DIGITAL MARKETING

From Chapter 9 of *Integrated Advertising, Promotion, and Marketing Communications*, Sixth Edition. Kenneth E. Clow and Donald Baack.
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DIGITAL MARKETING

CHAPTER OBJECTIVES

After reading this chapter, you should be able to answer the following questions:

1. What is digital marketing?
2. How has the transition to Web 4.0 affected the field of marketing communications?
3. How can e-commerce programs and incentives build a stronger customer base and overcome consumer concerns at the same time?
4. What makes e-commerce a crucial part of business-to-business commerce?
5. How can companies use mobile marketing to reach consumers?
6. What is interactive marketing?
7. What types of online advertising can companies use to reach consumers?
8. How have online social networks, blogs, consumer-generated reviews, e-mail, and viral marketing become key components of market communications programs?
9. How can companies successfully conduct digital marketing programs in international markets?

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MARKETING ZEN

Imagine a situation in which a person walking down a busy street is suddenly handed a bullhorn. The person may or may not have been encouraged to say something and has no idea what to say. In essence, many companies face this dilemma. In the past decade, new megaphones named Facebook, Twitter, Yahoo!, Google, YouTube, MySpace, the blogosphere, and others have emerged., Company leaders wonder if they should use them and, if so, how.

Marketing Zen offers solutions to the social media dilemma. Founder and owner Shama Kabani has been acclaimed one of the "10 Most Influential and Powerful Women in Social Media." She notes, "We take over online marketing for companies; we handle everything from soup to nuts. We handle their Web site, their SEO [search engine optimization], their social

media, their e-mail marketing, everything. We are their online marketing department. About 80 percent of our business is essentially taking over online marketing and handling that department for them."

Shama believes that a considerable amount of misunderstanding about social media exists that creates confusion about how a business can use it effectively. She states that one of the biggest misconceptions about social media is "That it's a magic bullet. Companies think or want to believe that social media works differently than offline marketing. They think, 'People are going to find my profile on Twitter and call me and give me their business.' No. It's not a direct route."

Social media also shifts the nature of the communication process. Shama reports, "I did my thesis on why people visit social networking sites and how they utilize their time on those sites. Some interesting results came out of that one. What we found was that people use these sites, more than anything, like a water cooler. Especially for virtual workers."

Consequently, the process goes beyond a company presenting a message to potential customers. Instead, "People don't really want to be on social networks to be fans of something—they don't really care about what a company does. The number one reason why people use social networks, I found in my research, was to showcase their own identities. The companies that are really successful can play into people's identities. So if I say, 'I love Coca-Cola,' that is saying a lot more about me than it is about the company. It takes a certain person to like Coca-Cola and be a fan of their page. If I say, 'I like Pepsi,' that says something about me. I don't really have to care about the brand. I care just about how it tastes, and I'm sticking to it. Companies have to figure out, how can we play into someone's identity? What can we do that is different?"

She continues, "Social media is a megaphone; it's an amplifier, but what are you going to amplify? We talk to most companies about creating their own content. We talk to B2B [business-to-business] companies in terms of, 'How do you establish expertise?' In B2B, the customers want expertise. For B2C [business-to-consumers], the difference is people want free stuff. So, you need something to attract people. There's so much stuff out there."

