e-COMMA

# e-Marketer
# BM 01: Digital Marketing

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# e-Marketer| BM 01: Digital Marketing

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|---|
| Bruhn, M. (2001). Relationship Marketing: Das Management von Kundenbeziehungen. München: Vahlen. |
| Statista: http://de.statista.com/statistik/daten/studie/186370/umfrage/anzahl-der-internetnutzer-weltweit-zeitreihe/ (accessed: 11.07.2016) |
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| Meerman, D. (2015). The New Rules of Marketing and PR: How to Use Social Media, Online Video, Mobile Applications, Blogs, News Releases, and Viral Marketing to Reach Buyers Directly. Wiley. |
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| http://timelex.eu/en/blog/detail/7-legal-challenges-for-e-commerce-in-europe |
| https://ecommerceguide.com/guides/ecommerce-legals/ |
| https://searchengineland.com/guide/what-is-seo |

# 1  (Digital) Marketing

*What is Marketing?*

According to the definition of Bruhn, 2001:

Marketing is an entrepreneurial mindset. It manifests itself in the analysis, planning, organisation, execution and control of all internal and external business activities, which aim at achieving sales market-oriented business objectives by focusing company performance on the benefit of the customer in the sense of consistent customer orientation.
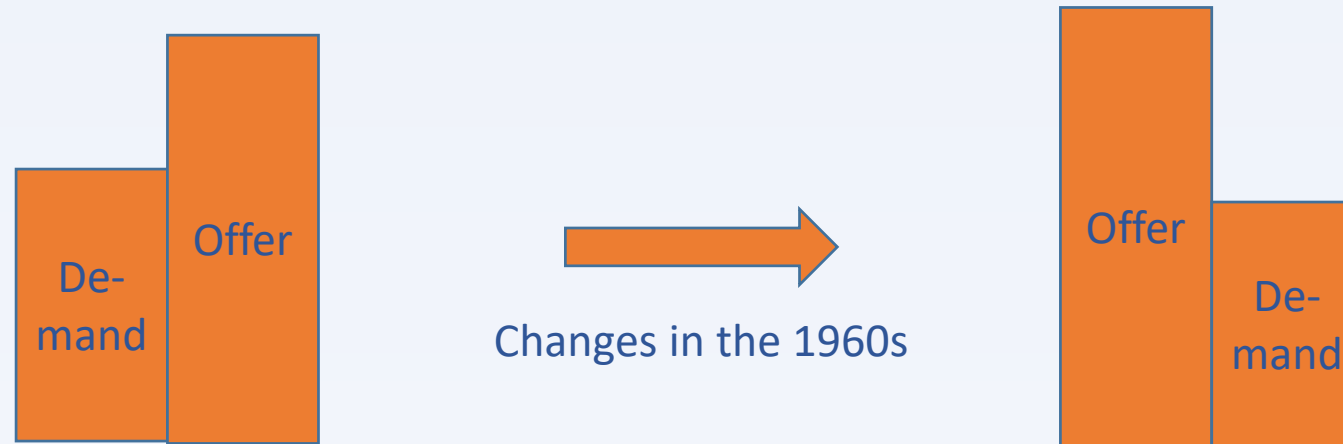
This means:

- marketing as a "generic business concept" is the basis of entrepreneurship;
- marketing includes market-oriented business management and thus consistent customer orientation;
- marketing is a concept to increase sales by consistent market and customer orientation.

De-mand | Offer

Changes in the 1960s →

Offer | De-mand

**Sales concept**

**Product orientation**

The product itself, its features, quality, uniqueness generates the intended demand. At the time the demand was there, but not sufficient offers on the market. Thus, main business activities were focused on:

