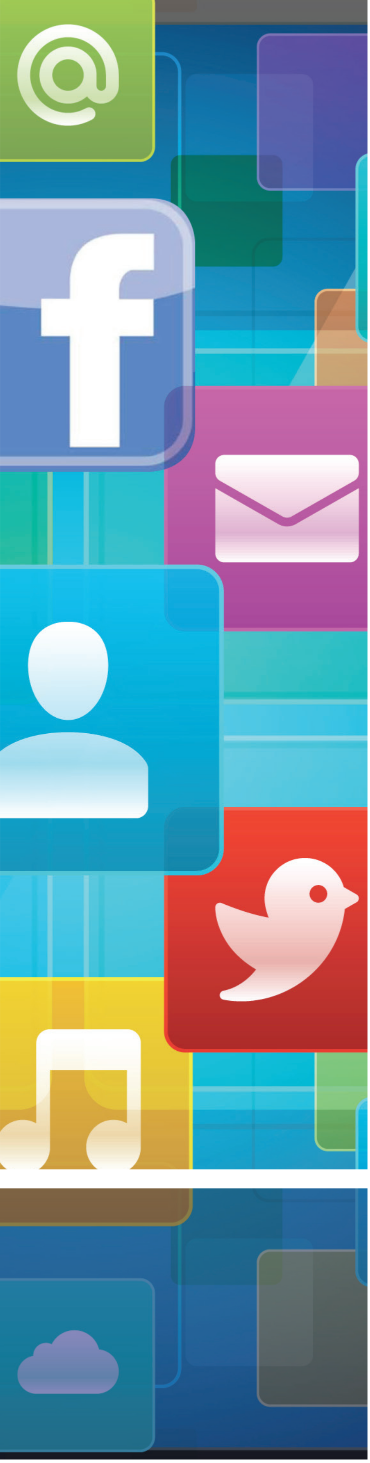

DIGITAL AND SOCIAL MEDIA MARKETING AND ADVERTISING COLLECTION

Victoria L. Crittenden, *Editor*

Digital Marketing Management

A Handbook for the Current (or Future) CEO

Debra Zahay

BEP BUSINESS EXPERT PRESS

Digital Marketing Management

Digital Marketing Management

A Handbook for the Current (or Future) CEO

Debra Zahay, PhD
President, Zahay, Inc.

BEP BUSINESS EXPERT PRESS

Digital Marketing Management
Copyright © Business Expert Press, LLC, 2015

All rights reserved. No part of this publication may be reproduced, stored in a retrieval system, or transmitted in any form or by any means—electronic, mechanical, photocopy, recording, or any other except for brief quotations, not to exceed 400 words, without the prior permission of the publisher.

First published in 2015 by
Business Expert Press, LLC
222 East 46th Street, New York, NY 10017
www.businessexpertpress.com

ISBN-13: 978-1-60649-924-5 (paperback)
ISBN-13: 978-1-60649-925-2 (e-book)

Business Expert Press Digital and Social Media Marketing and Advertising Collection

Collection ISSN: 2333-8822 (print)
Collection ISSN: 2333-8830 (electronic)

Cover and interior design by S4Carlisle Publishing Services Private Ltd.,
Chennai, India

First edition: 2015

10 9 8 7 6 5 4 3 2 1

Printed in the United States of America.

Dedication

To my husband Edward Blatz,
my parents Joyce and Albert Zahay and our families

Acknowledgments

Victoria Crittendon, Thom Disch, Rich Hagle, Charlotte Mason,
George Milne, Michael Roche, Lisa Spiller, Thorne Washington

Abstract

This book is for managers and would-be managers who need to upgrade their knowledge of digital marketing. Told from the perspective of marketing strategy, it puts digital marketing in the context of firm strategy selection. The first step in digital marketing is to understand your company and your brand. The next step is to put content and keywords on your website so that they can be found in search. The next step is to use the other delivery platforms of digital content, e-mail, social, and mobile, to deploy that content to the customer. The final topics in the book focus on the importance of data management and privacy. I discuss how to develop a database and to create an organization that puts data quality at its center. These practices are as critical to digital marketing success as the delivery platforms. Without quality data, no digital marketing program can be successful. After creating a database with high-quality data, I then briefly discuss the use of analytics in digital marketing. After reading this book, the reader should have a good idea of where to start on the path to an integrated digital marketing management strategy. Each chapter concludes with a list of action steps or "what to do next" to get started on implementing a digital marketing strategy as well as review questions and key terminology.

Keywords

Digital Marketing, Search Engine Marketing, E-mail Marketing, Social Media Marketing, Data Quality, Database Management, Data analytics

Contents

List of Figures .... *xiii*
Introduction .... *xv*

Foundations 1
Chapter 1 How Did We Get Here? Definitions and Background 3
Chapter 2 Strategic Thought as It Relates to Digital Marketing 19
Chapter 3 Website Design 27

Delivery 41
Chapter 4 Search Engine Marketing 43
Chapter 5 E-mail Marketing 59
Chapter 6 Social Media and Mobile Marketing 75

Context 89
Chapter 7 Customer Relationship Management (CRM) and the Role of Leadership in Digital Marketing 91
Chapter 8 Legal Issues: Data privacy, Security, and Intellectual Property 107
Chapter 9 The Customer Database and Analytics 113
Chapter 10 Concluding Thoughts 133

Appendix: Digital Marketing Plan Outline *137*
Index *141*

List of Figures

Figure 1.1 The four foundations of digital marketing delivery mix integrated with core website strategies 4
Figure 1.2 The evolution of marketing terminology from direct communication to engagement 6
Figure 1.3 Revolutionary trends contributing to digital marketing...7
Figure 1.4 One way of representing network relations, nodes, and ties 8
Figure 1.5 Progression of communications in marketing and advertising...11
Figure 1.6 Updated customer relationship management objectives 13
Figure 1.7 The evolution of direct media..15
Figure 1.8 Customer acquisition and relationship management: A continuous process 16
Figure 2.1 The role of learning in creating competitive advantage...20
Figure 2.2 Activities leading to the creation of value for and by customers 21
Figure 2.3 Digital marketing technologies enhance firm sensing capabilities 22
Figure 3.1 The evolution of web technology....................................28
Figure 3.2 The customer lifecycle...30
Figure 3.3 The F pattern and the golden triangle in website design 36
Figure 4.1 Types of search engine marketing 44
Figure 4.2 Match types for selection in Google AdWords.................45
Figure 4.3 Four main phases of search engine marketing planning...46
Figure 4.4 Organizing a paid search campaign 47
Figure 4.5 Factors for ranking in organic search 52

Figure 4.6 How branding aids organic search 53
Figure 5.1 Layers of permission 67
Figure 5.2 E-mail marketing campaign process 69
Figure 6.1 The proliferation of social platforms 76
Figure 6.2 Developing the brand story through content 77
Figure 6.3 Types of media and examples 78
Figure 6.4 Sample content marketing plan 82
Figure 6.5 SoLoMo defines digital marketing 84
Figure 7.1 The House of Quality for multichannel and digital marketing 96
Figure 7.2 Customer channel preference versus our channel strategy 98
Figure 7.3 The key role of the top executive in data quality 101
Figure 7.4 How to organize for customer data quality 103
Figure 9.1 Types of data that create the customer database 113
Figure 9.2 The two types of marketing analytics 127
Figure 10.1 Digital marketing incorporates the best aspects of prior terminology 134

Introduction

When I began my career as a marketing professional, e-mail was a rare privilege. There were four major forms of marketing communication: in-person, phone, fax, and postal mail. Everything that we needed to know about the customer we learned from talking to the customer, research surveys or from transaction records, laboriously collected, and sometimes painstakingly supplemented. There was no online behavioral data to analyze, no web logs, or click-through rates.

I remember, not too long ago, going through hard copies of printouts with a yellow highlighter to pick out the industries which were most likely to yield increased sales in terms of vertical marketing specialization (a technique which worked, by the way). I was somewhat unique in having come from an information systems background in being able to coax decisions from data in the organization. Those who knew how to do so usually labored, as I did, in direct marketing, one of the few areas of marketing which relied on customer data analysis for decision making.

Now I would argue that the individual who is in marketing cannot escape the inexorable rise of technology and its applications. A proliferation of communications channels and a reliance upon technology by both business-to-business (B2B) and business-to-consumer markets (B2C) means that we marketers are dependent upon the importance of digital marketing. Not only that, digital marketing is the responsibility of everyone in the organization, beginning with upper management. For example, if 93 percent of purchases begin with searching the web, then search is everybody's business in the company, not just that of marketing.[1]

This book is a handbook for the management of digital marketing. It is not, like my other book, *Internet Marketing: Integrating Online and Offline Strategies*, with MaryLou Roberts, designed to also be used in a skills-based course and provide a detailed overview of the ins and outs of digital marketing. Those seeking to learn the details of operating social media platforms or how to effectively create paid search ads can look to that text or other resources to do so.

---

[1] Sticky Branding. "93% of B2B Purchases Start With Search," https://www.stickybranding.com/93-of-b2b-purchases-start-with-search/ (10/13/2014).

This book is for managers, students of management, or would-be-managers and those who are just seeking knowledge of the subject who need to know not *how* to do things on digital marketing tools but *why* to do things. The intent of this book is to teach managers how to reframe and rethink their organizations so that digital marketing is integral to their operations. A recent study from the Online Marketing Institute said that only eight percent of brands think that their team is up to speed in digital marketing and strong across all channels.[2] In my classes, I supplement this material with practical, hands-on applications, such as the Google Online Marketing Challenge (GOMC) or the Stukent Internet Marketing Simulation.

This book will also help pinpoint the people skills necessary to build the digital marketing organization and also help identify and classify the important elements of digital marketing in the organization. Although there are some leading-edge programs in this area, marketing academics have been slow to make the transition to digital marketing and some academic programs lack practical knowledge. It highly likely that skills and specializations will have to be developed in-house as well as hired from without, because of the shortage of those with knowledge in this field. Managers need to know what skills to develop in their employees, not necessarily to have the skills themselves.

To summarize, the book's target is anyone who needs to understand how to incorporate digital marketing into their organization at a strategic level. It is hoped the book will be as useful to the small business owner as to the CMO of a large company. Many of those reading this book developed and succeeded in their careers in an era without Facebook, Twitter, e-mail, and paid search; many are "digital natives" but use the Internet for their own education and enjoyment and not for marketing purposes.

---

[2] Gesenhues. 2013. "Study: Only 8% of Brand Believe Their Marketing Team is Strong Across All Digital Marketing Channels." *Marketing Land.* http://marketingland.com/study-only-8-of-companies-believe-marketing-team-is-strong-across-all-areas-of-digital-marketing-64404 (11/13/2014).

The book can be read on its own or to upgrade your skills or as part of an undergraduate or Master's level course in the subject.

The book will focus on current technology usage but not the details, which change on a daily, if not hourly basis. This book is meant, as the title says, to be used as a guideline for the management of digital marketing processes. I hope that at the end readers will have a better idea of why these principles and ideas are important and how to implement them in the organization. So let's get started. . . .

Foundations

CHAPTER 1

How Did We Get Here? Definitions and Background

As you read this book you will see how to incorporate digital strategy into firm strategy, focusing on the key elements of strategy which are core competencies, how to produce value and basic positioning theory. The book then explains to managers how strategy should be incorporated into the design of the website and then through to what I call the four foundations of the digital marketing delivery mix (see Figure 1.1), search, social, e-mail, and mobile.[3] The importance of quality customer data as the foundation for these strategies is also explored here with managerial implications. Finally, guidelines for managing the successful implementation of these marketing technologies in the organization are presented and covered.

It is worth noting how we arrived at the point where digital marketing is now one of the proper occupations of the executive suite. Today in fact, 40 percent of marketers want to learn more about digital marketing but only 14 percent know how to do so.[4] Although marketing has always been an important and sometimes overlooked occupation in the corporation,

---

[3] Zahay. 2013. "Four Foundations of the Digital Marketing Mix." *New Interactive Marketing Updates,* http://niuinteractivemarketing.blogspot.com/2014/02/four-foundations-of-digital-marketing.html (10/13/2014).

[4] Birmingham. 2014. "Transforming the Digital Marketer: 'It's not You, It's Me. I'm just not Ready to Commit'." *Which-50.* http://which-50.com/blog/2014/march/27/transforming-the-digital-marketer-its-not-you-its-me-im-just-not-ready-to-commit/#.VDwEN_ldV8Ghttp://which-50.com/blog/2014/march/27/transforming-the-digital-marketer-its-not-you-its-me-im-just-not-ready-to-commit/#.VClOofldV8F (10/13/2014).

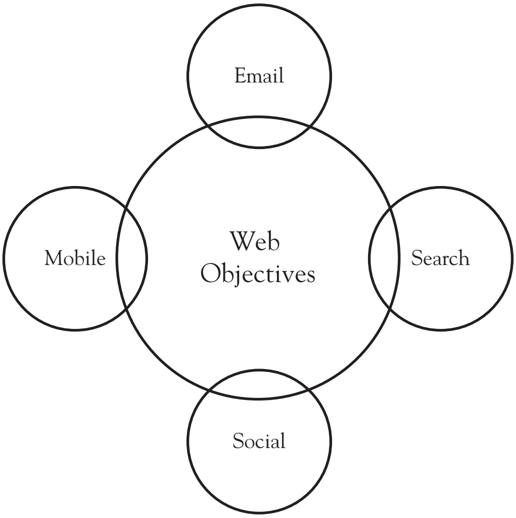

Figure 1.1 The four foundations of digital marketing delivery mix integrated with core website strategies

digital marketing screams for the attention of not only the Chief Marketing Officer but the Chief Executive Officer as well. A recent report by Exact Target indicated that marketing priorities are now measurement and data, branding, and online conversion rates.[5] With the exception of branding, most of these terms were not even considered part of traditional marketing a few years ago. Now, if you can digitize the information, you can measure it. The increased importance of measurement in marketing has paralleled the increase in the importance of digital marketing.

Terms used to describe the type of marketing we are talking about in this book have evolved in usage over time, with digital marketing currently being the most popular and on an upward trend. When I first started teaching, I taught in an e-commerce program, which emphasized selling products over the Internet. As we know, digital marketing is so much more than selling products; it has come to encompass engagement with our customer across many types of electronic channels. With the use of Google Trends, a wonderful tool for competitive and other types of research we will discuss later in this book, we can see that the term digital marketing has experienced rapid growth and outpaced the use of other terms to describe what we do as marketers in the modern age.

---

[5] ExactTarget. 2014. "2014 State of Marketing." *White Paper.* http://content.exacttarget.com/en/StateOfMarketing2014?ls=Website&lss=StateofMarketing2014&lssm=Corporate&camp=701A0000000g98RIAQ (10/13/2014).

Digital marketing as a practice has its basis in direct marketing, which required a customer database to track and measure customer response. This marketing database later became crucial in the development of the concept of interactive marketing. Interactive marketing was a term that originated in the mid-90s to capture and describe the fact that marketing was now a two-way conversation[6] and not just the one-way communication of the mass media world. Interactive marketing also required the use of a database that was developed by direct marketers, most importantly to address the individual customer in a relevant fashion. Along the way, Internet marketing came to mean using the Internet to facilitate the marketing process (See Figure 1.2).

The goal of interactive marketing as originally theorized by Dr. John Deighton was that marketing would become a "conversation." What Deighton and others did not foresee was the rapid expansion of the marketing conversation and the shift in control of the process from the marketer to the customer.[7] In fact, digital marketing can be defined as using any digital technology to facilitate the marketing process, with the end goal to facilitate customer interaction and engagement.[8,9]

Taking all these trends into account, Figure 1.3 shows how the term digital marketing has evolved from a process of response measurement to conversation to engagement. Engagement will be discussed in a later chapter, but in short it means that customers are involved with the brand and creating and

---

[6] J.A. Deighton. November–December, 1996. "The Future of Interactive Marketing." *Harvard Business Review* 74, no. 6, pp. 151–160.

[7] A. Deighton and L. Kornfeld. Winter, 2009. "Interactivity's Unanticipated Consequences for Markets and Marketing." *Journal of Interactive Marketing* 23, no. 1, pp. 2–12.

[8] Gartner. 2014. "It Glossary." *Gartner.* http://www.gartner.com/it-glossary/digital-marketing/ (10/13/2014).

[9] Technopedia. 2014. "Digital Marketing." http://www.techopedia.com/definition/27110/digital-marketing (10/13/2014).

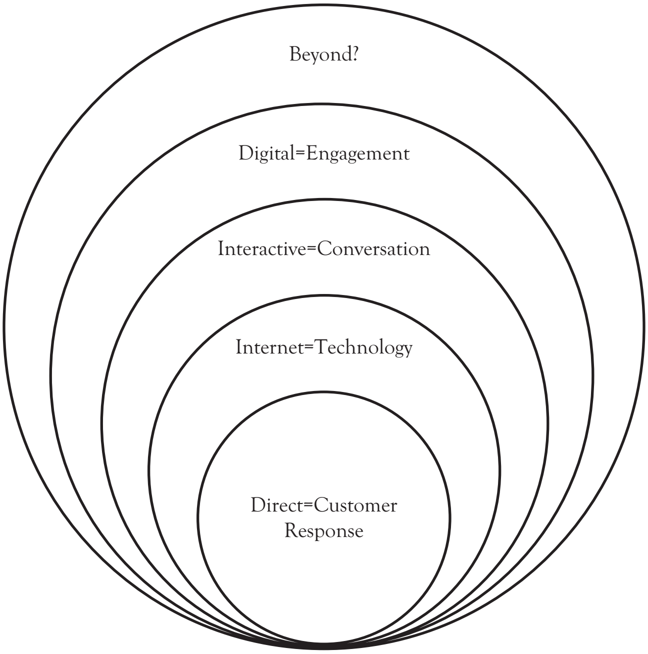

Figure 1.2 The evolution of marketing terminology from direct communication to engagement

developing their own content around the brand. What will happen beyond engagement and how it will be named is anyone's guess. However, if I had to guess, I would predict a continued trend toward less control by the marketer and more control by the customer, aided and abetted by marketing technology that will be enabled to make choices for the marketer.

Digital marketing includes the ability to interactively communicate with customers through electronic channels, such as the web, e-mail, smart devices such as phones and tablets, and mobile applications. The four most recognized techniques of digital marketing are social, mobile, analytics, and e-commerce.[10]

These digital technologies that form digital marketing can include Internet tools, such as search engine marketing and social media, customer

---

[10] Gartner. 2014. "Key Findings from U.S. Digital Marketing Spending Survey, 2013." *Gartner for Marketing.* http://www.gartner.com/technology/research/digital-marketing/digital-marketing-spend-report.jsp (10/13/2014).

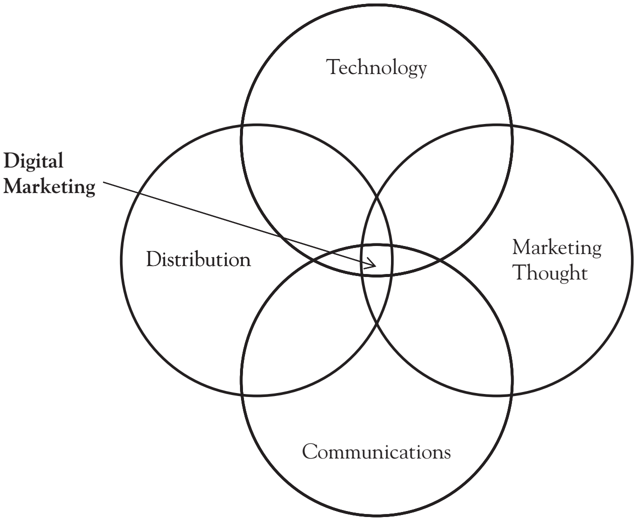

Figure 1.3 Revolutionary trends contributing to digital marketing

databases, and the like. Even print processes, which now rely on digital technology, can be included broadly in this definition. As noted, above, digital marketing also includes measurement and the process of customer engagement. An interesting question is, "Is all marketing digital marketing now?" Certainly digital marketing is getting the attention of CMOs, although most of them do not think their teams are digitally ready.

For our purposes, it is useful to take a step back and to realize there have been several underlying trends that have made the development of digital marketing management the proper occupation of the executive suite. Without these trends' convergence, shown in Figure 1.3, we would likely be looking at marketing as a different type of occupation and perhaps less relevant to the executive suite. These trends are the revolution in technology, the revolution in marketing thought, and the revolutions in communication and distribution channels.

The Revolution in Technology

Several technologies together have facilitated the rise of digital marketing. Technologies that will be addressed here are the Internet, browsers, widespread computing, and database technology. First, the commercialization of the Internet made the technology widely available to most consumers. The Internet was developed for government use in the early 70s by the Defense Advanced Research Projects Agency (DARPA) and used primarily for the transfer of large data files and the facilitation of communication among scientific researchers. In those days, most individuals did not have access to this vast network of information. It is useful to think of the Internet as exactly what the name implies, a network which is interconnected through technology. According to network theory, many relationships can be visualized by their relationship as nodes on a network. These nodes are represented usually as circles and the interrelationships between the circles as lines.

Almost anything can be represented by the nodes on a network. Much of social network theory represents individuals on the network as nodes and the lines represent the connections between individuals. In telecommunications theory, the nodes represent areas on the network where information is processed before moving on to another "node." Nodes tell us how our cell phones get information from one point to another as well

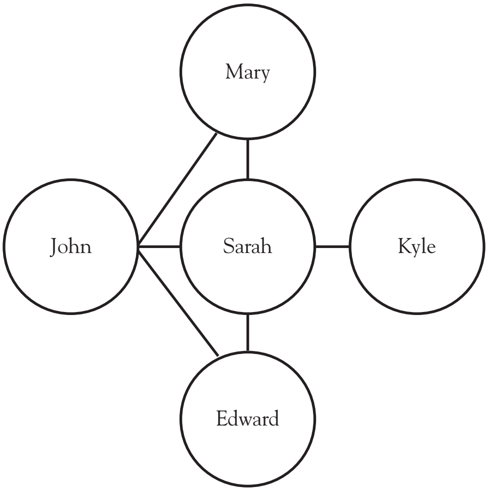

Figure 1.4 One way of representing network relations, nodes, and ties

as how information is communicated from one person to another. In Figure 1.4, Sarah is "centric" in that she knows everyone but not everyone in the network knows each other. The dark lines represent strong "ties" or relationships and the lighter lines represent weaker relationships.

Networking theory represents a powerful tool for the representation of information and how it travels. Networking theory also helps to explain the phenomenal growth of the Internet as a marketing tool. The browser is a way of navigating the nodes of the Internet and another technological innovation that spurred the growth of digital marketing, When the IT people at my university where I was teaching in 1995 installed one of the first browsers on my computer, I said to myself, "This changes everything." Because I am a business professor, what I meant when I said that everything would change was that "commerce" would change. And everything did change and is changing, more rapidly every day. What I recognized was when the browser was put on top of a vast network connecting businesses and individuals, all of a sudden it became easier to navigate the Internet. In fact, Internet technology was adopted more quickly than any previous technology, in part because of the effects of networks and how they facilitate growth and information sharing. It has taken less than 20 years for the Internet to reach 40 percent of the world's population, perhaps the most rapid growth of any technology except the mobile phone, which is also related to Internet usage.[11]

Browser technology, software programs that allow the user to navigate the web, also facilitated the growth of the Internet. The first browser was called Mosaic and was developed by programmers at the University of Illinois. Other browsers rapidly followed, with the most popular today being Microsoft's Bing, Google Chrome (largest market share), and Mozilla Firefox. Of these three, only Mozilla remains as a not-for-profit company. The other firms recognized the vast commercial potential of the Internet.

In the beginning of web browsers, the Internet was the domain of the young, with the typical user being the 20-something male who spent the vast majority of his time, "surfing" the net. Interfaces were simple. Online chat forums are a good example of a simpler form of communication.

---

[11] Internet World Stats. 2014. "Internet Growth Statistics." http://www.internetworldstats.com/emarketing.htm (10/13/2014).

Forums and discussion boards are a way for individuals interested in a particular topic to interact on the Internet and keep a record of their discussions. This type of interface is used to this day, but other means of communicating on the Internet have become more prevalent. Browsers opened up the world of the Internet to those lacking technical capacities to the point where nearly every person in the United States has Internet access of some sort and 87 percent of adults now access the Internet according to the Pew Research Center's Internet & American Life Project as reported by Marketing charts.[12] The proliferation of devices with which to access the Internet also facilitated its growth. The availability of desktop and laptop computers and now mobile devices, thin clients, and notebooks mean that the Internet is everywhere and literally at everyone's fingertips. And of course the Internet would be nothing without the data behind it. Database technology is used to capture Internet transactions, place advertisements, and analyze browsing history, all leading to a more satisfactory web experience targeted to the needs of the individual customer.

The growth of the Internet would not have been possible without data processing and analysis. Just look at what happened in the book selling industry. Amazon.com was developed as an online firm and had the ability through a process known as "collaborative filtering" of the orders its customers made from the beginning to make recommendations online that were based on customer preferences. Offline booksellers such as Barnes and Noble, and the now defunct Borders, struggled to differentiate themselves in the marketplace and many ultimately failed. Amazon stated with an excellent database management system and did not have to play "catch up" to discover its customer's preferences and identities. Barnes and Noble developed its loyalty program to 'catch up' and start collecting customer information.

---

[12] Marketing Charts. 2014. "87% of American Adults Now Access the Internet." *Marketing Charts.* http://www.marketingcharts.com/online/87-of-american-adults-now-access-the-internet-41043/?utm_campaign=newsletter&utm_source=mc&utm_medium=textlink (10/13/2014).

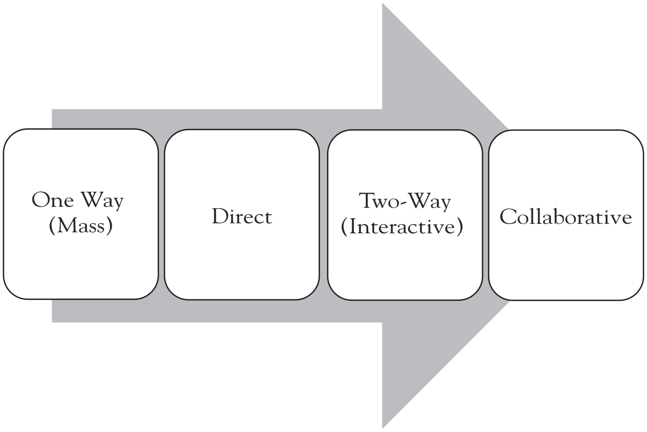

Figure 1.5 Progression of communications in marketing and advertising

The Revolution in Marketing Thought

While technology was changing, so was the way marketers were thinking about marketing (Figure 1.5). There has been a clear evolution from mass communication to two-way communication to interactive forms of communication. While changes were happening that allowed us to communicate directly with customers more easily, marketers were beginning to be frustrated with the traditional mass marketing approach. Mass marketing started in the 1900s and mass advertising developed with the advent of another technology, the television, in the 1950s. In mass advertising, while we might do some rough marketing segmentation (breaking customers into groups with similar characteristics) in general, the message is the same for all consumers. In direct or two-way communication, we acknowledge that customers have true differences and customize offers to them in such a way that demonstrates we understand those uniqueness. For example, a catalog marketer might send a different version of catalogs to different targeted segments. Direct marketing therefore formed the roots of Internet marketing because of the direct marketer's use of customer databases to create a two-way form of interaction with the customer.

In true interactive marketing, we take into account what the customer has said, remember what was said, and demonstrate in our next offer to the customer that we remember what was said. We eagerly anticipate the response from the customer so we can tailor our next communication. The definition of marketing changes from a marketplace based on a one-time exchange to a conversation that is expected to be ongoing and evolving. Rogers and Peppers popularized this notion of marketing, calling it one-to-one marketing in their original book.[13] The two hypothesized a future which only later became technically possible, in which customer communications would be different for each customer based on their preferences. For this type of communication to occur, we needed the technological developments of the Internet, browsers, databases, and pervasive computing discussed earlier in this chapter.

Marketers were then able to respond to customers in such a way that demonstrated that they had taken into account the customers' past history and expressed preferences. To do so they used marketing concepts such as personalization and customization. Personalization means that we use information about the customer such as name, address, and other preferences in our communications with the customer. Customization means that a product is actually built for that customer based on their preferences.[14] True customization is quite difficult to master. Think of a customized suit which requires measuring, crafting, and fitting to the individual. Mass customization, on the other hand, is quite easily handled by the technology used to facilitate the Internet. Mass customization allows the customer to select from certain preprogrammed or preset options to develop a product suited to their needs. An example of mass customization would be Nike.com, which allows the customer to create a shoe, based on certain parameters, which is unique to them. Another example is modelmyoutfit.com, which allows the retail customer to see what clothes would look like on their body type.

Both personalization and customization are firm capabilities that are related to the development of the database within the corporation. The database allows the firm to develop the understanding of the customer

---

[13] D. Peppers and M. Rogers. 1993. *The One to One Future* (New York: Doubleday).

[14] D.L. Zahay and A. Griffin. 2003. "Information Antecedents and Consequences of Personalization and Customization in Business-to-Business Service Markets." *Journal of Database Marketing* 10, no. 3, pp. 255–271–326.

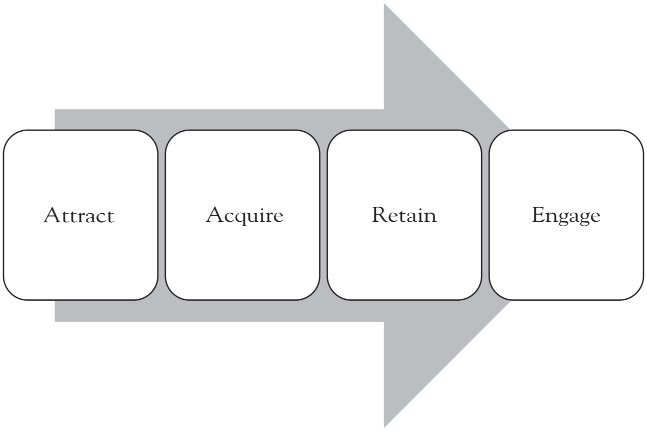

Figure 1.6 Updated customer relationship management objectives

to engage in these activities. This view of the customer is often called the 360 degree view. In other words, the firm knows about the customer, the name, the transactions history, and other supplemental or enhanced data. This data is critical to developing a marketing program that is "one to one" or targeted for the individual customer. Data means that the focus shifts from the process of marketing management from the firms' point of view to a "customer-centric" focus. A marketing program that is essentially "customer centric" is focused on the needs, wants, and desires of the customer and not those of the company. This customer centricity leads to the customer engagement and interaction of digital marketing, making the next step of marketing communications collaboration.

