

Instructor's Manual

Digital Marketing

Seventh edition

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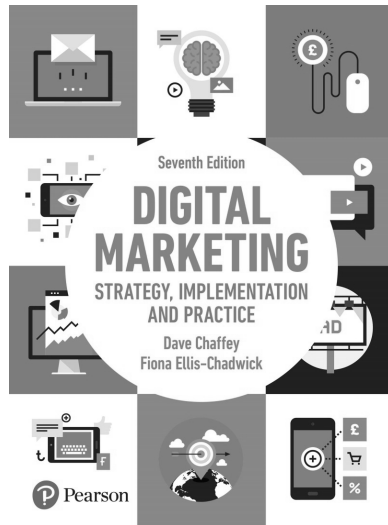
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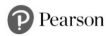
Part 1

Digital marketing fundamentals

DIGITAL MARKETING STRATEGY, IMPLEMENTATION AND PRACTICE



Part 1 Digital marketing fundamentals



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Introducing digital marketing

One sentence overview

An introduction to digital marketing and the book structure.

Three parts:

- 1) Digital marketing fundamentals
- 2) Digital marketing strategy development
- 3) Digital marketing: implementation and practice.

This structure offers a logical sequence, which follows the stages in strategy development

Notes on using slides for the first chapter in lectures

The key topics covered in this chapter are:

- How digital marketing has transformed marketing
- What are digital and multichannel marketing
- Introduction to digital marketing strategy
- Introduction to digital marketing communications

Case Study: eBay thrives in the global market place

The purpose of the chapter is to provide a 'big picture' view of the digital marketing and related topics.

By the end of the chapter, students should be able to:

- explain how digital marketing is transforming the marketing landscape
- show understanding of the customer lifecycle
- describe the different types of digital media channels available to digital marketers
- explain the digital marketing landscape
- identify different types of generic transaction alternatives between consumers, business and organisations
- distinguish between the buy and sell side of e-commerce
- outline the framework for developing a digital strategy

Slides 1.1 to 1.20 provide a narrative for the chapter and contain the key graphics.

Topic guides by slides:

How digital marketing has transformed marketing (Slides 1.2 to 1.4)

Over 3 billion people around the globe regularly use digital media and associated technology. Successful digital marketers need to grasp the scope of the changes driven by this technology and how it is changing behaviour.

The 5Ds of managing digital marketing interactions are:

Digital devices

Digital platforms

Digital media

Digital data

Digital technology

By exploring each in class – through discussion – can reveal from a personal perspective just how much this change is transforming our daily lives.

These changes can then be related to the customer lifecycle and the RACE framework.

What are digital and multichannel marketing (Slides 1.5 to 1.7)

It is important to introduce a definition of digital and multichannel marketing and the range of different digital media types, which form the basis of a digital marketing strategy.

Discussion of how different media link to the customer lifecycle, should enable students to begin to learn about the importance of making connections and the integration of actions when developing digital strategies.

The marketing technology landscape, maps customer experiences, managerial activities to the layers of technology which underpin digital marketing activities.

Introduction to digital marketing strategy (Slides 1.8 to 1.14)

Building on the definition, the digital media and the landscape then enables us to explore the central topic of the book Digital Marketing Strategy.

At this point you may wish to discuss the benefits of digital marketing and how the 5Ss of digital marketing can be applied:

- 1) Sell
- 2) Serve
- 3) Speak
- 4) Save
- 5) Sizzle

Zalando, Mini Case Study 1.2 helps bring to life how a successful application of a digital marketing strategy can be used to drive the growth of a new to the world business. This case also emphasises the importance of planning and the opportunities afforded by trading in global digital markets.

Figure 1.5 highlights the multiple opportunities to engage and transact with different types of markets and Figure 1.6 shows the distinction between the buy and sell side of e-commerce. It may be useful to consider the organisational implications of each of these arenas of trade. For example, on the buy-side, terms and conditions are very different to the sell-side of e-commerce.