- procuring;
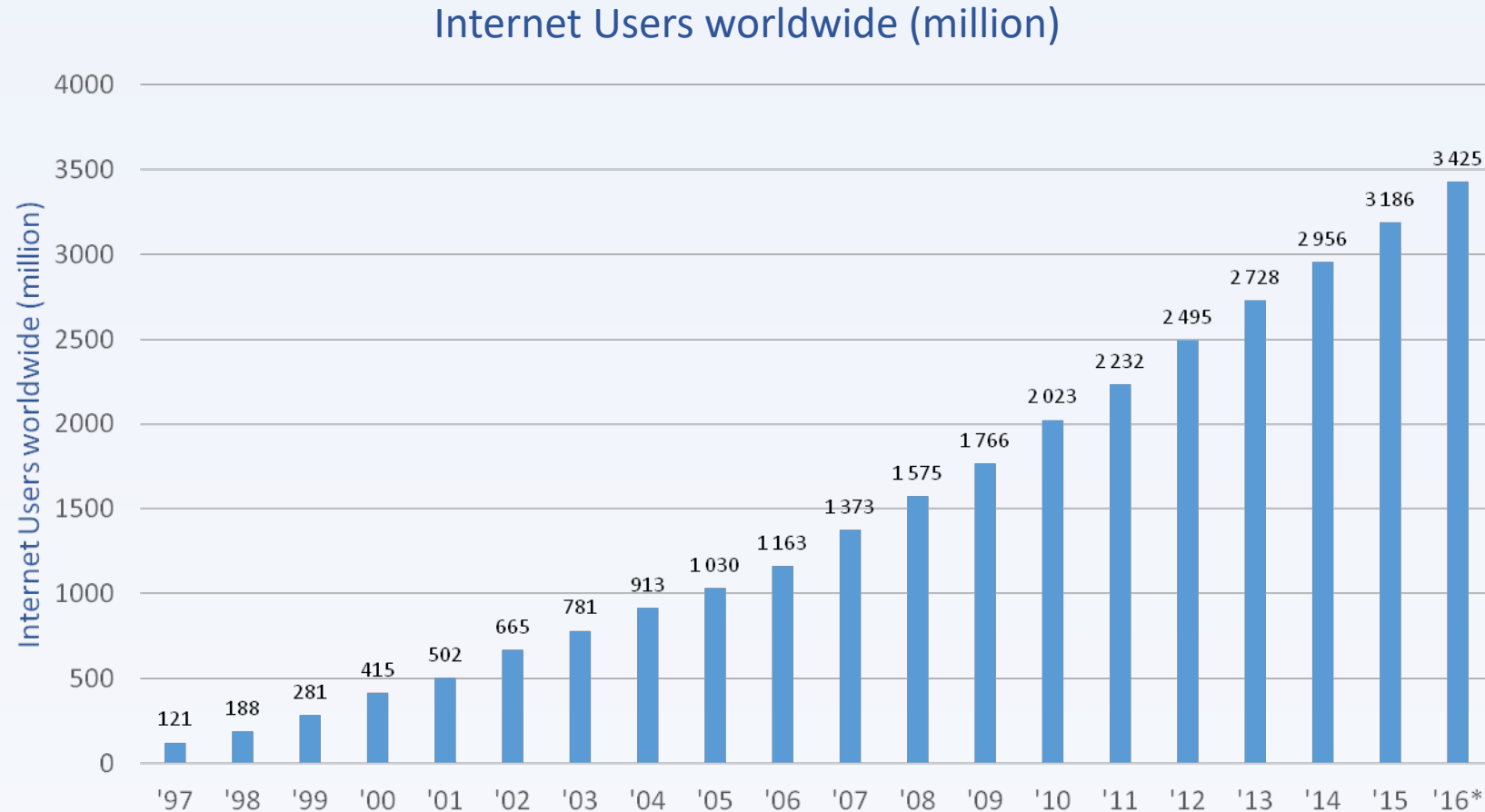- producing;
- selling.

**Marketing concept**

**Customer orientation**

The markets are already saturated by many comparable products. So the satisfaction of individual customer needs by product and related services provided is the main business focus:

- customer needs;
- align competences;
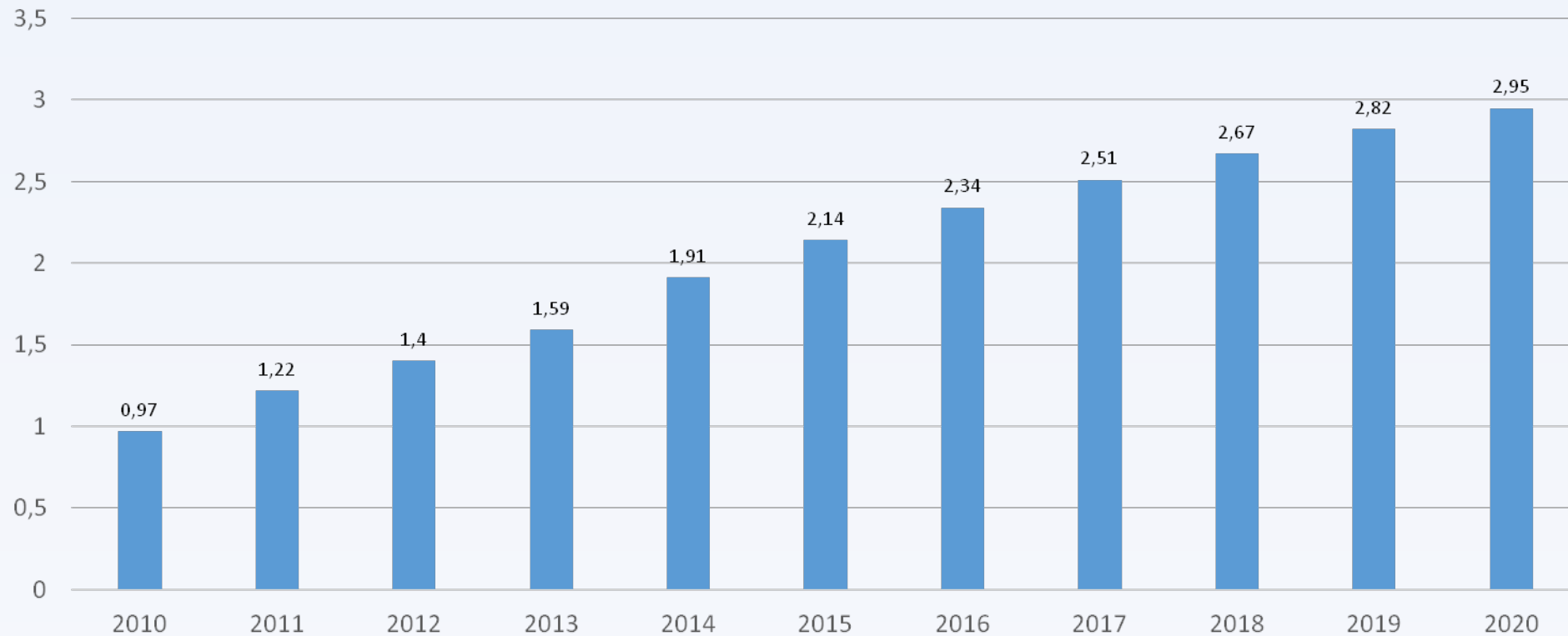- customer benefits.

## Internet Users worldwide (million)



Source: Statista: http://de.statista.com/statistik/daten/studie/186370/umfrage/anzahl-der-internetnutzer-weltweit-zeitreihe/ (accessed: 11.07.2016)

Worldwide users of social networks 2010-2015 including forecast until 2020 (billion)