Similarly, whereas marketing efforts have sought to attract, acquire, and retain customers, we now seek a fourth objective, to engage customers once we have them (Figure 1.6). We will speak more about engagement later in the book, but for our purposes now, engagement means creating customer relationships where there is a true give and take and where the customer is a partner and participant in marketing and product efforts. An example would be the difference between the old style airline loyalty programs where users collected points to the innovative programs such as those at KLM (Royal Dutch Airlines). The airline uses social media engagement for everything from customer information dissemination to the decision to open new markets.[15]

As we can see, at the same time that technology was developing that enabled the collection of data about the customer and its rapid communication over the Internet, marketing thought was developing to the point where marketers wanted to communicate with the customer in a way that went beyond mass communications and even direct communications.

The Revolution in Communications/Distribution

It is unlikely that the evolution of digital marketing would have been possible without the development of communications and distribution channels. Technology meant that digital communications were increasingly possible, creating new methods of communication with the customer. Evolving from traditional forms of direct communication with the customer (sales, phone, fax, direct mail), e-mail was the first digital channel to emerge in the 1990s. This channel allowed marketers to communicate with the customer directly but also to more quickly respond to information gained from the customer. E-mail marketing tools also provided easy access to data about response rates and the effectiveness of varying marketing offers.

Since that time there has been a proliferation of digital channels of communication, including social networks, text message, RSS feeds, and so on. Communications have proliferated to the point where we can communicate with the customer at every point in the customer lifecycle and decision-making process in the manner in which the customer wishes to be communicated, which is true one-to-one marketing. In this time period, a media evolution, or more accurately a media revolution, has occurred where the types of media available to the marketer have exploded. Figure 1.7 shows how much the world of direct marketing communications has changed in just over a generation, with implied

---

[15] Van der zee interviewed by Kane. 2014. "Communication with Customers through Social Media Instead of by Phone is Becoming Standard at Global Airline KLM." *MIT Sloan Management Review.*

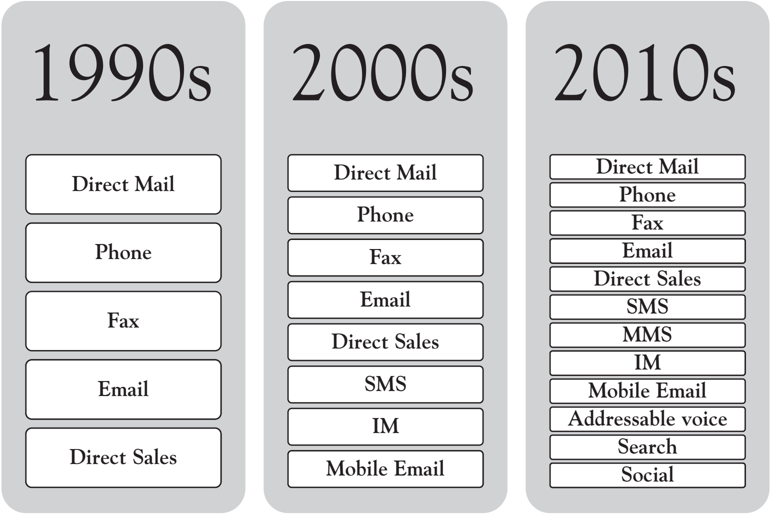
1990s
Direct Mail
Phone
Fax
Email
Direct Sales
2000s
Direct Mail
Phone
Fax
Email
Direct Sales
SMS
IM
Mobile Email
2010s
Direct Mail
Phone
Fax
Email
Direct Sales
SMS
MMS
IM
Mobile Email
Addressable voice
Search
Social

Figure 1.7 The evolution of direct media

challenges for marketers. From a few simple channels we now have more ways to reach the customer than ever, including search and social media, which can in some sense be seen as direct communication. Indirect media has evolved even in a more fragmented fashion, from simple TV, radio, print, and display advertising in the 1990s to a list that includes the following fragmented media channels:

- TV
- Radio
- Print
- Display advertising, including behavioral
- Website
- Search, paid, and Organic
- Online display
- Landing pages/Microsites
- Online video/Picture sites
- Affiliate marketing
- Webinars
- Blogs
- RSS
- Podcasts

- Wikis
- Social networks
- Mobile web/Apps
- Social media ads
- Virtual worlds
- Widgets
- QR codes/Alternatives

Another key development that facilitated Internet commerce and the rise of digital marketing management was the rise of distribution networks in the form of Federal Express, UPS, and other improvements in delivery service and technology. These networks meant that orders could be delivered quickly enough and door-to-door in such a manner that customers find ordering on the Internet an attractive alternative to brick and mortar

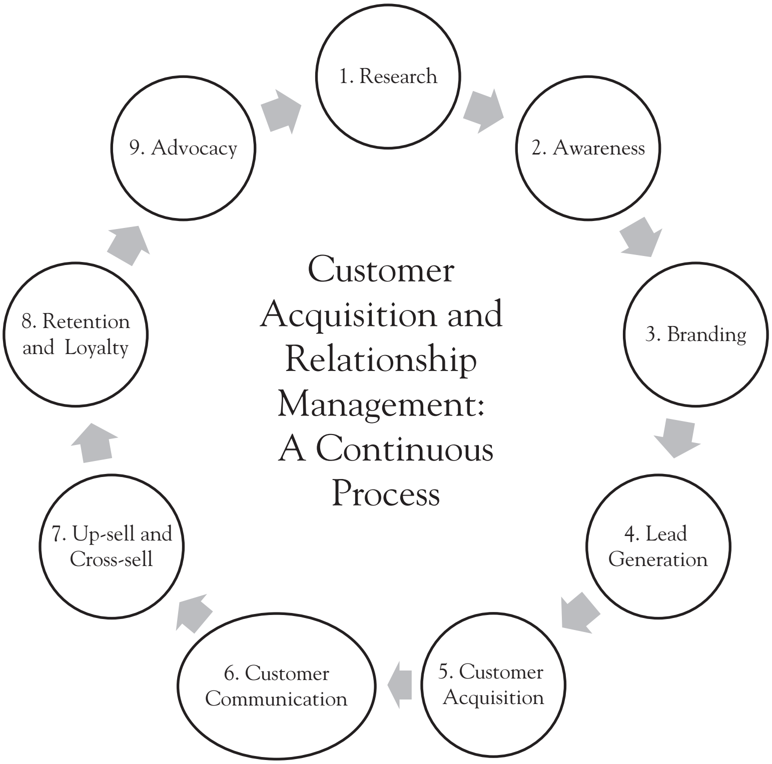
1. Research
2. Awareness
3. Branding
4. Lead Generation
5. Customer Acquisition
6. Customer Communication
7. Up-sell and Cross-sell
8. Retention and Loyalty
9. Advocacy
Customer Acquisition and Relationship Management: A Continuous Process

Figure 1.8 Customer acquisition and relationship management: A continuous process

shopping experiences. Without these changes, the attraction of Internet shopping experiences would be considerably less appealing.

All these changes and forces resulting in the rise of digital marketing have created a situation where customer acquisition and relationship management and development are a continuous process, and one not always in the control of the marketing manager. Along each step of the way as we work to manage marketing process, we must develop clear actions for every marketing step. As Figure 1.8 shows, objectives can be categorized as conducting research, raising awareness, branding, generating leads, acquiring customers, customer management and communication, up-selling and cross-selling, retention and loyalty and, finally, the identification of customers who can be brand advocates. Technology plays a role each step of the way but is not the main focus of the company. As we shall see in Chapter 2, to develop an effective digital marketing strategy, the firm must first consider how it creates and delivers value.

What to Do Next after Chapter 1:

1. Select your major customer relationship management objective(s): attract, acquire, retain, and engage (Figure 1.6).
2. Develop a list of more detailed objectives for customer acquisition and relationship management process (Figure 1.8).
3. Start thinking about your website objectives and how they might align with your marketing objectives.

Chapter 1 Discussion Questions:

Discussion 1.1: Discuss the role the Internet plays in the lives of consumers and businesses. Has it changed the way businesses operate in any significant fashion? Can you give examples of the impact of the Internet in either B2C or B2B markets? Give an example of a company that has significantly changed its business practices because of the Internet.

Discussion 1.2: What do you think the future is for customized products? Think of an example of a product that could reasonably be customized and explain why the target customer would find value in the customization. Find an example of product customization online and discuss whether or not you think it will be successful.

Discussion 1.3: Are there other types of customer relationship management objectives that should be added to Figure 1.8? How relevant is CRM if the customer is increasingly in charge of the marketing “conversation”?

Discussion 1.4: How do you think digital marketing will evolve? Will there be more types of media in the future and what will be the goals of managing these types of media.

Chapter 1 Glossary:

Customization: Making each product uniquely for every customer.

Mass customization: Using a predefined set of product features to allo customers to develop their own product.

Interactive marketing: Remembering what the customer tells us so marketing is a conversation.

Internet marketing: Using the Internet to facilitate the marketing process.

Digital marketing: Using any digital technology to facilitate the marketing process, with the end goal to facilitate customer interaction and engagement.

CHAPTER 2

Strategic Thought as It Relates to Digital Marketing

With this background behind us, it is perhaps best to start thinking about the process of digital marketing management from the managerial point of view by beginning with some traditional ideas of strategic thought. In fact, it is these strategic ideas which should form the foundation of any credible search engine marketing program, and indeed, any integrated marketing communications campaign. The basic ideas of strategic thought are those of core competencies, creating value and positioning.

The notion of core competencies comes from the resource-based view of the firm, which states that resources a firm has form the basis of it inimitable advantage. These theories were developed by Edith Penrose,[16] Jay Barney,[17] and others. The notion of inimitable resources as a firm's core competencies, upon which firm strategy should be based, is linked to the learning organization. The learning organization theory suggests that the only true resource that a firm possesses that cannot be implemented is the ability to learn (Figure 2.1).[18]

It is precisely this notion of core competencies and the learning organization which is the first place to start in developing a search engine marketing approach within the organization. The two processes are closely related. We need to understand how we are being looked for in search

---

[16] E. Penrose. 1959. *The Theory of the Growth of the Firm* (New York: John Wiley & Sons).

[17] J. Barney. 1980. "Firm Resources and Sustained Competitive Advantage." *Journal of Management* 17, no. 1, pp. 99–120.

[18] G.S. Day. 1994. "Continuous Learning about Markets." *California Management Review*, Summer, pp. 9–31.

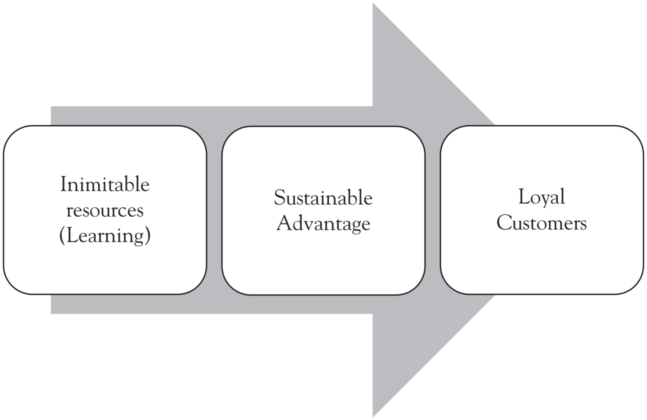

Figure 2.1 The role of learning in creating competitive advantage

and we need to convey our uniqueness to the customer so they can find us through the search process. Before we can discuss how search and strategy are more closely related, we need to introduce another basic strategic framework, the value chain.

In my consulting practice, I often come across clients who think they need a new website or brochure or want help with search engine marketing but have no idea how they are thought about in the marketplace by the customer. In addition, the search engine marketing process itself can become a way for companies to learn about the marketplace and customers. Search rankings themselves are becoming a source of competitive advantage as the firm learns from the process. Therefore, the first step in any digital marketing campaign should be to ask the questions: What is my firm all about? What makes us unique? (Figure 2.2)

The concept of core competency is then related to the value chain as popularized by Michael Porter,[19] with the idea what makes the firm unique is conveyed along the value chain as the firm produces its product or service. The internal systems of the firm, such as supply chain management and operations planning, help develop the firm's

---

[19] M. Porter. 1985. *Competitive Advantage: Creating and Sustaining Superior Performance* (New York: The Free Press), pp. 33–52.

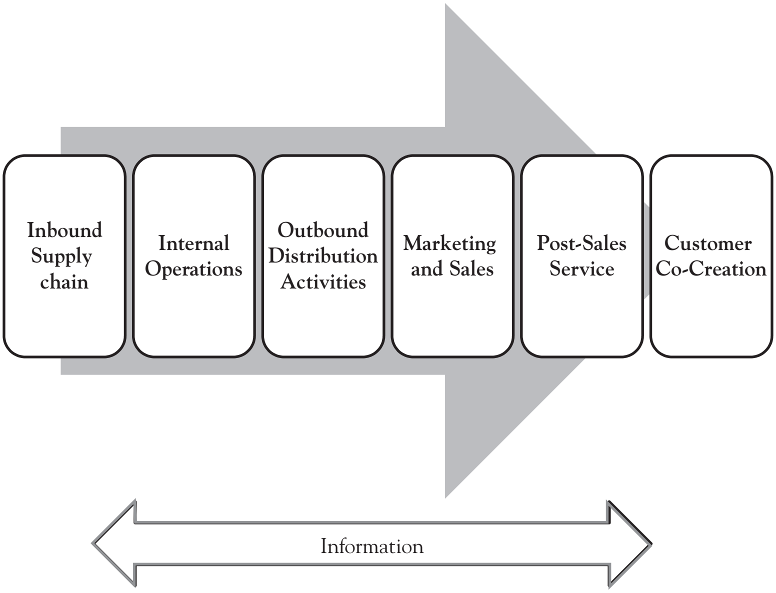
Inbound Supply chain
Internal Operations
Outbound Distribution Activities
Marketing and Sales
Post-Sales Service
Customer Co-Creation
Information

Figure 2.2 Activities leading to the creation of value for and by customers

Source: adapted from Michael Porter

value. These ideas of what makes the firm unique and the exploration of how it delivers value can then be directly tied to the firm's positioning statement. Companies that distinguish themselves on service, such as Nordstrom in the retailing space, compete on the right side of the value chain. Companies that compete upon operational efficiencies that allow them to pass along lower cost savings to their customers, like Wal-Mart, compete on the left side of the value chain. Along the value chain information is disseminated and used to create value. An example of information passed along the chain to create value might be simple order processing systems. These systems help us understand who the customer is and then to deliver information to the customer along the chain. The information helps us to serve the customer and then further creates value by contributing to a complete picture of the customer that can be used to target more effectively in marketing and selling to the customer. The customer increasingly takes a role in the the process of co-creation of value in the value chain. The processes of customer relationship management, supply chain management, and

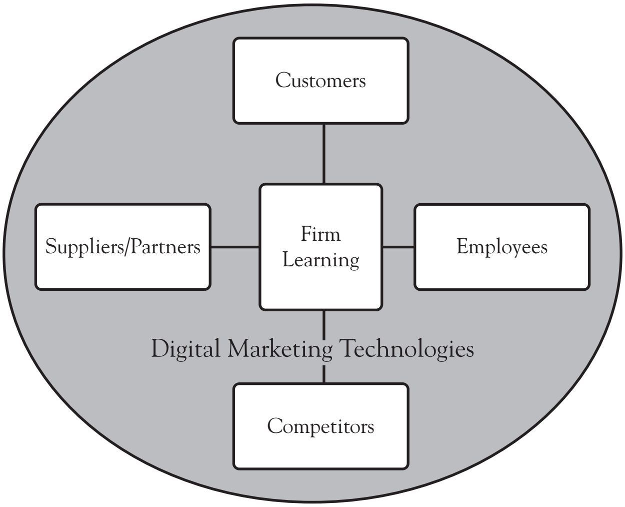

Figure 2.3 Digital marketing technologies enhance firm sensing capabilities

product development and management add value in different ways to the firm's customers.[20] These principles are the same whether we are talking about an online or offline marketer, or, as is most often the case now, a multi-channel marketer.[21]

Finally, the firm interfaces with its environment in another way. As Figure 2.3 shows, firms take in information in from suppliers/partners, competitors, customers, and employees and then use that information to learn and continue to create value. Digital marketing technologies help to create that value. Each time a search or e-mail marketing campaign is executed and analyzed, the firm learns more about itself and its customers to create the next customer interaction. This is an iterative process that is facilitated by digital marketing technology. With the emphasis on one-to-one marketing and highly personalized communications, one could argue that traditional positioning, while still useful in helping to create a general messaging strategy, is somewhat irrelevant as each customer will expect messaging that demonstrates a particular product's or service's value to them as an individual. However, positioning is still a useful approach today in terms of helping understand and define uniqueness and strengths.

---

[20] D.L. Zahay and R. Handfield. (2004). "The Role of Learning in Adoption of B2B Technologies." *Industrial Marketing Management 33*, pp. 627–641.

[21] Blake. 2014. "State Farm Dumps Pitchman Rob Schneider over Anti-Vaccine Views." *Los Angeles Times Arts & Entertainment Show Tracker.* http://www.latimes.com/entertainment/tv/showtracker/la-et-st-rob-schneider-state-farm-antivaccine-views-20140925-story.html (10/13/2014).

For today's marketer, a useful tool in developing positioning strategies can be Google Trends. This tool is important because it allows an insight into the world of the Internet on a real time basis. Using this tool, we can type in key terms and see what is happening now and also how terms have evolved from the past. For example, when I started teaching in this area the term e-commerce marketing represented what I did and I taught in an e-commerce marketing program. Later, I moved to a university where I created an interactive marketing program and then I spearheaded the development of a digital marketing minor for undergraduates and a digital marketing master's degree at another university. In the process, I wrote a textbook on Internet marketing. Which term is correct for what we are discussing here?

Google Trends helped me to understand the way people think about what I have been teaching and researching has changed over the years. I suggested the use of digital marketing for the program where I teach now and for this book. First, I wanted to see how users look at these terms so I consulted Google Trends for search. The search indicated the product category as defined by terminology has evolved from e-commerce, which is a rather narrow term emphasizing the direct sales of products over the Internet, to interactive marketing, which focused on the conversational nature of marketing to digital marketing, which acknowledges the increasing role played by various forms of technology in marketing and the need to foster customer engagement.

Google Trends for search indicated that interactive and Internet marketing as terms for which people search peaked in about 2004/5, e-commerce marketing in 2001, and that digital marketing is on the upswing. Therefore, if the university were to try to market the program as an e-commerce marketing program, the term would not only be narrow and not as encompassing as either interactive or digital marketing, the term would not have as high a traffic volume as terms that are trending upward.

Google Trends also gives an idea of the volume of searches, whether the term is trending upward or downward, the areas of the globe where people search for particular terms, and terms that are trending upward.

This is our first, simple case where digital marketing technology is important to managerial decisions. The recommendation here is to not make any strategic decisions in terms of our positioning statement without first consulting the world of search for one way of seeing how consumers view the world, a digital marketing technique. Although insights into our customer might once have been the exclusive province of marketing research, we now can gain insight by analyzing search trends and social media interactions, which can often be less expensive than traditional market research. Remember that value creation is still the core of business. However, technology has facilitated value creation over the value chain and also should be used to discover how best to position our product.

There have been traditional ways of understanding the target market such as market research surveys and focus groups. These continue to be valuable ways of looking at the market. In the digital age, we can start by looking online, through searches, to what is being said about the product or service in social media, the major platforms, specialty platforms, and blog posts. The understanding of the target market can also involve digital marketing techniques such as analyzing internal and external databases and web logs to see how individuals are interacting with our website.

Using these insights and others, we can decide how our firm is unique and how it can add value to its customers. The next step in the process is usually to develop a positioning statement which we can then use to communicate our firm's value internally. For this statement, we must know (1) the target market, (2) the selection set from which the customers make their decision (product category), and (3) the firms' unique contribution to the marketplace (core competencies and value created). The format of a positioning statement can be follows:

To the (target market), *our product* is the (product category) that (firm's uniqueness). There are other approaches to strategy formation, but this approach will also tie in to the search engine marketing process quite nicely in the next chapter. It is from this positioning statement that the firm communicates its ad agency and within the company. The outside world sees the firm positioning statement in the form of a tag line such as "Like a good neighbor, State Farm is there." Or For SNICKERS® the current tag line is "You're Not You When You're Hungry" and for Target it is "Expect More. Pay Less." The positioning statement would be more formal, such as "To those needing a mid-afternoon pick-me-up, Snickers is the snack food that satisfies hunger most quickly." Remember that we are always trying to understand how the customer views our product or service. Any combination of chocolate, nougat, caramel, and 250 to 300 calories will temporarily, at least, satisfy hunger. Snickers wants us to think of their product first when we are hungry, and this approach is the source of their marketing campaign.

So the first step in the process for applying strategic principles to digital marketing is to understand that the firm itself is really an entity that takes in information from a variety of sources to learn about the customer and how best to operate in a particular competitive environment. This information needs to be constantly analyzed and updated, and digital marketing technologies provide a good source of information that can be readily analyzed and used for competitive advantage. Therefore, digital marketing information and its processing and analysis should be central to the development of firm positioning strategy. Some examples are simple. The job search site "Indeed.com" positions itself as collecting all the information on open jobs that a job seeker might wish to have in one place and uses information along the value chain to create its product and communicate that value to its customers, who are both job seekers and job posters. Most examples are more complex, so understanding how information is used to create value and developing a strong positioning based on the strengths and uniqueness of the firm can help lay a firm foundation for the digital marketing efforts that we will discuss throughout the rest of this book and especially for website design, our next topic.

What to Do Next after Chapter 2:

1. Develop a list of what makes your company unique.
2. Write down how you deliver value on the value chain.
3. Put it all together: Develop a positioning statement that reflects your product categories and uniqueness and your benefit to the customer.

Chapter 2 Discussion Questions:

Discussion 2.1: Discuss the value chain elements for a specific industry or company of your choosing. How does the company compete? What value-added processes are used? How does the customer help create value.

Discussion 2.2: Some firms choose to generate revenue by selling or licensing their proprietary software. Others choose an open systems approach and distribute it free of charge. What do you think drives the decision and which, if any, business approach is superior?

Chapter 2 Glossary:

Co-creation: How both the customer and the firm create value in the marketplace.

Value chain: Activities which lead to the creation of customer value.

Positioning: What makes a business unique in the mind of the customer.

CHAPTER 3

Website Design

The Website: The Center of Digital Marketing Delivery Mix

Effective web design is the central element of digital marketing, from which we develop strategies for other delivery platforms, which include search, social, mobile, and e-mail marketing. How the web page is designed is critical in terms of a website being found on the Internet. In spite of the move to mobile and social marketing, this website is still often the destination of our marketing campaigns and must be ‘found’ online. Social media “icons” can be put on a website to refer customers to social media outlets, and it can be used to create website traffic. E-mails can also be used as part of an integrated program to drive traffic to the site and continue ongoing interactions with customers.

Once customers are on the site, it is important to make it easy for users to navigate the site and find out what consumers want. Much has changed since the early days of the Internet in terms of website design, but the basic principles are the same. First and foremost, determine the objectives for the website. Websites fall into two basic categories: informational and transactional. Informational websites are those that provide information but not opportunities for purchasing a product or service. Transactional websites can be for e-commerce or in the case of a not-for-profit for donations. Don’t leave the decision about website objectives just to technical people. Marketers must be involved in and drive the process, always keeping the customer in mind.

Chapter 3 pages 29–32 Include information from the textbook noted below:
This material has been included with permission from the Racom Communications, *Contemporary Database Marketing and Analytics*, by Lisa Spiller, Debra Zahay and Kurtis Ruf, (editors), forthcoming March 2015.

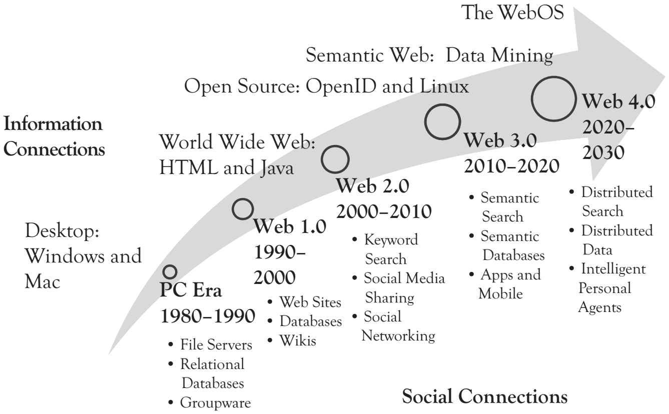
The WebOS
Semantic Web: Data Mining
Open Source: OpenID and Linux
Information Connections
World Wide Web: HTML and Java
Desktop: Windows and Mac
PC Era 1980–1990
• File Servers
• Relational Databases
• Groupware
Web 1.0 1990–2000
• Web Sites
• Databases
• Wikis
Web 2.0 2000–2010
• Keyword Search
• Social Media Sharing
• Social Networking
Web 3.0 2010–2020
• Semantic Search
• Semantic Databases
• Apps and Mobile
Web 4.0 2020–2030
• Distributed Search
• Distributed Data
• Intelligent Personal Agents
Social Connections

Figure 3.1 The evolution of web technology

Source: Nova Spivack, adapted with permission.

Overall, we want a website that is engaging and has what is known as "stickiness" so customers will return to the site time and again. We also want, as Steve Jobs has said, something that "works" and helps the user do what they need to do. The details of web design have become more complicated as the Internet has evolved. However, the process of developing a website has remained fairly stable.

As Figure 3.1 illustrates, the web as a marketing tool has grown as information connection capabilities and social connections have improved. The initial era of the Internet involved getting basic information to the customer through websites and database linkage. As the web evolved, keyword search techniques and social media became more prevalent. First, we had Web 1.0, which I like to call fondly, "Brochureware." Brochureware was just a way of putting information on websites. With Web 2.0, marketers became more sophisticated and wanted to provide not only information but to take advantage of the interactivity of the web. This advance required customer databases and collection of customer information to provide personalized responses and recommendations.

We are now gingerly entering the world of Web 3.0, which involves the use of more sophisticated "semantic" or "contextual" search terms and the rise of mobile applications. (All websites must now be designed with mobile applications in mind). However, a solid development process, coupled with company strategy, will help no matter what phase of the Internet in which you are involved.

Customer Lifecycle Management

It is tempting to leap into the website design phase without taking a step back to figure out what our objectives are for both our firm and our website. We might also consider the customer lifecycle as a way to develop website objectives. Digital marketing management often uses the principle of the customer lifecycle to organize campaigns and programs. It is often useful when analyzing how we wish to interact with a particular customer or prospect (future customer) to consider what is known as the customer lifecycle. This form of the customer lifecycle was developed by Charlotte Mason at the University of Georgia for teaching customer relationship management (CRM) classes and is shown in Figure 3.2. There are other forms of the customer lifecycle from other business sources, but this one is comprehensive and suits the purposes of our text.

CRM relies heavily on understanding that businesses have shifted from a product-centric to customer-centric focus and the lifecycle is used to describe these stages. These stages are based on the basic stages of the development of interpersonal relationships. The basic idea is that customers are seen as being in five major groups or stages.

Figure 3.2 shows the major stages of the customer lifecycle and is organized around Figure 1.6's "Updated Customer Relationship Management Objectives" and the four main types of customers[22]:

- Prospects,
- Responders,
- New customers, and
- Retained or repeat customers
- Former customers.

The customer lifecycle starts before the customer becomes a customer (**prospect**). Likely prospects for a vacation package might be those who have traveled previously. Prospects for tablet computers may be defined by a combination of demographics (such as income exceeding $35,000

---

[22] Thanks to Charlotte Mason and Rich Hagle from Racom Communications for the reproduction of this graphic from the forthcoming L. Spiller, D. Zahay and K. Ruf. eds. *Contemporary Database Marketing and Analytics.*

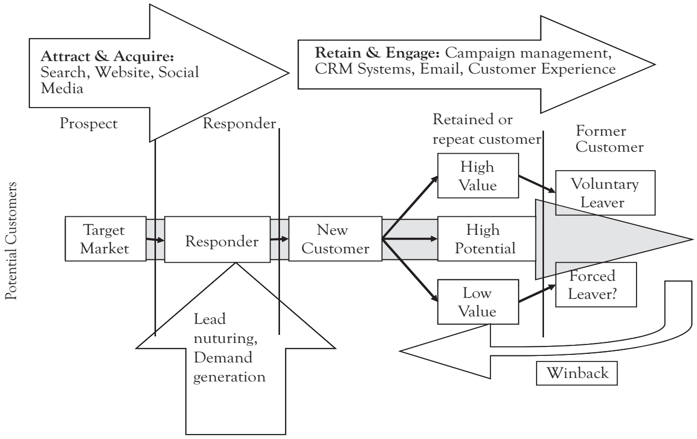
Attract & Acquire: Search, Website, Social Media
Retain & Engage: Campaign management, CRM Systems, Email, Customer Experience
Prospect
Responder
Retained or repeat customer
Former Customer
Potential Customers
Target Market
Responder
New Customer
High Value
High Potential
Low Value
Voluntary Leaver
Forced Leaver?
Lead nuturing, Demand generation
Winback

Figure 3.2 The customer lifecycle

Source: Dr. Charlotte Mason, University of Georgia, adapted with permission from Racom Communications

and college educated), known interests (such as photography), or product ownership (such as personal computer).

As the company reaches out to the prospect through various forms of marketing such as direct mail and e-mail, salesperson contact, the company website, and social media, any customer who asks to receive more information or wishes to engage more with the firm is called a responder. **Responders** may ask for more information online, call an 800 number, or purchase, that is, become new customers. Examples include a couple who calls a toll-free number to request information on life insurance, a person who registers at a website and asks for more information on tablet computers, or an individual who sends in the reply card requesting additional information from a direct mailing about vacation packages.