Figure 1.7 examines the drivers and barriers to strategy development. Each market on the upward journey deserves a mention and each is a large and detailed topic. So at this stage in the learning process, it is useful to flag up that this figure is capturing the important issues.

It is also worthwhile introducing the notion of 'what are we doing this for' in terms of digital marketing planning? At the same time we need to highlight the significance of the functions of digital marketing activities: transactions via e-commerce, Service orientated relationship building; brand building, social network or community (see Table 1.3, pp. 23–24).

Figure 1.8 is important as it links digital to wider business objectives and makes the connection between strategic objectives and technology issues.

Introduction to digital marketing communications (Slides 1.15 to 1.19)

Figure 1.9 introduces the RACE framework, which is a practical approach to digital marketing planning developed by Smart Insights. It aims to provide a simplified way of reviewing the performance of online marketing and bringing in actions to improve the effectiveness of digital marketing planning.

Figure 1.10 shows the 6 main digital channel options. Physical channels are also included but are not covered in any detail in this text. The digital channel options are covered in more detail in Chapters 8 and 9 but at this stage it is enough for students to become aware of the types of channel options.

Figure 1.11 is a summary of the communication models for traditional and digital media. The key point is to illustrate the shift from traditional media which focuses on *push* and digital media which is more about *pull*.

Figure 1.13 serves to demonstrate the importance of the concept of integration of communications between the company, the technology and the customer.

Having described the application of digital marketing and the communication options, it may be useful to discuss the benefits of digital media and highlight the importance of:

Interactivity

Intelligence

Individualisation

Integration

Industry restructuring

Independence of location (covered in pages 30–35 of the book).

The final element of this section is to introduce three important concepts:

1. Permission marketing – traditional marketing messages ‘interrupt’, whereas this form of digital marketing seeks to give a sense of working together and co-value creation.
2. Content marketing – a practical name of the information a company shares with its target audiences but this too must be relevant if it is to deliver a return on investment. And so is also more tailored to the end-user than more traditional marketing approaches.
3. Customer engagement – is a key challenge but also an opportunity; companies should strive to develop longer-term relationships.

Each concept is highly practical but also introduces some important aspects of digital marketing, which go beyond more traditional marketing approaches.

The final slide refers to the eBay case study. Solutions for the case are at the end of the activity section of Chapter 1 in this document.

Activities

Activity 1.1: Balancing the growth in digital platforms against socio-cultural customer concerns

Purpose

To introduce some of the most important platforms used for digital marketing today; to illustrate innovation in online business models and communications approaches that need to be balanced against consumer concerns. Table 1.1 shows the online brands that we believe have had the biggest influence on digital business models in the US and Europe.

- Initially, they had a straightforward proposition – offering one service.
- Generally, they were first-movers.
- It is notable that many have taken several years before becoming widely known and used.

Mini Case Study 1.1 New Look

New Look creates augmented reality mobile app to enable interactions with new styles and offers

New Look’s UAE team launched an augmented reality (AR) campaign that encouraged users to scan their New Look Student Card to reveal special offers and interactive features. This included being able to ‘create their own look’ by mixing and matching New Look products on their mobiles. With social integration built in, the fashion retailer created a buzz around their offering while also capturing a range of contextual data that was fed back into subsequent campaign activity. We explore the options for creating mobile websites and apps in Chapter 7.

Activity 1.2: The latest marketing technology landscape

Purpose

To illustrate the range of systems available to support marketers and to explain the main categories of service available. We look at different forms of Martech to support marketing throughout the book and there is a dedicated section in Chapter 10.

Activity

1. Search for Scott Brinker's latest technology roadmap for the current year on his ChiefMartec.com site. For each of the six categories of service summarised in Figure 1.3, write a layman's description of how they can support digital marketing activities by reviewing the proposition as described on the websites of the most popular services in the category (the most popular are listed first).
2. Make a note to understand the different types of services defined in each category.
3. Choose one or two vendor systems and visit their websites to see how they explain the proposition and explain it to others in your group(s). Alternatively, identify the most popular service(s) in each category.

Answers may vary according to choice and content of vendor websites.

