### **Marketing In A Digital World**



## The Changed Marketing Concept and Environment

Goog

You

Digital strength

### **From Harvard Twitter**

- People Are the New Channel
- Externally, empower your customers to be brand advocates
- Internally, treat your entire organization as your marketing team
- Don't talk, listen
- Don't push products, solve problems
- Don't stop at 1-to-1, think many-to-many

http://blogs.hbr.org/cs/2013/04/people\_are\_the\_new\_channel.html?utm\_source =Socialflow&utm\_medium=Tweet&utm\_campaign=Socialflow "It's a disadvantage of the revolution ... People used to say that information is power but that's no longer the case. It's analysis of the data, use of the data, digging into it – that is the power. You get so much of the stuff and everyone has access to it." (*Sir Martin Sorrell*)

"In the old days, you could segment happily. You could put out one message to one segment of the audience, and one to another. That has now gone. You say something to one community and instantly, literally at a click, it's available to everybody. What it means is that if you're trying to craft a message, it's very difficult." (Sir Martin Sorrell)

#### WHAT IS MARKETING ?

Selling?

**Advertising**?

**Promotions?** 



Making products available in stores? Maintaining inventories?

All of the above, + much more!

#### **DEFINITIONS OF MARKETING**

'... a social and managerial process by which individuals and groups obtain what they need and want through creating, offering and exchanging products of value with others' *Kotler, 1991* 

#### **DEFINITIONS OF MARKETING**

'The achievement of corporate goals through meeting and exceeding customer needs better than the competition'

Jobber, 1995

### **DEFINITIONS OF MARKETING**

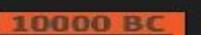
Marketing is the process of planning and executing the conception, pricing, promotion, and distribution of ideas, goods, services to create exchanges that satisfy individual and organizational goals

**American Marketing Association** 



Marketing, a key to the success of your business, has changed rapidly over the last decades and it continues to change.

KEYS (S) Means of Communication



5000 BC



#### THE BEGINNINGS



Primitive people communicated via cave paintings.



Each tribe was a market in itself, disconnected from the rest.



The focus

#### ANCIENT CIVILIZATIONS



The chat, natural and organic conversation, was the way to talk about a product.



There were groups of people doser to each other.



One to one recommendation was the most credible and influencing source of information, though it wouldn't spread fast, far and wide.

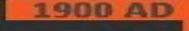
The Market













#### ANCIENT GREECE TO 17<sup>TH</sup> CENTURY



Marketing was about promoting aloud in the bustling markets. streets and public places.



Targets were bigger groups of people.



Traders were actively engaged in persuasive communications.

#### 18<sup>TH</sup> TO 20<sup>TH</sup> CENTURIES The production orientation era



Marketing was aloud promotion. doorstep setting and posters.



Target market was still limited.



the locus was on production and distribution at the lowest possible cost.

#### FIRST DECADES OF 20TH CENTURY The sales orientation era



Marketing was doorstep selling, traditional mails, newspapers, radio and television.



Markets become truly competitive and to be relevant required a lot of effort.

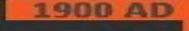


The focus was on distribution. communication and persuading customers that one manufacturer's goods were better than another's.











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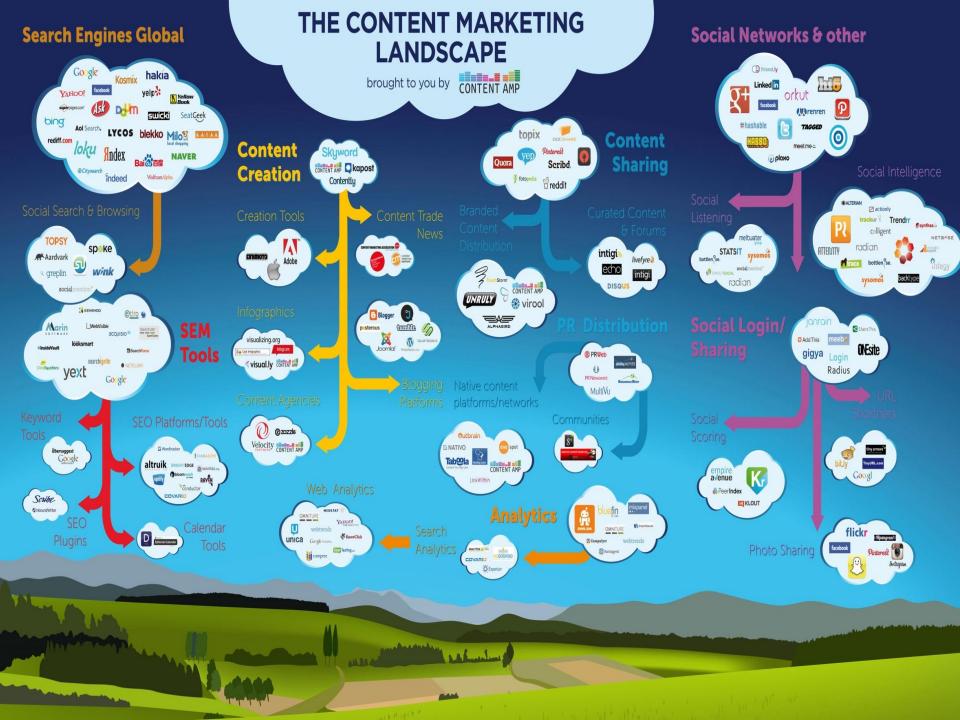
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### **Disruptive Technology**

#### **Quick summary:**



A disruptive innovation initially offers a lower performance in relation to the existing market

But the introduction of new disruptive innovation or technology offers new performance attributes which the consumer reacts too

Through time the disruptive technological gadget or innovative product ends up displacing the former dominant technology.