Firms usually treat new customers in a special way to show that they are welcome and often encourage them to purchase again soon to cement the customer relationship. **Retained or repeat customers** are those who purchase regularly, although they will purchase differently and have different "customer lifetime value." Those who spend a lot with us now are "high value." Typically a small proportion of customers account for the majority of profits and these are high value customers that the business wants to retain.

Customers with the potential to purchase from us are called "high potential," and those who do not purchase regularly and/or do not make large purchases may be considered "low value." This group of low-value customers is often unprofitable for the firm as it costs more to service them than they yield in revenues. For these customers, the goal is to convert them to profitable customers or perhaps encourage them to take their business elsewhere. In between are customers of varying profitability. Of particular interest are those that can be identified as high potential customers. These customers are not yet in the high value category, but appear to have the potential to be in that group if the firm is able to develop the customer relationship.

Eventually and inevitably the relationship changes and customers may drop off the lifecycle and become **former customers** (often called "churned customers"). Some customers voluntarily attrite (leave) by taking their business elsewhere. High levels of voluntary leaving or attrition (often called churn) are prevalent in long-distance and wireless phone service, Internet access, and some financial services as customers are lured away by enticing offers from competitors. In other instances, customers may leave or attrite because they no longer need the product or service. A family may outgrow the need for children's products, or a retired couple may move to an apartment and no longer need a lawn service. In many instances it is difficult to determine when a customer becomes a former customer. Consider the regular catalog customer who doesn't make a purchase for several years or the credit card customer who stops using the card, but doesn't close the account. Are they still customers—or former customers? Finally, some customers are forced to churn if they fail to make payments.

If the relationship is seen as a potentially valuable relationship, then we can start the "winback" process to make offers and extend information that might be valuable to that customer. Also important today is the "lead nurturing" process, whereby we track customer interactions prior to purchase to try to develop the relationship so that the lead or prospect becomes a customer. We might track for a business-to-business customer whether a customer had downloaded a whitepaper, attended a webinar, browsed our online catalog and, according to those actions, suggest other information or perhaps send the lead to a salesperson for an in-person interaction in an attempt to win a new customer. Digital technology helps to facilitate this lead sharing process.

All along the customer lifecycle, digital marketing technology helps to facilitate the customer relationship. In the acquisition phase, many forms of digital technology are used to interface with the prospect. For example, as the customer searches for a product we might optimize our website to be found by search engines, place advertising on the site to draw the customer to the site or engage in targeted e-mail marketing, with permission. Once the customer has been acquired, digital technologies such as e-mail communications or personalized direct mail communications are used to nurture that customer relationship to retain and engage. Also, along the way, customer feedback is important. Lead nurturing or demand generation is an important aspect of the customer lifecycle. Firms specialize in the development of systems to help score and classify leads and help nurture the customer relationship. For the purposes of website design, we may elect need to select lifecycle objectives for our design process.

Firm Objectives First, Website Objectives Next

It may seem that we have taken a long road to get to the discussion of what should be in the firm's website. As discussed in the strategy chapter, the firm positioning must be soundly developed first. Only then can we begin the process of website design. From a company perspective, websites, whether for a desktop or mobile device, must further the company objectives. If our positioning is highly differentiated and emphasizes customer service, our website must convey that message and reinforce the site's basic positioning. We must also make sure to reinforce this message across all delivery channels and devices, using the company website as a point of reference.

We use the term "responsive" web design to indicate that the website can be accessed and used easily across all types of devices, whether it be a tablet, desktop, or mobile phone. This type of responsive design is important because multichannel shoppers typically purchase more than single channel shoppers. The goal is to create a seamless, cross-channel, and cross-device experience.

Cross-device marketing isn't just about responsive web design and all aspects of the company's digital marketing strategy often comes into play. For example, people search differently on mobile devices than desktops.

Mobile devices tend to be more social so when customers search for "hood" on a mobile device, they mean their neighborhood. When they search for "hood" on a desktop device, they often mean "hoodie" or an article of clothing. This difference has implications for web design, search, and social media marketing.

Cross-device planning is greatly enhanced by analytics. We marketers are often reluctant to create applications for a certain device, but today we can access data and show which devices and operating systems are driving traffic to the website. Usually data helps overcome any reluctance to develop for a particular platform.

But before we select our platforms, we must select goals and objectives for our site. Different companies and not-for-profits will have different objectives depending on their goals and objectives. One firm might wish to increase sales, revenue, another visibility and branding, and so on. One way to select objectives is to develop them according to the customer acquisition and relationship management continuum (Figure 1.8) discussed in Chapter 1.

We might be using our website to create awareness or branding or the more measurable objectives of lead generation and customer acquisition. We might also develop site objectives along the stage of the customer lifecycle. Whatever the method used, it is important to have objectives. Website objectives, remember from Chapter 2, come from the company's own strategy and positioning. Objectives are usually driven by both the business goals and the target audience.

Another way to develop site objectives is to look at the websites of competitors and see how they are targeting their site and who their customers are. Free tools such as Alexa.com and Google Analytics and other paid tools such as IBM Digital Analytics, formerly Core Metrics and Adobe Analytics help us see where our website traffic is coming from and help us refine our goals. Whatever method we use, we must have website goals that align with our strategic goals, first and foremost.

Targeting and Personas: Who Is Using the Site?

Once we have our goals, we must closely define our target market for the site. It's not that we are going to turn away people who are not our "ideal" customer, it is just that we are designing the site for those we wish to make the most use of our site. In the traditional marketing world, we use the concept of market segmentation extensively. We find groups of customers with similar characteristics and then market to them accordingly. We might group customers under a similar heading such as "Soccer Moms" or "Empty Nesters", using demographic and lifestyle characteristics to explain these types of behaviors. The digital world calls for understanding more complex behaviors. Therefore, we make use of the concept of the persona in developing our understanding of our marketplace. The persona is used to understand a customer's habits as well as characteristics, particularly the habits of social media usage. We use the persona to describe preferences and behaviors that might not necessarily be available through standard segmentation methods.

A market segment is a homogenous subgroup of a heterogeneous aggregate market that is selected as a target market. However, a persona is a fictionalized description of the likely customer for the product, including rich description of behaviors and preferences. A persona, instead of focusing on customer characteristics, focuses on customer experiences. If we are marketing coffee drinks, we might describe a typical day in the life of "Java Joe" who is a 20-something professional living in a large urban area. Traditional segmentation often relies on customer demographics such as age and zip code, and might even get into some of the segment's psychological and behavioral characteristics in the aggregate. Java Joe's persona description, in contrast, might talk about how he spends his day and structures it around the experiences with coffee. In narrative form we might say, "Joe typically starts his day with a cup at home with his significant other and then grabs a cup on his way to work, mid-afternoon he takes a break at the local coffee shop and engages in conversation there while checking e-mail. He has subscribed to text message and e-mail updates from his favorite coffee shop and also has the app installed on his mobile phone. Joe likes to comment on Facebook about our product and frequently interacts with the web page. Joe writes a coffee blog which captures his daily experiences and likes to end the day with an aromatic cup of decaf."

To further highlight the difference between the persona and the segment, consider the B2B marketing world. The most basic form of market segmentation is the division between ultimate consumers and B2B markets. For example, in standard segmentation for B2B companies, we often use there are really five major data items that are generally used by B2B marketers to augment or enhance their internal data. These items are SIC or NAICS code, company size, company revenue, number of employees, and geographic location (Chapter 9). Beyond that, the information becomes quite specific to the industry. For example, companies selling computer software to be installed internally might want to know what operating system or systems the company was using. If we were to apply the concept of personas to companies, we would use more descriptive information, such as the type of company in terms of its personality, hiring style, atmosphere at work, things that cannot necessarily be described by standard segmentation.

Site Content and Design

Whether we are using segmentation or personas to define our target market, we then design site content appropriate for the target market. For example, Office Depot® Office Max® targets its various business segments (small business, home user, etc.) by providing them specifically designed web pages to meet their needs.[23] It is often best to decide who the target market and what are objectives and to develop a list of relevant content before beginning the web design process itself. Companies often focus more on the layout of the site, the font, and other design aspects and less on the actual content of the site. As we will discuss in the social media chapter, a content marketing strategy means deciding our brand story and disseminating relevant content across all channels, including the web. Therefore our site content must be consistent with content disseminated on other channels.

In addition to content site navigation is an important part of the actual website design process. Eyeball "tracking" studies examine how users look at websites. As we can see from Figure 3.3, most of the traffic on a website is in the upper left hand corner, known as the "golden

---

[23] M. Roberts and D. Zahay. 2013. *Internet Marketing: Integrating Online and Offline Strategies* (Mason, OH: South–Western Cengage Learning), p. 324.

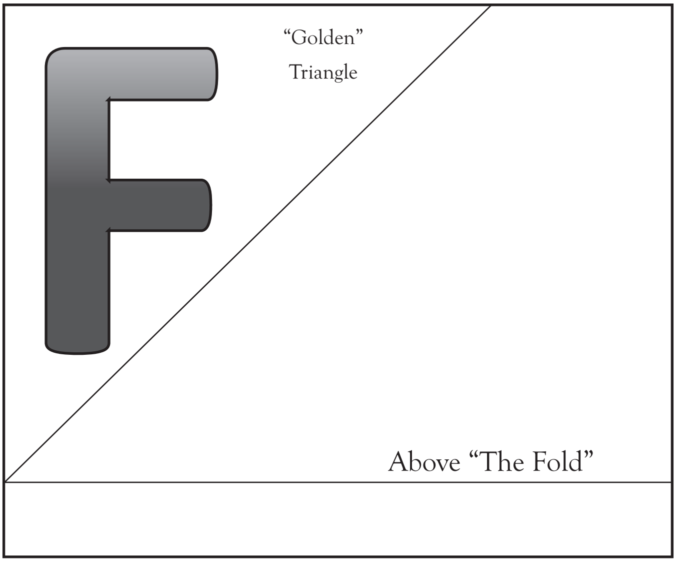

Figure 3.3 The F pattern and the golden triangle in website design

triangle."[24] Users typically also focus on an area known as "above the fold" (from the old newspaper term) and rarely scroll down further to examine content on the bottom of the page. There are other ways to tell how users are behaving on our specific page. We can bring the users in to testing labs or use automated tools such as "Clicktale.com" to see how users are navigating through our site with their mouse clicks. This type of website is a good surrogate for the more expensive "eyeball" testing, where user eye movement is tracked using sensitive and expensive machines designed for that purpose.

In general, website design has evolved to a broader understanding of how human beings interface with information of any type. Humans are cognitive "misers" and seek shortcuts to understanding. That means we don't want to spend a lot of time on a site figuring out how a site works. We just want it to work. A general rule of thumb is that it should take no more than two or three clicks to get where the user needs to go or they will lose interest, usually in a few seconds. This principle is known as website "navigation" and we seek to make the navigation process easy for the consumer.

---

[24] Laamok. 2013. "How to Check Your Website Hot Spots with a Heat Map," *Website Checklist*, http://www.website-checklist.net/check-your-website-heat-map.php (10/13/2014).

If one of our website objectives is conversion, we might also consider how the human brain processes certain information. How people respond to websites is often deeply ingrained in our brains. Our brain is designed to filter out unnecessary information from all the information with which we are bombarded every day. Therefore, we can use certain words and colors to try to trigger a response which will get our offer noticed by the customer. A good source for more information on this topic is Tim Ash's book *Landing Page Optimization*.[25] This book and other publications and websites provide insight into the behavioral aspects of website design.

Some other important design tips include making sure that we include our important keywords for organic and paid search on our site, avoiding flash and automatically loading videos, setting up the page in columns for ease of design and use, and testing on multiple platforms. Using dark, readable fonts on a white or light background will insure that your content is not only displayed but easily read by the user.

Marketers often enjoy using a web Content Management System (CMS) so they can make changes to the site without consulting a programmer every step of the way. Cascading Style Sheets (CSS) can be used to ensure that the same fonts and design formats are used throughout the site. "Wireframes," paper and interactive prototypes, and site maps are tools that can help us see what the website will look like before we begin the expensive coding process.

One final note is about accessibility. For legal and practical purposes, we need to design our websites for those who have visual, auditory, motor, or cognitive impairment. For example, a simple site map overview and large print can aid someone with a visual impairment. All these tools and considerations need to be included for effective website design.

Usability Testing/Launch/Measurement

Once we have determined the site objectives, we usually develop the site according to a process that includes something known as usability testing.

---

[25] T. Ash. 2013. *Landing Page Optimization* (Indianapolis, IN: John Wiley and Sons).

In all cases, we want to develop the site according to the user expectations. "Usability" testing should determine that the site is easy to navigate and that users can get what they want from the site. Usability means just that, how easy it is for the user to navigate through and use our site. We can rate our site as Forester does based on value, navigation, presentation, and trust or on our own set of criteria. For example, for a transaction-based site include metrics about the ease and clarity of the checkout process. We would also want to analyze metrics around shopping cart abandonment.

Another often-used metric is the A/B test. A/B testing is a process whereby we test one version of the site against another. We usually test the existing version against a particular change to see what is most effective in achieving our goals. Multivariate testing involves making multiple site changes at a time and testing the results. Both of these techniques can be used for testing in other marketing channels, such as e-mail marketing, but are quite prevalent in testing website effectiveness. A fun site is whichtestwon.com which every day provides a new A/B test for analysis. You can test your skills in direct marketing and website design to see if your judgment is correct in terms of the best performing website design, or email or other offer.

We can and should test the website from both a technical point of view and a marketing point of view. Not only should the website work efficiently and as expected, but it should also achieve marketing objectives. We can test in the laboratory, with our early or "beta" users or just ask for customer feedback, or all of the above. The important thing is to test before launch and avoid making a critical mistake. A number of metrics, such as number of clicks to make a purchase, whether the user stayed on the website for a certain time, or if they downloaded or accessed certain information, can help us determine if we are meeting our objectives.

We want to also make sure that the entire customer experience has been satisfactory. Customer experience management and CRM are subjects of another chapter but are relevant to web design as the website is often the first place where we have an encounter with a customer. Today's website designers weave in customer experience elements into the website by including links to social media sites for future engagement, videos, games, and other forms of customer interaction. The process of web design is ongoing. Almost immediately after we launch our site we begin analyzing the site's performance to improve the customer's experience and the site's performance.

Future Challenges

As seen above, website design has undergone certain changes over the years as technology and the platforms for social interaction have developed and the customer experience has gone "mobile." Many marketing challenges remain in the web design world. Too many marketing channels can decrease the nimbleness of response as marketers struggle to keep current. Certainly marketers will be continuing the cross-device and cross-platform juggling act for many years to come. Devices will continue to proliferate and be more sophisticated and marketers must meet the challenge.

Although responsive web design, design that is available and accessible to the user across all platforms is important, many firms still struggle to meet this challenge. Typically, budgets are still "siloed," often making it difficult to free up the funds for mobile marketing or other platforms. Whatever, the internal challenges, the bottom line is firms should strive to make it easy for customers to access the website and engage.

What to Do Next after Chapter 3:

1. Make list of your broad marketing objectives using "attract, acquire, retain, and engage."
2. Develop a list of specific website goals according to these broad objectives; In this case be specific, that is, "Customers should come to the site to register."
3. Map your objectives and goals (Figure 1.6 and/or Figure 1.8) to the customer lifecycle (Figure 3.3). What else do you need to do to make these plans a reality?

Chapter 3 Discussion Questions:

Discussion 3.1: What websites do you think are designed particularly well and why do you think so? Pick two or three sites and analyze.

Discussion 3.2: What are some of the issues marketers should consider when trying to make the conversion process on their websites as effective as possible? How can personas and purchase scenarios be helpful?

Chapter 3 Glossary:

A/B testing: Comparing one test treatment to another in web design, e-mail marketing, direct mail, or any other communications medium.

Above the fold: An old newspaper term that indicates for effective web design users should not have to scroll down past the first screen of information to effectively use the website.

Customer experience: The way a customer interacts with a website or a company.

Customer lifecycle: Stages in the relationship with the customer and actions taken along those stages.

Golden triangle: An imaginary triangle on the upper left corner of a website where most site viewing occurs.

Responsive web design: Designing sites so they can be used effectively no matter which desktop or mobile delivery device is used.

Prototypes: Nonworking website models.

Site maps: Outlines of the hierarchy of the site that are useful to search engines when categorizing site material.

Stickiness: Likelihood users will return to the site.

Wireframes: Rough sketches of what a website should look like on paper or in digital format.

Delivery

CHAPTER 4

Search Engine Marketing

This chapter is the first of three chapters that involve putting positioning strategy to work (Delivery). In this chapter we will discuss both aspects of search engine marketing (SEM), paid and organic search as well as the search marketing process and how it relates to positioning strategy and branding. At the end of this section you should have a better idea as to how search relates to digital strategy.

The Search Process and Strategy

Since we have decided that the basic tenants of corporate strategy apply in the world of digital marketing, we can then apply these tenants in the world of search. There is an old adage that if you don't know where you are going any road will get you there. The same idea can be applied in SEM. If you don't know who you are and who you are trying to target, then you won't be able to figure out how you need to present yourself on the web.

I like to say that search really is strategy. The reason I say this is that search is how people find your product. Most purchases today start with an online search, making an online search presence critically important. As stated previously, it is estimated that 93 percent of purchase decisions begin with search so if a company doesn't know who it is or what keywords are important to customers, it can't be found online.[26]

Critical to search marketing is the concept of the keyword. In this context, a keyword is a word or phrase that users employ to search on

---

[26] Dirr. 2013. "Oracle's Social Selling Expert Reveals B2B Secrets." *is.blog.* http://www.insidesales.com/insider/social-selling-2/oracles-social-selling-expert-reveals-b2b-secrets/ (10/13/2014).

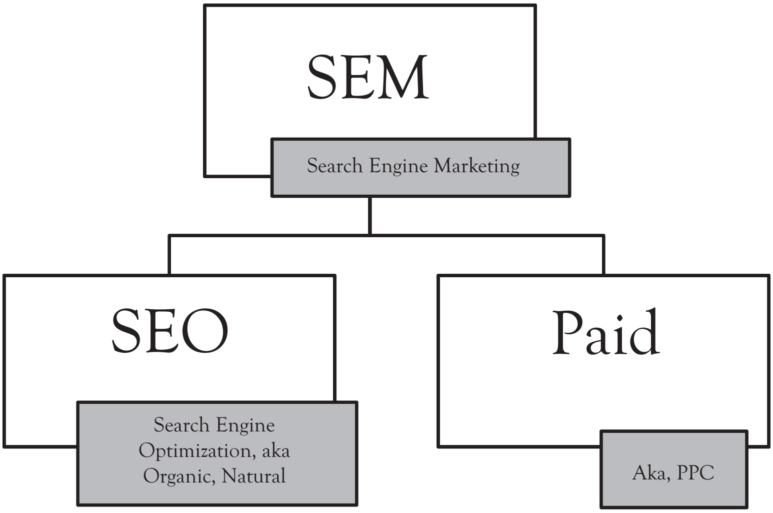

Figure 4.1 Types of search engine marketing

the Internet, hoping to get to the information they need. Sometimes users type in actual questions as keywords. Keywords can be used loosely because keywords are increasingly phrases. As users have become more sophisticated in search, they want to target exactly what they are seeking. Google understands this trend and has changed its search engine to accommodate these longer searches. The key to finding the right keyword is to know your customers and prospects well and what their *intention* is when they search.[27] In addition to talking to our customers and using Google Trends, tools like the keywordtool,io and the Keyword Planner in Google AdWords help us to see common search trends and understand the customer's search intention.

The process of search marketing is called SEM. Essentially there are two different types of search with which marketers are concerned (Figure 4.1). These types of search are paid search, often called pay-per-click (PPC) and unpaid search. The process of paying for search involves paying for advertising that show up on the top or the side (and sometimes the bottom) of the Search Engine Results Page (SERP). This type of search marketing is called paid search because the advertiser pays the website hosting the advertising (Google, Yahoo!, Bing, etc.) money every time someone clicks on an advertisement.

---

[27] I. Everdell. 2014. *SEMPO Chat on Google's Changing SERP Layout and Implications for Business*. October 14, 2014.

Paid Search

Paid search must also be considered in terms of strategy as well. Paid search means advertisements that show up at the top and side (sometimes the bottom) of SERP. For Google search results, people tend to look vertically, which means that the sponsored ads on the right side of the page are being viewed less. While 36 percent of clicks are on the fourth position or higher, even being in the first position in paid search is not important if no one clicks on the ad or if you don't get the desired conversion. When setting up a paid search campaign through Google, Yahoo! Bing, or any other vendor, keywords are critically important. Again, the appropriate keywords must match how a product or service is perceived by the customer, their search intention, and how they search for the category. Goodle AdWords is the best known and used form of paid search, but paid search advertising can also be employed in other search engines, blogs, and social media platforms such as Facebook.

In Google AdWords, for example, we can set up how we want to be displayed based on match type, as noted in Figure 4.2. Users can search using the modifiers and punctuation below to increase their chances of a relevant search result. The type of match selected depends on the product and the campaign results. In general, broad match will give us the most advertising display but not necessarily the most relevant results so a modifier can help.

Match type	**Special symbol**	**Example keyword**	**Ads may show on searches that**	**Example searches**
Exact match	[keyword]	[women's hats]	are an exact term and close variations of that exact term	women's hats
Phrase match	"keyword"	"women's hats"	are a phrase, and close variations of that phrase	buy women's hats
Broad match modifier	+keyword	+women's +hats	contain the modified term (or close variations, but not synonyms), in any order hats for women	
Broad match	none	women's hats	include misspellings, synonyms, related searches, and other relevant variations	buy ladies hats
Negative match	-keyword	-women	are searches without the term	baseball hats

Figure 4.2 Match types for selection in Google AdWords

Phrase match is often the best choice because it will display our ad as a variation of a phrase that may be relevant to our campaign objectives. It is always good to include negative (sometimes called excluded) matches such as things for which we don't want to be found. For example, if we sell hats but not baseball hats we can include baseball and baseball hats as negative matches.

An important aspect of paid search is the cost of the campaign. When someone clicks on an ad, the company placing the ad pays the vendor the cost, known as a "click." Paid search can be expensive, with the average cost per click (CPC) about $3.50. Therefore, from a strategic point of view, managers are sometimes unwilling to be involved in paid search programs. The fear is that the program is a "black box" and that money will be thrown into the search marketing program and not recovered on a timely or cost efficient basis.

The Process

The best way to manage this process is to make sure that you are using a search firm that understands the search process and to have a clear plan or if you are doing this yourself to also have a clear plan in place. You will need to plan and make adjustments along the way based on the immediate feedback the Internet provides. A planning process can apply to both paid and organic search. A suggested process is shown in Figure 4.3. The process begins with researching appropriate keywords and their costs,

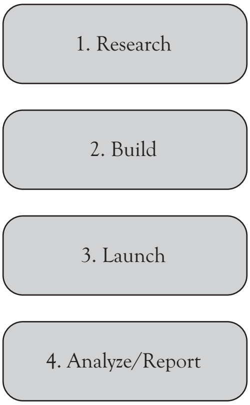

Figure 4.3 Four main phases of search engine marketing planning

building the campaign, launching and then analyzing, and reporting. Typically for paid search campaigns on Google there will be analytics such as average ad position, quality score, and CPC. The quality score is essentially the relevance of terminology on the advertiser's web page to the keywords which they are using. For organic search programs it will be necessary to use Google analytics and/or another analytical tool to understand where your search traffic is coming from and which keywords are most effective in the campaigns.

The process alone suggests that the search campaign be broken into manageable and measureable sections so to clearly measure the results. In Google AdWords these segments or sections are called AdGroups. By setting up groups for different products or offers, you can measure the results of campaigns. You can also do online testing of particular campaigns and ads versus what has worked previously (known as A/B testing as discussed in Chapter 3) and conversion tracking. A conversion is anything that you want to happen as the result of your marketing efforts. In the case of a paid search campaign, we often send those who click to a specific landing page, again for tracking purposes. These landing pages then can have a "conversion" action on them, like clicking through to another website or purchasing a product or downloading a whitepaper.

Figure 4.4 shows how an account can be set up in any paid search environment. This structure can apply, for example, to ads in both Facebook and Google. From a managerial perspective, it is the researching and organizing the account sub-levels that is most critical. Without these levels, it is impossible to determine results and to allocate budget. There might be

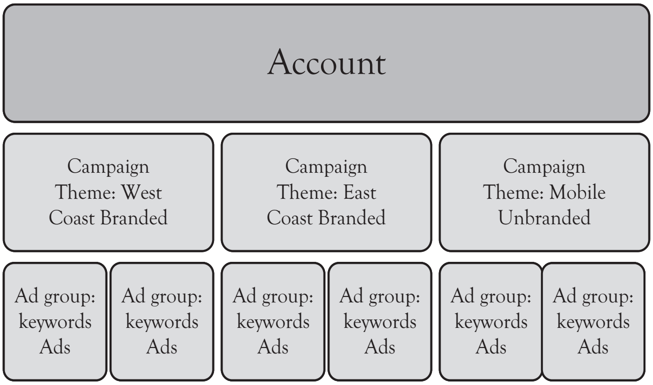
Account
Campaign Theme: West Coast Branded
Campaign Theme: East Coast Branded
Campaign Theme: Mobile Unbranded
Ad group: keywords Ads
Ad group: keywords Ads
Ad group: keywords Ads
Ad group: keywords Ads
Ad group: keywords Ads
Ad group: keywords Ads

Figure 4.4 Organizing a paid search campaign

different campaigns for selling products such as mobile access devices such as tablets versus the newer, larger phone ("phablet"). One campaign can be for the East Coast and another for the West Coast and have a different focus; campaigns can be set up as branded or nonbranded. Once you have established campaign themes then you can set up different groupings known as AdGroups with different keywords and ads associated with them for measurement purposes, selling Apple versus Android products, for example.

Advertisers in AdWords also have the option to display on the search network or the display network, which allows them to show the ads on websites that are most relevant to those buying your product. The search network is the general network that we see when searching Google. The display network allows ads to be targeted on relevant sites such as *The Wall Street Journal* for financial products or a sports site for a weight loss product. For Facebook advertising, it is possibly to target specific demographics. I heard of someone bidding on such a specific demographic in terms of age, sex, and location that he was able to deliver a highly targeted anniversary wish to his wife on Facebook!

Whatever the target market and the goal, it is most important to have a process in place for both paid and organic search, to know who the target market is and to understand the importance of each element of the campaign. For paid search, a budget is important. Search, once the alternative for those marketers who were cost-conscious, has now become big business and expensive, so keywords must be carefully chosen and budgets managed effectively.

In fact, Paid search marketing is so big that the industry is predicted to reach $21 billion by 2015, and is growing at a 13 percent rate.[28] Google dominates the search market with almost 70 percent share globally,[29] taking most of its growth recently from decline market share at Yahoo!

---

[28] IgnitionOne. 2013. "Positive Quarter for Digital Ads Ahead of Holiday Season." Q3 2013 *Digital Marketing Report*." http://www.ignitionone.com/en/press/positive-quarter-digital-ads-ahead-holiday-season/ (10/13/2014).

[29] Netmarketshare. 2014. "Desktop Search Engine Market Share." *Realtime Web Analytics With no Sampling*. http://www.netmarketshare.com/search-engine-market-share.aspx?qprid=4&qpcustomd=0 (1013/2014).

Google's historic dominance has come from its being considered a trusted organic search source that returns the best results.

In paid search, as mentioned above, advertisers create ads and bid on the keywords, paying when a searcher clicks on the ad. The paid search process is somewhat akin to an auction, but the top ranked ad does not always go to the highest bidder. Other factors such as quality score can determine how well placed the ad is on the search page and if it gets served at all. Ads typically display on the right hand side of the search page. The order of the ad is referred to as the ad position, with the top ad having position 1, the next position 2, and so on. Advertisers typically try to be somewhere between position 2 and 3 to avoid paying too much for their ad placement. Most clicks occur in the first few positions. Typically, users look at the top ads and do not scroll down to position 10.

Organic Search

This careful process of planning and measurement relates to organic search as well. The unpaid type of search is known as organic or natural search and the process of getting ranked "naturally" is known as search engine optimization (SEO). This SEO process involves an understanding of what is known as a search algorithm. An algorithm helps the search engine decide which pages come closest to which queries on the Internet. The natural or organic search results show up below and to the left side of the advertisements on the search engine results page. Google makes changes to the search Algorithm periodically. These changes are usually given a colorful name such as Penguin or Panda. The last major Algorithm change as of this writing is called Hummingbird, which was designed to be fast and accurate. One of the latest developments is that Hummingbird has made it more difficult for smaller companies to show up in search results because of an increased emphasis on corporate branding. Increasingly you might see results from larger companies because they have a stronger brand.[30] Another change is the emphasis on 'semantic' or 'conversational' search. However, the basic principles of SEO remain in tact.

---

[30] Search EngineLand. 2014. "FAQ: All About The New Google 'Hummingbird' Algorithm." *SEO.* http://searchengineland.com/Google-hummingbird-172816 (10/13/2014).

There are many factors that result in ranking high in natural search and while the basic principles remain fairly constant it is important to stay abreast of algorithm changes across all platforms. The basic idea behind organic search for a company is still what has been emphasized in the chapter, that you must have a good idea of who the company is to choose the right keywords for web landing pages and therefore to be found by search engines when users are looking for your type of product or service. Increasingly, especially if you are logged in to your Gmail account while searching, you will see results in search that are specific to you; no longer will everyone see the same results but you will see results dependent upon your most recent searches. The content on the site is emphasized more and more frequently and it is less important to have lots of inbound links and more important to have relevant ones.

Brands are important in natural search because the search engine is trying to identify the most credible information. How organic search works is that web "crawlers," "robots," or "spiders" search the web and index content on an Index Server to be retrieved when a user makes a query. The results are called the SERP. Most readers are probably familiar with these pages, which look slightly different depending on the browsers. As noted above, the organic search results are usually listed below and to the left of the results from paid search, giving the user a complete picture of the products and services available on the web.