Mini Case study 1.2 Zalando exploits the power of digital media and distribution to grow a multi-billion Euro business in less than five years

Once a single-country startup inspired by the successful business model of Zappos.com. Zalando was founded in 2008 by David Schneider, Rubin Ritter and Robert Gentz, with an early loan of €75,000 from German venture capital firm Rocket Internet SE. Zalando has become a €6 billion company and Europe's top fashion retail platform. In 2008, Zalando served only Germany; five years later it was serving 15 European countries.

Now Zalando sells over 1,500 international brands, including international premium brands, as well as localised brands that are available per country. For each of the 15 tailor-made websites per country it serves, it includes customised shipping, payment, fashion and marketing strategies unique to the culture and country. In early 2018, more than 70 per cent of site visits were from mobile devices.

Zalando is popular and successful for many reasons, including a media, content, merchandising and localisation strategy applied to each country, an effective customer satisfaction programme and focus on the mobile experience. Its Google Ads™ programme is particularly important as a method for it to gain rapid awareness in each country it has entered, since other online media techniques such as SEO (too slow to grow an audience rapidly in a competitive market) and social media (relatively poor at impacting online sales) can fail to gain traction in a market. Using Google Ads 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, which is evident since it took four-plus years to break even in the core regions of Germany, Austria and Switzerland.

Activity 1.3: Why are C2C interactions important?

Purpose

To highlight the relevance of C2C transactions to B2C companies.

Activity

1. **Consult with fellow students and share experiences of C2C interactions online. Think of C2C both on independent sites and organisational sites. How can C2C communications assist these organisations?**

Answer

Examples mentioned may include the following:

1. User-generated content (UGC), a feature of Web 2.0, for example, reviews of products, either on the retailer site (e.g. www.ebuyer.com) or on third-party review sites.
2. Online auctions, for example, eBay.
3. Online forums are important for B2C publishers, for example, www.e-consultancy.com.
4. Contributing to customer support sites. These are specialist models. C2C is mainly an aid for support of technical products such as software (see www.symantec.com).

Digital marketing insight 1.1

Social commerce – how much do social networks influence purchase?

Research published by the Harvard Business School, quoting Iyengar *et al.* (2009), found that in Korea, where social networking and commerce were more established, social networks do influence purchase, but the degree of influence depends on the usage level and connectedness of a user. In summary, the research shows:

- For light users of social networks with few connections (48 per cent of users), purchases are unaffected by social network activity.
- For moderate users of social networks with average connections (40 per cent), purchases are influenced by social network interaction, boosting vendor sales for this group by 5 per cent.
- For heavy users of social networks with a high number of connections (12 per cent), purchases are also influenced by social network interaction, but negatively; these users avoid buying what their friends have bought and are talking about, leading to a 14 per cent drop in sales from this group of vendors.

We return to this question in Chapter 9, where we explore the effectiveness of different types of digital media in the Smart Insights (2015b) article 'Is this the social media backlash?'

Activity 1.4: Assessing social media marketing platforms

Purpose

To explore the range of social media sites and tools in order to categorise them and assess their business applications.

Activity

Visit the Conversation Prism (www.conversationprism.com) which is a visual map of the social media landscape. Identify the types of social media sites you and your colleagues use. How do you think the popularity of tools would differ for different types of B2B and B2C sites? Discuss how businesses should decide on the most important to invest in, to achieve their goals.

Answer

Reasons for deciding relative investment:

1. *Popularity with consumers* – overall preferences for platforms.
2. *Competitor success with platforms* – benchmarking how they are using them.
3. *Evaluation of how well they support business goals* – can use RACE KPIs (Figure 1.10) or the 5Ss framework referenced earlier in this chapter: Speak, Sell, Serve, Save and Sizzle.
4. *Current results* – assessed through using analytics – visits and sales referred to main site, engagement on site.

Activity 1.5: Integrating online and offline communications

Purpose

To highlight differences in marketing communications introduced through the use of the Internet as a channel and the need to integrate these communications with existing channels.