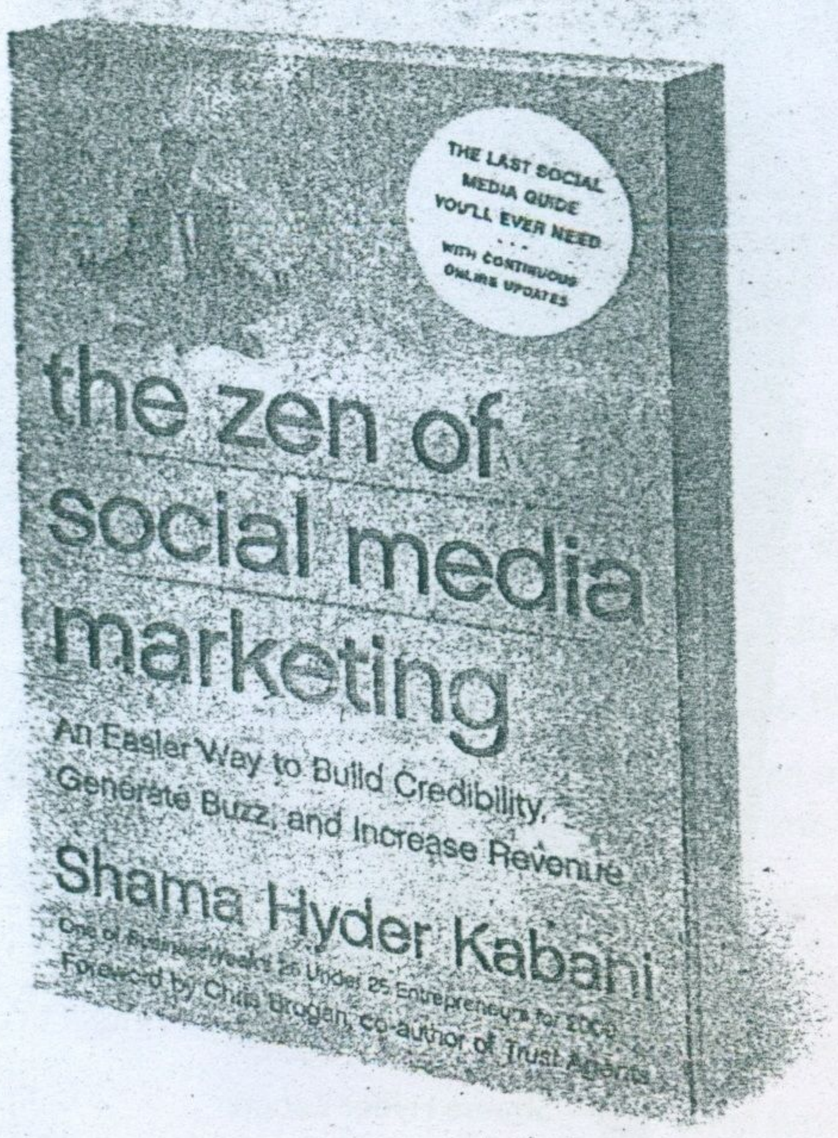


▲ Shama Hyder Kabani

To assist companies in understanding the nuances of social media, Shama formed Marketing Zen. What at first was primarily a consulting business has evolved into a more full-service company. The organization grew from 4 to over 20 employees in less than a year.

Any new client of Marketing Zen is advised to make sure a bonafide reason exists for becoming involved with social media. In fact, Shama has written and published an article about the 10 reasons why a company should not use the forum. She says, "You use social media when you have something to say. It is a means to an end. If all your customers are on the Web, or people are looking for you on the Web . . . then you should be on the Web."

The company features two types of metrics to assess the effectiveness of a social media program. "There is a quantitative metric and a qualitative metric," Shama reports. "With social media, often the qualitative can be heavier, because you're looking at what people are saying about the company, and what are they saying about the brand. How are they responding? Are they talking to their friends about it? It's being on the Internet to see what people are saying about them."



Shama's book *The Zen of Social Media Marketing*.

"The quantitative metrics really depend on what the goals were. We measure things like traffic to the Web site and new visitors. Because social media is a great tool to attract people, we try to send them to the Web site. We try to send them to the hub of what's going on. You look at visitors; you look at how much time they spend on the site. You look at Twitter followers; you look at Facebook fans, and any other tool that we can utilize. We look at how many people left comments on the blog, we look at how many bloggers are talking about them."

In the end, the bottom line is greater traffic to a company's Web site, longer visits while on the site, and ultimately making sales while building loyalty. Marketing Zen stays with a client to update and improve social media efforts over time. Shama notes, "Our business is more than sales. It's relationship-building and networking and marketing and follow up, and keeping in touch." By keeping true to its principles, Shama believes Marketing Zen has a bright future, even as the Internet, social media, and other forms of communication continue to evolve.[1]

OVERVIEW

OBJECTIVE
What is digital marketing?