# Differences between Traditional and Digital Marketing

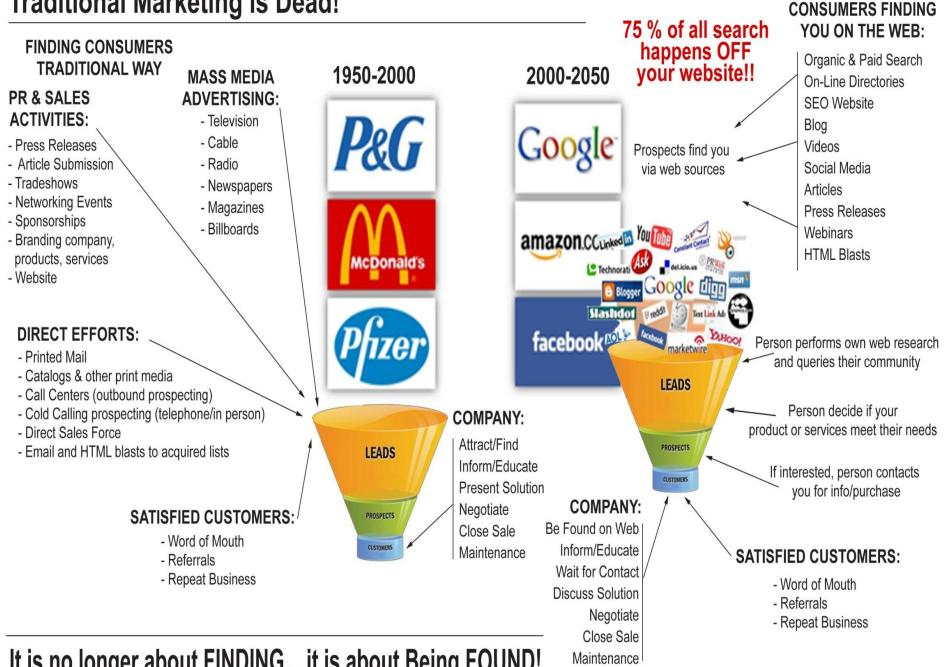
In your opinion, what separates traditional marketing and marketing in digital age?



### **Death of Traditional Marketing**

- Buyers are<u>checking out product and service</u> information in their own way, often through the Internet, and often from sources outside the firm such as word-of-mouth or customer reviews.
- Restoration of community marketing

#### **Traditional Marketing is Dead!**



It is no longer about FINDING... it is about Being FOUND!

# Introducing the scope of Internet Marketing

 "Achieving marketing objectives through applying digital technologies"
 How?

 Marketing is the management process responsible for identifying, anticipating and satisfying customer requirements profitably.

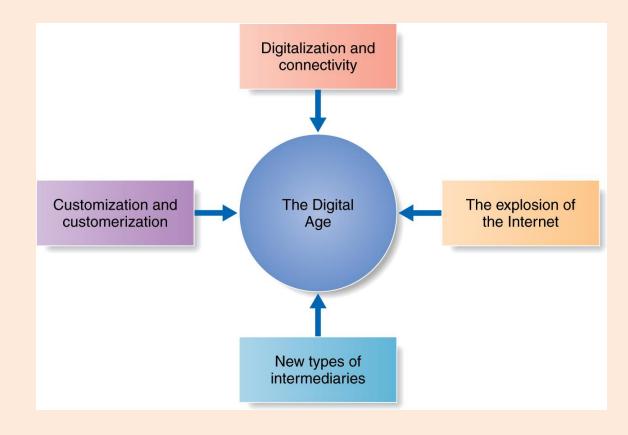
Chartered Institute of Marketing

– How?

### A more in-depth definition

- Customer-centric digital marketing involves:
- Applying...
- Digital technologies which form online channels... (Web, <u>e-mail</u>, <u>databases</u>, mobile, iDTV)
- to...
- Contribute to marketing activities aimed at achieving profitable acquisition and retention of customers (within a <u>multi-channel buying process</u> and customer lifecycle)
- through...
- Improving <u>customer knowledge</u> (of their profiles, behaviour, value and loyalty drivers), then delivering integrated targeted communications and online services that match their individual needs

# Forces Shaping the Internet Age

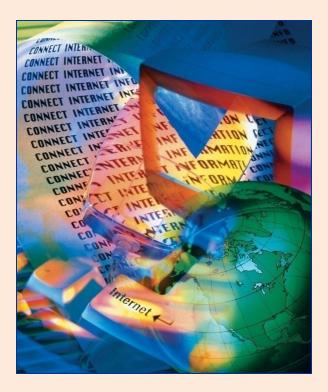


Source Kotler

- Digitalization & Connectivity
  - The flow of digital information requires connectivity
    - Intranets,
       Extranets
       and the
       Internet



- The Internet Explosion
  - Key driver
     of the New Economy



- New Types of Intermediaries
  - Brick-and-mortar firms often face disintermediation from click-only competitors



 The click-and-mortar business model has been highly successful

- Customization and Customerization
  - Information businesses are at the heart of the New Economy
    - Has enhanced marketer's ability to customize and "customerize" product offerings



# Marketing Strategy in the Digital Age

- E-business:
  - uses
     electronic means
     and platforms to
     conduct business.