Activity

List communications between a PC vendor and a home customer over the lifetime of a product such as a PC. Include communications using both the Internet and traditional media. Refer to channel-swapping alternatives in the buying decision in Figure 1.14 to develop your answer.

The table below shows different forms of integration between the channels.

Table: Examples of communications initiated by customer and company

Communication initiated by customer	Communication initiated by company
Phone call to company	Advert to generate awareness, placed in newspaper or PC magazine
Visit to website to review prices and specification	Phone call or e-mail by courier company to arrange delivery of PC
Phone call or e-commerce purchase of PC	Traditional mail-out or e-mail after 1 year to describe upgrade in service
Support call to solve problem	Traditional mail-out or e-mail after 3 years to describe new product offers
Complaint about repair	Call to arrange visit (from sub-contracted company)

Mini case study 1.3

Online pureplay startup Travel Republic™ achieves growth through taking advantage of benefits of digital marketing

Travel Republic is the highest ranking independent online travel agent in the UK, with over 2 million travellers booking every year. It's an example of pureplay that has deployed digital marketing techniques such as search, social media and email marketing to grow both in the UK and internationally.

Travel Republic topped *The Sunday Times* Virgin Fast Track 100 list four years after the company was launched. The Kingston-upon-Thames based company was set up in 2003 and is the brainchild of three university friends – Paul Furner, managing director, Chris Waite, IT director and Kane Pirie, finance and operations director.

Today the company can no longer be termed a startup. It has been purchased by The Emirates Group with revenues increasing 14.5 per cent in 2014 to £67.5 million giving it an operating profit margin of 20 per cent and with separate sites for local audiences in Spain, Italy and Ireland.

The company employs more than 150 staff. TravelRepublic.co.uk appears in the IMRG-Hitwise Hot Shops List, which ranks the UK's top 50 most popular Internet retailers, across all sectors (ranked by number of web visitors). In the online travel agency sector TravelRepublic.co.uk is more popular than Opodo™ and ebookers.com™, although Expedia™ and **lastminute.com™** rank higher.

A major reason for the growth of Travel Republic is that it has taken advantage of the 'pull' effect of web communications. Through using sponsored links in search networks such as Google Ads, it has been able to target its offering precisely to an online audience looking for a competitive price on a holiday or a flight to a particular destination. Of course, this has to be backed up by a strong proposition, an easy-to-use, high-performance website and trust in the brand indicated by user reviews and holiday guarantees (Figure 1.15). TravelRepublic.co.uk caters for a broad range of customers including families, couples and groups. The website offers charter, low-cost and scheduled airlines, powerful rate-shopping technology for hotel rooms and apartments, plus hotel reviews and resort guides written by its customers.

Customers can save up to 50 per cent on the price of a comparable package holiday purchased online or on the high street. TravelRepublic.co.uk works with over 100 different flight operators and offers flights to more than 200 destinations. The website also offers over 30,000 discounted hotels, apartments and villas plus a wide range of other services such as taxi transfers, airport parking and car hire. The website gives customers complete flexibility with flights, hotels and durations.

Exercises

Self-assessment exercises

1. Explain digital marketing.

Digital marketing can be defined as “achieving marketing objectives through applying digital media, data and technology.”

In practice Digital marketing focuses on managing different forms or online company presences such as company web site, mobile apps, social media, integrated with online communication techniques. These techniques include search engine marketing. Social media, online advertising, email marketing and partnership relationships. These tools and techniques are used to achieve marketing goals e.g. raising awareness, acquiring new customers developing existing relationships etc.

2. Explain the importance of integrating digital and traditional communications channels through the customer lifecycle.

Integrating digital and traditional communications channels through the customer lifecycle, create opportunities to connect with different types of customer behaviour. And stages in the buying process. The demographic profile of an online audience varies significantly and not all customers are committed users of digital channels. As a result, website content should be tailored to suit the interests of the target community. Appropriate social media should be used to engage a particular audience, for example, Facebook and Twitter attract a different demographic to Instagram, Tumblr, etc. Online content can be used to provide information and reach; can encourage audiences to engage with a brand; can be used to convert leads into sales and revenue and can also be used to build customer relationships.