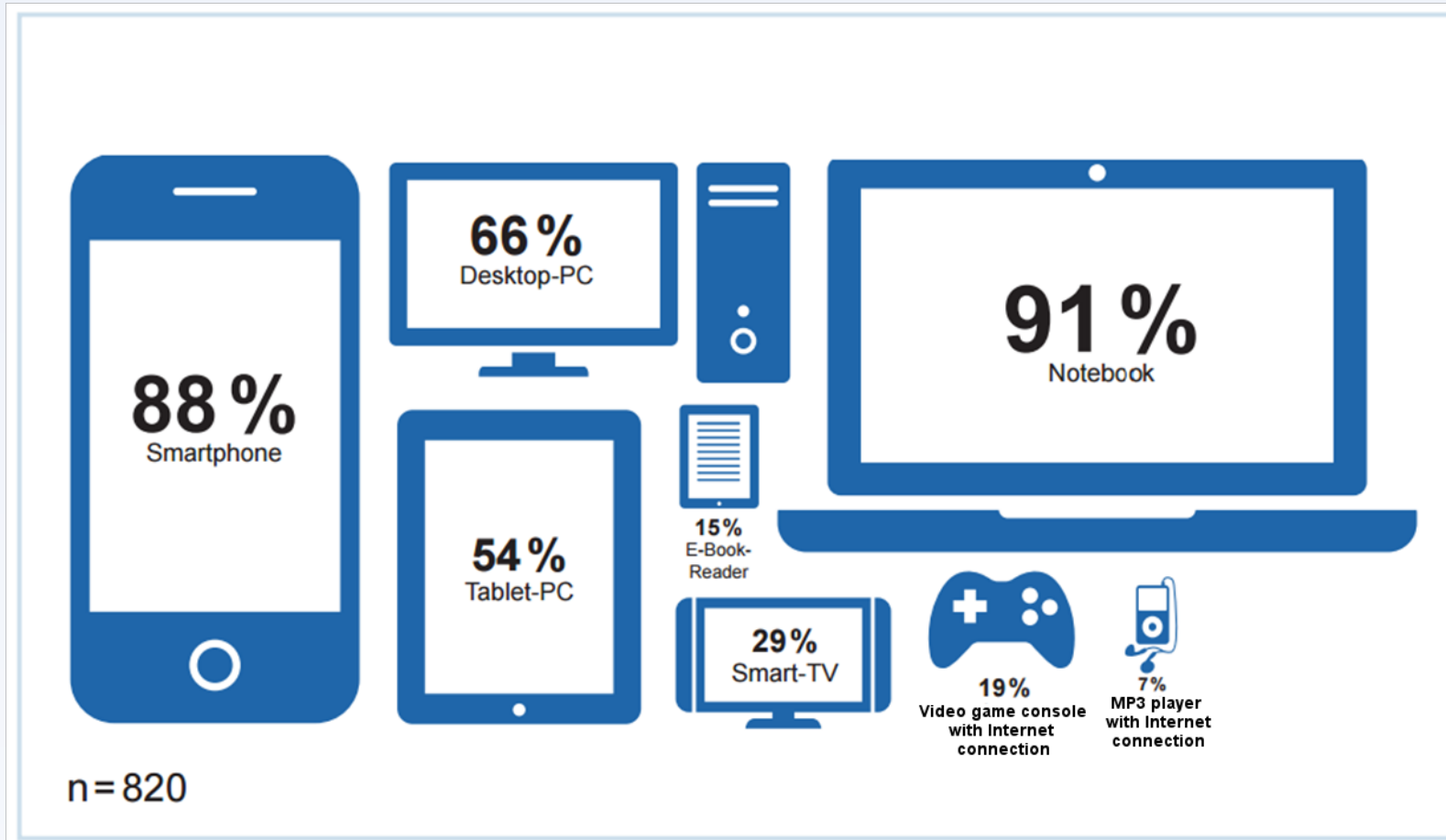| Year | Value |
|------|-------|
| 2010 | 0,97 |
| 2011 | 1,22 |
| 2012 | 1,4 |
| 2013 | 1,59 |
| 2014 | 1,91 |
| 2015 | 2,14 |
| 2016 | 2,34 |
| 2017 | 2,51 |
| 2018 | 2,67 |
| 2019 | 2,82 |
| 2020 | 2,95 |

Source: Statista: http://de.statista.com/statistik/daten/studie/219903/umfrage/prognose-zur-anzahl-der-weltweiten-nutzer-sozialer-netzwerke/ (accessed:11.07.2016)

Usage of digital devices

88 % Smartphone

66 % Desktop-PC

91 % Notebook

54 % Tablet-PC

15 % E-Book-Reader

29 % Smart-TV

19 % Video game console with Internet connection

7 % MP3 player with Internet connection

n = 820

Source: http://www.ibi.de/files/Studie_Digitalisierung-der-Gesellschaft.pdf

Did You Know?
1. There are over 1 billion people active on Facebook?
2. There are over 304 million people active on Twitter?
3. Google is the largest search engine in the world!!
4. YouTube is the 2nd largest search engine in the world!!
5. Did you know that Google owns YouTube?
6. All of the above is absolutely free of charge.

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Electronic commerce (definition)

E-commerce means commercial transaction conducted on the internet. This includes buying and selling and the arrangement of purchases of goods and services. Payment and delivery do not necessarily need to be digitised.

It is possible to use e-commerce solutions for administrative transactions.