#### What is the changed picture?

- On-demand centre to store your business information
- Information stored can be retrieved anytime through the internet

#### Why is it different?

 Convenience for your customers and yourself can maximize your sales and save you cost

- What is the changed picture?
  - Computers through internet can now take care of recurring communications requests
- Why is it different?
  - Saves expenditure by answering your customers' enquiries once and for all
  - Keep record of any communication and form a relationship channel

- What is the changed picture?
  - You can now track customers' service sessions and purchases
  - You can record almost anything that they do on your on-demand marketing center
- Why is it different
  - Understand of what your clients need and offer what your clients want.



#### **Supporting Traditional Marketing**

# How does the Internet contribute to marketing?

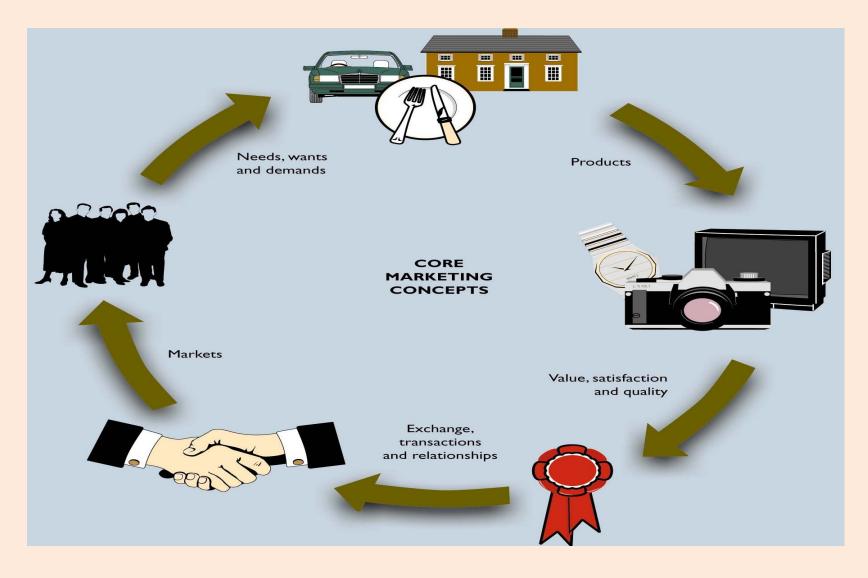
- The definition of marketing by the Chartered Institute of Marketing (<u>http://www.cim.co.uk/</u>) is:
- Marketing is the management process responsible for identifying, anticipating and satisfying customer requirements profitability

Give examples of how the Internet (web and e-mail) achieves these?

# How the Internet supports marketing

- Identifying the Internet can be used for marketing research to find out customers' needs and wants
- Anticipating the Internet provides an additional channel by which customers can access information and make purchases – evaluating this demand is key to governing resource allocation to e-marketing
- Satisfying a key success factor in e-marketing is achieving customer satisfaction through the electronic channel, which raises issues such as: is the site easy to use, does it perform adequately, what is the standard of associated customer service and how are physical products dispatched?

### **CORE MARKETING CONCEPTS**



### **CORE CONCEPTS OF MARKETING**

#### Based on :

- Needs, Wants, Desires / demand
- Products, Utility, Value & Satisfaction
- Exchange, Transactions & Relationships
- Markets, Marketing & Marketers.

### What are Consumers' Needs, Wants, Demands and Desire?

**Needs** - state of felt deprivation including physical, social, and individual needs i.e hunger



Wants - form that a human need takes as shaped by culture and individual personality i.e. bread



**Demands** - human wants backed by buying power i.e. money



**Desire**- Have a Burger in a five star hotel

### **Dynamic yet Unreceptive**

#### • Aggressive or Dynamic

 People can't turn it off even if they don't wish to see it anymore

#### • Passive or Unreceptive

People have to wait for the AD even if they want to see it
 Waiting...



### **Paucity of Traditional Marketing**

- 1.Dynamic yet unreceptive
- 2. Delivery of information sometimes untimely
- 3.Expenditure of marketing media is high

### **Un-Timely Information**

- After delivery, you cannot change/update the information
- After development, you cannot modify your contents
- Your customers may not receive the most timely information as a result......



#### **Un-Timely Information**

- On-Demand Solution:
  - Always provide the latest contents for your customers to access
  - Only have to update your information at one place

#### Expenditure of Marketing Media

- Billboard Advertisement: \$5000-\$7000/month
- Yellow Pages : \$2000/yr for smallest Ad
- Flyer: 70 cents per flyer, \$2000/campaign
- Newspaper Ad: \$2000/week minimum
- TV Commercial: \$\$\$\$\$..... a lot
- Radio Commercial: \$1/sec \$3000-\$4000/campaign

All info provided are for reference only

### **Cost of Marketing Media**

- On-Demand Solution:
  - Smaller ad space
  - Single page flyer
  - Minimize mailing expenses
  - Minimize reprints of catalogues or brochures

#### **On-Demand Marketing**

#### Satisfying your customers in digital age



### Why is a digital strategy needed?

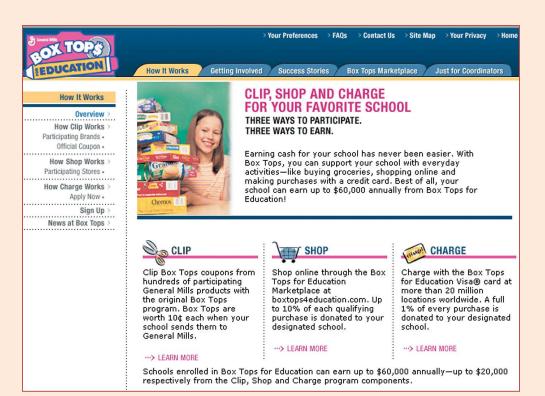
- To set clear goals for digital channels
- To align with business strategy (avoid ad-hoc approaches)
- Create a specific online value proposition (OVP)
- Specify communications tools to drive visitors
- Integrate digital and traditional channels
- Manage customer lifecycle (e.g. through email marketing)