For organic search, a number of other factors are important in terms of rankings. Studies show that people typically do not go beyond that first page for search results so it is important to rank highly. In addition to keywords mentioned above, other important factors are the content on the site and the authority on the site. Authority is established through inbound and outbound links to the site, suggesting that the information is relevant to a number of users. Authority is also established by the type of site. Those sites that are associated with educational instituttions (.edu) often rank highly in organic search because of their domain authority. Recently, with the update to the Google algorithm, content has increased in relevance. Since relevant content will also improve your company's rankings on search engines, it is even more important to figure out the brand story and how to convey that story best not only through keywords but relevant content.

Content can be blog posts, whitepapers, news articles, social media posting, or any media that is getting the message across. But the type of content shared should not be advertising in nature. For example, if I were marketing a university, I would have information for users on how to select a university, navigate financial aid, and so on and not just talk about how great the university is. A descriptive URL with a meaningful title tag is also helpful in organic search. The title tag is an opportunity to explain your company in terms of keywords and branding and, depending on the browser, appears in the blue bar when you search and/or in the search results themselves. So the URL for the university might describe the university name, but the title tag would also include something relating to its point of difference.

Images can't be read by spiders so it is important to tag images as well using what are known as "alt tags" and to have a descriptive title tag for the web page. I tried for years at a prior university to get my interactive marketing certificate program listed on the first page in organic search for certain terms, to no avail. However, once we incorporated student videos into the site from a class project, we got our desired page one ranking in a matter of weeks. Search engines, and Google in particular, reward rich media.[31]

Another factor in search engine rankings is your firm' s social media usage in general. Be sure to claim your Google Plus page and complete the profile, use a Facebook listing and make sure your online yellow and white page listings are identical. Combining rich media with social media is another way to increase your organic search rankings under the current algorithm. These organic search factors are summarized in Figure 4.5.

Choosing the Right Keywords

So to summarize, before you seek to implement a SEO program you need to first undertake a positioning strategy as stated in prior chapters. You need to figure out who your target customers are and how they think about your product. A common method of developing a positioning

---

[31] A. Goldman. 2011. *Everything I Know about Marketing I Learned from Google* (United States: McGraw-Hill), pp. 269–270.

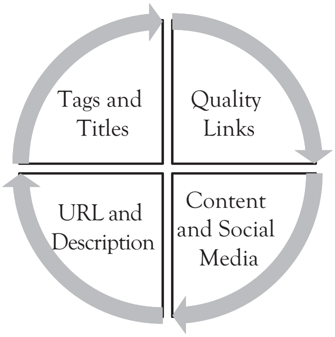

Figure 4.5 Factors for ranking in organic search

strategy is to develop the positioning statement as noted in Chapter 2. The positioning statement is used online to explain within the company the characteristics of the ideal customer or the super heavy user (SHU). This is the person to whom most mass advertising is targeted and also those who will be targeted by direct and other methods.

As stated above, keywords are important because this is how users find you online. It is a good exercise to observe those in your target market and how they search for products. A common mistake is to bid on your product name and not the need it is trying to serve. One example is the product "Monster Spray," a fanciful product to help parents allay their children who are afraid of the dark. Parents can spray the spray and thus calm their children's fears of monsters under the bed or in the closet.[32]

Parents searching for this type of help don't search for a particular product. So bidding on Monster Spray might not be that effective. Instead, parents use terms such as "child afraid of the dark." Increasingly, users are searching for the answers to questions such as "What can I do if my child is afraid of the dark?" and the search engines, such as the recent Google Algorithm upgrade, are seeking to answer these questions. This development in terms of trying to answer natural language queries and take into account the context of the search is called "semantic search."

---

[32] M. Roberts and D. Zahay. 2013. *Internet Marketing: Integrating Online and Offline Strategies* (Mason, OH: South –Western Cengage Learning), pp. 177–178.

So how can a company best align strategy/branding and search? I have previously talked in Chapter 2 about the positioning statement format. Let's assume we are marketing an Internet site for Monster Spray. The positioning exercise might look like this:

Target customer: The target may be thought of as a segment, that is, adults with small children.

Category: Product category, how you would like to be thought of by the customer, that is, tool for children afraid of the dark.

Point-of-difference: Your point of difference, again, in the mind of the consumer. For our site, it might be that the imaginary spray idea works effectively and gently.

Finally, a positioning statement might be: To adults with small children, Monster Spray is the parental tool for children afraid of the dark that works effectively and gently.

So how does all this relate to search? In both paid and organic search, it is important that the keywords on your website home page relate to the search terms that are on that page. Develop the positioning statement and then the website or landing page next. In organic search we use the term keyword density. Usually we want a keyword density on a page of 1 to 2 percent so the spiders know that the page is relevant to the topic but not disproportionally so as to indicate we are trying to "game" the search engine. The more you know and develop your brand and select relevant keywords, the more likely you will be able to be found by search engines (Figure 4.6).

We want relevant keywords or phrases, such as "afraid of the dark" to be displayed on that page. The way natural search works is the "spiders" or

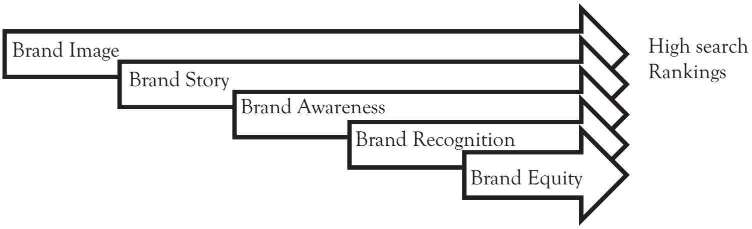

Figure 4.6 How branding aids organic search

automated programs "crawl" the web looking for keywords most relevant to the query using search algorithms. There are many elements to search algorithms and SEO experts are always trying to guess the algorithms. One thing we do know is that it is important for both SEO and PPC to have relevant keywords on the exact web page you want to come up in search results, often called a "landing page" or "microsite". Therefore, the first step in SEM is deciding who you are and what is relevant to your product or service, who your customers are, and basic company strategy. Only then you can know how they search and what terms they use are critical to doing well in the search process. Using our process above, research keywords, put them on our website and in our paid search campaigns, measure and monitor the results and then make changes accordingly.

Synergies between Paid and Organic Search

There is evidence that paid and organic search work together. In general, the more "real estate" you have on the page, the more people looking for your type of product will pay attention. Having both a paid and organic search campaign means that your message will be reinforced. Typically, overall interest in a company increases when they start running paid advertisements. In working with students and their clients for the Google Online Marketing challenge, we have noted that phone and other inquiries increase after a few weeks and might stop or slow down when the paid search campaign ends. I have also seen information on this effect presented at practitioner conferences. While I have not seen a good study that is able to measure the offline impact of search, there is also some academic evidence that paid and display advertising work together.

Paid and Display Ads can Influence Each Other

A recent Harvard Working Paper indicates that the paid search and display ad budgets can work together to create results. I found this reference to a recent academic study in a Search Engine Land blog post by Greg Sterling.[33]

---

[33] SearchEngine Land. 2014. "Study: Display Ads Drive Search Clicks After Two Weeks." *SEM*. http://searchengineland.com/study-display-ads-have-delayed-impact-on-search-

The authors are Pavel Kireyev, Koen Pauwels, and Sunil Gupta. These academics found some interesting results using data from a U. S. bank that used display advertising to obtain new checking account customers.

The display advertising generated more search volume, clicks, and conversions but the effect took about two weeks. The authors were also able to make some attributions regarding budgeting decision. According to these calculations, a dollar invested in display ads returns $1.24 and a dollar invested in search ads returns $1.74, which would suggest a far larger investment (36 percent increase) in search advertising in this context.

As the authors note, standard measurements such as CTR and cost per acquisition are static measures that don't take into account what may happen over time. This study suggests that managers need to step up their game in terms of metrics in order to capture these search effects accurately. The metrics are beyond those normally used in practice. Search and social media can also work together, as we will discuss in a future chapter.[34]

Branding and Search Rankings

Finally, one of the most important aspects of SEM is branding. Branding can be simply put as a "promise" or how the company is perceived by its customers. Google wishes to be the world's information conduit, Facebook its communications conduit, and amazon.com its commerce conduit. Each of these firms has a clear idea of what and who it is and relates that information to the outside world. Branding is important because brand equity is the value of our firm to the outside world.

For non-Internet-only monoliths, the challenge becomes integrating the brand promise not only with the firm's offline communications but online as well. In fact, it is my personal belief that branding is more

---

182320?utm_source=marketo&utm_medium=email&utm_campaign=newsletter&utm_content=scap&mkt_tok=3RkMMJWWfF9wsRonv6TOZKXonjHpfsX66e4uUa6%2BlMI%2F0ER3fOvrPUfGjI4ERMNqI%2BSLDwEYGJlv6SgFTbLCMbpx37gNXxU%3D (10/13/2014).

[34] Crestodina. 2014. "Social Medai and SEO Smackdown! [Infographic]." *SEO & Contetn Marketing, Social Media.* http://www.orbitmedia.com/blog/social-media-seo/?utm_source=June12-newsletter&utm_medium=email&utm_campaign=seo-social-media (10/13/2014).

important now that we are so reliant on the Internet to achieve our marketing objectives. There are many ways to reinforce our brands online: search, social media, mobile communications, e-mail, and so on. Each of these forms of communication must reinforce who we are and how we wish people to perceive our brand.

That is why in this part of the book I focus on search as strategy. Understanding who we are and how people search for us is the most critical aspect of our digital marketing management process. Search engines such as Google give acknowledgment to branding efforts. You may have noticed that when you type in a product name large retailers like Amazon and Walmart come up first, with specialty firms showing up sometimes not until the second page of the search results. The reason is that Google's algorithms give special attention to strong brands because they are trying to "cut through the clutter" on the Internet and provide searchers something of value.

Branding as a concept can be elusive to those who seek to quantify their digital marketing efforts but we can see the results on SERPs. As noted above, Google's algorithms give special attention to strong brands. Small companies need to work even harder than large companies to build their brand. Starting with a clear story, telling that story through related content through online channels will increase the chances of having a strong brand. A strong brand will in turn rank highly in search results.[35]

What to Do Next after Chapter 4:

1. Using Google Trends, keywordtool.io and the AdWords Keyword Planner, if available, develop a list of keywords that might relate to your company and/or your brand. Be as specific as possible.
2. Group the keywords into categories that might relate to a specific advertising campaigns for either Facebook or Google search.

---

[35] GeeksWorld. 2014. "Branding Strategies for 2014 Discussed by Online Reputation Management Firm JW Maxx Solutions." *Press Release*. http://www.broadwayworld.com/bwwgeeks/article/Branding-Strategies-for-2014-Discussed-by-Online-Reputation-Management-Firm-JW-Maxx-Solutions-20140227#.UxDpavldV8E (10/13/2014).

3. Put it all together: Develop Ad groups for your campaigns and develop a sample ad for one of your Ad groups (If using another ad platform other than Google, still organize your ads into groupings). Make sure the keywords you choose are reflected on your website to also optimize organic search.

Chapter 4 Discussion Questions:

Discussion 4.1: Relate the discussion on SEM to your product or company. Using one or two specific product lines, do some research for a hypothetical paid search campaign using Google Trends, The Keyword Planner, or another tool. List the company, new product, at least five keywords and how/why you selected them.

Discussion 4.2: What are the most impactful elements of a website in terms of optimizing a site for organic search? What about paid search?

Chapter 4 Glossary:

Algorithm: A fancy term for how search engines decide which pages to display for a given search.

CPC: Cost per click.

Natural search: What shows up in a search on a search engine, non-paid advertising.

Organic search: Another term for natural search.

PPC: Pay per click, the cost every time a user clicks on our ad.

SEM: Search engine marketing, includes both PPC and SEO.

SEO: Search engine optimization, also known as natural or organic search.

Spiders: Or "robots" are programs "crawl" the web and follow every link or piece of data they see and bring back to index server.

Query: User-initiated search term**.**

Index server: Stores information previously categorized**.**

SERP: Search engine results page.

CHAPTER 5

E-mail Marketing

How E-mail Marketing Fits into Digital Marketing

It is useful to return to Figure 1.1 which illustrates the company website design and usability as central to digital marketing and then e-mail, search, social, and mobile as the four foundations of the digital marketing delivery mix that should relate to our digital strategy. These are the primary areas where the company wants to focus on developing digital marketing competencies because all work together.

So the reason that these channels are foundational is that they work to produce results. Of course, as stated above, before beginning any digital marketing campaign, managers should carefully consider the overall strategy of the organization and the brand positioning strategy, that is, the target market, the products offered, the product category, and the point of differentiation. Without a strong strategic background, all marketing efforts lack focus and are less effective.

Assuming the strategy is in place, the subsequent marketing campaigns that are run on digital platforms should work in tandem. For example, the website should be optimized for organic search in terms of the title tag and appropriate keywords and point the user to sites for social interaction. In turn, search and social media should work together also. One way to ensure they are integrated is to monitor social media channels to understand how to optimize paid and organic search, as discussed in Chapter 4.

E-mail marketing can be integrated with other platforms of digital marketing quite easily. We can include icons on our e-mails pointing customers to social media or back to our websites. Including social media connection information and forwarding capabilities on e-mails can also increase the reach of communications.

There are a number of other ways to make sure e-mail campaigns are integrated with social media.[36] In social media platforms, we can ask customers to give us their contact information in exchange for some specific offers. It is a good practice to use e-mail to send out social media updates and solicit permission e-mail addresses from customers not only on your website but on social media. Once people are on the site, collect customer e-mail addresses and continue to communicate with them effectively. Therefore, as a strategic element of the digital marketing delivery mix, e-mail fits into the scheme of customer retention and service as well as acquisition.

The most effective marketers look at all four foundations of digital delivery and their website design and see how they can work together in an integrated fashion to produce results. Dreamfield's Pasta, which provides a type of pasta targeted toward diabetics (allegedly low carb), is a good example of this type of integrated digital campaign across channels. The company has a high price point, a unique point of difference, and uses this information with a strong grasp of digital channel communication.[37] The video link below describes how this one company clearly understands its unique differentiating point and leverages it across all delivery channels.[38] By understanding its customers and which channels they use, the company created a highly effective cross-channel campaign, using e-mail as its lynchpin. Similarly, Toyota received an award for its e-mail marketing campaign, which drove 70,000 visitors to engage on its website with a simple e-mail directing customers to a Microsite (a landing page specific to a campaign) and a follow-on e-mail.[39]

---

[36] Berger. 2013. "Email Marketing + Social Media = A Winning Combination." *Blog*. http://www.business2community.com/email-marketing/email-marketing-social-media-winning-combination-0676745 (10/19/2014).

[37] M. Roberts and D. Zahay. 2013. *Internet Marketing: Integrating Online and Offline Strategies* (Mason, OH: South –Western Cengage Learning), pp. 177–178.

[38] Exact Target. 2010. "Dreamfield's Pasta – Interactive Marketing Use Case." Blog. http://www.exacttarget.com/blog/dreamfields-pasta-interactive-marketing-use-case/ (10/19/2014).

[39] Toyota. 2014. http://dsdealer.com/styles/2014corolla/award/index.html (10/13/2014).

E-mail Marketing as the Unsung Hero of the Digital Age

E-mail marketing provided the link between campaigns for Dreamfield's and Toyota as it has for many other companies. In many ways, e-mail marketing is the unsung "hero" or "workhorse" of the digital age. The reasons for this statement are many. First, e-mail was the first tool that really allowed companies to take advantage of the interactivity of the Internet in marketing. Using e-mail technology powered by customer data, we could identify those customers most likely to respond to an offer, send a targeted offer, and track the results of the campaigns as well as other statistics. Another reason e-mail continues to be the unsung hero of the digital age is that it does a lot of the work of digital marketing. Although e-mail is not a glamorous technology, it is a powerful one. E-mail technologies are used throughout the customer relationship management process, from e-mails confirming purchases to follow on newsletters and promotions, e-mail is a vital tool throughout the customer experience. In fact, in a recent report from ExactTarget on the State of Marketing in 2014, 88 percent of marketers reported that they use e-mail marketing technology, with 58 percent of them planning to increase their budgets in this area.[40]

Another reason e-mail marketing can be considered the unsung hero of digital marketing is that e-mail marketing was the first digital marketing technology to be used over the Internet that took advantage of the interactivity of the Internet. Prior to the widespread adoption of e-mail as a digital marketing technique, marketers had primarily focused on the use of display advertising. In fact, e-mail has evolved from a broadcast mechanism to a permission-based channel to a true engagement channel.

The thinking in the beginning was that the computer looked like a small television screen, so let's advertise on it! What marketers failed to take into account was that the Internet provided consumers with much more control and the desire for control over their content. In order for an ad to be seen, much more work had to be done on the part of the marketer. Click through rates on display ads were high and then rapidly fell to a similar range for direct mail, 2 to 3 percent or less. What was needed was a way to get the consumer's attention and also to take advantage of what makes digital marketing unique. Digital media allow for interactivity, the use of customer information, and immediate response in the form of a conversation. Digital media also involve the customer in the marketing process and enable engagement.

---

[40] ExactTarget. 2014. "State of Marketing." *Report. http://content.exacttarget.com/en/StateOfMarketing2014?ls=Website&lss=StateofMarketing2014&lssm=Corporate&camp=701A0000000g98RIAQ* (10/14/2014).

Email marketing is well suited to the digital age. E-mail marketing provides for there to be interactivity because the consumer can respond and his or her preferences can be taken into account in the next communication. E-mail is immediate because, especially with mobile devices, the message can be delivered in a timely manner. E-mail is involving because the messages, although brief, can lead to other parts of the Internet and thus draw the consumer into a particular website. E-mail is information intense because we can use information we have collected about the consumer in our communications to them via e-mail.

E-mail marketing caught on rapidly because of these features that are related to the interactivity of digital marketing. However, it was also natural to compare e-mail to traditional forms of direct marketing, particularly direct mail, because of the similarities. The missives were delivered to the customer's inbox (instead of physical mailbox), could be addressed to the customer specifically, and could contain a targeted offer.

However, there were several key differences between the two communications channels. E-mail is faster, cheaper, and more effective than direct mail. E-mail is faster because offers can be assembled quickly without having to wait for the print production process. It is cheaper because again there is no need to print and mail communications. It is more effective because we can quickly determine customer response and change the next offer to increase response rate. In fact, although we used to have to wait three weeks for direct mail response, the time was shortened to three days and today, most responses are garnered within the first 24 to 48 hours after the e-mail is sent. So e-mail is seen as more effective than direct mail because response rates are higher and because we can quickly change our offers and parameters and gauge results. E-mail statistics vary by industry, country, and quality of the list used. However, in spite of the negative publicity that e-mail has received recently, unique open rates (unique individuals who open the e-mail) are hovering at about 19 percent[41] and click thru rates at over 3 percent,[42] quite acceptable metrics. Although open rates have declined a bit, depending on the study, overall click through rates (CTRs) are remaining relatively consistent. Most Western and European countries have similar statistics.[43] The current unsubscribe rate is about 0.25.[44]

E-mail as a Branding Tool

What has really put e-mail marketing on the map has not only been the access to measurement but been the ability to integrate with other marketing channels. The integration of the four foundations of the digital marketing delivery mix, search, social, e-mail, and mobile with website design is made easier through e-mail marketing. We can put links to our social site on e-mail and put keyword-rich terminology on our e-mail messages and our website.

As discussed above, a typical scenario is to drive people to the Facebook or other social media site via e-mail or the website, collect customer information, and continue ongoing communications that way.

E-mail can reinforce our brand image as well by producing a consistent message to the customer. Branding, as illustrated in Chapter 4, takes many forms on the Internet. In its most basic terms, branding is our promise to the customer about what value our product will deliver. Whether it be cleaner floors or efficient computer software, branding is an important aspect of customer communication. In fact, in an increasingly fragmented world of customer communications, branding can be considered the way to "break through the clutter" of the consumer inbox to create a unique and special message to which the consumer will respond.

---

[41] MailChimp. 2014. "Average Email Campaign Stats of MailChimp Customers by Industry." http://mailchimp.com/resources/research/email-marketing-benchmarks/ (10/13/2014).

[42] Nanji. 2013. "Email Open and Click-Through Rates: Benchmarks by Vertical." *Article*. *MarketingProfs Article*. http://www.marketingprofs.com/charts/2013/10751/email-open-and-click-through-rates-benchmarks-by-industry (10/13/2014).

[43] Silverpop. 2013. "2013 Email Marketing Metrics Benchmark Study." *Whitepaper.* http://www.silverpop.com/Documents/Whitepapers/2013/WP_EmailMarketing-MetricsBenchmarkStudy2013.pdf (10/13/2014).

[44] MIP. 2011. "Stats on Email Open Rates." *Marketing in Progress web site*. http://www.marketinginprogress.com/2011/01/10/stats-on-email-open-rates/.

Typically, the e-mail is used as a promotional message. However, e-mails can be used effectively in a content marketing strategy to reinforce a brand image. For example, a local Chicago website development company[45] uses bimonthly web posts to increase traffic to its website and reinforce its brand image. The company wishes to be known for its image as a leading purveyor of website development expertise. The blog posts are promoted on the website and customers and prospects are encouraged to subscribe to the system. The blog posts are then e-mailed out each month to encourage readership. The e-mail format also makes it easier for the posts to "go viral" and reach a larger audience.

However, some marketers indicate that they do not believe digital marketing has delivered as a branding vehicle. Gartner group indicates that social, mobile, analytics, and e-commerce are the most frequently recognized tools of digital marketing. We have focused on the four foundations of the digital marketing delivery mix (search, social, e-mail, mobile) supporting our central web site design. It is not at all surprising this set of delivery platforms would not be considered effective branding tools. These tools can reinforce a brand image but not create a brand image. In general, the most effective way to build a brand image is still through various forms of advertising, whether traditional or digital.[46]

E-mail as a Retention Tool

If overall e-mail is faster, cheaper, more effective, and more easily measured than direct mail and effective in brand-building, it is no surprise that e-mail as a digital channel caught on quickly. Marketers rapidly realized, however, that customers did not appreciate receiving e-mails from those whom they did not have a prior business relationship. Seth Godin[47] coined the term "permission marketing" around this time and e-mail marketers adopted the concept of different levels of permission.

---

[45] Orbit, 2014. http://orbitmedia.com (10/13/2014).

[46] Marketing Charts Staff. 2014. "Few Digital Marketers Feel that Digital has Delivered as a Branding Vehicle." *MC Website.* http://www.marketingcharts.com/wp/online/few-digital-marketers-feel-that-digital-has-delivered-as-a-branding-vehicle-43308/?utm_campaign=newsletter&utm_source=mc&utm_medium=textlink (10/13/2014).

To further understand e-mail marketing as a retention tool, let's take a closer look at the distinction of what digital marketing is by examining the Gartner group definition and see how e-mail might fit into the scheme. Gartner defines digital marketing as a "set of techniques, enabled by technology, which allows marketing to improve its processes to engage in a dynamic conversation with people who are influencers and buyers and ultimately target, acquire and retain customers. Digital marketing includes the ability to interactively communicate with customers through electronic channels, such as the Web, e-mail, smart devices such as phones and tablets, and mobile applications."[48]

Therefore, e-mail is a digital technology that that allows for a conversation to occur between the buyer and seller. E-mail, although best used for customer retention efforts such as ongoing communications via newsletters and promotions, can be used to target and acquire customers. Because of legal concerns which will be discussed later and the perceived intrusive nature of "spam" e-mails, consumer response to e-mails is better when there is an established relationship. (Parenthetically, the term spam came from an old Monty Python skit in which the word was used over and over and did not originate from the product by Hormel).

As we have come to understand through our work so far, companies need to know who they are and develop a clear positioning strategy in order to begin their digital marketing campaigns. The next step is then to develop a clear objective for the particular digital technology. These objectives may be set using the customer lifecycle. As the customer lifecycle indicates, e-mail is best used as a retention tool. The reason is that e-mail that is expected is more likely to be opened and read by current customers.

---

[47] S. Godin. 1999. *Permission Marketing Turning Strangers into Friends, and Friends into Customers* (New York. Simon and Schuster).

[48] Gartner. 2013. "Key Findings from U.S. Digital Marketing Spending Survey, 2013." *Gartner for Marketing Leaders*. http://www.gartner.com/technology/research/digital-marketing/digital-marketing-spend-report.jsp (10/13/2014).

In fact, as indicated by the four foundations of the digital marketing delivery mix, e-mail does not work alone. In addition to search, social, and web design, mobile marketing is important to digital marketers and can be used by e-mail marketers. In fact, e-mail mobile and loyalty are all intertwined. For example, Rack Room Shoes was able to analyze customer data and then create a permission-based loyalty program for its customers, busy Moms. Consumers wanted quick access to their rewards points that the company created a digital program that was accessible through a mobile application. Reminders were sent by e-mail messages. Customers preferred e-mail messages because of the limited number of text characters. However, e-mails were quite often opened on the mobile platform either before, after, or during the shopping experience. The results in terms of customer loyalty and sales were striking. The company captured 20 percent more of its customers' overall shoe budget (share of wallet). Rack Room Shoes also saw the number of customers spending more than $400 a year increased.[49]

This type of e-mail marketing with permission is highly effective. As e-mail has evolved from broadcast spam, to permission to true engagement, it has continued to hold a solid place in the digital marketer's list of tools. As noted on the previous page, the highest response rates and other measurements will most likely come from a list of the marketer's current customers or "house list" because those customers have purchased before and are familiar with our product.

Figure 5.1 illustrates the different levels of permission, opt-out, opt-in, confirmed opt-in and double opt-in. Each one requires a higher level of commitment from the customer. Therefore, the tool is not really optimal for customer acquisition. If we think about the customer acquisition and relationship continuum, we would see that e-mail is best for customer retention and service. E-mails that are permission-based and use information that the customer has given us to develop tailored communications have the best results.

---

[49] Direct Marketing News. "If Only Engendering Loyalty Was as Easy as Clicking Your Heels." *Multichannel Marketing*. http://www.dmnews.com/if-only-engendering-loyalty-was-as-easy-as-clicking-your-heels/article/360776/?DCMP=EMC-DMN_EmailMktingWkly&spMailingID=9018850&spUserID=NjMzNDA4NzAyMjgS1&spJobID=341169426&spReportId=MzQxMTY5NDI2S0 (10/13/2014).

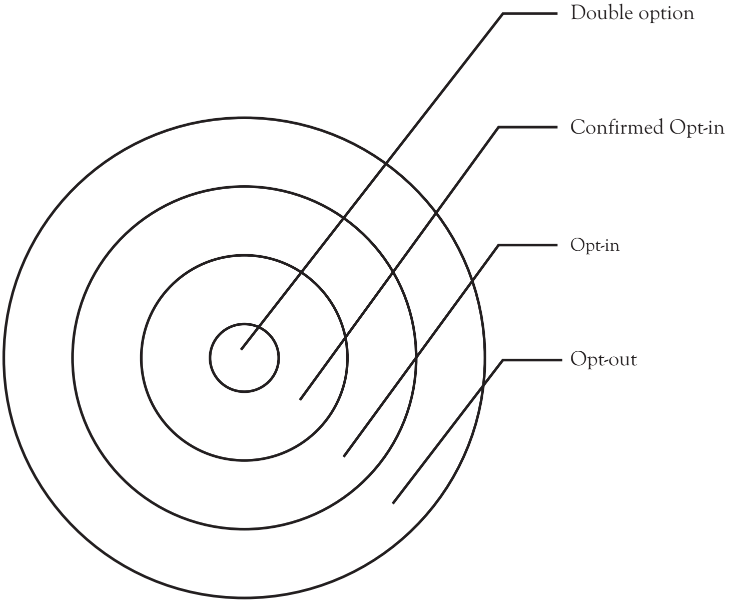

Figure 5.1 Layers of permission

The different types of permission in e-mail marketing are opt-out, opt-in, confirmed opt-in, and double opt-in and are shown in Figure 5.1. Opt-out is the lowest level of permission. When a box is checked on an e-mail and the consumer must "uncheck" the box to not receive future e-mails that are opt-out. In opt-in the box is unchecked and must be checked to start receiving communications. With confirmed opt-in we send another e-mail to confirm intention and with double opt-in we send yet another e-mail to confirm the consumer's wishes. Although response rates might drop off with double opt-in e-mail, the quality of customer is usually quite high.

In opt-out, we ask the customer to do something so as not to receive future information from us. In opt-in the opposite is true; we ask the customer to *do* something to continue receiving communications from us. In confirmed opt-in, we send a communication that tells the customer what has happened, reminds them they will be receiving future communication. In the highest form of permission, the double opt-in, we ask the customer to reconfirm their original intention to opt-in.

E-mail response is measured by CTR, which is the number of e-mails opened divided by the number of e-mails delivered. E-mails that are not delivered are said to have “bounced,” with a “hard” bounce being an undeliverable e-mail and a “soft” bounce being an e-mail that could not be delivered at that time. Perhaps a better measure of e-mail performance is the click to open rate (CTOR), which is the number of unique opens divided by the number of e-mails delivered. Unique opens is important in terms of tracking performance because these individuals may be interacting with us more than once and unique opens means they are not double counted.

All these analytical metrics must reinforce the major goal of e-mail marketing campaigns and help to integrate the e-mail program with our customer relationship and retention programs and to create engagement. There is no doubt that e-mail marketing has become a valuable tool for communication. E-mail therefore has become known as primarily a tool for customer retention rather than acquisition. The delivery platform is suited not just promotions but to ongoing customer communication for customer retention such as newsletters. In fact, it might be said that e-mail marketing is a powerful tool of the digital marketing age. The tool has consistently provided a way for firms to communicate with their customers and open rates and CTRs have remained surprisingly consistent over the years as well. With 50 percent of the population starting their day with e-mail and with mobile communications putting e-mail at our fingertips all the time, the tool has become invaluable for marketers.

E-mail Marketing as a Process

In general, a fully developed process also helps our e-mail marketing efforts (Figure 5.2). As the process below indicates, we start with the data we may already have on our customers. We analyze our current database and segment it and analyze the response rates, if any. We then create, execute, and measure our campaign and use those results to create the next iteration.