## Usage possibilities of e-commerce

| Service Provider | | Service Customer | | |
|---|---|---|---|---|
| | | Consumer | Business | Administration |
| | Consumer | Consumer-to-Consumer (C2C)<br><br>e.g www.ebay.com | Consumer-to-Business (C2B)<br><br>e.g. blog recommending a book and having the link to e.g. www.amazon.com where this book can be bought | Consumer-to-Administration (C2A)<br><br>e.g. tax settlement or e-voting applications |
| | Business | Business-to-Consumer (B2C)<br><br>e.g. transactions on online market places | Business-to-Business (B2B)<br><br>e.g. transactions with supplier enterprises | Business-to-Administration (B2A)<br><br>e.g. tax settlement for institutions and enterprises |
| | Administration | Administration-to-Consumer (A2C)<br><br>e.g. transactions concerning social benefits | Administration-to-Business (A2B)<br><br>e.g. online purchase by public institutions | Administration-to-Administration (A2A)<br><br>e.g. transactions of international public institutions |

## 1.1 Trends in Marketing: Electronic Commerce

Benefits of online transactions of goods and services

| Provider | Consumer |
|---|---|
| ▪ Global visibility<br>▪ Flexibility<br>▪ Direct order taking<br>▪ Collation of detailed customer data<br>▪ Advantages of online distribution<br>   ▪ Speed<br>   ▪ Independence of location and time (available anytime anywhere)<br>   ▪ Transparency<br>   ▪ Openness<br>   ▪ Low transport costs | ▪ Independence of location and time (available anytime anywhere)<br>▪ Search engines<br>▪ High market transparency<br>▪ Online price comparison services<br>▪ Price level and price dispersion in e-commerce<br>▪ Multimediality and interactivity<br>▪ Comfortable online purchases |

Electronic commerce can be conducted in various ways:

- e-shop: the business provides goods and services directly to the customer, e.g. online stores of specific brands;

- e-marketplace: several businesses offer goods and services on one online platform, the marketplace conducts transactions, e.g. amazon.com (marketplace);

- online trading platforms: auction houses and classified advertisement services: an online platform brings together several customers and/or businesses for trade, e.g. ebay.com.

Marketing:

- aims at the strategic orientation of the organisation to improve its performance;

- focuses on customer needs including the market changes (needs of even more reference groups may be included, e.g. employees, shareholders etc.);

- refers to business decisions on a wide range: product policy, price policy, communication policy.

General Strategic Goals:

- mastering complexity and stimulate business development;

- recognising and developing future earnings potential;

- generating scopes of action and alternative options;

- balancing future actions with regard to environmental, technological and comparative issues, also concerning resources and risks.

Philosophy

Goals

Strategies

Instruments

Market Research

Organisation and Controlling
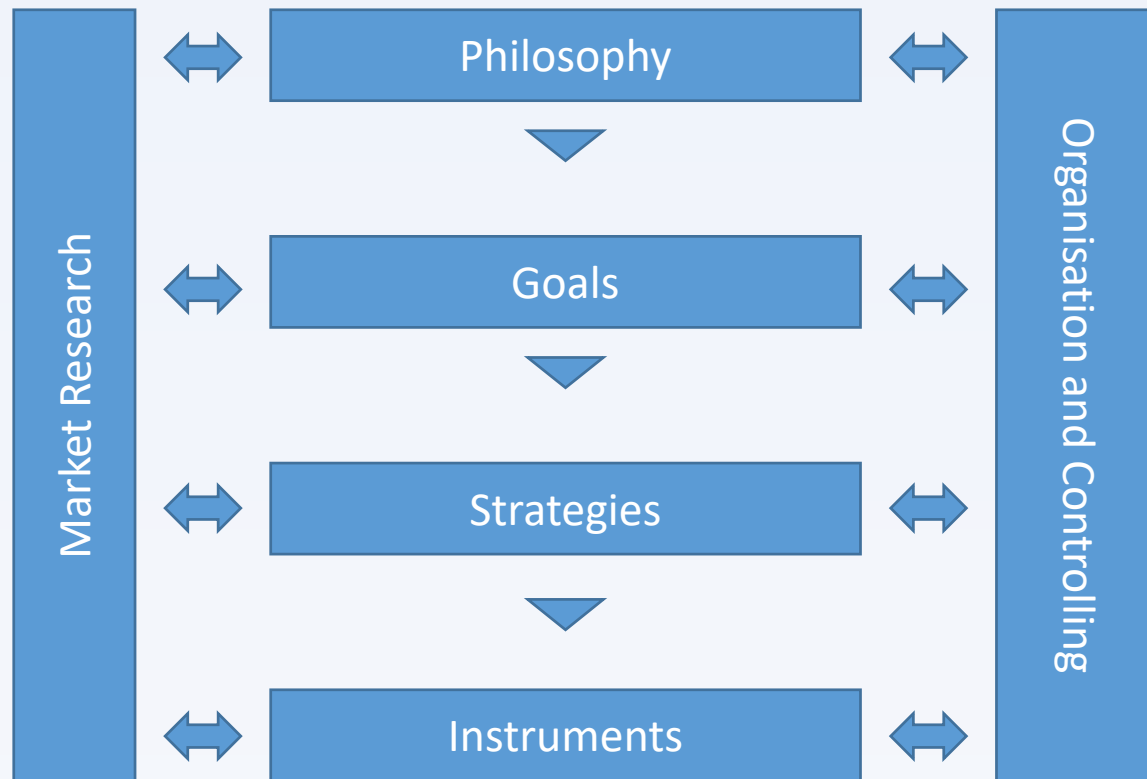
## Core Elements of a Marketing Concept