### **Applications of digital marketing**

- An advertising medium
- A direct-response medium
- A platform for sales transactions
- A lead-generation method
- A distribution channel
- A customer service mechanism
- A relationship-building medium

### Marketing Strategy in the Digital Age

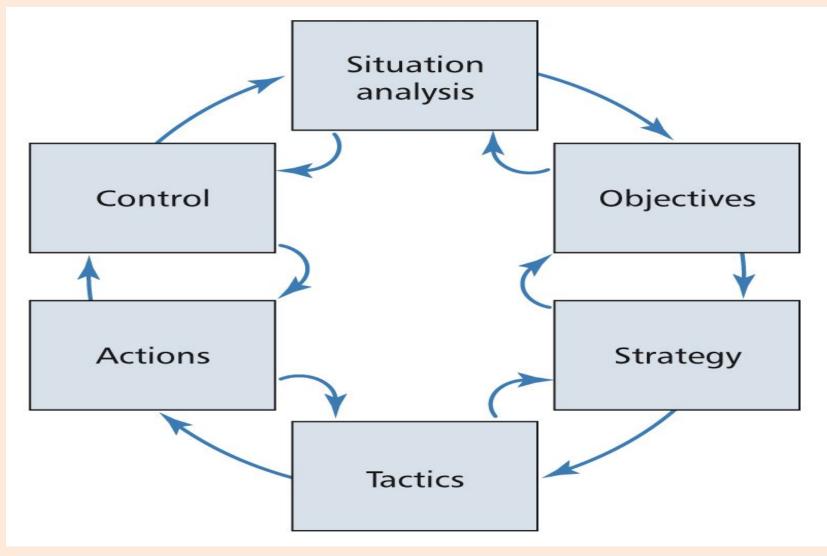
- E-marketing:
  - Includes efforts that inform, communicate, promote, and sell products and services over the Internet.



Benefit of e-marketing	How benefit is delivered	Typical objectives
Sell – Grow sales	Includes direct online sales and sales from offline channels influenced online. Achieved through wider distribution to customers you cannot readily service offline or perhaps through a wider product range than in-store, or lower prices compared to other channels	<ul> <li>Achieve 10% of sales online in market</li> <li>Increase online sales for product by 20% in year</li> </ul>
erve – Add value	Achieved through giving customers extra benefits online or inform product development through online dialogue and feedback	<ul> <li>Increase interaction with different content on site</li> <li>Increase dwell-time duration on site by 10% (sometimes known as 'stickiness')</li> <li>Increasing number of customers actively using online services (at least once per month) to 30%</li> </ul>

Benefit of e-marketing	How benefit is delivered	Typical objectives
Speak – Get closer to customers	This is creating a two-way dialogue through web interactions like forums and surveys and conducting online market research through formal surveys and informally monitoring chat rooms to learn about them	<ul> <li>Grow e-mail coverage to 50% of current customer database</li> <li>Survey 1000 customers online each month</li> <li>Increase visitors to community site section by 5%</li> </ul>
Save – Save costs	Achieved through online e-mail communications, sales and service transactions to reduce staff, print and postage costs. Savings also accrue through 'web self-service' where customers answers queries through online content	<ul> <li>Generate 10% more sales for same communications budget</li> <li>Reduce cost of direct marketing by 15% through e-mail</li> <li>Increase web self-service to 40% of all service enquiries and reduce overall cost-to- serve by 10%</li> </ul>
Sizzle – Extend the brand online	Achieved through providing new propositions, new offers and new experiences online while at the same time appearing familiar	<ul> <li>Improve branding metrics such as: brand awareness, reach, brand favourability and purchase intent</li> </ul>

### SOSTAC – a generic framework for e-marketing planning



#### **Competition in Digital Age**

- The Internet is changing customers' expectations about convenience, price, quality, and service.
- As a result a new model--the "network organization" or "e-corporation"--is evolving as a new form of competition.
- These firms combine computer, the Web, and software to change everything about they way they operate.

#### 7 S Framework

Table 1.3		mary of some of the organisational challenges of digital marketing that need to be managed i context of the 7 S framework.		
Element of 7 S	6 model	Application to digital marketing strategy	Key issues from practice and literature	
Strategy		The significance of digital marketing in influencing and supporting organisations' strategy	Gaining appropriate budgets and demonstrating /delivering value and ROI from budgets. Annual planning approach. Techniques for using digital marketing to impact organisation strategy Techniques for aligning digital strategy with organisational and marketing strategy	
Structure		The modification of organisational structure to support digital marketing	Integration of team with other management, marketing (corporate communications, brand marketing, direct marketing) and IT staff Use of cross-functional teams and steering groups Insourcing vs outsourcing	
Systems		The development of specific processes, procedures or information systems to support digital marketing	Campaign planning approach-integration Managing/sharing customer information Managing content quality Unified reporting of digital marketing effectiveness In-house vs external best-of-breed vs external integrated technology solutions	