Traditional communications can be used to draw customers towards online channels.

3. Outline different applications of digital marketing which can help meet business goals.

You can consider the different forms of online presence and how these support digital marketing. Within each there are different applications to support online and offline marketing.

1. Transactional e-commerce site (online sales or offline store finder).
2. Services-oriented relationship-building website (Help desk and FAQ), lead generation through data capture.
3. Brand-building site – can include sampling, capture of leads or creation of community and sharing.
4. Portal or media site – publishing through news or blog.
5. Social network or community site – encouraging sharing through creation of consumer-generated content.

As noted in the text, these are not mutually exclusive; it is a matter of emphasis.

4. Explain what is meant by electronic commerce, social commerce and digital business. How do they relate to the marketing function?

E-commerce refers to transactions for the trading of goods and services conducted using the Internet and other digital media. E-business is broader, including electronically mediated transactions, which are internal and with suppliers as well as those to buyers. They are both methods of supporting the marketing function – e-commerce refers to customer facing websites, e-business also includes links with partners and suppliers through extranets and internal marketing communications through intranets.

Social commerce can support both e-commerce and e-business. It refers to supporting sales through encouraging consumer sharing, interaction and advocacy. It is integrated into e-commerce as reviews and ratings, for example.

5. **Six digital media channels are introduced in this chapter. What are they and how do they work to reach, engage and convert an audience?**

The six media channels can be distinguished by terms mentioned later in the text, that is, pull or push or inbound marketing. They are as follows:

1. **Search Engine Optimisation ((SEO) and PPC plus feeds like Google Shopping).** These are 'pull' in response to consumer demand through search engines and search networks (ads are displayed on third-party sites also).
2. **Online PR.** This includes outreach to publishers and bloggers.
3. **Online partnerships.** For e-commerce sites, affiliate marketing is the main arrangement, a commission-based approach to sales.
4. **Interactive ads.** Display ads use a 'push' approach similar to traditional ads, reaching audiences as they use media sites.
5. **Opt-in e-mail.** Tends to be mainly used with in-house customer lists, but can rent permission-based lists or advertise in other e-newsletters.
6. **Social media marketing.** Reaching audiences as they use the main social networks and encouraging sharing of content.

Internet is available to all; others are restricted to those inside a company (intranet) and favoured third parties such as large customers, suppliers and distributors (extranet).

6. **Summarise the main communications difference between digital and traditional media.**

- Interactivity – not solely a push medium (e-mail), but also pull (customers search for information). Information can be collected from customers via web pages (direct response).
- Intelligence – can monitor customers' interests and profile them.
- Individualisation – it is possible to tailor e-mail and web communications (personalisation).
- Integration – of online and offline channels remains important.
- Intermediation – new intermediaries can be used as a route to market and there is also the opportunity to sell direct.
- Independence of location – possible to reach a wider marketplace.

7. **Distinguish between social media marketing, inbound and content marketing.**

These three concepts overlap, so we can explain the relationship between them. The main elements are as follows:

1. **Social media marketing.** Encourages interactivity, participation and sharing.
2. **Inbound marketing.** Raises awareness through content to engage which is then shared.
3. **Content marketing.** Engaging content is developed for sharing as part of social media and inbound marketing. Content is developed not just for sharing, but to support sales.

<http://www.smartinsights.com/content-management/content-marketing-strategy/a-content-marketing-and-inbound-marketing-blueprint/>

8. How can the Internet and digital media be used to develop new markets and penetrate existing markets? What types of new products can be delivered by the Internet?

International markets can be targeted without the need for sales/promotional infrastructure. Fulfilment methods must enable delivery with minimal need for local servicing. The Internet may give opportunities for new market segments such as the youth market that may have been difficult to target previously. For existing markets, the Internet can be used to increase awareness and add value to a company and its products.

Essay and discussion questions

1. Some would see digital media primarily as a means of advertising and selling products.

What are the opportunities for other uses of the Internet and digital media for marketing?