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## Elements of Strategic Management



- Analysis
  - Business analysis
  - Environment analysis
- Strategic Development
  - Strategic Options
  - Evaluation of these options
  - Development of a strategy
- Strategic Implementation
  - Measurements and project plan
  - Organisation
- Strategic Controlling and Adaptation
  - Revision
  - Progress monitoring
  - Variance analysis
  - Adaptation of the strategy

Marketing includes **the definition of objectives**
*what aim do you want to reach?*

Follow the **SMARTER** criteria:

**S**pecific

**M**easurable

**A**chievable

**R**elevant

**T**ime-bound

**E**valuated

**R**eviewed

Source: Yemm, Graham (2013). Essential Guide to Leading Your Team : How to Set Goals, Measure Performance and Reward Talent.,Pearson Education, pp. 37–39.

Marketing includes the analysis of **customer needs and market possibilities**
*what do the customers need and what is offered on the market?*

Take into account:

1. Own business data.

2. Latest surveys.

3. Current megatrends.

4. Strategies of competitors.

Marketing includes the definition of **target markets** *where and how do you want to sell? What do you sell to whom for what price?*

According to the **marketing mix (=4 Ps)**

Marketing includes **budget and action plans (see example below)**
*what will be done when and what needs to be invested?*

| Goal | Action Steps | Responsibility | Start Date | Date Due | Ressources |
|------|-------------|----------------|-----------|----------|------------|
| What is the outcome?<br><br>results, effects etc. | What needs to be done first? | Who does it? | From when? | Until when? | What is invested? (Money, time,…) |
| | What needs to be done then? | Who does it? | From when? | Until when? | What is invested? (Money, time,…) |

Marketing includes the development of **marketing tactics**
*what are the specific actions to be taken?*

Create specific tactics to reach long and mid-term strategic goals, as:

• convert interested people into consumers by hard offers;

• offer limited editions to raise attention and bind customers;

• special offers for e-consumers to strengthen your online reputation.

**Return of Investment (ROI)**

The ROI indicates the efficiency of investments and marketing means.

Formula:     $$ROI = \frac{(Gain\ from\ Investment - Cost\ of\ Investment)}{Cost\ of\ Investment}$$

If ROI is negative: organisation loses money

If ROI is positive: the investment is worthwhile.

COST TO REACH 2,000 AUDIENCE (Traditional)
- $150 Broadcast
- $250 Newspaper
- $500 Megazine
- $900 Direct Mail

COST TO REACH 2,000 AUDIENCE (Digital)
- $50 Search
- $75 Social Networking

DIGITAL MARKETING WINS THIS ONE, HANDS DOWN

ROI can be calculated for any action/ project taken by organisation.

Let's think that you need to make some investments in digital marketing and need to convince board of members that it is a good idea.