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Element of 7 S model	Application to digital marketing strategy	Key issues from practice and literature
Staff	The breakdown of staff in terms of their background and characteristics such as IT vs marketing, use of contractors/ consultants, age and sex	Insourcing vs outsourcing Achieving senior management buy-in/ involvement with digital marketing Staff recruitment and retention. Virtual working Staff development and training
Style	Includes both the way in which key managers behave in achieving the organisations' goals and the cultural style of the organisation as a whole	Relates to role of digital marketing team in influencing strategy – it is it dynamic and influential or conservative and looking for a voice
Skills	Distinctive capabilities of key staff, but can be interpreted as specific skill sets of team members	Staff skills in specific areas: supplier selection, project management, content management, specific e-marketing approaches (SEO, PPC, affiliate marketing, e-mail marketing, online advertising)
Superordinate goals	The guiding concepts of the digital marketing organisation which are also part of shared values and culture The internal and external perception of these goals may vary	The internal and external perception of these goals may varyImproving the perception of the importance and effectiveness of the digital marketing team among senior managers and staff it works with (marketing generalists and IT

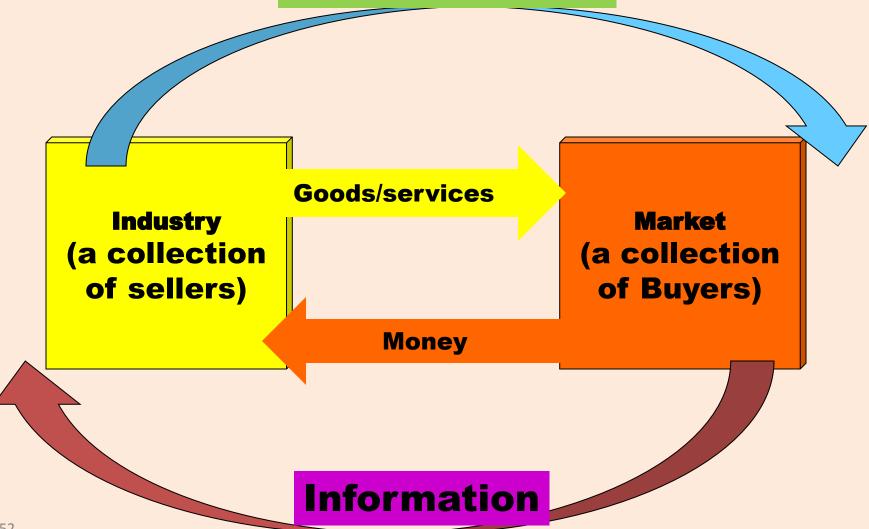
#### WHAT IS A PRODUCT ?

A Product is any offering that can satisfy a need or want, while a brand is a specific offering from a known source.

When offerings deliver value and satisfaction to the buyer, they are successful.

#### **A SIMPLE MARKETING SYSTEM**





#### **TRADITIONAL MARKETING**

- Marketing is the sum of all activities that take you to a sales outlet. After that sales takes over.
- Marketing is all about creating a pull, sales is all about push.
- Marketing is all about managing the four P's product

price

place

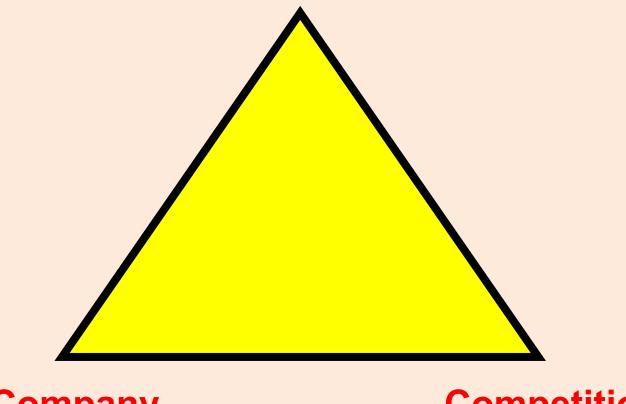
promotion

### THE 4 Ps & 4 Cs



#### **MARKETING TRIANGLE**

#### **Customers**





Competition

#### WHO IS A CUSTOMER ?

CUSTOMER IS . . .



# Anyone who is in the market looking at a product / service for attention, acquisition, use or consumption that satisfies a want or a need

#### **CUSTOMER**

- CUSTOMER has needs, wants, demands and desires
- Understanding these needs is starting point of the entire marketing
- These needs, wants ..... arise within a framework or an ecosystem
- Understanding both the needs and the ecosystem is the starting point of a long term relationship

#### HOW DO CONSUMERS CHOOSE AMONG PRODUCTS & SERVICES?

- Value The value or benefits the customers gain from using the product versus the cost of obtaining the product.
- Satisfaction Based on a comparison of performance and expectations.

Performance >Expectations => Delighted customer
Performance < Expectations => Dissatisfied customer
Performance = Expectations => Satisfied customer







#### Value = Benefit / Cost Benefit = Functional Benefit + Emotional Benefit

#### Cost = Monetary Cost + Time Cost + Energy Cost + Psychic Cost

#### **Marketing Funnel**



#### **RACE MODEL**

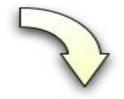


#### **1 REACH**

Build awareness on other sites and in offline media and drive to web presences

#### **KPIs:**

- ✓ Unique visitors & fans
- ✓ Audience share
- Revenue or goal value per visit

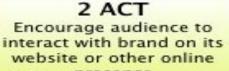


#### **4 ENGAGE**

Build customer and fan relationships through time to achieve retention goals

#### KPIs:

- ✓ % active hurdle rates
- ✓ Fan engagement
- ✓ Repeat conversion



- KPIs: presence
  - ✓ Bounce rate
  - Pages per visit
  - ✓ Product page
    - conversion



#### **3 CONVERT**

Achieve conversion to marketing goals such as fans, leads or sales on web presences and offline

#### KPIs:

- ✓ Conversion rates
- ✓ Leads and sales
- Revenue and margin



Source: Smart Insights (2010)

#### **Digital Etiquette**

#### Manage our identity

#### **Open to new ideas**

**Greater control** 

### **STORM IN A D**





Do you know the business story here?