Refer students to pages 12–16 that discuss opportunities in the areas of:

- marketing research,
- ‘below-the-line promotions’,
- customer service, and
- relationship building/loyalty enhancing.

Prompt students by considering the five different types of sites mentioned on pages 14–17. The 5Ss given in Table 1.2 are also a suitable framework for answering this question.

2. ‘The World Wide Web represents a *pull* medium for marketing rather than a *push* medium’. Discuss.

Refer students to the introduction of digital marketing communications (page 29–31), which describe differences in traditional and digital media. Push and pull are also discussed in more detail at the start of Chapter 8, where different communication models are referred to.

Answers should stress the pull nature of the medium, for example, where a consumer uses a search engine to find a product, but the question is intended to highlight the options for push such as personalised e-mail promotion, targeted messages on websites and banner advertising.

3. You are a newly installed marketing manager in a company selling products in the business-to-business sector. Currently, the company only has a limited website containing electronic versions of its brochures. You want to convince the directors of the benefits to the company of investing in the website. How would you present your case?

The framework presented in Figure 1.8 on page 26 gives a good structure for developing a case and this is expanded upon in Chapter 4, where an alternative approach (SOSTAC) is shown in Figure 4.3. The main elements of this approach are as follows:

- Understand changes in media consumption – how do their prospective (?) and customers use the web to inform their buying decision?
- Set objectives in terms of number of site visitors and leads generated.
- Formulate a strategy to develop relevant content, that is, more depth than electronic brochures, to help customers decide on relevant products or complete their jobs.
- Develop a plan to promote the site, including details of tactics for each digital media channel.

The directors will be interested mainly in generating new enquiries. Students may mention the following benefits:

- Reach new audiences, for example, smaller businesses through pull effect of search engines.
 - Provide a new method of generating leads through offering whitepapers to download – see example of B2B Web Analytics provider, for instance, www.omniture.com – it is best if students choose examples or are given companies to consider.
 - Provide customer services to existing customers and promote alternative products (cross-sell).
4. **Explain the main benefits that a company selling fast-moving consumer goods should gain from website and integrated digital campaigns.**

The aim of this question is to stress that the web is not suitable for direct sales of all products.

However, digital media may be used for generating awareness and brand building. This can be achieved through banner advertising on third-party sites. For example, www.handbag.com for a cosmetics company engaging a female audience or www.fhm.com for a male audience.

This engagement can occur through microsites hosted by publishers or by the brand and social networks. Consumers can be encouraged to opt-into e-newsletters or get involved in SMS promotions. Students should learn the concepts of inbound and content marketing to show how relationships with consumers can be developed. Good examples to recommend are Bacardi, Lynx and Red Bull.

Examination questions

1. **Explain the scope of digital marketing.**

The scope of Digital marketing is broad and can be applied in a range of different contexts e.g. b2c, b2b. Campaigns can utilise different types of digital media: owned, earned, paid, which can be deployed to meet various marketing goal: e.g. awareness, action, engagement. There are many benefits to be gained see Table 1.2 The 5 S's of digital marketing.

2. **Which digital marketing techniques can be used to increase awareness of a brand and encourage interaction with the brand?**

Digital media offer a range of platforms to increase awareness as web users search and consume content online. These include search engine marketing, online PR and outreach and partner marketing. Display advertising and reaching publisher audiences through e-mail lists can also be used to increase awareness. Interaction is usually facilitated using a model where visitors are referred to a site, microsite or social network where content marketing is used to encourage interaction. These methods can be used across both desktop and mobile platforms.

3. A digital marketing manager must proactively manage all the main methods by which consumers may visit a company website. Describe these methods and corresponding communications techniques.

Although these are introduced in this chapter, Figure 1.11 provides a good summary of the main methods, which are as follows:

- Search engine marketing
- Online PR
- Online partnerships
- Offline communications (driving traffic to web site)
- Interactive ads
- Opt-in e-mail marketing
- Social media and viral marketing.