The Internet has changed the ways individuals communicate and how the world conducts business. Web 1.0 transformed traditional retailing by selling goods and services over the Internet. A company in practically any location could compete globally, and the size of an organization's operation made little difference. The Internet became an open environment. A buyer could locate numerous sellers offering practically the same merchandise at comparable prices and with similar offers at any time. The Internet offers more than a method to conduct business transactions: it serves as a communication highway. The latest move, to Web 4.0, involves engagement of consumers. It includes interactive Web sites; social media networks, and other communication formats. To survive, businesses use the Internet to interact with customers.

Digital marketing combines all of the components of e-commerce, Internet marketing, and mobile marketing. Digital marketing includes anything with a digital footprint. Today's consumers and businesses rely on the Internet to research products, make comparisons, read comments by other consumers, interact with other consumers and businesses, and make product purchases. An effective IMC program incorporates these new elements into the advertising and promotions plan.

The first part of this chapter examines the evolution to Web 4.0. Next, e-commerce programs, including the incentives used to attract customers as well as consumer concerns with Internet shopping are presented, and business-to-business e-commerce programs are described. The explosion in the use of smartphones also leads to an examination of mobile marketing techniques. The concepts of consumer engagement and interactive marketing are presented. The remaining part of the chapter addresses methodologies being used by

companies to create and build Web traffic, including online advertising, offline advertising, online social networks, blogs, e-mail campaigns, and viral marketing are presented. Each may be designed to increase the company's brand presence and influence purchase decisions. International challenges are also described.

Web 4.0

OBJECTIVE 2
How has the transition to Web 4.0 affected the field of marketing communications?

A recent study revealed that many companies have slashed traditional media marketing budgets and moved the funds to online communication. Many marketing experts believe that online searches, e-mail, social media, digital ads, and mobile marketing will soon become a significant portion of marketing expenditures. The transition from Web 1.0 to Web 4.0 changes in the ways consumers communicate and interact with companies. Figure 1 displays the characteristics of Web 4.0.

The early stage of the Internet (Web 1.0) in the 1990s was typified by static content provided by a site's creator. Businesses and institutions included little consumer involvement on Web sites. These commercially and technically-based organizations created sites that were crude, simple, and designed to accomplish one specific function.

As Web 2.0 dawned, content became more socially-based and audience generated. Social networking sites such as Facebook and My Space emerged. People wrote blogs. E-commerce expanded greatly. Consumers could purchase almost anything on the Internet. Sites became more appealing and customer-focused as competition drove Web designers to create more customer-friendly sites.

Integration, online metrics, and real-time instant communications characterize Web 3.0. As marketers realized the wealth of online metrics available and the ability to track browser behavior on the Web, content on sites became metric driven. Individuals searching on a site for hiking supplies found that the next time they logged onto that site hiking-related supplies were promoted prominently on the main page. With online metrics came integration of the Web with every aspect of a company's marketing program, both online and offline. What consumers saw online matched what they saw offline.

Web 3.0 online communication channels pushed companies into "real-time" communications. When actor Ed Norton was interviewed in a Times Square studio as part of a Diet Coke promotion, the event was shown live on billboards in Times Square and on the Diet Coke Web site as well as on banner placements on Web sites at E! Online, Cosmopolitan, and Hello. Burger King and Adidas have also presented live feeds. Burger King featured NASCAR driver Tony Stewart, and Adidas ran an online campaign on Justin.tv with Chicago Bulls' star Derrick Rose.[2]

Instant communication meant consumers demanded improved customer service. Apple, Bank of America, and Overstock.com provide live customer service on company Web sites. Verizon offers live chat to contact consumers who access the company's Web