If we are building a database from scratch, we need to find ways to incent our customer to provide e-mail addresses to us. We can collect e-mail addresses through online registration on our website, face-to-face events, offline advertising, or through social media. List brokers will also provide lists of customers that have agreed to opt-in to e-mail offers from

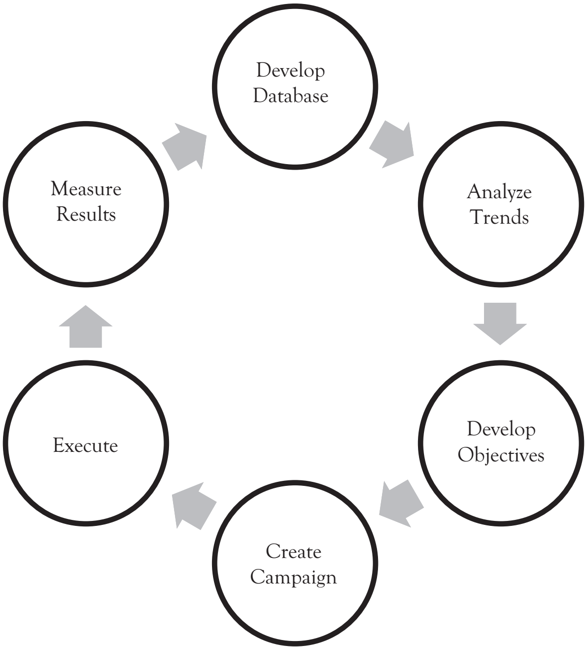

Figure 5.2 E-mail marketing campaign process

companies that they don't know. Typically we don't acquire the e-mail address unless they respond to the offer. As noted above, sending e-mails to individuals without permission, at least in the form of a prior relationship, is not recommended, not in the least because it does not provide the best results. Fortunately, there are many ways to obtain these permission-based e-mails to avoid the perception of spam.

In fact, the lack of permission in e-mail marketing led in 2003 to the Federal legislation known as the "Controlling the Assault of Non-Solicited Pornography and Marketing Act" (CAN-SPAM). This important piece of legislation was intended to curb abuse by spammers and those who "phish" for sensitive information via e-mail. This e-mail legislation applies to acquisitioned or promotional e-mails and says they must have the following:

- Valid from e-mail address
- Valid reply to e-mail
- Street address

- Unsubscribe provision
- Be clearly recognizable as advertising

CAN-SPAM has become so well-recognized that many marketers who do not need to do so, such as those sending relational or transactional e-mails, still adhere to many of the CAN-SPAM rules. A good way to tell if an e-mail is official is to look for the valid reply address, street address, and unsubscribe provision. So part of our e-mail marketing process is generally finding a way to adhere to federal legislation.[50]

Often we use an e-mail service provider (ESP) to help manage the database and our marketing metrics. ESPs typically use hundreds of different offers and are able to track them individually. Other reasons to use ESPs such as ExactTarget Marketing Cloud Services or Mail Chimp is to help get e-mails delivered through Internet service providers (ISPs) and not marked as spam, aid in tracking and measurement, and easily integrate with social media and other campaigns. ESPs also help keep us compliant with CAN-SPAM by making it easy to do so.

Once we have the database in place, we can analyze the data and use segmentation and persona marketing (Chapters 3 and 6) to refine our offers. Using ESPs, we can provide dynamic content, changing offers, photographs links and other parts of our e-mail according to the target segment. This dynamic content capability allows companies to use personalization, as discussed in an earlier chapter, to great advantage. Customers respond to personalized messages, although some research indicates that caution is needed. Customers can perceive communications as "too much, too soon," and the relationship needs to be developed slowly over a period of time before extensive personalization is used.[51] This fact highlights that e-mail marketing is best used as a retention tool.

---

[50] DMA. 2003. "The CAN-SPAM Act of 2003." *PDF.* http://thedma.org/wp-content/uploads/CAN-Spam-chart.pdf (10/13/2014).

[51] T. White, D.L. Zahay, H. Thorbjornsen, and S. Shavitt. 2008. "Getting Too Personal: Reactance to Highly Personalized Email Solicitations." *Marketing Letters* 19, no. 1, pp. 39–50.

Effective E-mail Design and Offers

Whatever the objective, the e-mail marketing campaign must be planned. Typically we decide on the objective of the campaign and the target audience and create a viable list from which to work. We then create compelling copy and a subject line for the e-mail. Critical to the effective design is what is known as a "call to action." The call to action is a principle from direct marketing that simply means what the company wants the consumer to *do* upon receiving the communication. Typical calls to action include asking for a purchase or to download information or ask for a customer response or review. Good calls to action should be specific and include a time deadline. Without urgency, customers will not have an incentive to react. These principles can also be used effectively in writing paid search advertising. Effective "action" words include the following:

Buy
Order
Call
Visit
Download
Read
Print

One effective call to action word from direct marketing that is not so effective in direct e-mail marketing is the word "free." Highly effective offline in print media, the word "free" will often be a red flag to ISPs, as action is not the only principle of direct marketing that can be applied in marketing. In fact, many direct marketing principles are now being applied in e-mail marketing, search, social, and website design.[52] One of these principles is A/B testing as noted in Chapter 4. In this approach we test one particular offer, known as the "control" against something which has been changed to see which is most effective. Multivariate testing involves testing multiple aspects of the e-mail at once to see which combinations produce th e best results.

---

[52] D. Zahay and B. Massey. 2013. "Everything I Needed to Know about CRO I Learned from Direct Response Marketers." *Slideshare*. http://www.slideshare.net/bmassey/what-we-can-learn-from-direct-marketers-by-brian-massey-and-debra-zahay-23117583?utm_source=slideshow&utm_medium=ssemail&utm_campaign=upload_digest (10/13/2014).

The detailed process of e-mail design is beyond the scope of this book. However, making sure that your e-mail is "above the fold" and uses the "golden triangle" principle from website design is another way to ensure a higher response rate. Making sure that the offer is clear and can be easily found and responded to is another way to increase response. As in website design, principles from behavioral psychology can also apply.

E-mail Metrics

In general, in designing e-mails we can put in links that can then be tracked and analyzed and these can provide valuable information on our customers' interests and background. In addition, ESPs will provide us with a number of key marketing metrics for e-mail marketing. A few of these metrics are stated below:

- Open rate: Percent of e-mails opened
- Bounce rate: Percent of e-mails undelivered (hard bounce is a bad e-mail address; a soft bounce is one that is temporarily undeliverable)
- Unsubscribe rate: Percent of customers unsubscribing from our offer
- What links were clicked
- CTR: The number of clicks the e-mail generated
- Forward/Saves/Prints: Other measurements of activity on the e-mail

The specific e-mail metrics that a company uses depends on particular campaign objectives. Hopefully you have an idea of how to develop an e-mail campaign using permission principles and some idea of how to measure the results.

What to Do Next after Chapter 5:

1. Imagine you are creating a campaign for a company or service. Determine where you are going to get your list of e-mail contacts; if you

have responses from prior e-mails, analyze those. Which were most effective and why?

2. Develop a list of more detailed objectives for an e-mail campaign based on the Customer Acquisition and Relationship Management Process (Figure 1.8).
3. Design your first e-mail for the campaign. You can use a free e-mail marketing service for the design or just paper and pencil. Who is the audience? What is the call-to-action, the timing? How will you measure results?

Chapter 5 Discussion Questions:

Discussion 5.1: Think about e-mail communications from marketers, perhaps some that you have received yourself. What makes them interesting and worth your time to open and read? Do you ever take any action as a result of the e-mails? Why or why not?

Discussion 5.2: If you were running an e-mail marketing campaign for your own or another company, what would be the most important metrics you would use and why?

Discussion 5.3: What are the main benefits of using an ESP? Do you think it is advisable to use such a service or to send the e-mails out on a personal or company e-mail address?

Discussion 5.4: Explain the concept of permission marketing. Does this concept relate to marketing beyond e-mail marketing and how?

Chapter 5 Glossary:

A/B split test: Testing two treatments of a website, an ad, e-mail, or direct mail communication with one modification to see which treatment is more effective.

Bounce rate: Percent of e-mails undelivered (hard bounce is a bad e-mail address; a soft bounced is one that is temporarily undeliverable).

Call-to-action: What you are asking the customer to do (usually by when).

CAN-SPAM: Stands for Controlling the Assault of Non-Solicited Pornography and Marketing Act; regulates unwanted e-mails; only applies if there is no prior relationship.

Click through rate (CTR): The number of clicks the e-mail generated.

CTOR or CTO (Click to open): Unique click/Unique opens.

Open rate: Percent of e-mails opened.

Unsubscribe rate: Percent of customers unsubscribing from our offer.

Permission marketing: Asking someone to opt-in or get them to consent to receive a marketing communication.

CHAPTER 6

Social Media and Mobile Marketing

Social Media Marketing Defined

Social media marketing should be distinguished from social media platforms themselves. Social Media Marketing (SMM) as a process is the business use of social media channels to understand customers and engage them in such a way that leads to the achievement of ultimate marketing and business goals. Therefore, the ultimate goal of social media marketing is to use social media tools to reach a particular target consumer and to foster engagement, social sharing, and advocacy among the customer base. There are various forms of social media such as blogs, chat rooms social networking sites, podcasts, and so on as shown in Figure 6.1. Each platform has its own place in a social media marketing campaign, depending on where the customer is and the company's strategy, website and brand objectives.

How Social Media Marketing Relates to Content Marketing

Taking a step back we need to look at social media in the context of content marketing. We also need to take a further step back and look at content marketing in the context of the brand story. Once we have decided our positioning strategy and developed the brand story, we need to decide what content will help reinforce that story. For a university for example, it might be success stories of recent graduates. For example, Red Bull has a prize-winning content marketing program. Their content goes beyond their product to the types of activities their customers engage in such

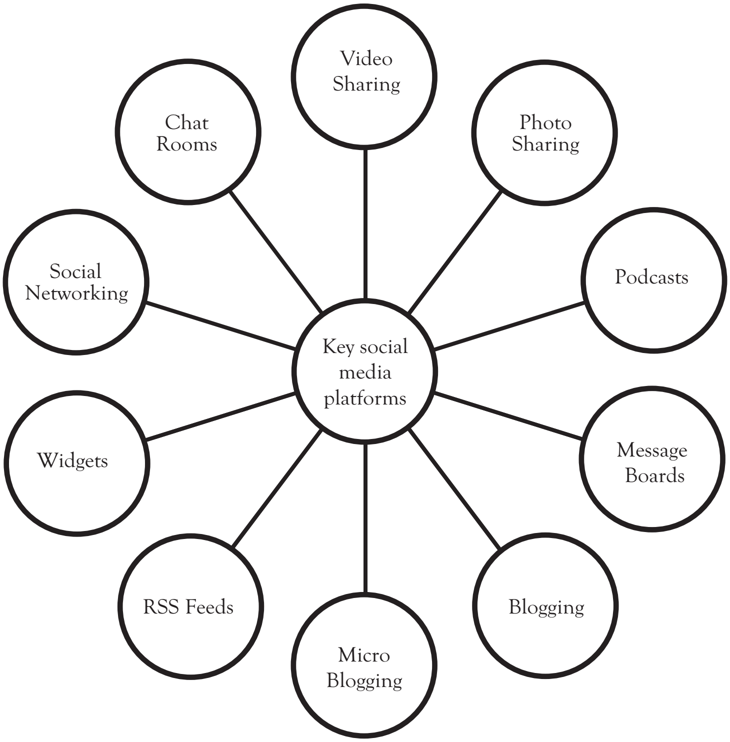
Video Sharing
Chat Rooms
Photo Sharing
Social Networking
Podcasts
Key social media platforms
Widgets
Message Boards
RSS Feeds
Blogging
Micro Blogging

Figure 6.1 The proliferation of social platforms

as biking, surfing, and extreme sports. The site also features products of interest such as Internet watches. Content is disseminated on the website and through social media platforms, blogs, and so on. Content marketing is also important in developing search terms on the website that reinforce the brand story. So, as shown in Figure 6.2, we first develop our brand story, then decide what type of content will reinforce our brand, and then how that content will be repurposed on various channels.

Previously we talked about the power of networks which means that information on the Internet spreads rapidly. Putting networks with the power of a long-standing marketing concept, word of mouth, means that marketers hope to influence the word of mouth about our product positively. Marketers do so by cultivating key social "influencers" which can be identified through social media marketing software tools such as Radian6 (the most popular). For example, Braun marketed its new coffee maker by identifying key influencers and getting them to blog about the product and

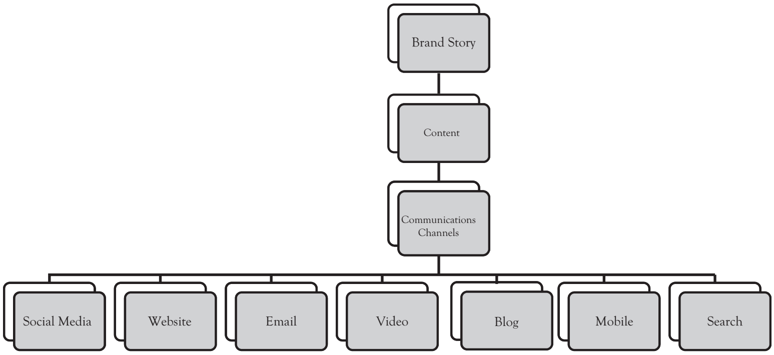

Figure 6.2 Developing the brand story through content

share information online. Recently it initiated a similar campaign for its CoolTec shaver.[53] The company used 500 "brand ambassadors" to spread the word about the product on various social media platforms.

Successful Social Media Campaigns

Successful social media campaigns run the gamut and there is no one key to success. If a company tries to make a campaign, "go viral," it cannot be done. This is where the marketplace has really taken hold of the digital marketing process. Some examples of successful campaigns that have taken off online include the "Old Spice" video campaign, both offline and on YouTube, which has transformed the brand from an "old guy" one into a hip brand used by young people.

Often even business-to-business companies, which have lagged business-to-customer companies in social media marketing usage, can make use of humor to create engagement. One example of such an approach example is Sungard's "Zombie Apocolypse" guide to using its protection services in case of the coming imaginary Zombie attack. Content marketing strategies are critical today in B2B demand generation where it is estimated that 57 percent of the purchase decision has been made before the customer even touches the client. Applications such as Shopkick have

---

[53] Trnd. 2014. "Social Content Marketing Campaigns." *Products and Solutions*. http://company.trnd.com/en/products-solutions/social-content-marketing-campaigns (10/13/2014).

Paid	Owned	Earned	Shared
• Offline Advertising • Online Ads	• Web Site • Blog	• Word of Mouth • PR	• Co-Created Content on Social Sites

Figure 6.3 Types of media and examples

made the process of shopping itself a social function, with users getting points for entering certain stores.

Paid, Earned, Owned, and Shared Media

When thinking about implementing a social media marketing campaign, we categorize social media across all four types of media channels, paid, earned, owned, and shared media (Figure 6.3). It is possible to pay for media by advertising on social sites or sponsoring blog posts and tweets (these sponsorship opportunities must be identified as such). Companies can own different platforms such as our own blogs and social media accounts. Firms can also earn attention when videos, blog posts, and other types of information go "viral" through social media. Shared content occurs when the company and consumer co-create content, often on social media platforms, as when a brand such as Doritos® invites customers to create advertisements for the product or when customers spontaneously create such content. The most cherished content is that which is earned by the firm and that which shared with the customer because that content has the ability to create long-lasting impressions and to "go viral," creating awareness and brand loyalty that is impossible to purchase.

Social Media and Engagement

At this point it is reasonable to talk about what customer engagement (CE) means. Brodie et al.[54] defined it as "a psychological state that occurs by virtue of interactive, co-creative customer experiences with a focal agent/object (e.g., a brand) in focal service relationships. It occurs under a specific set of context-dependent conditions generating differing CE levels; and exists as a dynamic, iterative process within service relationships that co-create value. CE plays a central role in a nomological network governing service relationships in which other relational concepts (e.g., involvement, loyalty) are antecedents and/or consequences in iterative CE processes. It is a multidimensional concept subject to a context- and/or stakeholder-specific expression of relevant cognitive, emotional and/or behavioral dimensions."

---

[54] R. Brodie, L. Hollebeek, B. Juric, B. and A. Illic, "Customer Engagement: Conceptual Domain, Fundamental Propositions, and Implications for Research," *Journal of Service Research*, 14 (3), pp. 252–271.

In other words CE is both a state and a process. When customers interact in a process that is co-creative with a brand, they can be said to be in a state of engagement. However, engagement is also a process which can be used to develop deeper customer loyalty, for example, which then, iteratively, engenders engagement.

Social media platforms that allow for sharing and creation of content are therefore prime candidates for companies to use for CE. Right now the top five social media networking platforms used by marketers in terms of unique monthly visitors are Google + (YouTube), LinkedIn, Twitter, Facebook, and Pinterest.[55] However, Tumblr and Instagram are growing rapidly and come in six and seven, respectively. Instagram, with its ability to share photos quickly, is quite popular not only among Millineals but those marketing visual products. One of the most followed realtors on Twitter (84,000 followers) is Fredrik Eklund, an agent with Douglas Elliman and a star of "Million Dollar Listing New York." Eklund uses Facebook and Instagram for his primary social media marketing because they allow for visual images in a visual business and because these platforms are where his customers reside, socially speaking.[56] The Bookmarking site Reddit.com has also become popular with marketers of late. As of this writing, several new platforms were launching and who knows which one will take off and provide real potential for marketers.

---

[55] **eBiz|MBA**. **"Top 15 Most Popular Social Networking Sites**|October 2014." *Website*. http://www.ebizmba.com/articles/social-networking-websites (10/13/2014).

[56] WSJ. 2014. "Real Estate's Twitter Stars." *Article*. http://online.wsj.com/articles/real-estates-twitter-stars-1406832556 (10/13/2014).

After all, the rule of thumb in social media marketing is to "Fish Where the Fish Are,"[57] so if your target customer is on a particular site, it is useful to monitor that site. For example, if we run a restaurant, Yelp might be a good choice. If you are marketing to businesses, you might choose LinkedIn as a platform. Facebook has been found to be a good source of brand-building for consumer brands, whereas Twitter can be used for both B2B and B2C applications. Personas can be used in social media just as they are used for website development. When creating personas for social media we take in to account the social media platforms which the persona might frequent and their level of engagement. Many B2B companies, such as IBM, create their own social media platforms for private use, often known as "white label" networks. On these private networks, the company's staff can share information among themselves and/or users. Sometimes these private networks are used for new product development efforts and the company wishes to keep the information outside of the public domain.

Forrester Research has an online version of its Technographics ladder which demonstrates how social media usage changes across various age and genders. You can use the tool to see creators, conversationalists, collectors, critics, joiners, spectators, and inactives changes across these boundaries.[58] As the Forrester ladder shows, only about a quarter of the population creates content on social media, whereas three-quarters of us are spectators on social media. This means that for engagement we are not going to be able to get everyone in a high state of engagement. We do, however, need to take our audience into account and provide content that people will want to read and share.

The trick in social media marketing is to not just talk to the customer but to get them to comment and share on what is relevant to them. After rapport has been established, it is fine to ask customer what they want directly. Another way of finding what they are thinking about is to use some of the monitoring tools mentioned in this chapter.

---

[57] J. Zimmerman. 2012. *Web Marketing for Dummies* (Hoboken, NJ: John Wiley & Sons).

[58] Forrester. 2014. "What's the Social Technographics Profile of Your Customers?" *Tool*. http://empowered.forrester.com/tool_consumer.html (10/13/2014).

Planning, Monitoring, and Measuring

Planning the social media campaign is critical to success. Usually we consider that the steps in social media planning are:

1. Listen to the customer,
2. Communicate with the customer,
3. Foster engagement with the customer, and
4. Work toward collaboration with the customer.

We have an example of a listening tool in Google Trends. Another free tool is Social Mention, which allows for monitoring of both trends and sentiment (positive or negative) around topics and firms. An example of collaboration known as crowdsourcing is the Threadless.com site where users submit t-shirt designs for which they are given a small fee if the user community votes that the design is used in t-shirts to be sold to the public by Threadless. Other types of collaboration include making changes to products and service processes as a result of customer input or encouraging customers to make videos about the product that are shared on the web.

Hootsuite™ is the market leader in the category of tools that allows for monitoring of social media content and engaging in social media discussions. The company offers an online certification program and a university program that helps professors train students in social media. Tools such as Hootsuite™ allow for scheduling of posts in advance, which can allow for the implementation of a content marketing calendar on social media. In general, a calendar should be used that crosses media so that messages can be controlled and coordinated across channels. The calendar should be based on the objectives for the social media marketing plan, remembering that the customer is also an active participant in that plan, and that engagement must be a stated objective. A sample content marketing plan is shown in Figure 6.4.

Other tools for monitoring include, as noted above, Radian6 and free social listening tools such as Google Alerts, Social Mention, Facebook Insights, and Twitter's advanced tools. As with each of the four foundations of the digital marketing delivery mix with which we have worked, we need to have a process for putting our plan together and engaging

Message objective	Media	Timing	Message Content	Responsibility
Branding	Email	First of the month	Reinforce brand tag line	Email Marketing Team
Tips and Techniques	Social Media (Facebook) Twitter	Twice Weekly Twice Daily	How to use the product, products updates	Social Media Team
Promotions	Email, Social Media, Website, blogs	Monthly	Discounts, promotions	Marketing Assistant
Engagement	Social Media Facebook	Twice a year	Games, contests	Social Media Plan

Figure 6.4 Sample content marketing plan

with the customer base in a meaningful way. For example, Hilton Hotels is well-known for understanding its customers well and providing the right type of pillow and having information at their fingertips and often engages in social listening to determine customer's specific needs.

Objectives may range from branding to creating advocacy, although direct sales pitches often are perceived negatively by social media users. Although coupons have been used effectively on social media, the emphasis should be content. Generally, the more content we can share that is useful to our customers, the deeper the brand relationship.

For every social media campaign, there should be tools to measure the success of the campaign. We might measure likes, comments, and shares depending on the objectives of the campaign. To develop proper measurement tools, think about your company and what you might hope to achieve from social media. It is important to take into account how each platform displays your posts and comments. For example, the Facebook EdgeRank algorithm shows the people with which you are most engaged. A small business might not have its posts show up on its users' stream if there has been no prior engagement. The marketing effort might not be effective because not everyone is seeing the posts. Often in social media measurement, we have to determine which platform or application should receive what percent of credit for the final sale online, a process known as attribution.[59]

---

[59] A. Barger and L. Labreque. (2013). "An Integrated Marketing Communications Perspective on Social Media Metrics." *International Journal of Integrated Marketing Communications,* **5(1), 64-76.**

To have it all work together, content marketing strategies that incorporate social media must be based on relevant keywords. In Chapter 4 I suggested carefully considering the keywords which are most relevant to our efforts. Keywords need to be continually updated and incorporated across all of our content marketing strategy. However, since Google is providing less information on keywords than it used to, it can be difficult to determine which organic search keywords are driving users to your site. Google Webmaster tools provides some insight, as can running even a limited paid search campaign, looking at search sources other than Google and seeing which landing pages are being most frequently accessed.[60] It can also be useful to survey customers and see what they continue to access and look at to determine which keywords can best be used on social media and other content to optimize your content marketing strategy.

Combining Mobile and Local (SoLoMo)

If digital, content, and social media marketing are all about engagement, then mobile marketing is all about engaging with the customer when and where they are ready to make a decision or create engagement. Mobile marketing has arrived, but what is it? Unlike the four foundations of the digital marketing delivery mix, search, social, web design, and e-mail, mobile is not a specific marketing channel. Mobile is a delivery platform upon which digital messages can be conveyed and digital customer interactions can be undertaken and measured. Mobile platforms include smartphones, tablets, and other devices imagined or yet to be imagined (such as Smart Watches and Google Glasses).

Mobile is part of a trend called "SoLoMo" in which marketing is, as the name suggests, social, local, and mobile. This trend is also sometimes called digital convergence because of the coming together of content from many media channels on digital devices.[61] Digital convergence, accessing

---

[60] Dykes. 2013. "How Google's Expanded Search Encryption Impacts Adobe Analytics." *Adobe Blog*. http://blogs.adobe.com/digitalmarketing/analytics/how-Googles-expanded-search-encryption-impacts-adobe-analytics/ (10/13/2014).

[61] CCENT. 2014. "About." *Center for Convergence and Emerging Network Technologies Website*. http://ccent.syr.edu/about/.

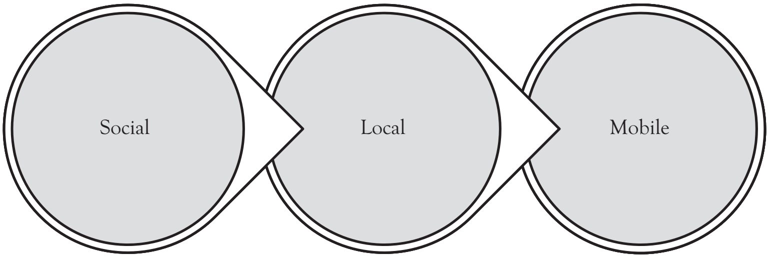

Figure 6.5 SoLoMo defines digital marketing

information on multiple platforms, also includes the "Internet of Things" in which home appliances and other devices not usually considered "smart" are able to be controlled by consumers via various Internet-enabled devices.

Integrated SoLoMo

These concepts of SoLoMo are being used to create marketing campaigns that integrate social media, local computing, and mobile devices (Figure 6.5). Often gaming concepts are integrated as well; gaming is a growing industry. For example, the MINI Getaway was launched on iPhones in Stockholm. The goal was to find and create brand evangelists for the new version of the MINI. Users captured a virtual MINI on their phone and then ran because others within a certain distance could "take" the mini for themselves. The contest went on for several weeks until the last person with a MINI on their iPhone won a real MINI Countryman car. Thousands of people in Stockholm played the game, clogging the streets in the last days of play. Hundreds of thousands of social shares resulted and the marketers claim that a "movement" was created as well.[62] A similar example is the M&M's "find Red" game which involved users in tracking down M&M's Red character on their phones throughout Toronto.[63]

Like any aspect of digital marketing, campaigns and interactions on mobile platforms must be carefully planned and have measureable objectives. With the rapid pace of change in this area, measurement must be continually reassessed.

---

[62] MINI Getaway Stockholm. 2010. "MINI Getaway Stockholm 2010—Case study." ***Video***. https://www.youtube.com/watch?v=dt9OlGq3gWU (10/13/2014).

[63] Proximity Worldwide. 2011. "M&M's Find Red." *Video*. https://www.youtube.com/watch?v=_pXX277TKzw (10/13/2014).

Mobile marketing is also part of a trend called "pervasive computing" in which the marketer can access any customer at any time, over any Internet-enabled device. Not only can e-mails, search, and social media interactions be delivered or take place on mobile devices, but mobile marketing includes video marketing, QR and barcodes, text messages, display advertising, and other forms of content marketing. Therefore, mobile is really a platform like the desktop computer, except it is always with the customer.

Using responsive web design, we can deliver a customer experience that is tailored to the specific device, or platform, upon which the customer is engaging with us. Responsive web design might mean delivering a mobile experience tailored to a specific platform, that is, Android smartphone. Responsive web design can also include responses that are personal to the particular customer if they are logged in or as a result their search query keywords.

Applications on mobile devices (known as "Apps") and especially free apps have exploded and provide an advertising opportunity. However, because of the difficulties of the many different types of ad browsers and delivering ads within the application, mobile ads have not been as targeted as traditional advertisements. Some ad networks are working on solutions to this issue.[64]

Mobile Advertising

Mobile interactions have exploded, with the majority of e-mails now being opened on mobile devices. In fact, video advertising and visual images as well as gaming are good applications for the mobile platform as Smartphones and mobile devices become faster. Global ad spend is growing at double-digit rates and will increase 83 percent to nearly $18 billion in 2014, more than newspapers or radio. However, advertising spending is still disproportionate. Spending on mobile advertising will be only about 10 percent of ad spend, in spite of the fact that Americans spend more than 10 percent of their time on their mobile devices.[65] There is a disconnect in spending versus time spent as marketers adjust to the new world of digital convergence.

---

[64] http://www.adexchanger.com/mobile/no-mobile-cookies-criteo-defiantly-rolls-out-mobile-web-tracking-solution/.

[65] S. Perlberg. 2014. "Mobile-Ad Spending Leaps, but Trails User Growth." *Wall Street Journal*, http://www.wsj.com/articles/mobile-ad-spending-leaps-but-trails-user-growth-1405969018 (12/7/2014).

Digital Advertising Landscape

It is not surprising that we encounter this problem of the disconnect between user time spent and amount spent on advertising as the digital advertising landscape in general is fast-moving and changing daily. Digital advertising has expanded rapidly over the last few years. As state previously, the initial idea upon seeing a web browser on a screen was for advertisers and their agencies to view Internet advertising as a small form of television advertising. These ad formats are known as banner ads. Click-through rates were initially high until users became used to the ads and did not seek value.

Today's advertisements that are successful are visual, interactive, and often include a video format. The Internet Advertising Bureau has a series of formats that are considered "Rising Stars" that include rich media formats. These ads typically have higher engagement rates, sometimes two or three times higher than traditional banner ads.[66]

Advertising today has become more complex than in the early days of the Internet. Terrence Kawaja and his associates at Luma Partners have created a series of graphics that attempt to explain the complexity, but these charts can also be daunting.[67] Delivering advertising online depends heavily on cookies (code that lets website owners and advertisers know when someone has previously visited a site) and on developing an in-depth understanding the customer by integrating data from data suppliers such as Experian, Epsilon, and Acxiom to try to identify the customer, if not by name, as closely as possible. If you ever noticed that you looked for an item, did not buy it, and then found it on an advertisement on your web browser, then that is because of using cookies and a practice known as retargeting. Ads can also be delivered based on the context of the consumer's search patterns or e-mail communications, their online behavior (identified if logged in or unidentified if not) or their geographical location.

Basically, online advertising evolved from using simple ad exchanges to place ads to a complicated system of "real-time bidding" (RTB) whereby the majority of ads are delivered automatically through ad networks.

---

[66] eMarketer. 2014. "IAB Rising Stars Ads Outperform Standard Banners." *Article*. http://www.emarketer.com/Article/IAB-Rising-Stars-Ads-Outperform-Standard-Banners/1010761 (10/13/2014).

[67] T. Kawaja. 2010. "DISPLAY LUMAscape." *Slideshare*. http://www.slideshare.net/tkawaja/luma-display-ad-tech-landscape-2010-1231 (10/13/2014).