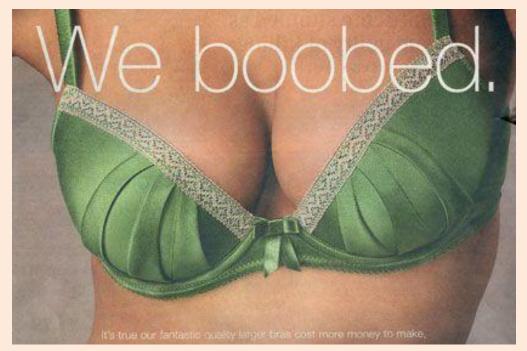
adapted:www.ashcombe.surrey.sch.uk

#### MAIN ISSUES

- M&S introduced a policy of price discrimination in the lingerie department; they charge an extra £2 for bras sized over a DD cup.
- a pressure group 'Busts 4 Justice' has been set up on Facebook and had over 16,000 members who were campaigning for this surcharge to be removed.
- The group's founder, Beckie Williams, has bought a £3.40 share in the company to allow her to confront chairman Sir Stuart Rose at the next annual meeting in July.
- On Friday, M&S apologised & Saturday started a promotional campaign!

#### WE BOOBED!

• On Friday M&S backed down, saying "we boobed".



 Miss Williams, 26, met chairman <u>Sir Stuart Rose</u>, who revealed the company's response of cutting the charge has cost £3million.

www.ashcombe.surrey.sch.uk

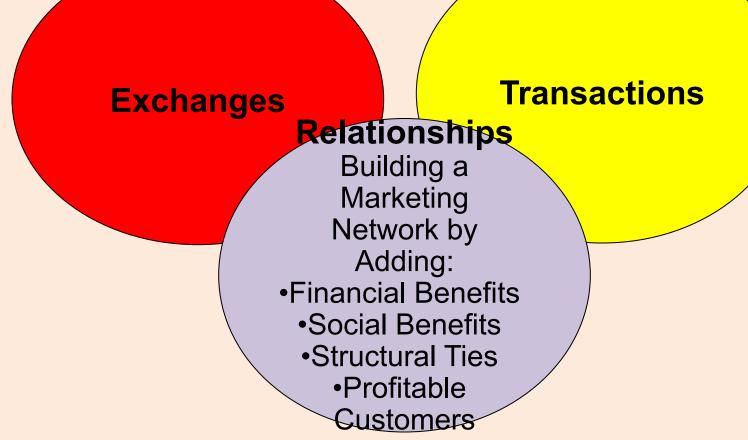
#### M&S Comment...

- "We've heard what our customers are telling us that they are unhappy with the pricing on our DD-plus bras and that basically we've boobed.
- So from Saturday May 9 no matter what size you buy, the price is going to be the same. We're not going to cut the quality though - they'll still be made to the same high standards so you get the best support on the high street.
- From Saturday, the chain is also offering 25% off the price of any bra in any size. The promotion will last until May 25."

#### **ENHANCING VALUE**

- **Raising benefits.**
- **Reducing costs.**
- **Raising benefits while lowering costs.**
- Raising benefits by more than the increase in costs.
- Lowering benefits by less than the reduction in costs.

#### HOW DO CONSUMERS OBTAIN PRODUCTS & SERVICES?



#### **EXCHANGE TRANSACTION RELATIONSHIPS**

**Exchange** involves obtaining a desired product from someone by offering something in return.

**Transaction** involves at least two things of value, agreed-upon conditions, a time of agreement, and a place of agreement.

**Relationships** are built through delivering value and satisfaction

#### MARKET

# Set of actual and potential buyers of a product

# Marketers seek buyers that are profitable

### MARKETING MANAGEMENT PHILOSOPHIES



**Product Concept** 

**Selling Concept** 

**Marketing Concept** 

**Societal Marketing Concept** 

**USTOMER-DR**WAN

#### THE PRODUCTION CONCEPT

Available and affordable products

Improving production and distribution efficiency

Two situations wherein it's still useful philosphy (Henry Ford's model T)

#### Henry Ford said of the model T vehicle :

"I will build a car for the great multitude. It will be large enough for the family, but small enough for the individual to run and care for. It will be constructed of the best materials, by the best men to be hired, after the simplest designs that modern engineering can devise. But it will be so low in price that no man making a good salary will be unable to own one—and enjoy with his family the blessing of hours of pleasure in God's great open spaces."

## THE PRODUCT CONCEPT

The most quality, performance and features

A solution to a consumer problem (eg: mouse trap, vaccum cleaner etc)