Let's assume that:
Lead-to-close ratio is 4 (you close 25% of our leads
Cost per lead is $10
Customer lifetime value (LTV) is $200
Cost of goods sold over that lifetime is $80

Projected ROI = [($200-$80-$4*10)/($80+$4*10)]*100 = ($80/$120)*100 = 66.7%

You can learn how to calculate LTV here:
https://neilpatel.com/blog/how-to-calculate-lifetime-value/

Source: http://www.onlinewebcreators.com/traditional-marketing-versus-digital-marketing/

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Digital Marketing is strongly connected to e-Commerce, both new developments provide strong mutual support.

**Online Reputation**

Refers to the digital appearance of a person or a business. How do others perceive you online?

Online Reputation Management (ORM) contains a set of strategies to influence your online reputation in a positive way

**Online Reputation Management (ORM)** includes:

- observation of online reputation (search engines, reviews on online marketplaces, online review portals)

⟹ controlling;

- reaction on online reviews (positive and/or negative)

⟹ comment on customer comments;

- reaction on public customer requests and complaints

⟹ comment on comments via third party channels, e.g. Twitter.

ORM strategies cover several digital marketing tactics.

## 1.3 Communication Channels and Core Elements

Digital Marketing uses different **communication channels**, according to the business and its target group.

Digital Marketing consists of **core elements**:

- Search Enging Optimisation (SEO): influence the online visibility in search engine results;

- Search Engine Advertising (SEA): paid advertisements in search engines connected to specific keywords;

- Display/Banner advertising: paid online advertisements on third party websites;

- Email marketing: campaigns/special offers published by newsletters;

- Affiliate Marketing: third parties as "brand ambassadors" to promote your business in another context (e.g. blogs), the affiliates are paid;

- Viral Campaigns: e.g. videos in social media beyond target group, not necessarily product-focused.

# 2 Traditional vs. Digital Marketing

Traditional and Digital Marketing – Common Features:

- strategic thinking;

- aim at improving the organization's performance;

- customer orientation;

- run common campaigns via different channels.

| Aspect of Marketing | Traditional | Digital |
| --- | --- | --- |
| **Customer communication** | One-way interaction<br>Organisation talks, customer listens | Mutual interaction<br>Organisation talks and listens, customer listens and talks |
| **Marketing strategies** | Homogeneous and limited: advertising campaigns, service hotlines etc. | Heterogeneous and nearly unlimited: blog posts, status updates, tweets, reviews, online campaigns etc. |
| **Planning of marketing activities** | Long-term preparation | Spontaneously |
| **Communication** | Time for reflection, preparation and discussion:<br>Exclusive communication between business and customer | Quick and immediate reaction required:<br>Communication between business and customer in public |

| Aspect of Marketing | Traditional | Digital |
|---|---|---|
| **Availability** | According to business hours | Constant stand-by, to allow reaction on customer requests |
| **Scope** | Specific target groups and markets | Anyone, anytime, anywhere; not bound to target groups or markets |
| **Language** | Marketing language, legally recognised and binding | Authentic direct language, no standardised formulations |
| **Legal Issues** | Safe legal situation Comparable cases | Constantly developing technological solutions, no safe legal situation |

| Aspect of Marketing | Traditional | Digital |
|---|---|---|
| **Overseers** | Competitors, consumer protection agencies, competition protection institutions | Competitors, consumer protection agencies, competition protection institutions, users, platform operators |
| **Involved Persons** | Department for PR and Marketing, agencies | Department for PR and Marketing, agencies, online marketing experts, users and customers |
| **Legal Frameworks** | Copyright, trademark law, competition law | Copyright, trademark law, competition law, data protection, law concerning electronic information and communication, specific terms of use (of e-marketplace or other) |

# Advantages of e-Marketing   Disadvantages of e-Marketing

- Reduction in costs through automation and use of electronic media

- Faster response to both marketers and the end user

- Increased ability to measure and collect data

- Opens the possibility to a market of one through personalisation

- Increased interactivity

- Increased exposure of products and services

- Dependability on technology

- Security, privacy issues

- Maintenance costs due to a constantly evolving environment

- Higher transparency of pricing and increased price competition

- Worldwide competition through globalisation

The Most Important B2B Digital Marketing Statistics 2017



2016 Digital Marketing by the Numbers

Although in the case of B2B digital marketing may be more difficult than in the case of B2C, its role will be increasing.

Does it mean that traditional marketing needs to be replaced by digital marketing?