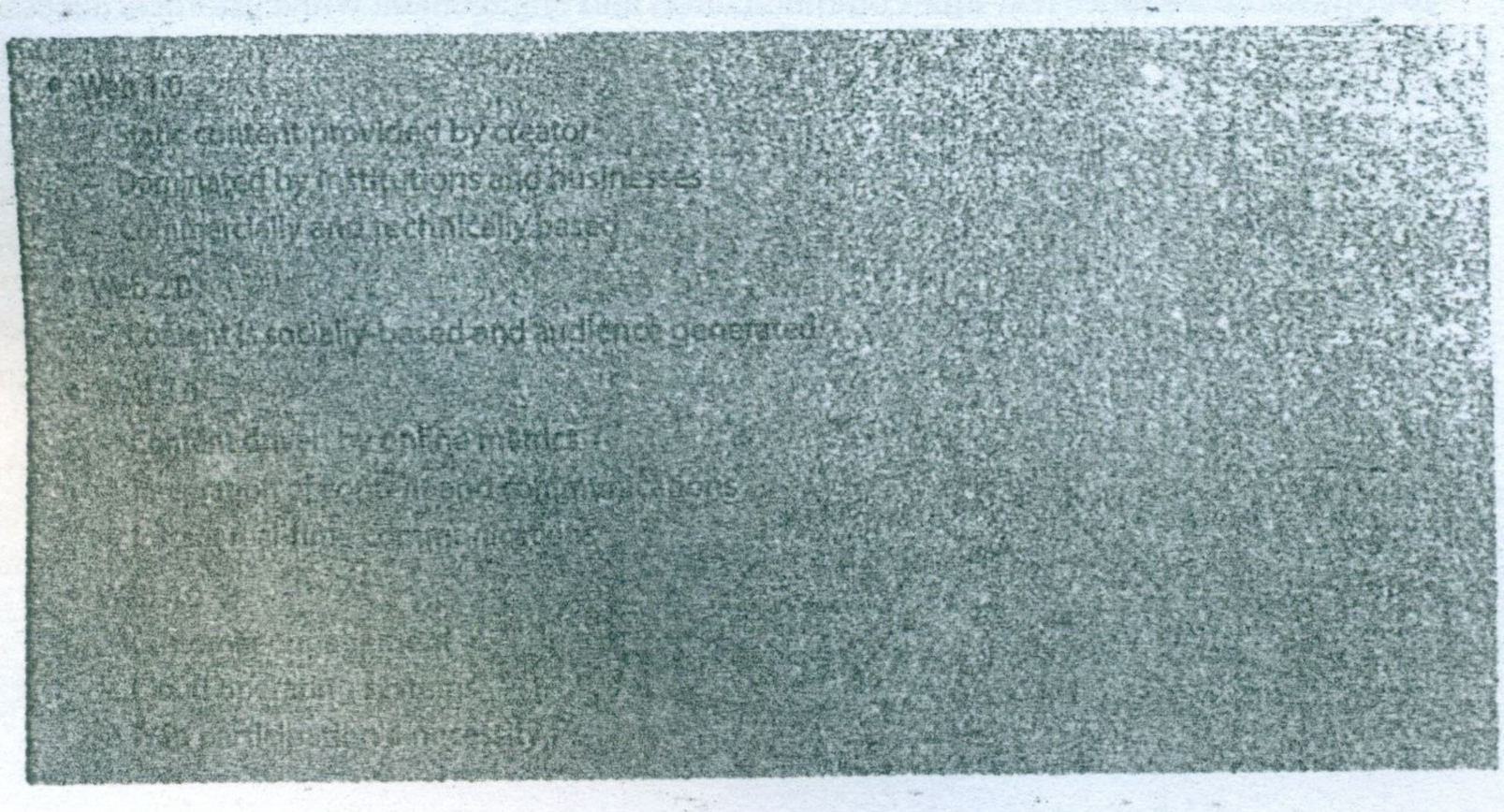


FIGURE 1
Primary characteristics of Web 1.0 to 4.0



lightpoet/Fotolia

▲ Many companies now employ individuals to monitor the Web, Twitter, and social media sites.

site. The marketing team knows that when a person spends more than 2 minutes on a step while signing up, the person almost always quits. Verizon can "ping" the customer and offer a live chat with a service representative to guide him through the process.