4. **Imagine you are explaining the difference between the digital marketing and e-commerce to a marketing manager. How would you explain these two terms?**

Digital marketing is a broader term referring to using a range of digital technologies to support marketing objectives, for example, Sell, Speak, Serve, Save and Sizzle. E-commerce is a narrower term relating to encouraging online transactions and supporting these through customer service.

5. **What is the relevance of 'inbound marketing' for digital marketing?**

Inbound marketing involves attracting the attention of customers, by using marketing content to encourage engagement. Give always are often used to attract attention and encourage customers to engage with a company and provide contact details. For example, 'sign up to download a free report. In-bound marketing is a structured approach to increase the value of digital interactions for a business.

6. **Explain how digital platforms can be used to increase market penetration in existing markets and develop new markets.**

To increase penetration in existing markets, the Internet can be used to reach a greater proportion of the target market within an existing country or marketplace. It can also, in combination with other communication channels, be used to assist in converting more potential customers to sales.

To develop new markets, the Internet can be used not only to reach new geographical markets but also to enter new markets. For example, supermarket Tesco.com uses the Internet to sell 'white goods', which it did not previously sell.

This is introduced in Chapter 1, but covered in more detail in Chapter 4 (see Figure 4.12).

Case Study 1: eBay thrives in the global marketplace

Question:

Discuss how eBay has had to evolve its online brand proposition and communicate it to achieve continued growth.

Students should be guided as to whether they review the whole eBay business or the core business (the marketplace).

It is best to divide this question into two parts.

1. How have the characteristics of digital media supported eBay's growth?

A suitable framework for reviewing the unique aspects of digital media is Table 1.2 – 'The 5Ss of digital marketing'; 'an interpretation of the differences between the old and the digital media'. Also, if this case study is used later in this main text, the section at the start of Chapter 8 on 'The characteristics of digital media' may be useful.

The particular characteristics of digital media compared to traditional media that are important to eBay are straightforward. They are as follows:

- Change from a one-to-many communication model to a one-to-one or many-to-many communication model.
- The ability to create user-generated content listing products is also related to the one-to-one aspect and is also important.
- From Push to Pull – eBay offerings are often visible within search engines.
- From monologue to dialogue (two-way information exchange for enquiries about products facilitated by e-mail).
- Ratings for sellers are important to generate trust (although there are methods of falsifying these).
- Community – the sense that users are part of a community and additionally are bypassing traditional retail channels will be important from some users.

2. How have strategic decisions supported growth?

As with other cases based on SEC filings, that is, United States Securities and Exchange Commission submission, this case is useful for showing how growth is dependent not only on exploiting the right opportunities but also about managing risks successfully.

SEC is a recommended resource for all US listed companies for which there are case studies in the main text. These can usually be accessed through the relevant SEC filings, for example:

Students may structure strategic decisions in different ways according to the level of the course they are following, but since the case is in the beginning of the text, they could be advised to simply look for success factors. Alternatively, if they have completed Chapters 4 and 5 on strategy and the marketing mix, respectively, these then provide alternative frameworks.

Strategic success factors students may mention include the following:

- Branding – a distinctive brand – the earlier brand name was perhaps less appropriate although more direct.
- First-mover advantage – gaining a critical mass through the foresight of the owner.
- Security and fraud – realising that this is important to reputation, so investing in managing this and controlling PR related to this. eBay has developed 'Trust and Safety Programmes' to manage this.
- Partnerships and acquisitions, which /relate well to the service, that is, PayPal and Skype.
- Communication of customer value proposition – the case describes how eBay explains this.
- Revenue model – the market has judged that this gives a good balance for sellers, purchasers and eBay. Setting fees at the right level has enabled eBay to scale for some time.
- Process efficiency – the case describes how eBay measures and then seeks to improve the key areas of Acquisition, Activation and Activity.
- Growth strategies – these are covered in Chapter 4 and include market development (geographic) and product development (new categories for consumers and businesses).
- Technology scalability – not referred to in this chapter, but eBay has been successful in deploying technology that has supported the company's rapid growth.