No, they are rather complementary, and should be used where they bring the better result.

# 3 Marketing Tactics and Web Analytics

Strategic Marketing aims at specific goals, these can be reached by applying tactics that accompany specific sales campaigns.

Examples:

- "Black Friday"- special offers limited to a certain period of time;
- Amazon's "Cyber Monday": special offers limited to a certain group of products;
- free delivery (often connected to a specified minimum order);
- buy 1 get 1 free (on- and offline).

Marketing tactics underly **recent trends**:

- establish brand ambassadors: social selling and partnerships, e.g. affiliates;

- personalisation: target your "buyer persona" as individual of the mass of your target group;

- market segmentation: define your target market in details.

Introduction to most common digital marketing tactics

**Search Enging Optimisation (SEO):** influence the online visibility in search engine results, take into consideration the respective search engine algorithms.

Get your business to the top search results by:

• using the frequently searched keyword phrases, also in meta data;

• updating frequently;

• redirection: track your website via several URLs, use canonical link element.

See also: https://searchengineland.com/guide/what-is-seo

Introduction to most common digital marketing tactics

**Search Engine Advertising (SEA)/ Search Engine Marketing (SEM):**

SEA relates to paid advertisements in search engines. These ads are connected to specific frequently searched keywords that are to be in the website meta data and that relate to the respective target market.

Your website will appear not as a search result but rather as a "sponsored link" placed closely to the top search results.

Introduction to most common digital marketing tactics

**Display/Banner advertising**: paid online advertisements on third party websites.

- designed as static advertisements or audiovisual files, following the iab standards (Interactive Advertising Bureau, see standards and guidelines on: https://www.iab.com/);

- used to direct traffic to a certain website;

- common settlement model: Pay-per-click (PPC): advertisor is charged a fixed mount per click.

Introduction to most common digital marketing tactics

**E-mail Marketing**: campaigns/special offers published by newsletters.

- promotion of business messages (latest product news, special offers, business events). These e-mails increase the online visibility;

- transactional e-mails address recent customers and relate to customer actions. The purpose is to bind customers and create customer loyalty.

Introduction to most common digital marketing tactics

**Affiliate Marketing**:

Businesses engage affiliates to promote the products and services. Affiliates usually host independent websites like blogs or video channels. Affiliates usually are paid for promoting the goods on their respective channel.

Introduction to most common digital marketing tactics

**Viral Campaigns:**

Viral campaigns spread information about the business to a group of persons beyond the target market, e.g. by videos. Social media are the favourite channels as they allow to spread the information widely. Reaching beyond target group can be reached by changing the context of the offered goods and prepare interesting material of high usability. Games and videos are the favourite possibilities.

As not necessarily relevant information on products is promoted, viral campaigns mainly aim at increasing the visibility of the business brand.

Web analytics means the collection of relevant web data to improve the websites usage. It includes measuring the web traffic, i.e. the visits on the website, information about online users and their behaviour: where they come from, if they come first time or repeatedly, what they purchase etc.

Best known and free of charge is "google analytics", it can be accompanied by external dashboards as additional features. Alternatives are "Piwik", "Etracker" or "Stats4Free".

Google Analytics

Yahoo Web Analytics

Crazy Egg

Compete

Google Website Optimizer

Optimizely

Kissinsights from Kiss Metrics

4Q by iPerceptions

Click Tales

Facebook Insights

Twitalyzer

Google mobile-friendly checker

See also: https://www.inc.com/guides/12/2010/11-best-web-analytics-tools.html

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# 4 Legal Issues

1. Geoblocking: equal prices in EU, no restriction to national transaction (though delivery may be limited to specified countries).

2. Data protection (2018 DSGVO) EU.

3. Consider national legislation.

4. Keep up to date.

- https://ec.europa.eu/digital-single-market/en/e-commerce-directive
  EU e-commerce directive: basics for e-commerce in the EU

- http://timelex.eu/en/blog/detail/7-legal-challenges-for-e-commerce-in-europe
  background information about legal issues in e-commerce

- https://ecommerceguide.com/guides/ecommerce-legals/
  Compact information and guidelines for e-commerce

- https://www.shopify.com/blog/14926393-the-definitive-legal-guide-to-ecommerce
  legal guides beyond the EU