Consumers also expect instant responses to negative events. When an Internet video showed two Domino's employees doing disgusting things to food, Twitter lit up with chatter and demands that the company address the matter. When Ford's legal department sent a legal notice to a Ford Ranger blogger to surrender his URL, Scott Monty, Ford's social media leader, jumped in and quickly resolved the issue before it went viral.[3]

Now Web 4.0 has emerged, with key characteristics of customer engagement, cloud operations, and Web participation as necessities. Companies cannot just sell products to individuals and then allow customers to post reviews. Engagement is the business model for Web 4.0. Companies that succeed will use the Web to connect customers with the brand through various venues such as social media, blogs, and Twitter. With the rise of smartphones and tablets, consumers have access to thousands of apps and ability to operate using cloud. They can access brands anywhere at any time.

Many companies employ people to monitor Twitter and other social media sites and to develop a Web presence. These activities can be expensive. According to one analyst, a company with 500,000 customers will probably invest about $1.2 million in social networks and online monitoring over the first 3 years.[4]

E-Commerce

OBJECTIVE 3
How can e-commerce programs and incentives build a stronger customer base and overcome consumer concerns at the same time?

E-commerce focuses on selling goods and services over the Internet. Many types of e-commerce businesses exist, ranging from click-only operations that sell entirely online to bricks-and-clicks that supplement physical store operations with an online presence. E-commerce involves both businesses selling to consumers (B2C) and businesses selling to other businesses (B2B). Mega-retailers such as Wal-Mart as well as mom-and-pop operations vending merchandise from home engage in e-commerce. Online sales account for nearly 8 percent of all retail activity.[5]

Many consumers that make purchases at retail stores first use the Internet to collect information or read reviews. A Pew Research Center survey revealed that 80 percent of Americans have researched a product online before making a purchase.[6] In Australia, half of the consumers first conduct online research.[7]

BUILDING A SUCCESSFUL E-COMMERCE SITE

E-commerce includes real-time communication and engagement with customers necessitated by Web 4.0. Figure 2 offers suggestions for the developing successful e-commerce sites.

E-commerce sites should feature customer-centric designs in which customers can easily locate merchandise. The marketing team arranges and indexes items using terms customers typically use rather than professional or technical language. If a large number of items are sold, then the site needs a drill-down search function that uses customer-friendly terms and allows individuals to find items within one or two clicks.

▶ **FIGURE 2**
Characteristics of Web 4.0 E-commerce

- Customer-centric design
- Drill-down search
- Channel integration
- Brand engagement
- Customer interaction
- Customization and personalization
- Online and offline marketing
- Search engine optimization (SEO)
- Shopping cart abandonment strategies

Channel Integration Channel integration becomes essential when the business sells through additional channels beyond the Web. A company that offers a printed catalog or has a retail store should match the printed catalog with its Web catalog. Victoria's Secret features a "catalog quick order" system that allows customers to enter the product number from the print catalog and then go straight to checkout. The program saves considerable time in trying to find and buy a product on the Web.[8]

Sears Holdings developed the online shopping experience "Shop Your Way" that assists customers by letting them shop in the ways they feel most comfortable. The customer can access Sears.com, Kmart.com, LandsEnd.com, TheGreatIndoors.com, or the new mobile application site Sears2Go. Each offers the consumer the ability to select a product from any retail operation in the manner desired.

To encourage online shopping, Sears Holdings expanded its online offerings to include products not found in the stores or in catalogs. Customers can choose how they shop online: the Web, mobile phone, or at an in-store terminal. A community Web site, MySears.com, presents unbiased customer reviews and assists individuals in getting or giving ideas and sharing knowledge. Online tools such as Quickview, Save for Later, and Wish Lists make the shopping experience convenient for customers. Sears Holdings helps customers purchase products from all of its companies as a single transaction, Sears Holdings provides an example of channel integration and customer-centric Web design.[9]