These ads are then shown automatically via social media networks such as Twitter and Facebook, ad servers such as Double Click and other publisher tools. Advertisers either pay per "click" or per "impression" for the ad and conversion rates are typically low. In addition, most of the online display advertising continues to be concentrated in the top five advertising websites in this order, Google, Facebook, Yahoo!, Microsoft, and AOL, making it difficult to launch a new business and fund it through advertising.[68] The concentrated ad market and the complicated business of RTB and programmatic or "automatic" ad buying have both transformed media buying and will continue to do so.

Advertisements will continue to be placed on mobile devices, social media, and anywhere else the consumer is likely to be. However, it is likely that conversion rates will continue to be lower than those of other types of media such as e-mail and paid search. Advertising is still best used for brand-building, even in digital marketing. In fact, 37.7 percent of those who interacted with a mobile rising stars ad (new, improved ad formats) said the experience improved brand impression 20.6 percent who for standard mobile banner ads. The benefits of social media and other marketing channels discussed in this book cannot be overlooked and should be seen as supplementing any digital advertising plan.[69]

What to Do Next after Chapter 6:

1. Imagine you are creating a content marketing campaign for your own or another company product or service. Relating back to Chapter 2, what is your unique positioning and how will you create value for your customers?
2. Based on your target customer, select three social platforms that you think will be most likely to reach that customer.
3. Design a content marketing plan for that product or service using the example in Figure 6.4. Can you use one piece of content and "repurpose" it across multiple social platforms?

---

[68] A. Gesenhues. 2013. "EMarketer: Google Takes Back Top Spot in 2012, Out-Selling Facebook in Digital Display Ads." *MarketingLand Article*. http://marketingland.com/emarketer-Google-wins-back-hold-top-rank-in-digital-marketing-revenue-38207 (10/13/2014).

[69] S. Perlberg. July, 2014. "Mobile Ads Breach Historic Barrier." *Wall Street Journal*, B1.

Chapter 6 Discussion Questions:

Discussion 6.1: Why do you think some managers are resistant to the idea of engaging in social media marketing? What could you do or say to convince your reluctant boss that SMM could be a good idea in a specific business setting?

Discussion 6.2: Imagine that recently your company has been trying to convert participants on its various social media platforms to customers. What advice can you give those in charge about increasing conversion?

Discussion 6.3: Among, paid, owed, earned, and shared media, which is the most credible to customers on social media and why? Give an example from your own or other's experiences.

Discussion 6.4: Explain the concept of CE. What is its relevance to digital marketing? Contrast that with the role of CE in the offline retailing environment. Are they the same?

Chapter 6 Glossary:

Social media monitoring: Keeping track of social media activity, often through a commercial application.

Customer engagement: How involved customers are with the brand as well as a process for keeping them involved.

Social media marketing (SMM): Using forms of social media for brand and product promotion and to foster engagement.

Content marketing: Using the creation of meaningful content around the brand for marketing purposes to foster engagement and brand loyalty.

Social media networking sites: Sites through which users share content and comments with each other. The major sites are highly sought-after as advertising platforms.

Paid, earned, owned, and shared media: Different categories of media, with examples of paid being advertising, earned being word of mouth, owned being a company's own asset, and shared being something co-created with the customer.

Context

CHAPTER 7

Customer Relationship Management (CRM) and the Role of Leadership in Digital Marketing

Marketing Management versus Customer Relationship Marketing

All the changes in technologies for marketing discussed so far have substantially altered the role of the customer in the marketing process and the relationship between the customer and the marketer. These final chapters discuss the context for that change and focus on activities where the marketer can still affect what happens in this relationship. Creating a sound database, developing strong leadership, and being aware of the complex legal environment are all part of the task of marketing.

This book is called *Digital Marketing Management* to indicate the shift in marketing toward the use of marketing management technologies which facilitate engagement of the customer and personalization of each customer's particular experience with the firm. If customers interact with firms today through digital technology, then these interactions must change the process of how managers think about their customers and manage the entire process of marketing of the firm. Chapters 7 through 9 are dedicated to exploring techniques to manage the customer relationship across channel and to organize for such activity within the firm.

It is important to remember that the core of competitive advantage is having a product or service that customers wish to purchase at the price the firm is offering. Competitive advantage is not necessarily dependent upon digital marketing methods. Digital channels can enhance and complement the firm's existing channels but are not a substitute for that which sustains growth in the firm.[70]

We have looked at the learning organization to understand how firms can use digital technology to learn in Chapter 2. Learning comes from internal resources, the competitive environment, our customers, and suppliers/partners. Learning is facilitated by but not limited to, the use of digital technology, which by its nature supports the learning process. There are two types of market sensing capabilities, those from the firm to the outside world and those from the outside world to the firm. It is useful therefore to think of digital technology as playing a pivotal but supporting role in facilitating the learning processes of the organization.

There are many ways digital technologies can be crucial in learning processes. Crowdsourcing technologies can help us understand customer needs, for example, and private label social media networks can help us interact with our suppliers. Data from learning processes flows from the outside into the firm and from the inside out, forming a continuous feedback loop whereby the firm continuously updates and creates itself. In fact, the concept of market orientation itself means that the firm is constantly processing information about the marketplace to meet customer needs and expectations.

Although there are some companies that rely primarily on Internet Technology for their business model, in the Fortune 500, the largest firms produce a product or service that is more reliant on the physical world of stores, distribution arms, and factories. Most firms use many marketing channels of both distribution and communication. Facebook is still only a fraction of the size of Wal-Mart, the leader in the Fortune 500 and other firms such as amazon.com have yet to reach other than marginal profitability.[71]

Therefore, every firm can benefit from advances in digital technology and digital marketing. Without the emphasis on one-way communication and focusing on conversation in marketing, the process becomes one of slowly developing the relationship with the customer instead of seeking a one-time transaction. We have moved from the product focus to the customer focus, from transactions to relationships, from acquisition to retention, from product profitability to customer profitability, and from trial and error to testing and measurement.

---

[70] E. Penrose. 1959. *The Theory of the Growth of the Firm* (New York: John Wiley & Sons).

[71] Slate. 2014. "With Wall Street's Support, Jeff Bezos Can Conquer the World Without Earning a Profit." *Article.* http://www.slate.com/articles/business/moneybox/2014/01/amazon_earnings_how_jeff_bezos_gets_investors_to_believe_in_him.html (10/13/2014).

However, marketing management thought principles as they are usually taught have not changed from the time of the 1950s. The traditional process of marketing management is said to include the principles of product, price, promotion, and place. The manager is like an orchestra conductor or puppeteer, adjusting these elements of what is known as they marketing "mix." As the manager makes these changes, the customers, like an orchestra, respond to commands. Lower the price, alter the product slightly or put out a promotional coupon, and the consumer buys more.

In the new world of marketing thought, consumers *do* respond to what are known as marketing actions, but the process has become more complex and individualized. Customers interact with the firm and each other and often initiate the conversation. So rather than marketing being an orchestrated process with the marketer as conductor, the process of marketing today is more like music made by a jazz ensemble, where the players work off of each other to create a work of music. This new way of imagining marketing requires new process to manage and measure.

Marketers not only have the capability to personalize and customize communications but to interact with individual consumers in way not imagined previously. Using digital technology, marketers can rapidly seek out the most influential consumers, those known as thought leaders and engage them in such a way as to hope to influence their thinking and writing about a product. Marketers can interact on social media with specific customers to answer their questions individually and communicate with them directly. There has been a shift in emphasis from managing a process of marketing tasks to campaigns that are integrated across channels and seek to engage the customer across these multiple channels.

Marketers want to engage the customer but also struggle for a way to measure the success of these interactions or engagements. The traditional way of analyzing customer response to advertising was attention, interest, desire, and action (AIDA). Although AIDA focuses on how to move the customer through a process, in the digital age, we focus on treating different customers differently in a process often called customer relationship management (CRM) (see Chapter 3). Sometimes this process is called customer relationship marketing because relationships are difficult to manage in order to get the desired result; customer relationship marketing as a term focuses on the customer more and the process less. CRM can be defined as the "process of managing and measuring customer interactions across various channels with the goal of optimizing the value of the customer relationship to both parties to the exchange process." Often this process involves building a customer profile or profiles, the characteristics of different customer segments that allows us to select different treatments for different groups. CRM technology can be powerful, as using personalized communications based on customer profiles can significantly improve the results of marketing programs. As an alternative to identify, differentiate, interact, and customize (IDIC), Martha Rogers and Don Peppers suggest the IDIC profile,[72] indicating that each customer should be receive unique communications, offers, and interactions. In our research, we suggest that we personalize communications and customize product offerings, which means that IDIC becomes IDICP, identify, differentiate, interact, and customize/personalize.

In talking about CRM we must include CRM systems tools because these tools allow companies to manage their customer interactions and measure them to determine which approaches are most effective for a specific customer or a set of customers. These systems have long been advocated in marketing literature. However, there are problems with implementation and these systems are really only effective if supported through the corporation Another problem with these systems is the proliferation of marketing communications tools that we talked about earlier in this text as well. Multichannel marketing has made CRM much more difficult.

CRM tools vary from contact management systems like salesforce.com to more complex implementation systems for larger companies like Eloqua or SAP. The tools are designed to track and manage customer information, automate customer interactions, simplify workflow, and monitor and track results. The idea used to be to get a "360 degree" view of the customer and all interactions, although I would argue the relationships are now more complex and difficult to chart.

---

[72] Peppers and Rogers Group. 2014. "Telecommunications Capabilities." *PDF.* http://www.peppersandrogersgroup.com/DocumentDownload.aspx?Doc_ID=31637 (10/13/2014).

The need for this type of system has occurred because of the trends documented in the previous section of this book. Not only can we engage more with the customer but we can do so across many marketing channels. In order to manage this process effectively there has to be a shift from the internal processes of the firm to the external processes of the customer. This shift is known as "customer experience marketing" (CEM) and requires a services marketing orientation. This trend means that marketers must consider how the consumer interacts with the product/brand and must do so across all available channels. The customer has come to expect that the marketer will engage with him across all channels consistently, including understanding past purchases and interactions.

Multichannel (Omni-Channel Reality): "Always On Marketing"

As discussed in Chapter 1, the developments in Internet technology which resulted in digital marketing mean that the process of marketing is an interactive, conversational one that in the customer's mind occurs 24/7. This trend of a marketing engagement model that never rests is called "always on" marketing. So if a customer buys something online, writes about it in social media, and returns it in the store, the customer expects the marketer to have knowledge of these prior transactions and to understand what has happened and respond accordingly. Especially in consumer markets but also in business-to-business markets, this type of response could not be possible without the applications and their underlying data facilitated by digital technology. Increasingly, CRM systems are focusing on "real-time" responses and analysis[73] such as "real time" advertising. Multichannel marketing has become omni-channel marketing, which means customers expect the same relationship across all channels.

---

[73] Woods. 2014. "Why Real-Time CRM Analytics Is Hot." *Computerweekly.* http://www.computerweekly.com/opinion/Why-real-time-CRM-analytics-is-hot (10/13/2014).

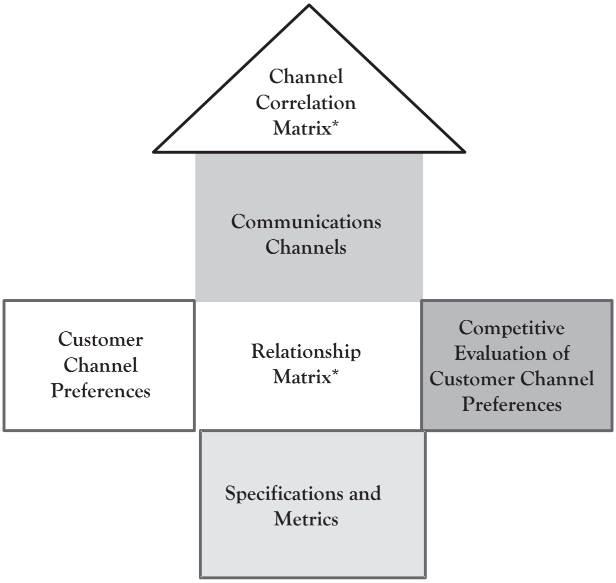
Channel Correlation Matrix*
Communications Channels
Customer Channel Preferences
Relationship Matrix*
Competitive Evaluation of Customer Channel Preferences
Specifications and Metrics

Figure 7.1 The House of Quality for multichannel and digital marketing

One of the challenges of multichannel marketing in terms of CRM is measurement. The reason measurement is a challenge is because the multichannel experiences occur across a variety of dimensions. It is difficult to capture in just a simple chart or matrix everything that is going on in the multichannel process. In Figure 7.1 I have adapted the traditional House of Quality[74] from new product development to the House of Quality for multichannel marketing. The House of Quality was developed as a methodology to ensure that all relevant dimensions were included in the development of a new product, user needs, competitor competencies, and our own internal capabilities. Similarly, we need to think about all of these dimensions together.

Using the House of Quality analogy, we must consider the customer channel preference, our current capabilities, and competitive capabilities in developing our multichannel strategy and measurements. For example, the customer base has a certain communication channel preference.

---

[74] G. Urban and J. Hauser. 1993. *Design and Marketing of New Products*, 2nd Edition (Massachusetts, MA: MIT).

The first question to ask is are we spending our money where our customers are spending their time? If the customer is primarily focused on mobile devices and we communicate rarely over that channel, then there is a mismatch of resources that the analysis will highlight. The overlap in customer channel preferences and our strategy in Figure 7.2 represents an opportunity to develop our communications in those preferred channels. So the first step to developing multichannel metrics is to develop a strategy that is consistent with customer preferences. Only by understanding first where the customer is spending time and second, how they like to communicate can we hope to develop an effective multichannel measurement program.[75]

For example, recent studies indicate that consumers are spending more time online but that advertising budgets are still focused on traditional media.[76] Another example of channel "mismatch" is the tablet market. Tablets are rapidly outperforming mobile devices for shopping. The screen sizes are larger and allow for easier shopping. Not surprisingly, average order values, retail traffic, and conversion rates are higher on tablet.[77] Yet again, the spending on tablets lags the activity on the tablet by the consumer. The relationship matrix takes an honest look at our channels versus those preferred by the customer to ensure that there is a match (Figure 7.2). If the customer is primarily focused on mobile devices and we communicate rarely over that channel, then there is a mismatch of resources that the relationship matrix will highlight.

We also need to develop a matrix of how our channels are meant to work together known as a channel correlation matrix. Do we create a blog post, send out the information by e-mail, and then drive customers to our website? How do we perceive that channels will work together to create

---

[75] D. Zahay, D. 2014. "How to Take Charge of Multichannel Metrics." *Digital Marketing and Analytics blog*. http://digitalmktganalytics.blogspot.com/2014/02/how-to-take-charge-of-multichannel.html (10/13/2014).

[76] eMarketer. 2014. "Despite Time Spent Mobile Still Lacks Ad Spend in the U.S." *Article.* http://www.emarketer.com/Article/Despite-Time-Spent-Mobile-Still-Lacks-Ad-Spend-US/1010788 (10/13/2014).

[77] Adler. 2013. "Tablets Are Becoming More Important than Smartphones for Online Shopping, But Retailers Aren't Ready." Business Insider. http://www.businessinsider.com/tablet-shoppers-in-mobile-commerce-2013-11 (10/13/2013).

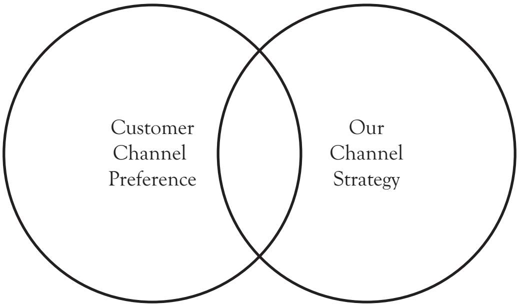

Figure 7.2 Customer channel preference versus our channel strategy

customer engagement? We also need to look at our competitors and see how they are focused in terms of customer channels. Is there a better mix between their channel choices and ours in terms of where the customer spends their time?

Finally, in Specifications and Metrics, we determine which channels we will use, how frequently, and how we will measure the effectiveness of our multichannel communications. For example, we know there is a clear disconnect between the time spent on mobile devices and ad spend. This trend is only going to be more prominent as users have been flocking to mobile devices in even greater numbers since 2011. Our matrices would show the time spent on channel by the consumer, cross-device and cross-channel synergies, the corresponding resources we have allocated to that channel and highlight how we can best measure results. CRM systems, in particular, must now manage results across mobile and social channels.

Measurement and Management

Once the program is put together, the process of measuring the results of CRM initiatives can be tricky. Instead of looking at the results of a single campaign, we must try to explain results across channels, called channel attribution. In a customer-oriented measurement world, we use terms such as “share of wallet” (the percentage of a customer’s spending on a particular product line that we have) rather than “market share.”

Therefore, the core of any CRM system is its data management system (Chapter 9). The three foundations of CRM are often said to be data maintenance, marketing, and follow-on customer service. Together these internal disciplines allow us to engage the customer and measure the results. Data drives every step of the CRM process. Tesco is a UK-based grocer that began a loyalty program in 1995. Quite often the best reason to start a customer loyalty program is to collect data on the customer, which the company did. Gradually, the company built a behavioral database and began segmentation and targeting using that data and created offers, promotions, and communications specific to each customer. The program yielded strong successes for the retailer, although recent trends in grocery retailing such as multichannel shopping (particularly online) and the tendency for shopping in more than one store, have brought the future direction of the program into question.[78]

In spite of the benefits of CRM systems, half or more fail to meet their ROI (Return on Investment)targets. It seems as though half of the companies are building a system and half are abandoning the system. The reasons for abandonment and failure are often more organizational than technological. For example, of the eight Gartner Group CRM building blocks,[79] for example, most of them are not technology-based but rather leadership-focused.

Most of the factors that influence the success and failure of digital outcomes are also managerial. Senior management buy-in, leadership and alignment of goals all facilitate digital outcomes. McKinsey & Company asked 850 C-Level executives about digital engagement of customers, big data, and digital engagement of employees, automation, and digital innovation of products. The biggest challenges were managerial and structural, such internal organization and good quality data.

---

[78] Ruddick. 2014. “Clubcard Built the Tesco of Today, But It Could Be Time to Ditch It.” http://www.telegraph.co.uk/finance/newsbysector/retailandconsumer/10577685/Clubcard-built-the-Tesco-of-today-but-it-could-be-time-to-ditch-it.html (10/13/2014).

[79] Gartner. 2001. “Eight Building Blocks of CRM: A Framework for Success,” *PDF*. http://www.gartner.com/2_events/crmawards/2006/docs/buildingblocks.pdf

The Importance of Data Quality in Measurement

In fact, the Corporate Executive Board (CEB) Marketing Leadership Council[80] echoes that B2B marketers in particular are struggling with implementing data analytics and measurement solutions in their firms. Not surprisingly, the issue is often one of data quality. Poor data quality and analytics capability leads to a lack of meaningful insight, which in turn can lead to a lack of funding for data quality and analytics efforts.

The result of poor data quality is a vicious circle where marketers cannot get the proper funding for their efforts. Our research results reinforce this idea but also link data quality to customer performance. In our recent paper in the *Journal of Interactive Marketing* that was voted best paper of 2014, coauthors James Peltier, Don Lehman, and I present a model with empirical evidence of this relationship from the financial industry, both B2B and B2C applications.[81]

Vicious Circle of Data Quality

In the article mentioned above we measure customer data quality in the organizational context. We not only show the linkages from customer data quality to ultimate firm performance as measured by growth, we explore this result in the context of the firm's organizational and management structure. Without the culture that values analytics and data, data quality cannot result. Culture means not only top management support but parts of the organization working together.

Therefore, the top three reasons I see why organizations cannot achieve analytics success necessary for a successful CRM program are as follows:

1. Lack of a cooperative culture that supports data quality.
2. Lack of support by upper management for data quality efforts.
3. The resulting poor quality data that leads to poor decisions.

---

[80] CEB Marketing Leadership Council. 2014. "The Digital Evolution in B2 Marketing." *Web Article*. http://www.executiveboard.com/exbd-resources/content/digital-evolution/index.html (10/13/2014).

[81] J. W. Peltier, D. Zahay and D. R. Lehmann. 2013. "Organizational Learning and CRM Success: A Model for Linking Organizational Practices, Customer Data Quality and Performance." *Journal of Interactive Marketing* 27, pp. 1–13.

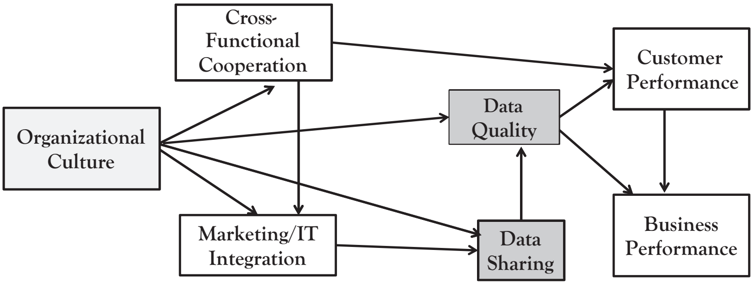

Figure 7.3 The key role of the top executive in data quality

These relationships are indicated in Figure 7.3. The executive leads by creating a culture that fosters cross-functional cooperation and the integration of efforts between marketing and IT. These organizational factors then lead to better data sharing and data quality, customer performance (share of wallet, retention, lifetime customer value), and ultimately firm performance (growth in sales and profits).

The Importance of Middle Management

If data quality gets lost in the shuffle in CRM implementation, so also does the role of middle management. Despite the promise of data management and big data, many of the firms investing in customer information technology have witnessed limited financial success from their data-driven efforts designed to get close to customers.

As a consequence, many adopters became disillusioned and learned for themselves that customer-centricity is difficult to accomplish, requires a high level of coordination between IT and marketing, and involves a cultural shift with regard to how customer data are integrated and shared within and between functional areas.[82]

The interpersonal and organizational factors of big data implementation, which my coauthors and I have been studying since 2007, have only recently come to the forefront as critical to the success of CRM projects. In fact, our research shows that companies where middle management believes it is involved in customer data management and feels supported, data quality improves and so does firm performance. So it is critical to involve middle management in customer information processes.

---

[82] D.L. Zahay and J. Peltier. 2008. "Interactive Strategy Formation: Organizational and Entrepreneurial Factors Related to Effective Customer Information Systems Practices in B2B Firms." *Industrial Marketing Management* 37, no. 2, pp. 191–205.

Middle managers often take a back seat or are assigned limited importance in organizations. However, these managers play a key role in strategy execution, particularly in cross-functional efforts such as CRM and Big Data. As indicated above, work from the Gartner Group suggests that among the building blocks of successful CRM implementation, which is a customer data-dependent application, are organizational collaboration and organizational processes. Also, as the millennial generation becomes more influential in purchasing decisions and moves in to middle management roles, their style of decision making must be taken in to account.

What does it mean to involve middle management and improve organizational collaboration? These reported results are based on 128 survey responses from managers in the financial services industry. In our survey we asked middle managers three key questions to which they responded on a scale of 1 to 5 with 5 being strongly agree and 1 being strongly disagree. The questions were as follows:

1. We feel comfortable calling our upper management when the need arises.
2. Our marketing management is responsive to our customer information ideas.
3. Marketing managers can easily schedule meetings with upper management.

In these data, marketing management support was strongly correlated with customer data quality, which in a other research mentioned above we have demonstrated to be related to ultimate firm performance. In a regression analysis, marketing manager support was also significant in predicting customer data quality. These results are consistent with other research we have conducted and show the importance of involving middle management in the process. It appears that in order to ensure data quality, the firm's middle management and upper management must have an open and communicative relationship. Consistent with findings from practice, the most successful organizational relationships in these

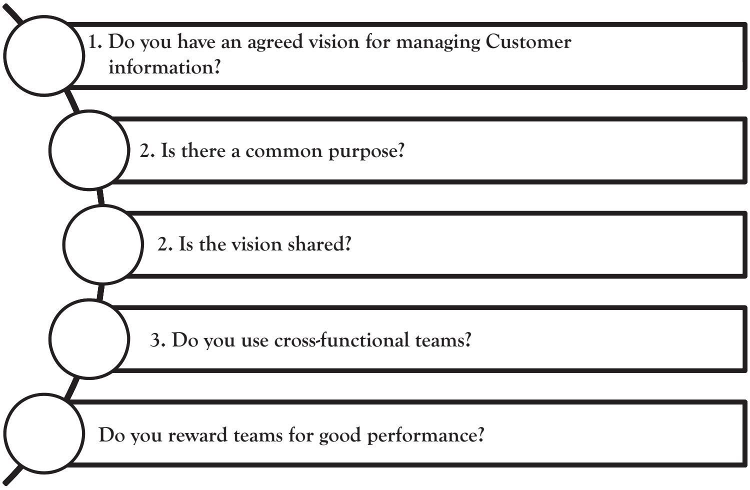
1. Do you have an agreed vision for managing Customer information?
2. Is there a common purpose?
2. Is the vision shared?
3. Do you use cross-functional teams?
Do you reward teams for good performance?

Figure 7.4 How to organize for customer data quality

companies had a clear role for middle management in translating the language of quality customer information management to upper management. These results are also consistent with several schools of thought in strategy, which support the idea that strategy comes from the bottom up, or at least from middle management back to top management.

Therefore, CRM implementations are complex and rely on top management support and good quality data to be successful. The tenants of organizing for customer data quality are shown in Figure 7.4. An agreed, shared vision and proper reward structures can go a long way to creating good customer data quality by getting the organization to work together. While the stakes are high, the rewards can be great for successful companies. Every year, Gartner Group and 1 to 1 Media announce their CRM Excellence Award winners[83], many of whose case studies can help illuminate this process.

What to Do Next after Chapter 7:

1. Think about your own company or a company you might choose and perform a quality analysis for digital marketing. Is the company

---

[83] 1 to 1 media. 2014. "And the 2014 Winners are. . . ." *Website*. http://www.1to1media.com/crmexcellence/view.aspx?itemid=34850 (10/13/2014).

communicating where its customers are? What about versus competitors? Do the communications channels work together and which are most effective (Figures 7.1 and 7.2).

2. Based on your analysis in question 1, develop recommendations for the company to align its channel strategy more closely with customer needs.
3. Analyze your own company or another firm in terms of Figure 7.3; is your organization optimized for customer data quality? If not, what needs to be done to get there?

Chapter 7 Discussion Questions:

Discussion 7.1: Think about organizational issues and data issues and the impact on delivery of exceptional customer service. Have you encountered any customer service instances in which people in the same organization seemed to be giving you different information or advice? Why do you think this happened?

Discussion 7.2: Select one of the 2014 CRM Excellence Winners in the link provided in the text. Briefly describe what made that firm successful.

Discussion 7.3: For the company you selected above, relate the course material to the company selected. How did the company achieve CRM success using any or all of the suggested techniques in the readings? Was there anything else they did that was not mentioned?

Discussion 7.4: What would your first three steps be if you were assigned to spearhead a CRM implementation in your company and why?

Chapter 7 Glossary:

CRM: An acronym for customer relationship management, an attempt to provide meaningful interactions with the customer.

360 degree view: Being able to integrate data across the company to understand past and current purchase behaviors, web activities, and the like; requires integrating data “silos.”

Always on marketing: Being able to respond to the customers 24/7.

Omni-channel marketing: Marketing across channels in a seamless way. Sometimes referred to as being channel “agnostic.”

Relationship matrix: A matrix of our channels versus those preferred by the customer to ensure that there is a match.

Channel correlation matrix: Using a matrix to determine how channels work together to achieve goals.

CHAPTER 8

Legal Issues: Data privacy, Security, and Intellectual Property

The Right to Privacy?

In the United States, we have no expressly stated right to privacy. Scour the United States Constitution's Bill of Rights and you will see privacy is not expressly mentioned. Some case law has established right to privacy, most notably *Roe v. Wade* (1973), but so far a provision for true data privacy has not been mentioned. The reason for this lack of attention is based in the historical foundations of the United States itself.

Calvin Coolidge said "the business of America is business." To prosper, business needs data. So although freedom of religion and separation of church and state were an important founding principles in the United States, also important was the freedom of commerce. The Revolution, after all, started in part over perceived unfair taxation of tea imported into the country. The 18th century was also the age of *laissez-faire* capitalism as articulated by Adam Smith. The idea of free trade and free markets was allowed to flourish in the newly founded United States. As we discussed in Chapter 1, data must flow along the value chain to help create value for the customer and profits for the firm. Customer information is included in that data.

For many years, data flowed freely in this country to facilitate commerce. A key element of this free flow of commerce was based on the trust that the consumer had that the data would be used in a responsible manner. However, let's face it: things moved more slowly in the 18th century. As noted in Chapter 1, there have been trends in the last 20 years that have fueled e-commerce and digital marketing growth. The growth of the Internet and the ability to manage large-scale databases in a real-time fashion has meant that marketers have the ability to know more about us that we really might want them to know and to track our behavior online using a variety of mechanisms.

Earlier, in the context of online advertising, we talked about tracking cookies that are placed on our computer by various websites and search engines. These cookies can help by remembering our preferences when we return to a website or by delivering a targeted advertisement. On the other hand, if we don't want the enhanced web experience, we can delete cookies or use ad blocking software on our browser. It's rather like direct mail in concept. If we did not have data management companies cleansing data and helping firms target us, we would receive far more direct mail solicitations than we receive today and they would be of less interest to us. Similarly, if we decide not to enable cookies, we have a generic browsing experience full of ads for refinancing our mortgage and reducing troublesome "belly fat!"

Consumer Attitudes toward Privacy

Nonetheless, data privacy is an emotionally charged issue. First, consumers often confuse data privacy and data security, which will be discussed later. Emotions run high not only about data security breaches, but consumers also have negative attitudes toward marketing and fear of the government having too much information about individuals and using it in an intrusive way. When speaking about data privacy we refer to personally identifiable information (PII). Dr. Alan Westin, who before his death was a professor of Law at Columbia University, did a lot of research on public attitudes toward privacy and found that most of us were willing to trade privacy for something of value. Consumers in general want more control over their PII but aren't sure they want to go through all the steps necessary to control information. Would you really want to tell every website with which you interact how to handle your information?

