goals such as customer acquisition and retention, it’s useful to consider a hierarchy of response model for how digital media and platforms support these goals. AIDA, which stands for