**Marketing myopia** 

#### THE SELLING CONCEPT

Unsought goods, overcapacity

A wrong approach and high risks

**Dissatisfied customer** 

#### THE MARKETING CONCEPT

# Customer focus and value, the paths to sales and profit

1.05

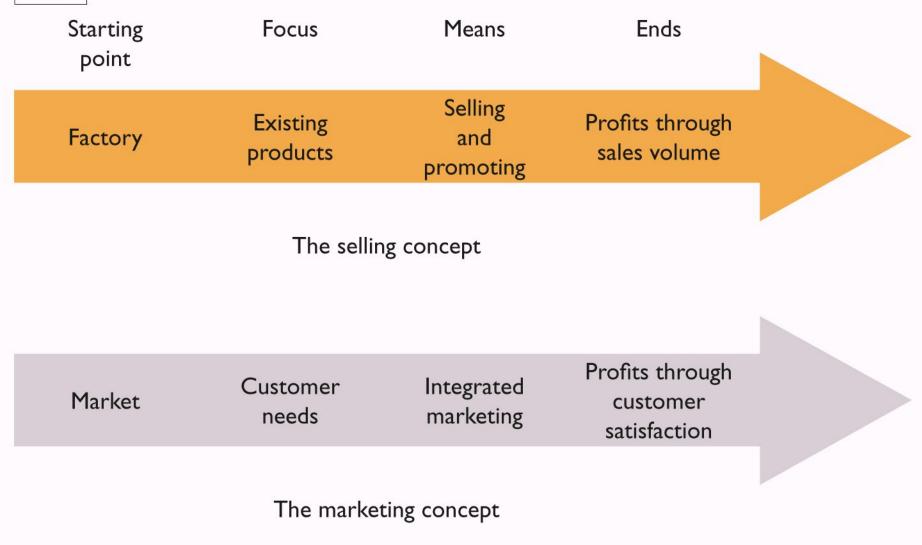


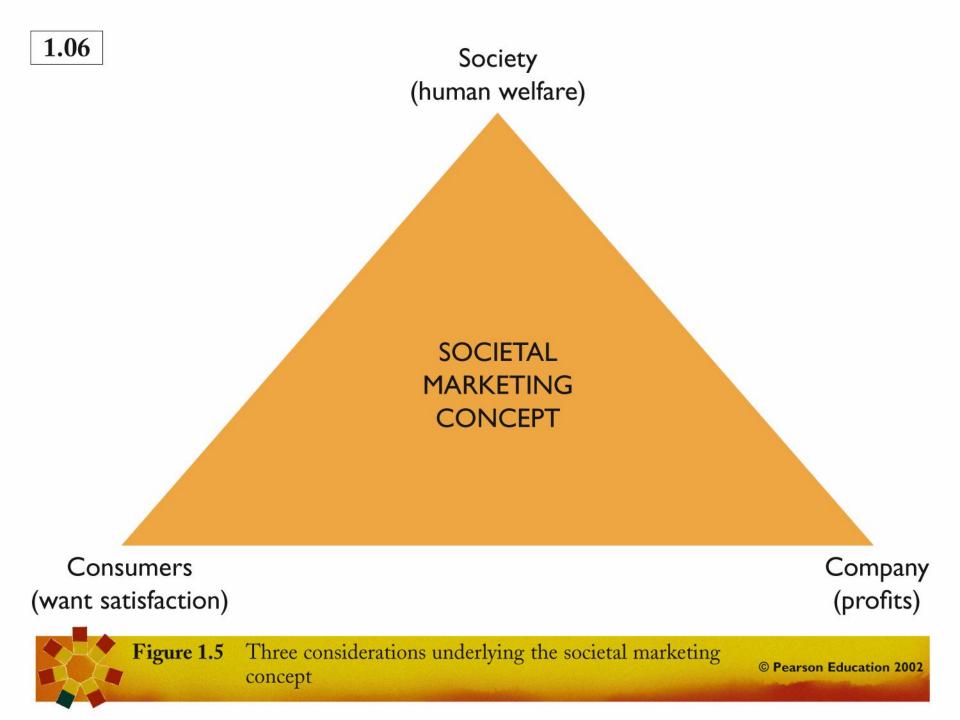
Figure 1.4 The selling and marketing concepts contrasted

© Pearson Education 2002

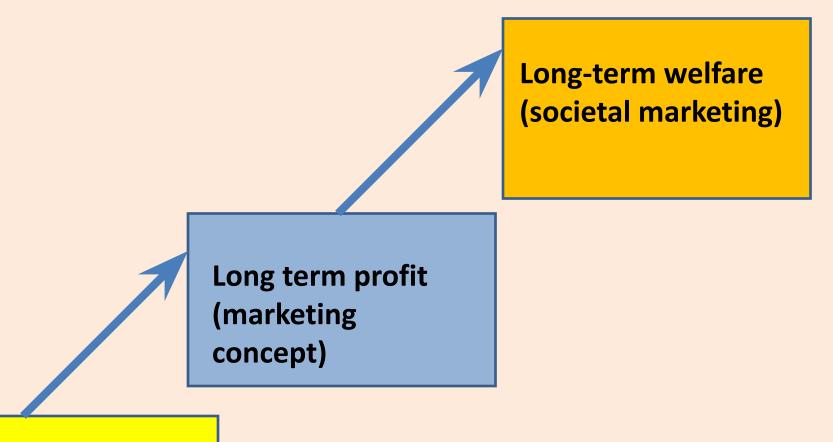
## THE SOCIETAL MARKETING CONCEPT

Organization determines the needs and wants of the target market delivering the desired satisfaction in a way that it maintains or improves the consumer's and society's well being.