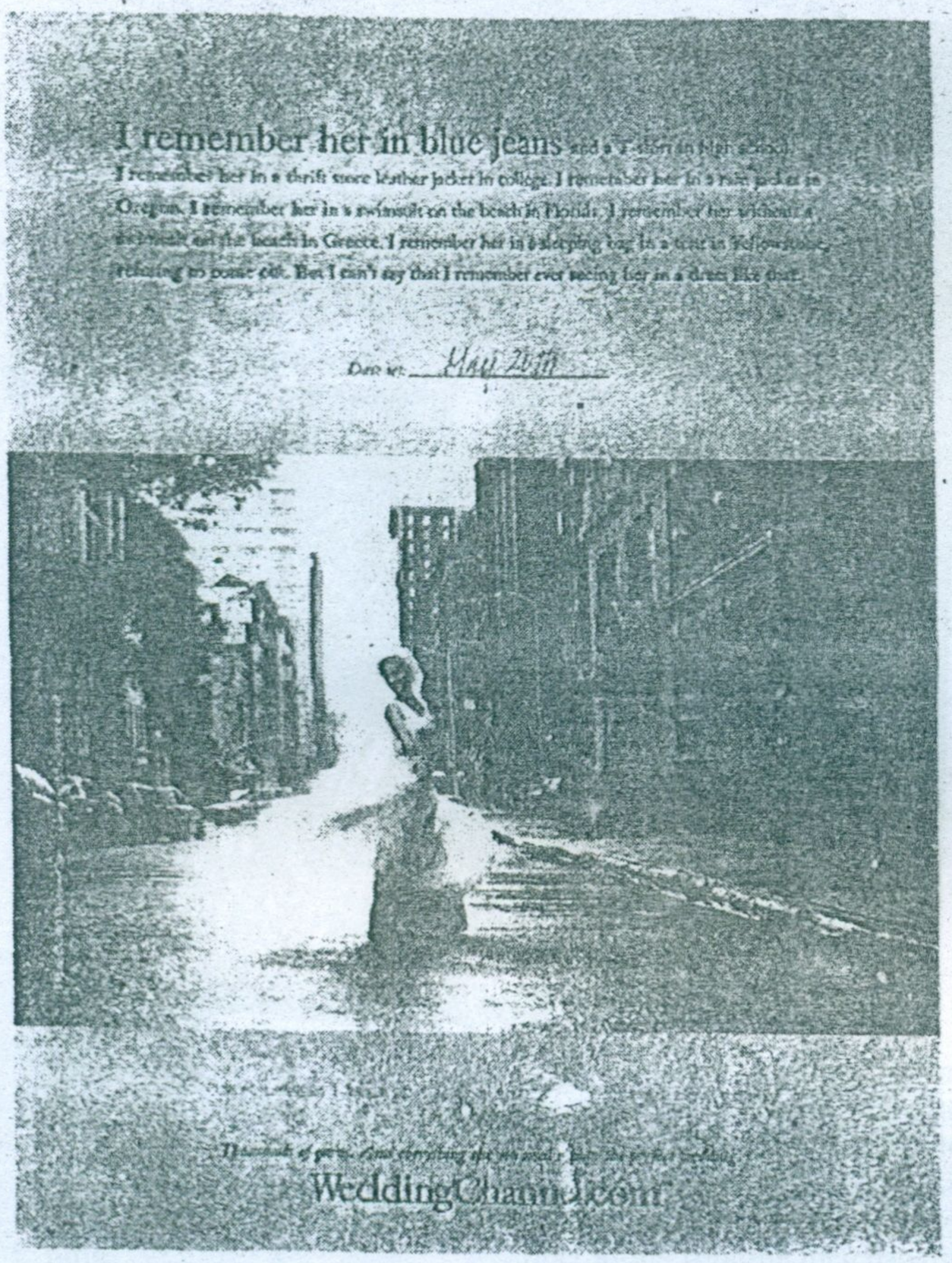
▲ Channel integration is an important feature for Skyjacker's Web site.

Brand Engagement E-commerce sites provide opportunities for brand engagement and customer interaction. Blogs, feedback applications, and customer reviews provides ways for e-commerce sites to encourage customers to interact with the Web site. Facebook and Twitter allow customers to like a brand and become fans. Involvement in social causes that involve customers also creates brand engagement.