A good exercise is to look at the privacy policy of a large company like Amazon.com. Amazon's privacy policy may be found here.[84] You will see that the policy does not say that the company will not resell your information. It does say what the company will do with the information in a forthright manner and is one of the best examples of a privacy policy. Many companies that have gotten into trouble over PII have not followed their privacy policies so if the policy is in place, it should be followed.

---

[84] Amazon. 2014. "Amazon.com Privacy Notice." *Web site*. http://www.amazon.com/gp/help/customer/display.html?nodeId=468496 (10/13/2014).

Nonetheless, in various studies the majority of individuals feel uncomfortable with activities such as behavioral targeting of advertising, with generational differences seen. Younger consumers are more likely to feel comfortable with how data is used today to target advertising to them across various devices. The *Wall Street Journal*'s *What They Know* series has a number of articles that outline how companies use tracking tools when we use their software. The articles gained a lot of press coverage and have been influential in shaping congressional thoughts about data privacy. The WSJ documented how different mobile applications access our information in a link referenced below.[85]

The EU Approach

In contrast, the European Union views data privacy differently. The 1995 [86] EU directive allows the data "subject" right of access to data and the right to find out about the processing of data. The European Union, while understanding that data is important to the flow of commerce, considers data about the customer belongs to the customer not the company or entity processing the data. The European Union is in the process of creating a right to be forgotten,[87] which will allow entities to essentially "opt-out" of being found by search engines like Google. Stronger data privacy protection laws are also likely on the horizon.

With such differing standards, how do companies do business with the European Union? U.S. companies who comply with what are known as the Safe Harbor practices are allowed to do business with companies and consumers in EU countries. These provisions are listed as the following: notice, choice, onward transfer, access, security, data integrity, and enforcement.[88]

---

[85] WSJ. 2014. "What They Know—Mobile." *Blog*. http://blogs.wsj.com/wtk-mobile/ (10/13/2014).

[86] European Parliament and Council. 2014. "Protection of Personal Data." *European Parliament and Council Directive*. http://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=URISERV:l14012&from=en&isLegissum=true (10/13/2014).

[87] European Commission. "Factsheet on the 'Right to be Forgotten' Ruling (C-131/12)." *pdf*. http://ec.europa.eu/justice/data-protection/files/factsheets/factsheet_data_protection_en.pdf (10/13/2014).

These rights under the EU directive are still just guidelines in the United States. The FTC has suggested Fair Information Practices principles which include remarkably similar categories of notice/awareness, choice/consent, access/participation, and enforcement/redress. Unfortunately, these practices are still guidelines. The FTC in its guidelines on this issue has suggested that companies design privacy into their products and service, simplify choices, and provide greater transparency for data, but so far these suggestions are just guidelines.

Even in the United States today, there are regulations regarding the privacy of PII as it relates to children under the age of 13 (Children's Online Privacy Protection Act, COPPA), the Gramm-Leach-Bliley Act for the disclosure of financial services data usage and the Health Insurance Portability & Accountability Act (HIPPA) which gives patients greater control and access to health records. The United States has decided that in these three areas at least, some government regulation and control is necessary. Whether there will be more control in the future in the United States depends on the legislative process and the concerns of consumers in this area. The Internet Advertising Bureau (IAB) and other trade groups have also introduced principles for self-regulation of online advertising and tracking.[89] Consumers can look for an Advertising icon which indicates compliance to get a sense if they wish to do business with a particular site.

Security and Intellectual Property Issues

The issue of data security is related to data privacy because consumers often confuse the two concepts. It seems hardly a month goes by without hearing about some type of data breach at a major company or a virus that has compromised our PII. In addition, the practices of phishing (e-mails attempting to collect PII), pfarming (websites that look real but are not), and spoofing (imitating another person or site) are also threats to the integrity of our personal information. With more transactions being carried out online and over mobile networks that might not be secure, the danger to our information increases. Identity theft continues to rise and the bottom line is that fraud will continue to increase and we need to take steps to protect our information. Even the simple practice of changing passwords on accounts frequently can help protect our personal information.

---

[88] Export.gov. 2014. "U.S.-EU Safe Harbor Overview, Overview." *Web Site*. http://www.export.gov/safeharbor/eu/eg_main_018476.asp (10/13/2014).

[89] IAB. 2014. "Self-Regulatory Program for Online Behavioral Advertising." *Website*. http://www.iab.net/self-reg (10/13/2014).

This topic of legal issues in digital marketing, like the other chapter in this book, could each warrant their own book and chapter. I have tried to highlight the key issues in this area and would like to conclude with a word about intellectual property. The ability to share files digitally has impacted the world of intellectual property in a major way. The entire music industry, for example, has had to reinvent itself, albeit slowly, due to the appearance of file sharing services such as Napster. Although Napster had to take down its Peer to Peer (P2P) sharing system, only to re-emerge as a paid music downloading service, the lawsuits surrounding the service paved the way for an entirely new way of looking at the music industry.

Consumers today cannot only share content with each other but also receive music on the cloud, through music services, through streaming audio and video and the like. Rights management firms try to ensure that the creators of content receive credit for their work. The Digital Millennium Copyright Act (1998) was intended to protect authors and their publishers alike by ensuring ISPs remove infringing content and that royalty fees are properly paid. However, with the ability to share information so easily on digital media, intellectual property rights, like data security and privacy, will continue to be a challenge. Some people advocate the Creative Commons approach, whereby authors can grant to the public some limited rights to their work.[90] I wonder if we won't go back to the systems popular before the modern era, where artists had sponsors to support them and did not rely on royalties for revenue.

---

[90] Creative Commons. 2014. "About." *Web Site.* http://creativecommons.org/about (10/13/2014).

What to Do Next after Chapter 8:

1. Think about the particular campaigns or actions you recommended for your company or another firm for Chapters 4 through 7. What privacy concerns are related to these campaigns?
2. Based on your analysis in question 1, develop recommendations for the company to protect its customer data and still facilitate business.
3. Analyze the current legislation discussed in the chapter. Does any of this apply to the situation you selected? How does the legislation apply and how will you handle the legal issues in the business?

Chapter 8 Discussion Questions:

Discussion 8.1: Intellectual property as a concept is dead because of the Internet and digital communication. Do you agree or disagree and why?

Discussion 8.2: Discuss concerns that consumers may have about the privacy of their PII. What do you think a business can and should do to alleviate these concerns?

Discussion 8.3: Pick a company and read its privacy policy. What steps do you recommend the company use to further safeguard the personal information of its customers.

Discussion 8.4: Read Amazon.com's privacy policy as shown in the link above. What do you like about the policy Is there anything that concerns you in the policy?

Chapter 8 Glossary:

COPPA: Children's Online Privacy Protection Act

HIPPA: Health Insurance Portability & Accountability Act

IAB: Internet Advertising Bureau

PII: Personally Identifiable Information

EU Safe Harbor Provisions: Guidelines to which companies must adhere regarding data to do business with firms in the European Union.

CHAPTER 9

The Customer Database and Analytics

Data Analysis Provides a Consistent Framework

In the beginning of this book, I said it if can be digitized, it can be measured. Without the customer database, digitized for access, we cannot perform marketing analytics. We might think of the types of analyses we wish to perform first, so that we make sure we collect the right data and have the right processes in place to clean that data. However, the database is the best place to start to develop an analytics program. In general, customer database includes internal, external, and modeled data (Figure 9.1).

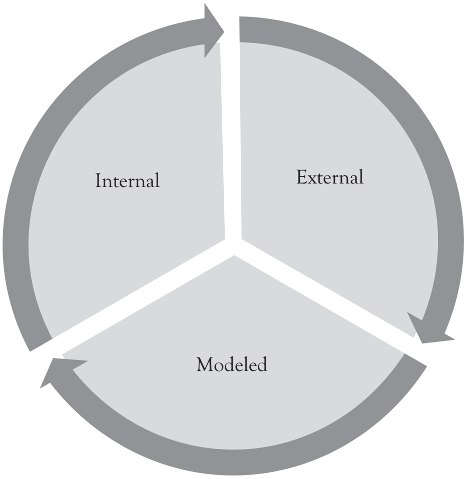

Figure 9.1 Types of data that create the customer database

Chapter 9, pages 113 to 125 include information from the textbook noted below: This material has been included with permission from the Racom Communications, *Contemporary Database Marketing and Analytics*, by Lisa Spiller, Debra Zahay and Kurtis Ruf, (editors), forthcoming March 2015.

Internal data is that we collect about the customer. External data is that we purchase from elsewhere to "enhance" our database. Modeled data is data that has been manipulated to include customer insights. Using the customer lifecycle from Figure 3.2 as a guide, we can determine what data we need at each stage of our customer lifecycle development process and collect and analyze data accordingly. When we are looking at a prospect we may want to analyze website interactions and general demographic characteristics. When we are looking at an established customer, transaction history may be more relevant. Throughout this entire process it is important to uniquely identify the prospect or customer, typically using a unique customer identifier code. We need to identify customers to develop an effective messaging strategy and to interact with the customer most effectively.

For example, if the customer has recently left, we might need to understand their most recent purchase behavior. The company Screwfix, a UK distributor of power tools, identified its lapsed customers and tested various offers and subject lines in an e-mail "winback" campaign that had an 85 percent higher conversion rate than a standard e-mail from the company. The e-mails showed knowledge of past purchases from the company database, but used different messages to get the customer to purchase again.[91] For long-standing customers, we want to focus on the entire relationship and deliver offers of value. Hilton Worldwide, for example, tracks its customers in detail, knowing their preferences down to the type of pillow preferred. This data is used to provide superior customer service, resulting in extremely high customer loyalty.[92]

Designing a Database Structure

Given the importance of customer data in marketing efforts, it is useful to consider at a high level the type of database to construct to store customer data. Companies frequently store unique customer identifying codes and other customer information in a single customer database, often using what is known as a data warehouse to store all their data in a single repository. The two broad categories of databases to consider when thinking in terms of reference and retrieval of relevant data are hierarchical and relational databases.

---

[91] Young. 2014. "Relighting the Flame, Tested Email Strategies to Win-back." *DMA Case Studies*. http://www.slideshare.net/dmaemail/email-customer-lifecycle-2011-win-back-case-study-screwfix (10/13/2014).

[92] **1 to 1 media. 2014.** "Hilton Worldwide Puts Loyalty at the Heart of Its Service Strategy." *Weekly Digest.* http://www.1to1media.com/view.aspx?DocID=34835 (10/13/2014).

Hierarchical databases are built around a single, central record. All information relative to an individual customer is contained therein. There is no need in such a system to cross-refer to other data sources. Airline and hotel reservation systems have been developed in this way. Although hierarchical databases provide high-volume access and ease of use, their analytical capabilities can be limited by the extent of the data available. These databases are also known as transactional databases and are suitable for online-transaction processing (OLTP). Data input and data maintenance are easy, but reports and queries are more difficult.

Relational databases are a more recent approach to database development and utilization. They provide the advantages of simplicity and flexibility, minimizing redundancy and are more suited to ad hoc reporting. Typically, relational tables can be linked for reporting purposes. Related information is drawn from different, independent database sources as needed. A product database can be linked to a customer name/address database to direct promotion to specific product buyers. The separate product file enables analysis of a product line regardless of customer. Links can be established, too, with billing and/or shipping and inventory records.

How a Relational Database Is Built

A customer table can be built by using database software such as Microsoft Access. This Database Management System is one of many applications that allow creation, modification, and access via other applications for record manipulation. A data dictionary contains descriptions of the data within the database and allows flexibility in layout and formatting of files. Data is stored in tables having rows and columns linked together with a common key, such as a unique customer ID number. One column in a table could represent a customer name and each row an individual customer. Another column could contain the unique customer number that would allow a reporting system to link this table to another table that contains historical transaction data by customer number. Yet another table could be linked with information pertaining to the promotional efforts to that customer. Typically, a primary key of customer number links a "parent" table with a "child" table. This unique field will not contain duplicate values and can link one table to another in a one-to-many relationship. It is one-to-many because each customer can relate to many orders or promotional efforts.

One simple way to start is to use the Database wizard in Microsoft Access to build a contact management system with predefined templates. The wizard leads the user through a series of design steps that provide several functions, including the ability to add optional and suggested fields, select a screen display, select a report style, and enter a title or name for a new database. Once the application is complete, the user can enter and modify data and develop new tables that link to keys within the customer file in order to expanding the use of the database. Other cloud-based systems can also manage contacts effectively.

Relational databases are especially useful in tracking customer data because they have the flexibility needed to track this data, which often changes frequently. Relational databases offer the most flexibility in working with customer data as information to track may change frequently. Because of the table-driven features, relational technology is also more scalable and portable.

Beyond Relational Database Processing: OLAP and HADOOP

As database processing needs have increased, other forms of storing and accessing data have developed. For example, online-analytical processing (OLAP) stores data not in a table but in a "cube" or multidimensional format and enables the user to select data from different points of view. OLAP software can display all products sold to a particular customer segment over a certain price at a particular time period quite easily because of how the data is stored.

Apache Hadoop is an open source program that allows for the processing of all sorts of data, e-mails, webfiles, videos, and pictures. More importantly, the data does not have to be defined in terms of structure before it is accessed as in other database formats. Also, Hadoop allows for efficient processing of large amounts of data, such as the information created from large-scale website transactions or Twitter feeds. You will hear more about Hadoop and similar programs as the trend toward "Big Data" analysis continues. Real-time data processing to meet customer needs is another growing trend.

What to Put in the Database

Regardless of the technical specifications involved, the most critical portion of database development is to decide what types of data to include in the database. The exact records to include is based on the type of company and its strategic goals and what information it needs to create its segmentation scheme and determine its most profitable customers. Basically, a customer database involves three sections. Figure 9.1 shows the three major aspects of a customer database: internal, external, and modeled data.

The three data types are described below with examples in the Exhibit below:

Exhibit

Internal, External, and Modeled Data Built the Database

Internal Data

(a) Agent and salesperson reports
(b) Customer financial reports
(c) Web transactions and other inquiries
(d) Social Media traffic, where identifiable
(e) Post-sale requests
(f) Sales promotions

External (Enhanced) Data

(g) Compiled lists from outside data vendors
(h) Credit reporting databases
(i) Respondents to direct offers/web purchasers
(j) Industrial data for business purchasers
(k) Commercial segmentation schemes

Modeled (Analytical) Data

(l) Recency, frequency, and monetary value (RFM) scoring
(m) Output from analytical models
(n) Customer profiling

Internal versus External Data

Although internal data comes from just where the name indicates, the company internal records, and includes typically transactions data, what was purchased and when and responses to sales promotions, it can also include data collected from the web and from interactions with salespersons and customer representatives. External data providers abound and will be covered in more detail in a later chapter, the types of data most of interest to companies includes credit reporting, lists compiled from other sources and commercial segmentation schemes (segmentation based on multiple records and used to create categories of customers) such as those from Acxiom, Experian, or AC Nielson.

Modeled Data and Profiling

The modeled data in a database is developed from the internal and external data that the firm has collected or purchased and then uses to develop its marketing plans and strategies. Modeled data often results from analytical or statistical procedures. A simple analytical procedure such as will yield "scores" that then can be input into a database. These scores can also be developed based on models using other types of internal and external information. Scoring is linked to the concept of profiling in that we seek out the best customers in our database and can develop a model that creates a score associated with our best customers (1 to 10, for example, with 1 being highest). Other types of modeled data based on the predictive techniques discussed in Chapter 10 can also help us identify and target our best customers and provide insight into marketing persona development. The model does not need to be based on RFM (Recency, Frequency and Monetary Value) but can be also adapted to incorporate fields such as capacity to buy or other characteristics.

Exhibit

An Array Characterizing Types of Internal Information: Consumer

(a) Age
(b) Gender
(c) Income
(d) Marital status
(e) Race/ethnicity
(f) Education
(g) Occupation
(h) Family composition
(i) Street address
(j) E-mail address
(k) Length of residence
(l) Size of household
(m) Type of housing
(n) Web usage

Market Segmentation for Consumer Markets

Internal customer information for consumer databases can vary depending upon how much information is collected from the customer at the time of purchase or after the purchase. If the information is not obtained from internal sources, external sources will have to be used to augment or enhance the data. The Exhibit above gives an example of some information that might be held in a customer database. This data can be used for market segmentation. Unlike a persona, a fictionalized description of the likely customer for the product, which includes a rich description of behaviors and preferences. a market segment is a homogenous subgroup of a heterogeneous aggregate market that is selected as a target market. Segments are often created out of database characteristics. Cluster analysis for example, is an analytical technique for grouping of smaller entities, such as ZIP code areas or comparable individuals, into a market segment. Database marketing was the term for a group of techniques that eventually evolved into data analytics. Using a database wisely enables a marketer to target and focus on increasingly well-defined and profitable market segments. The process of segmentation (or market segmentation) begins with observing customers' actions and continues with learning about the demographic and psychographic (reflected in lifestyle) characteristics of these customers.

Market segmentation is a staple of marketing because it reflects a customer orientation and is facilitated by database information. It uses a rifle-shot approach that enables the marketer to target appeals to specific markets rather than a shotgun or scattershot approach that includes likely prospects but also includes many unlikely individuals. The most basic form of market segmentation is the division between ultimate consumers and business-to-business markets. But this segmentation is only the beginning. Brand preferences, product characteristics, potential purchase volume, price/cost, and recency and frequency of purchase are just a few additional ways of segmenting markets.

Segments should have similar characteristics and we should be reasonably assured that they will respond the same way to marketing actions. For example, segments of customers for a fast-food restaurant might be broken into groups of students/nonstudents and whether they live in the area or on campus or commute to campus. Over the years, there have developed some standard ways of segmenting markets. Consumer markets are segmented by geography, demographics, or psychographic (lifestyle) features that can be used to identify and to organize (or cluster) them into logical groupings using a variety of techniques. Commercial database firms such as Experian and Acxiom create various clusters of customers and segment them according to interests and stage of life in an attempt to make it easier for marketers to market relevant products.

Segmentation Based on Actions Taken

Direct marketers have used market segmentation based on actions taken as the traditional way to select response or e-mail lists. The number of choices is nearly limitless, with consumer lists including buyers of all types of products, subscribers to specialized magazines, members of differentiated loyalty programs, donors to causes, collectors, and members. Lists of respondents are enhanced when there is an affinity, a relationship, a membership, or some form of expressed loyalty or connection to the organization.

These lists are enhanced, too, when subgrouped by characteristics of recency, frequency, and monetary value. For example, recent buyers ("hotline" buyers) of books about the Civil War are a segment within a segment (i.e., recent buyers of Civil War books as a segment of buyers of Civil War books). So are those who have been buying the annual update of an online directory for 10 or more years. So are those who buy "the best."

The number of segments and subsegments is limited only by the amount of data and the ability of the database manager to manipulate it. So, those who send gifts to others, as distinct from buying for their own consumption, comprise a segment within a segment. So are those who purchase as members of a select "club." So is the very large segment of "conscientious wheelers and dealers"—the millions of people who enter contests and sweepstakes, solve puzzles, buy lottery tickets, and order "genuine synthetic diamonds!" At heart, every mail or e-mail list represents a market segment that has demonstrated interest in certain offers by responding to them.

Exhibit

Types of External Information: Consumer

a) Geographic address
b) Telephone number
c) Gender of head of household
d) Length of residence
e) Number of adults at residence
a) Number of children at residence
b) Income
c) Occupation
d) Marital status
e) Make of automobiles owned
f) Transaction data such as purchase history
g) Salary level
h) Stage in purchase cycle
i) Key "events" in consumers life
j) Ethnic and cultural considerations

Exhibit

Types of Internal Information: Business Customer

a) Transaction history
b) Purchasing address/contact
c) Shipping address/contact
d) Types of products/services purchased
e) Length of time as customer
f) Buying center/contacts
g) Stage in customer lifecycle/sales funnel

Exhibit

Types of External Information: Business Customer

a) Standard Industrial Classification (SIC) or North American Industrial Classification System (NAICS) code
b) Company size
c) Company revenue
d) Number of employees
e) Geographic location

Market Segmentation for Business Markets

In the United States, there are at least 10 times as many purchasing households (i.e., consumer purchasing entities or units) as there are B2B organizations, and about 25 times as many individual consumers. Not surprisingly, B2B information is different from B2C.

Although, information about an individual purchaser is similar whether the person is acting on his or her own behalf or that of an organization, it is obtained through a different set of segmenting tools.

Because the typical B2B buying decision is more complex than the typical consumer buying decision, targeted marketing has long played an important role in B2B marketing. For example, lead generation and qualification with digital technology are used extensively in B2B direct marketing to enhance the effectiveness of personal selling. Tools such as Marketo, HubSpot and Eloqua facilitate the lead nurturing and demand generation process in B2B firms, making the process of selling more cost-effective and eliminating the need for as many in person sales calls. Digital technology such as search is also transforming the buying process, meaning the salesperson enters the process later in the sales cycle.

Direct contact in the form of sales calls to B2B buyers takes more time and is more costly than "calls" on consumers, which generally means that the consumer goes to the seller's place of business. B2B purchases typically involve much larger dollar amounts, and B2B buyers are usually much better informed, have more specialized interests, and are involved in a process of joint decision making with others in their organizations. Repeat purchases, too, are more frequent in industrial situations. These factors have combined to explain the need for, as well as the growing use of, market segmentation techniques described below in B2B direct marketing.

The exhibit above shows that the company may have quite a bit of information about its business customers in its databases. Not only must a company understand an individual when it is marketing B2B but it must also understand who is involved in the purchase (the buying center). The customer lifecycle in the case of B2B can be particularly long, taking months and even years, so lead nurturing information must be collected and processed. Did someone at the company download a whitepaper or attend a webinar as a result of a content marketing campaign? This activity might bring them close to a purchase and must be noted in the database.

As illustrated above, there are really five major data items that are generally used by B2B marketers to augment or enhance their internal data. These items are SIC or NAICS code, company size, company revenue, number of employees, and geographic location. Beyond that, the information becomes quite specific to the industry. For example, companies selling computer software to be installed internally might want to know what operating system or systems the company was using.

Standard Industrial Classification Coding System

In the United States, the common means of external information used industrial market segmentation is the SIC coding system developed and maintained by the federal government. This system is used to designate industry groups by function and product and, in a way, parallels the demographic characteristics used for segmenting markets and analyzing demand of consumer markets. The first two digits of the four-digit code indicate major classifications of industry, of which there are often many subcategories.

01–09	Agriculture, Forestry and Fisheries
15–17	Construction
20–39	Manufacturing
40–49	Transportation, Communications, Public Utilities
50–51	Wholesale Trade
52–59	Retail Trade
60–67	Finance, Insurance, Real Estate
70–89	Services
91–97	Public Administration
99	Non-classifiable Establishments

The final two digits of the four-digit SIC code classify individual organizations by subgroup and further detail within industry. For example, SIC #2300 identifies manufacturers of wearing apparel. Within this classification, SIC #2311 identifies men's suit and coat manufacturers.

North American Industrial Classification System

SIC codes did a good job detailing the manufacturing industry in the post-World War II era, but many feel the system fails to recognize today's information technology age. With rapid growth of the service industry, high technology, and international trade, a new system has arisen, largely in response to the North American Free Trade Agreement (NAFTA) of 1994. It was felt that a new system was needed to compare U.S. statistical information with that of Canada and Mexico. Desirable, too, would be future compatibility with an International Standard Industrial Classification System being developed by the United Nations.

All three groups have agreed on a system now called NAICS). This system has formulated a six-digit code, with the first five digits denoting the NAICS levels used by all three countries to produce compatible data. NAICS is an entirely different classification system focused on production activities rather than on the industries served, which is what SIC codes do. Different agencies within governments have converted to NAICS coding, but business has done been slow to adopt the new coding system in marketing applications and SIC codes continue to be prominent.

Using Merge/Purge and Match Codes to Eliminate Duplication

In an earlier chapter, we spoke about the need to maintain data quality. A database must be designed to eliminate duplicated information and, thus, wasted effort. The more external lists are used to supplement a house list, the more complex this becomes. Lists are perishable. Customers move frequently and business professionals change jobs and job titles. Customer lists from different sources may duplicate each other; compiled lists may contain duplications *within, between, and among* lists; and, many names may already be on a house list. The solution to use merge/purge and match codes eliminates duplication. Merge/purge can also be used to identify cross-channel behavior. Basic contact information must be constantly updated because of the mobility of both businesses and consumers. Transactions must also be kept up to date.

Organizing for the Customer Database

In summary, as companies put the customer database together, they look at internal, external, and modeled data to effectively create a complete view of the customer for analytical purposes. Although this chapter covers the technical details of the database, as discussed earlier, often the most important part of database marketing is how the organization is structured to handle the explosion of data that firms typically face. The term “Big Data” refers to databases which are so large that they cannot be handled by traditional data structures or data analysis methods. However, most organizations need to worry about “Broad Data” or getting a 360 degree view of the customer from all areas of the organization. Typically, information is stored throughout the organization in older systems, known as legacy systems, which often make it difficult to extract data for analysis.

Also, data is stored in many different databases which often don’t speak to each other. These are known as data “silos” because the databases cannot easily communicate. A challenge is that the explosion in data from new sources such as Twitter feeds and website interactions, as well as video and other types of unstructured data, makes it difficult to look at a single view of the customer. As discussed previously, it takes good cooperation between marketing and IT, as well as general cooperation throughout the company, to manage data well. Key to an integrated company database is also top management support, including a vision for managing customer information that is made known throughout the organizations.[93] So database development, maintenance, and updates must be made an organizational priority.

Where Do Analytics Fit?

Analytics is a broad term that means gaining insight from data. Most tools on the Internet have some form of analytics attached to them. If you set up a Facebook page or YouTube channel, you will get some degree of data analysis to help guide your processes. You will typically be able to see how many people visited the site, where they came from, if they are new versus returning customers, how long they stayed and the like. Analytics can be used to measure what goes on during a website visit or to explain both offline and online customer behavior. An easy way to get some ideas about analytics is to create a blogger blog and link that blog to Google Analytics so you can get a little practice. The steps are under the admin tab in Google Analytics. You first add a web property and then copy and paste the UA code number (i.e., UA-1237877-46) into the settings (other) section of your blogger blog. Soon you will be able to see the traffic sources to your blog, how long they stayed and other useful metrics.

---

[93] D. Zahay, J. Peltier, A. Krishen, and D. Schutlz. 2014. “Organizational Processes for B2B Services IMC Data Quality.” *The Journal of Business and Industrial Marketing* 29, no. 1, pp. 63–74.

One form of analytics is **data analytics**. In this chapter, we have focused on setting up a customer database to develop any kind of analytics application. Although we can analyze market research or other types of data derived from outside the firm, we are primarily analyzing the company's internal data, augmented with external information and the results of our internal models. This data can be supplemented with website data and data from social media sites to get a true picture of the customer. With data analytics we look at the customer database and make insights. We might do an RFM analysis or look at our data in other ways to determine who the best customers are and how to market to them (Figure 9.2).

Data analytics can be descriptive but its greatest value to the company is in the predictive aspect. Therefore we sometimes see the term **predictive analytics** mentioned online and in job descriptions in conjunction with data analytics. This type of data is referred to as modeled data above and RFM is a simple example of modeled data in marketing. We try to use information about customer purchase patterns, such as how recently, how frequently, and how much was purchased, to predict future patterns and identify potential "best" or "high-value" customers. Predictive analytics often include regression or logistic regression models. Logistic regression predicts a 0/1 or binary dependent variable and is very useful in marketing. Did the user buy or not? Is this someone to whom I should extend credit? There are many other binary logistic regression examples in marketing. There are many other examples in the marketing world.

Logistic regression is used to model data that does not follow a standard linear pattern where the data move in a one-to-one relationship. In linear regression, the effect of the predicted variable by a one unit increase in the predictor variable stays the same. In logistic regression, the data follows a nonlinear fashion and the effects are different along the curve. (Charlotte Mason's 2003 note, *Applied Logistic Regression*, is

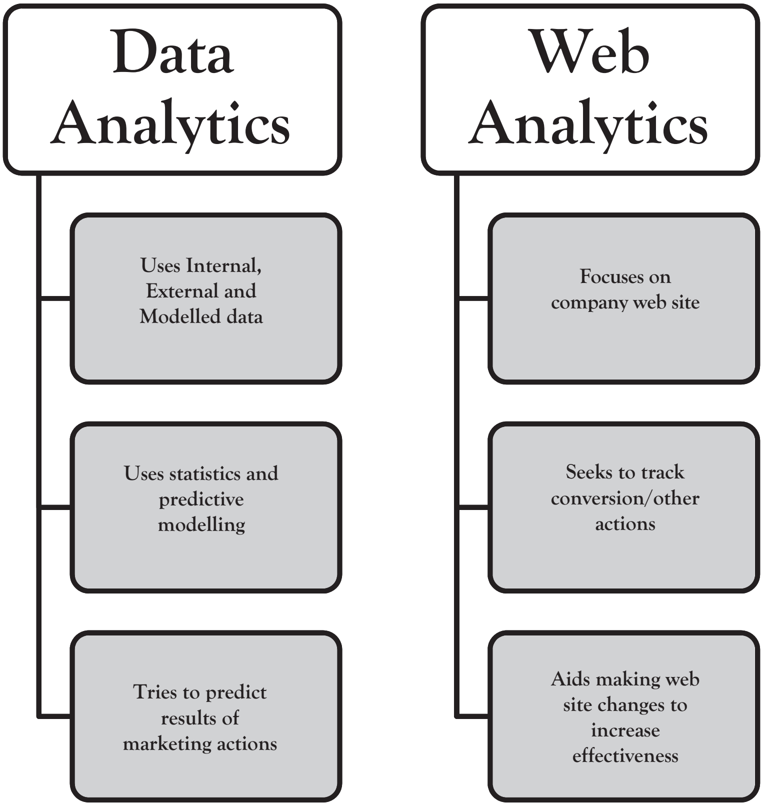
Data Analytics
Uses Internal, External and Modelled data
Uses statistics and predictive modelling
Tries to predict results of marketing actions
Web Analytics
Focuses on company web site
Seeks to track conversion/other actions
Aids making web site changes to increase effectiveness

Figure 9.2 The two types of marketing analytics

available upon request for a more detailed explanation. Karl L. Wuensch's note, *Binary Logistic Regression with SPSS*, 2014 at is also useful.)[94] Linear regression and logistic regression are compared below.