Pure marketing and societal marketing (Eg: fast food industry- Mac Donalds)



## **AT A GLANCE**

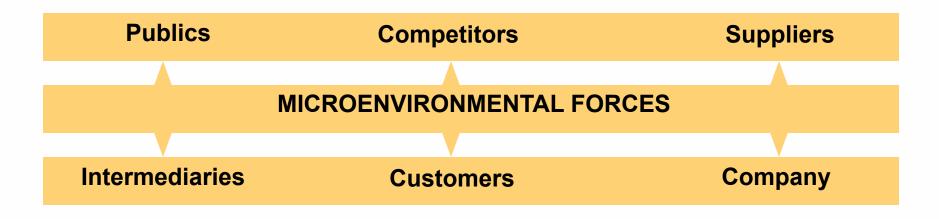


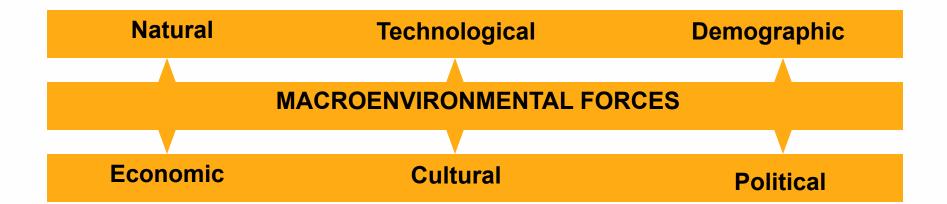
Short-term profit (selling concept)

## THE MARKETING ENVIRONMENT

- MICRO-ENVIRONMENT (Internal environment): Forces close to the company that affect its ability to serve its customers. May have some influence on these.
- MACRO-ENVIRONMENT (External environment): Larger societal forces that affect the whole micro-environment. Company very unlikely to be able to influence these.

4.01







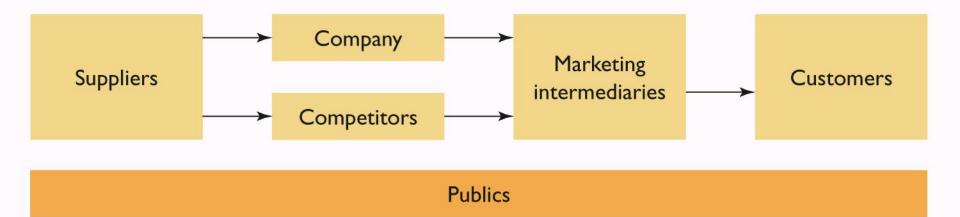




Figure 4.1 Principal actors in the company's microenvironment

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## **INTERNAL AUDIT SWOT ANALYSIS**

- STRENGTHS
  - eg Brand name
  - USP

- WEAKNESSES
  - eg Levels of awareness
  - Absence of competitive advantage
- THREATS OPPORTUNITIES
  - New markets
  - New products
  - Technology

- Competition
- Technology
- Demographics

## **EXTERNAL AUDIT PEST ANALYSIS**

#### POLITICAL

- Laws
  - Pollution control
  - Product safety
- Lobbies

#### • ECONOMIC

- Changes to income, prices, savings etc
- Market health

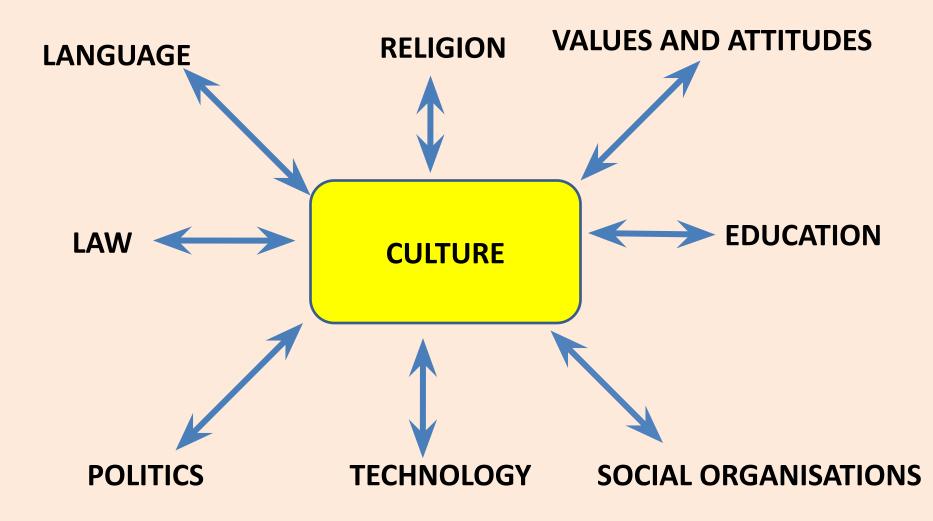
#### • SOCIAL

- Demographics
- Cultural
- Attitudes
- Lifestyles

#### • TECHNOLOGICAL

- Advances
- Replacements

#### **IMPACT OF CULTURE**



## **Explanation of tools**

- **1** Search engine marketing. Placing messages on a search engine to encourage clickthrough to a website when the user types a specific keyword phrase. Two key search marketing techniques are: paid placements or sponsored links using pay-per-click, and placements in the natural or organic listings using search engine optimisation (SEO).
- 2 Online PR. Maximising favourable mentions of your company, brands, products or websites on third party websites such as social networks or blogs that are likely to be visited by your target audience. Also includes responding to negative mentions and conducting public relations via a site through a press centre or blog, for example.
- **3** Online partnerships. Creating and managing long-term arrangements to promote your online services on third party websites or through e-mail communications. Different forms of partnership include link building, affiliate marketing, aggregators such as price comparison site like Moneysupermarket (www.moneysupermarket.com), online sponsorship and co-branding.
- 4 Interactive advertising. Use of online ads such as banners and rich media ads to achieve brand awareness and encourage click-through to a target site.
- **5 Opt-in e-mail marketing.** Renting e-mail lists or placing ads in third-party e-newsletters or the use of an in-house list for customer activation and retention.
- **6 Viral marketing.** Viral marketing is effectively online word of mouth messages are forwarded to help achieve awareness and, in some case, drive response.