Many companies remain hesitant about adding reviews and feedback options due to the potential for negative comments, but they represent an emerging trend in the Web 4.0 environment. These venues provide opportunities for active interactions with customers and generate more honest relationships. They encourage customers to become brand advocates and provide a company with insights into customer thoughts and lifestyles.[10]

Review and feedback pages also afford confidence to new customers visiting the site. Best Buy and other retailers include customer reviews on company Web sites regarding the various brands in stock. These programs present opportunities for customer feedback, comments, and interaction. Some e-commerce sites have also added a "tell a friend" function encouraging positive word-of-mouth recommendations.

Part of brand engagement involves personalization and customization. Personalization welcomes individuals by name as they access a site. After an individual registers, cookies recall the person's name and browsing records each time the individual accesses the site. The browsing record and purchase records allow the page to be customized to fit the person's history. Software can suggest additional items based on basket purchases of other customers. For instance, when someone buys a romance mystery novel, the



Courtesy of WeddingChannel.com

▲ WeddingChannel.com offers brides a wide array of wedding products, which makes online shopping easy and convenient.

next time she returns to the site it suggests additional titles based on what other customers have purchased.

Most customers enjoy the convenience customization provides. Shoppers do not want to take time to sift through details. They favor the sites that remember them and the merchandise they prefer. Customization features also include the ability to:

- Locate the nearest retail store on a Web site or via mobile phone
- Print coupons or other promotions from the Web site or use a mobile phone to access discounts at the retail store
- Access information on the Web site or via a mobile phone that an item is in stock prior to making a purchase[11]

Successful e-commerce sites require both online and offline marketing to build awareness and to drive traffic to the Web site. Most product purchases begin with someone using a search engine, which means e-commerce sites require a search engine optimization strategy. Both of these topics are discussed in greater detail later in this chapter.

Shopping Cart Abandonment Online retailers find a higher percentage of online shoppers abandon shopping carts prior to checkout. The reasons vary, but the most common include hidden charges, difficulty in checking out, and requiring customers to register at the site in order to pay. Greg Hintz of Yahoo! Shopping offers these suggestions to keep customers from abandoning a shopping cart:

- Show any additional costs, such as shipping and handling, upfront, so there are no surprises when the customer reaches checkout.
- Make checkout easy and allow customers to make purchases without registering a user name and password.
- Make it easy for customers to enter discount codes from coupons, gift certificates, and other promotions.
- Provide a checkout procedure that is safe and that the customer feels can be trusted.[12]

E-COMMERCE INCENTIVES

Cyberbait includes any lure or attraction that brings people to a Web site. The forms include incentives designed to encourage consumers (or businesses) to visit a Web site and to make online purchases. Cyberbait incentives can be classified into three categories: financial incentives, convenience incentives, and value-added incentives.

Financial Incentives Financial incentives help persuade an individual or business to make a first-time purchase via e-commerce and encourage customers to return. The incentive may take the form of a reduced price, free shipping, or an e-coupon. These