You might be more familiar with **web analytics** such as the analysis provided by Google Analytics or similar programs. Web analytics, although it can use predictive models, often involves measuring the activity to a company's website with the objective of improving the flow of the site and meeting the company's objectives. In some of web analytics, analysis is routine and some is more exciting in nature as Justin Cutroni & Adam Singer from

---

[94] Wuencsh. 2014. "Binary Logistic Regression with SPSS." *Note.* http://core.ecu.edu/psyc/wuenschk/MV/MultReg/Logistic-SPSS.pdf (10/13/2014).

Google say in a recent Analytics Academy video.[95] Reporting is necessary and it is helpful if we can automate the process. Dashboards and custom reports can help standardize information and make it easier to manage the business. You will always want to select your analytics goals based on your business objectives. You will have set goals for your website from a business point of view and will want to track those goals that are important. If you want to increase traffic to the site, you can track number of visitors. If you want to see if people clicked on a particular link, you can measure that. Typically measuring "conversion," the action you would like the consumer to take, in its various forms means doing some extra programming in whatever tool you are using. A conversion is usually linked to some kind of "call to action" taken by the customer. A while back Google Analytics changed and they now have limited the information formerly available on the keyword source, how people search for your site. This information is available on a limited basis in the Webmaster tool or (of course) if you are running a paid search campaign in AdWords.

There are dashboards in Google Analytics which are essentially standard reports help to see from which platform users are visiting the site, how long they stayed, and where they are from. If you want to get more sophisticated conversion reporting in Google Analytics or any other analytics tool you need to do something called "tag management." Using tags, or bits of code, on the website, you can then track conversions and other actions customers are taking. You can see how they moved through the site and where you might need to make corrections in the site to improve the customer experience. Tag management tools help marketers manage tags without having to go to the IT department for every change, thereby facilitating real-time changes based on customer response.

Google Analytics has a solutions gallery where various tools are shared so you don't have to build reports from scratch. This repository is helpful because analytics are getting more challenging as customers are on multiple channels. E-mail marketing tools have analytics built into them but often we can't see how the customer is responding across channels. To measure and allocate response across channels is called attribution modeling, and many analytics tools are starting to try to pull this information together. Analytics tools can attribute performance to the first "click" or interaction on a channel to the last "click" or interaction to try to determine which channels are most efficient and effective Analytics as a discipline is getting more sophisticated in general. If you take the Google e-commerce class, you will see that we can now analyze groups of users. Segments are created to think about users with more than five transactions for example.

---

[95] Google. 2014. *Analytics Academy Live with Justin Cutroni & Adam Singer*. Google Analytics Academy. https://www.youtube.com/watch?v=cNr9QrzpEy8 (10/13/2014).

One of the most popular web analytics tool is Google Analytics, but there are other options that are well known such as Adobe Omniture and Core Metrics. The idea is to get an idea of where the traffic is coming from in your website and who is converting and how so you can make better marketing decisions. Analytics is set up in terms of dimensions and metrics. Not all dimensions have associated metrics. A dimension might be the type of user and a metric might be the total number of users in a period.

Usually, we want to measure the result of some typical action and improve our marketing efforts. The analytics available without special coding include the type of browser being used and where the traffic originates, the time spent on the site and the bounce rate (how long before the typical viewer leaves the site). As mentioned above, in most cases, you will need to enlist the aid of a developer to get the fine-tuned type of information needed for most marketing analysis, particularly e-commerce. The most important thing from a management point of view is to think about what you really want to measure. For example, Google Analytics will tell you what country or region your traffic is coming from, but if you are primarily a domestic business you may not care about that information. One final note is that, as in everything, real-time analytics are going to be more and more important in the future as customers demand offers and answers in real-time. Mobile analytics will also play an increasingly important role as most of our customer interactions will be on mobile devices.

What to Do Next after Chapter 9:

1. Make a list of the three types of data, internal, external, and modeled. Then rate which data your company or a company you select has most easily available.

2. Based on the campaigns and actions you said might like to develop for Chapters 4 through 7, which type of data would most easily support these campaigns? Make a matrix of the campaign and the type of data needed and analyze the deficiencies you may have. What types of data do you need to further support these campaigns?
3. What would you hope to learn from both data analytics and web analytics to manage these campaigns and actions?

Chapter 9 Discussion Questions:

Discussion 9.1: Of internal, external, and modeled data in a customer database, which is the most important to marketing efforts and why? How do the three types of data work together?

Discussion 9.2: RFM is a long-standing type of modeled data. Why has it been so popular and how can the technique be adapted to your company or a company of your choosing?

Discussion 9.3: What are the top segmentation techniques for B2C and B2B customers? Give an example of the usage of these types of segmentation from your own or another company.

Discussion 9.4: What are the two main types of marketing analytics and how can they each be used to gain customer insight?

Chapter 9 Glossary:

External data: Data that the company purchases from a third party to enhance its customer database.

Former customers: Those that are no longer active purchasers.

Internal data: Data that a company collects as part of the customer lifecycle and doing business with that customer.

Modeled data: Data that is created as part of a "scoring" or other model to classify customer propensity to purchase or other characteristic.

Match code: Abbreviated information about a customer record that is constructed so that each individual record can be matched, pair wise, with each other record.

Merge/purge: A computerized process used to identify and delete duplicate names/addresses within house lists.

Multi-buyers: An individual's name/address that appears on two or more response lists simultaneously.

New customers: Those who have made an initial purchase of a product or service. Often, the early behavior of customers is predictive of future behavior. Regardless, once acquired, the focus shifts toward encouraging repeat purchases and customer loyalty.

Prospects: In the target market, but are not yet customers.

Recency/Frequency/Monetary (RFM): An assessment of the date and volume of purchases, in the master list record over a period of time marketers can determine the transaction record of each customer in a given period, which helps determine the future potential of that customer.

Responders: Those who have made some contact with the business, but are not yet customers.

Retained or repeat customers: Customers who have made more than the initial purchase. Over time, customers can be characterized according to their value to the firm.

Web analytics: Focusing on website logs and activity to gain customer insight.

Predictive analytics: A form of data analytics that uses statistical or other techniques to predict customer response.

Data analytics: Focusing on the customer database to gain customer insight.

CHAPTER 10

Concluding Thoughts

This book has covered the major issues related to digital marketing today. Its premise has been the importance of understanding the process of digital marketing. Prior developments in marketing thought and terminology led to the development of digital marketing as a widely used term for using marketing technology to foster interactivity and engagement (Figure 10.1). The company website, e-mail, social media, and search strategies and mobile objectives should all function together. This integration is a hard goal to accomplish if each functional area in the company is working on a different strategy. Certainly education of managers and entry-level employees in this area is important, which is one of the purposes of this book. However, equally important from a management point of view is the education of the executive. It is hoped that the CEO and CMO can read this book and understand better how to move forward to create an organization not only digitally literate but one that can implement the company vision and strategy in this area. CMOs want to be more "data-driven" than intuitive but don't always know how to get there.[96]

Maybe even this short book is a little overwhelming to some readers. It will help to do the exercises suggested at the end of each chapter. After doing them, you should be able to launch a more effective digital strategy in any type of firm. I would also suggest to the audience reading this book that the most important aspects of creating an effective digital marketing strategy and managing that strategy effectively would be as follows:

---

[96] Marketing Charts staff. 2014. "US CMOs: Spending on Analytics, Social and Content Growing." *Marketing Charts.* http://www.marketingcharts.com/online/us-cmos-spending-on-analytics-social-and-content-growing-44671/ (10/13/2014).

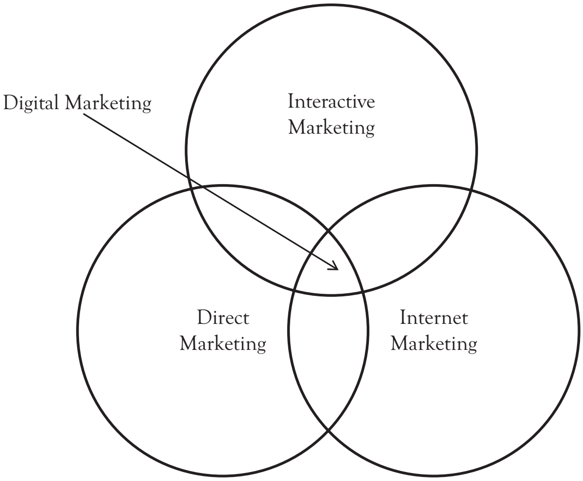

Figure 10.1 Digital marketing incorporates the best aspects of prior terminology

1. **Create a clear company strategy around digital marketing and customer data excellence. Communicate that strategy throughout the entire organization.**
   The research shows that companies that can capitalize on customer information management and other types of digital strategies create a clear mission and vision and communicate that strategy throughout the entire organization. Using the House of Quality for Multichannel Marketing can help create strategies across channels.
2. **Start with your website and move outward.**
   Even in the age of mobile and responsive design, the core website is the key to managing digital marketing within the firm. The website should convey the key message and be a landing destination for customer engagement efforts. Focus from there on the other elements of the digital marketing delivery mix.
3. **Develop metrics and key performance indicators (KPIs) around that strategy.**
   What's the objective? Are you in prospecting mode, win-back mode, trying to create deeper customer relationships. How will you measure success? Consider the customer lifecycle, the customer acquisition

and relationship management continuum, and the basic objectives of attract, acquire, retain, and engage when setting objectives and measures.

4. **Reward middle managers and others responsible for implementation.**
   If there is a disconnection between the company rewards systems and the digital strategy, then results won't be achieved. Implementation must also take place in customer-facing roles.
5. **Make it easy to share data in the organization.**
   Data "silos" and a lack of data sharing make it difficult to share information and to achieve performance results.
6. **Encourage and reward the functional marketing area and their IT counterparts to work together.**
   Teamwork comes from the corporate vision and setting a clear strategy. This teamwork in turn leads to digital marketing success. Don't rush into a digital strategy without the underlying structure for success. And don't overlook processes for data quality, as customer data quality leads to performance.
7. **Keep up to date.**
   Take a look at the articles and websites cited in this book. Many times my students follow the websites and companies recommended in the links in class. There are many good sources of data on digital marketing to keep current. This book provides a structure, but monitoring what is happening in the marketplace will help you stay current.

I will you all good luck in your digital marketing efforts. Please do not hesitate to be in touch with any questions. Join the LinkedIn Group associated with the text to continue the conversation, Digital Marketing Management Handbook at http://linkd.in/1Fn8JUb.

APPENDIX

Digital Marketing Plan Outline

Digital Marketing Plan Outline

Part I: Details the company background.

1. **Title/Cover Slide:**
    - Company name, product/service name, date.
2. **Executive Summary:**
    - Key problems/issues that the marketing plan will solve. Describe the goals of the digital marketing plan.
3. **Company Analysis:**
    - Define the scope: the corporate/organizational, SBU, or brand level, usually depending on the size of the organization.
    - Brief background on the business (products, services, target market, brand image).
    - Objectives/Mission statement.
    - Business model(s) currently used (how does the company make money).
4. **Current Marketing Situation Analysis:**
    - Market/industry analysis (size, growth, trends).
    - Value chain analysis: How does the company deliver value currently.
    - Customer segmentation (customer base: demographics, psychographics, geographic).
    - Competitor analysis (existing competition, potential competitors, product substitutes).

- Customer acquisition and relationship management objectives per Figure 1.8.
- Customer lifecycle stage analysis and objectives per Figure 3.2.
- Channel relationship matrix (customer channel preferences, our channels): Gap analysis. (Figure 7.1).
- Channel correlation matrix (how customer channels currently work together) (Figure 7.1).
- Keyword analysis: How customers search for the product/service.
- Current positioning statement.

5. SWOT Analysis:

- Business strengths.
- Business weaknesses.
- Business opportunities.
- Business threats.

6. Company's Current Digital Marketing Efforts:

- Four foundations of digital marketing delivery mix DMDM (e.g., social, search, email, mobile) integrated with core website strategies.
- Customer service, acquisition, retention strategies.
- Overall marketing strategy.
- Integration of digital presence into overall marketing strategy.
- Offline approaches.
- Data acquisition, management, and use.
- Current performance, metrics, evaluation.
- Social and regulatory issues.
- Other relevant issues/topics.

Part II: Details your digital marketing plan and how the company should implement it.

7. Digital Marketing Objectives & Strategies:

- Define the scope: the corporate/organizational, SBU, or brand level, usually depending on the size of the organization.
- Describe how the marketing plan will contribute to helping the company achieve its business objectives.
- Objectives/goals of the digital marketing plan.
- Overview of intended digital marketing strategies.

8. Action Plan - Detailed Suggestions You would Like the Company to Follow, Including but not Limited to:

- Business and revenue model(s) for your product or service.
- Target market: customer selection, segmentation, targeting.
- List of keywords that define the business to be deployed across channels.
- Positioning statement in format of Chapter 2.
- Traditional four P's (product/service, pricing, distribution, promotional mix).
- Four foundations of digital marketing delivery mix integrated with core web site strategies (e.g., website, social media, e-mail, search, mobile).
- Online/offline integration of marketing communications plan including search, social, e-mail and web design elements as well as relevant offline elements.
- Specific website strategy for product/service (design, features, functionality, usability).
- SoLoMo: How social, local, and mobile will work together.
- Integration of social media with content marketing strategy.
- Customer acquisition, conversion, and retention plans as appropriate based on the customer relationship management objectives in Figure 1.6, the customer lifecycle objectives in Figure 3.2 and the customer acquisition and relationship management process outlined in Figure 8.1
- Channel relationship matrix (customer channel preferences, our channels) (Figure 7.1).
- Channel correlation matrix (how customer channels should work together) (Figure 7.1).
- Detail on communications channel activities, that is, social and mass media and other online secondary channels.
- Distribution/fulfillment of marketing messages, material, incentives, and so on.
- Quality and customer service structure required to execute this plan.
- Technological infrastructure and data requirements required to execute this plan.
- Managerial structure required to implement this plan.

- Social and regulatory issues.
- Other relevant issues/topics.

9. Control/Feedback/Financial Analysis:

- Performance measurement: describe the metrics to be used to evaluate performance as relevant from each chapter.
- Include customer lifetime value (CLV) and return on investment (ROI) objectives.
- Performance metrics must match precisely to marketing objectives.
- Include Google Analytics and other web data.

Index

Above the fold, 36, 72
A/B testing, 38, 47, 71–72
AC Nielson, 118
Acxiom, 86, 118, 120
Adobe Analytics, 33
Adobe Omniture, 129
Alexa.com, 33
Algorithm, 49
  EdgeRank, 82
  Google Algorithm, 50, 52
  Hummingbird, 49
  Panda, 49
  Penguin, 49
Alt tags, 51
Always on marketing, 95–98
Amazon, 10, 56, 108–109
Analytics, 125–129
  data, 126
  predictive, 126–127
  web, 127–129
AOL, 87
Apache Hadoop, 116–117
Attention, interest, desire, and action (AIDA), 93–94
Attribution modelling, 82, 128–129

Banner ads, 86
Barnes and Noble, 10
Big Data analysis, 102, 117, 125
Bing, 9
  paid search, 44, 45
Bounce rate, 68, 72
Branding, and search rankings, 55–56
Braun, 76–77
Broad match, 45
Browser technology, 9–10
Business customer
  external information, 121
  internal information, 121
Business markets, market segmentation for, 122–123

Call-to-action, 71
Channel correlation matrix, 97
Children's Online Privacy Protection Act (COPPA), 110
Clicktale.com, 36
Click through rate (CTR), 63, 67–68, 72
Click to open rate (CTOR), 68
Cluster analysis, 119
Co-creation, 21
Collaborative filtering, 10
Communications
  in marketing and advertising, progression of, 10–12
  revolution in, 14–17
Consumers
  attitudes toward privacy, 108–109
  external information, 121
  internal information, 118
  markets, market segmentation for, 119–120
Content marketing and social media marketing, relationship between, 75–77
Controlling the Assault of Non-Solicited Pornography and Marketing Act (CAN-SPAM), 69–70
Conversational search, 49
Core competencies, 19, 20
Core Metrics, 129
Corporate Executive Board (CEB)
  Marketing Leadership Council, 100
Cost per click (CPC), 46, 47
Crawlers, 50, 54
Creative Commons approach, 111
Cross-device marketing, 32–33
Crowdsourcing, 81, 92
Current data, keeping, 135

Customer
  acquisition and relationship management, 16–17
  database, organizing, 124–125
  experience, 38
  lifecycle management, 28–32
Customer engagement (CE)
  definition of, 78–79
  social media marketing and, 78–80
Customer experience marketing (CEM), 95
Customer relationship management (CRM), 29
  data quality, vicious circle of, 100–103
  definition of, 94
  marketing management versus, 91–105
  measurement of, 98–100
    data quality, importance of, 100
Customization, 12
  mass, 12
  true, 12

Data
  analysis, 113–114
  analytics, 126
  quality, vicious circle of, 100–103
  security, 110–111
  sharing, 135
  silos, 39, 125, 135
Database structure, designing, 114–115
Database technology, 10
Defense Advanced Research Projects Agency (DARPA), 8
Digital advertising landscape, 85–87
Digital marketing, 4–7
  definition of, 65
  plan outline, 137–140
  strategic thought, 19–26
Digital Millennium Copyright Act, 111
Direct media, evolution of, 14–15
Display ads, and paid search, 54–55
Distribution, revolution in, 14–17
Doritos, 78
Double Click, 86
Dreamfield's Pasta, 60, 61

Earned media, 78
E-commerce marketing, 23
EdgeRank algorithm, 82
Eloqua, 94
E-mail marketing, 14, 59–74
  as branding tool, 63–64
  as digital age unused hero, 61–63
  effective design and offers, 71–72
  fitting to digital marketing, 59–60
  metrics, 72
  as process, 68–70
  as retention tool, 64–68
E-mail service provider (ESP), 70, 72
Epsilon, 86
European Union (EU)
  approach to data privacy, 109–110
  Safe Harbor provisions, 110
ExactTarget, 4, 61, 70
Excluded match. *See* Negative match
Experian, 86, 118, 120
External data, 113, 117–118
Eyeball tracking studies, 35–36

Facebook, 45, 48, 51, 55, 79, 86, 87, 92
  EdgeRank algorithm, 82
  Facebook Insights, 81
Fair Information Practices principle, 110
Federal Express, 16
Federal Trade Commission (FTC), 110
Firm objectives, prioritization for, 32–33
Focus groups, 24
Former customers, 31
Forrester.com, 80
Free markets, 107
Free trade, 107

Gartner Group, 64, 65, 99, 102, 103
Golden triangle, 35–36, 72
Google+, 79
Google, 44, 45, 55, 56, 82–83, 87, 109
  organic search, 48, 50, 51
  paid search, 47, 48–49
  Webmaster tools, 83

Google AdWords, 128
  AdGroups, 47, 48
  Keyword Planner, 29
  match types for selection in, 45
Google Alerts, 81
Google Algorithm, 50, 52
Google Analytics, 33, 126, 127–129
Google Chrome, 9
Google Glasses, 83
Google Online Marketing Challenge (GOMC), xx
Google Plus, 51
Google Trends, 5, 23–24, 29, 81
Gramm-Leach-Bliley Act, 110

Health Insurance Portability & Accountability Act (HIPPA), 110
Hierarchical databases, 115
Hilton Worldwide, 81, 114
Hootsuite™, 81
House of Quality for Multichannel Marketing, 96, 134
Hummingbird algorithm, 49

IBM, 80
  Core Metrics, 33
Identify, differentiate, interact and customize (IDIC), 94
Identify, differentiate, interact and customize/personalize (IDICP), 94
Indeed.com, 25
Index Server, 50
Informational websites, 27
Inimitable resources, 19
Instagram, 79
Intellectual property issues, 111
Interactive marketing, 5, 11
Internal data, 113, 117–118
Internet Advertising Bureau (IAB), 86, 110
Internet marketing, 5, 8, 9–10
Internet of Things, 83
Internet Service Provider (ISP), 70, 71, 111

Jobs, Steve, 27

Key performance indicators (KPIs), 134–135
Keywords, 43–44
  right, choosing, 51–54
Keywordtool.io, 29
KLM (Royal Dutch Airlines), 13

Laissez-faire capitalism, 107
Landing page, 54
Land's End, 12
Lead nurturing process, 31
Learning
  role in creating competitive advantage, 20
Learning organization theory, 19
Legacy systems, 125
LinkedIn, 79
Logistic regression, 126–127
Luma Partners, 86

M&M, 84
Mail Chimp, 70
Market(ing)
  actions, 93
  always on, 95–98
  cross-device, 32–33
  digital. *See* Digital marketing
  e-commerce, 23
  E-mail, 14, 59–74
  evolution of, 6
  interactive, 5, 11
  Internet, 5, 8, 9–10
  mix, 93
  mobile, 75–88
  multichannel, 95–98
  omni-channel, 95–98
  orientation, 92
  permission, 65, 66–67
  persona, 33–35, 70, 80
  research surveys, 24
  revolution in, 10–17
  search engine, 43–57
  social media, 75–88
Market segmentation, 34–35, 70, 119–120
  based on actions taken, 120–125
  for business markets, 122–123
Mason, Charlotte, 29
Mass customization, 12

Match codes, 124
Mckinsey & Company, 99
Merge/purge, 124
Microsite, 54, 60
Microsoft, 87
  Bing, 9, 44, 45
Middle management, role in CRM implementation, 101–103
Middle managers, 135
MINI Getaway, 84
Mobile advertising, 85
Mobile analytics, 129
Mobile marketing and SoLoMo, combining, 83–85
Modeled data, 113–114, 118
Monster Spray, 52, 53
Mozilla Firefox, 9
Multichannel marketing, 95–98

Natural search, 48–51
Negative match, 46
Networking theory, 8–9
Nike.com, 12
Nordstrom, 21
North American Free Trade Agreement (NAFTA), 124
North American Industrial Classification System (NAICS), 123–124

Office Depot, 35
Old Spice, 77
Omni-channel marketing, 95–98
Online-analytical processing (OLAP), 116
Online Marketing Institute, xx
Online-transaction processing (OLTP), 115
Open rate, 72
Operations planning, 20
Organic search, 48–51
  authority, 50
  and paid search, synergies between, 54
  rankings, 50, 52
  relevance, 50
Owned media, 78

Paid media, 78
Paid search, 44, 45–46
  campaign, organizing, 47–49
  display ads and, 54–55
  and organic search, synergies between, 54
Panda algorithm, 49
Pay per click (PPC), 44
Peer to Peer (P2P) sharing system, 111
Penguin algorithm, 49
Permission marketing, 65, 66–67
Personalization, 12
Personally identifiable information (PII), 108, 110, 111
Persona marketing, 33–35, 70, 80
Pervasive computing, 84
Phrase match, 46
Pinterest, 79
Positioning, 23, 51–52, 53
  statement, 24, 25
Predictive analytics, 126–127
Privacy
  consumer attitudes toward, 108–109
  right to, 107–108
Profiling, 118
Prospects, 29–30, 119
Prototypes, 37

Query, 50, 54

Rack Room Shoes, 66
Radian6, 76, 81
Real-time advertising, 95
Real-time bidding (RTB), 86, 87
Recency/frequency/monetary (RFM), 118, 126
Red Bull, 75
Reddit.com, 79
Relational databases, 115
  building, 115–116
  Hadoop, 116–117
  online-analytical processing, 116
Relationship matrix, 97
Responders, 30
Responsive web design, 32–33, 85
Retained or repeat customers, 30

Return on Investment (ROI), 99
Revolution
  in communications/distribution, 14–17
  in marketing, 10–17
  in technology, 7–10
Right keywords, choosing, 51–54
Right to privacy, 107–108
Robots, 50
Roe v. Wade, 107

Safe Harbor provisions (European Union), 110
SAP, 94
Screwfix, 114
Search engine marketing (SEM), 43–57
  branding and search rankings, 55–56
  display ads and paid search, 54–55
  organic search, 48–51
  paid search, 44, 45–46
  paid search and organic search, synergies between, 54
  process, 46–49
  right keywords, choosing, 51–54
  types of, 44
Search engine optimization (SEO), 48–51, 54
Search Engine Results Page (SERP), 44, 45, 50, 56
Search rankings, 50, 52
  branding and, 55–56
Semantic search, 49, 52
Shared media, 78
Shopkick, 78
Site content, 35–37
Site maps, 37
Site navigation, 35–37
Smart Watches, 83
Smith, Adam, 107
Social media marketing, 75–88
  and customer engagement, 78–80
  definition of, 75
  digital advertising landscape, 85–87
  measuring, 82–83
  mobile advertising, 85
  monitoring, 81–82
  planning, 80–81
  relationship with content marketing, 75–77
  successful campaigns, 77–78
Social media networking sites, 79
Social Mention, 81
SoLoMo and mobile marketing, combining, 83–85
Spam, 65
Spiders, 50, 53
Standard Industrial Classification (SIC) coding system, 123
Stickiness, 27
Stukent Internet Marketing Simulation, xx
Sungard
  Zombie Apocolypse, 77
Super heavy user (SHU), 52
Supply chain management, 20

Tag management, 128
Target market, 33–35
Technology, revolution in, 7–10
Tesco, 99
Threadless.com, 81
360 degree view, 12, 95, 125
Toyota
  e-mail marketing campaign, 60, 61
Transactional databases. *See* Hierarchical databases
Transactional websites, 27
Tumblr, 79
Twitter, 79, 80, 81, 86

Unpaid search, 44, 48–51
Unsubscribe rate, 72
UPS, 16
Usability testing, 37–38

Value chain, 21, 24

Wall Street Journal (*WSJ*), 48
  What They Know, 109
Wal-Mart, 21, 56, 92
Web 1.0, 28
Web 2.0, 28
Web 3.0, 28
Web analytics, 127–129

Web Content Management System, 37
Website design, 27–40
  customer lifecycle management, 28–32
  evolution of, 28
  firm objectives, prioritization for, 32–33
  future challenges to, 39
  responsive, 32–33
  site content and design, 35–37
  targeting and personas, 33–35
  usability testing/launch/measurement, 37–39
Westin, Alan, 108
Wireframes, 37

Yahoo!, 44, 87
  paid search, 45, 48
Yelp, 79
YouTube, 79

OTHER TITLES IN OUR DIGITAL AND SOCIAL MEDIA MARKETING AND ADVERTISING COLLECTION

Vicky Crittenden, Babson College, Editor

- *Viral Marketing and Social Networks* by Maria Petrescu
- *Herding Cats: A Strategic Approach to Social Media Marketing* by Andrew Rohm and Michael Weiss
- *Social Roots: Why Social Innovations Are Creating the Influence Economy* by Cindy Gordon, John P. Girard, and Andrew Weir
- *Social Media Branding For Small Business: The 5-Sources Model* by Robert Davis
- *A Beginner's Guide to Mobile Marketing* by Karen Mishra and Molly Garris
- *Social Content Marketing for Entrepreneurs* by James M. Barry

Forthcoming In This Collection

- *Using and Managing Online Communities* by Edward Boon
- *Fostering Brand Community Through Social Media* by Debra A. Laverie, Shannon B. Rinaldo, and William F. Humphrey, Jr
- *Digital Privacy in the Marketplace: Perspectives on the Information Exchange* by George Milne
- *This Note's For You: Popular Music + Advertising = Marketing Excellence* by David Allan
- *Email Marketing in a Digital World: The Basics and Beyond* by Richard C. Hanna

Announcing the Business Expert Press Digital Library

Concise e-books business students need for classroom and research

This book can also be purchased in an e-book collection by your library as

- a one-time purchase,
- that is owned forever,
- allows for simultaneous readers,
- has no restrictions on printing, and
- can be downloaded as PDFs from within the library community.

Our digital library collections are a great solution to beat the rising cost of textbooks. E-books can be loaded into their course management systems or onto students' e-book readers. The **Business Expert Press** digital libraries are very affordable, with no obligation to buy in future years. For more information, please visit www.businessexpertpress.com/librarians. To set up a trial in the United States, please contact **sales@businessexpertpress.com**.

THE BUSINESS EXPERT PRESS DIGITAL LIBRARIES

EBOOKS FOR BUSINESS STUDENTS

Curriculum-oriented, born-digital books for advanced business students, written by academic thought leaders who translate real-world business experience into course readings and reference materials for students expecting to tackle management and leadership challenges during their professional careers.

POLICIES BUILT BY LIBRARIANS

- *Unlimited simultaneous usage*
- *Unrestricted downloading and printing*
- *Perpetual access for a one-time fee*
- *No platform or maintenance fees*
- *Free MARC records*
- *No license to execute*

The Digital Libraries are a comprehensive, cost-effective way to deliver practical treatments of important business issues to every student and faculty member.

For further information, a free trial, or to order, contact:

sales@businessexpertpress.com

www.businessexpertpress.com/librarians

Digital Marketing Management

A Handbook for the Current (or Future) CEO

Debra Zahay

This book is for managers and would-be managers who need to upgrade their knowledge of digital marketing. Told from the perspective of marketing strategy, it puts digital marketing in the context of firm strategy selection. The first step in digital marketing is to understand your company and your brand. The second step is to put content and keywords on your website so that they can be found in search. Third, use the other delivery platforms of digital marketing, e-mail, social, and mobile, to deploy that content to the customer.

The final topics in the book focus on the importance of data management and privacy. The author discusses how to develop a database and to create an organization that puts data quality at its center. These practices are as critical to digital marketing success as the delivery platforms. Without quality data, no digital marketing program can be successful.

Dr. Debra Zahay is the president of Zahay, Inc. (www.zahay.com), a digital marketing strategy consulting firm. She has been teaching Internet Marketing and related topics at the university level since 1999 and has taught full-time at Aurora University, Northern Illinois University, North Carolina State University and DePaul University. She holds her doctorate in marketing from the University of Illinois, Urbana-Champaign, her master of management from Northwestern University, Evanston, Illinois, her juris doctor from Loyola University, Chicago, and her AB from Washington University in St. Louis, Missouri.

DIGITAL AND SOCIAL MEDIA MARKETING AND ADVERTISING COLLECTION

Victoria L. Crittenden, *Editor*

ISBN 978-1-60649-924-5

90000

9 781606 499245

BEP BUSINESS EXPERT PRESS