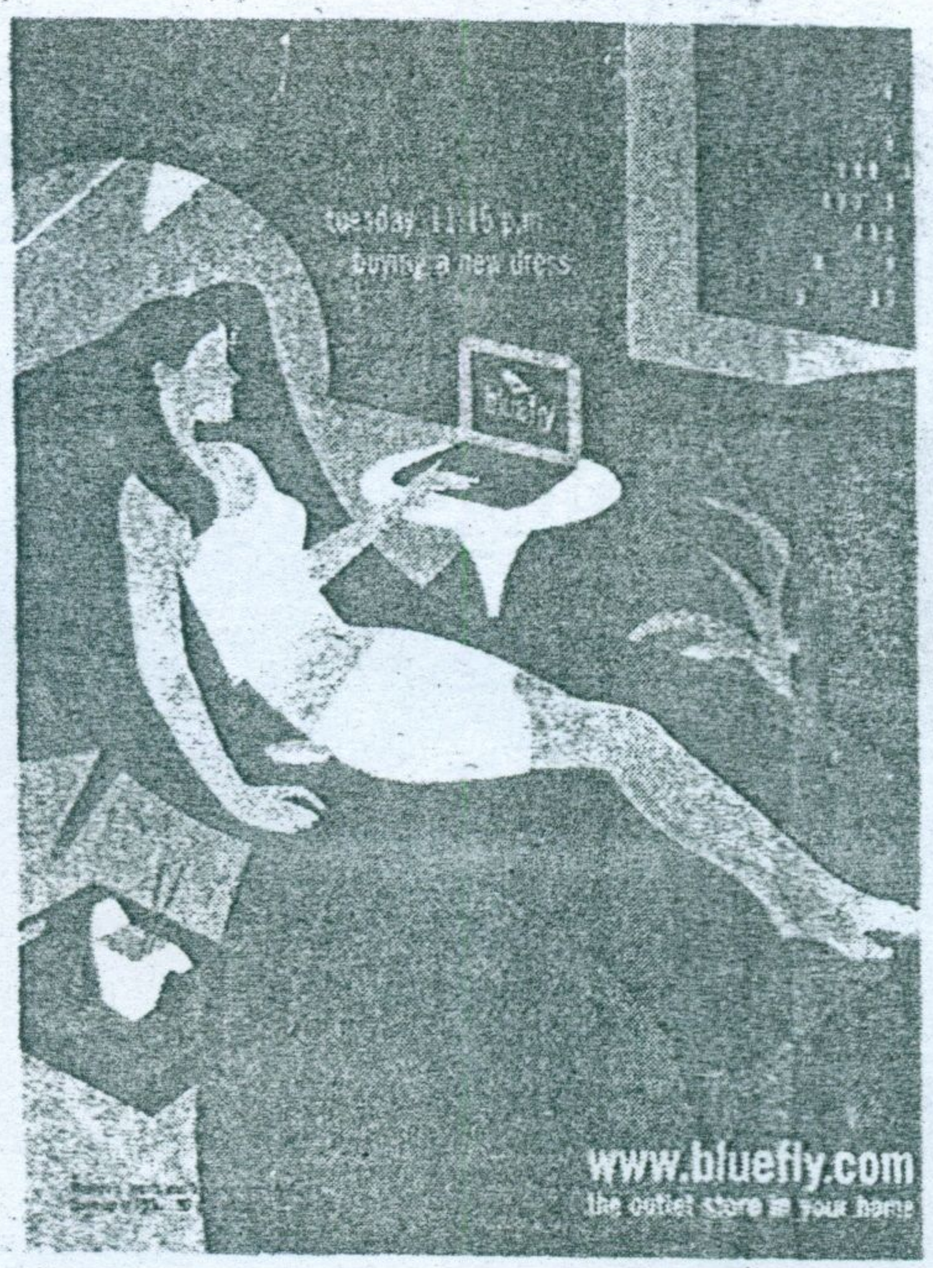
financial enticements can be offered because conducting business online provides cost savings through:

- Reduced shipping costs, because the costs are passed along to the buyer
- Decreased labor costs, because shelves do not have to be restocked or not stocked at all if merchandise is shipped directly from the producer
- Lower personnel costs (sales force), because in-store salespeople are not needed

Once the individual or company takes advantage of the financial incentive and makes the switch, continuing it may not be necessary. At that point, the convenience and added-value features help keep the customer.

Bluefly (www.bluefly.com), a New York–based upscale apparel and home furnishings discounter, sells hard-to-get fashion accessories that even celebrities and socialites wait months to purchase. An online sweepstakes named "30 Bags in 30 Days" focused on this advantage. Customers could enter once per day. The sweepstakes increased site traffic by 100 percent compared to the same month from the previous year. Half of the visitors asked Bluefly to send them a daily reminder to play the sweepstakes. Forty percent referred friends to the site and the sweepstakes. A 62 percent increase in sales from the new customers that the sweepstakes brought in was the result. Existing customers continued to make purchases after the sweepstakes ended.[13]

Typically, the most effective financial incentives offer something free or at a discount. A BizRate Research survey suggested that the most popular online promotion is free shipping.[14] Financial incentives require two ingredients. First, they should be meaningful to individuals visiting the site. Second, they should be changed periodically to entice new visitors to buy and to encourage repeat purchases by current visitors.



Courtesy of Bluefly

▲ E-commerce retailer Bluefly often provides financial incentives to encourage online purchases.

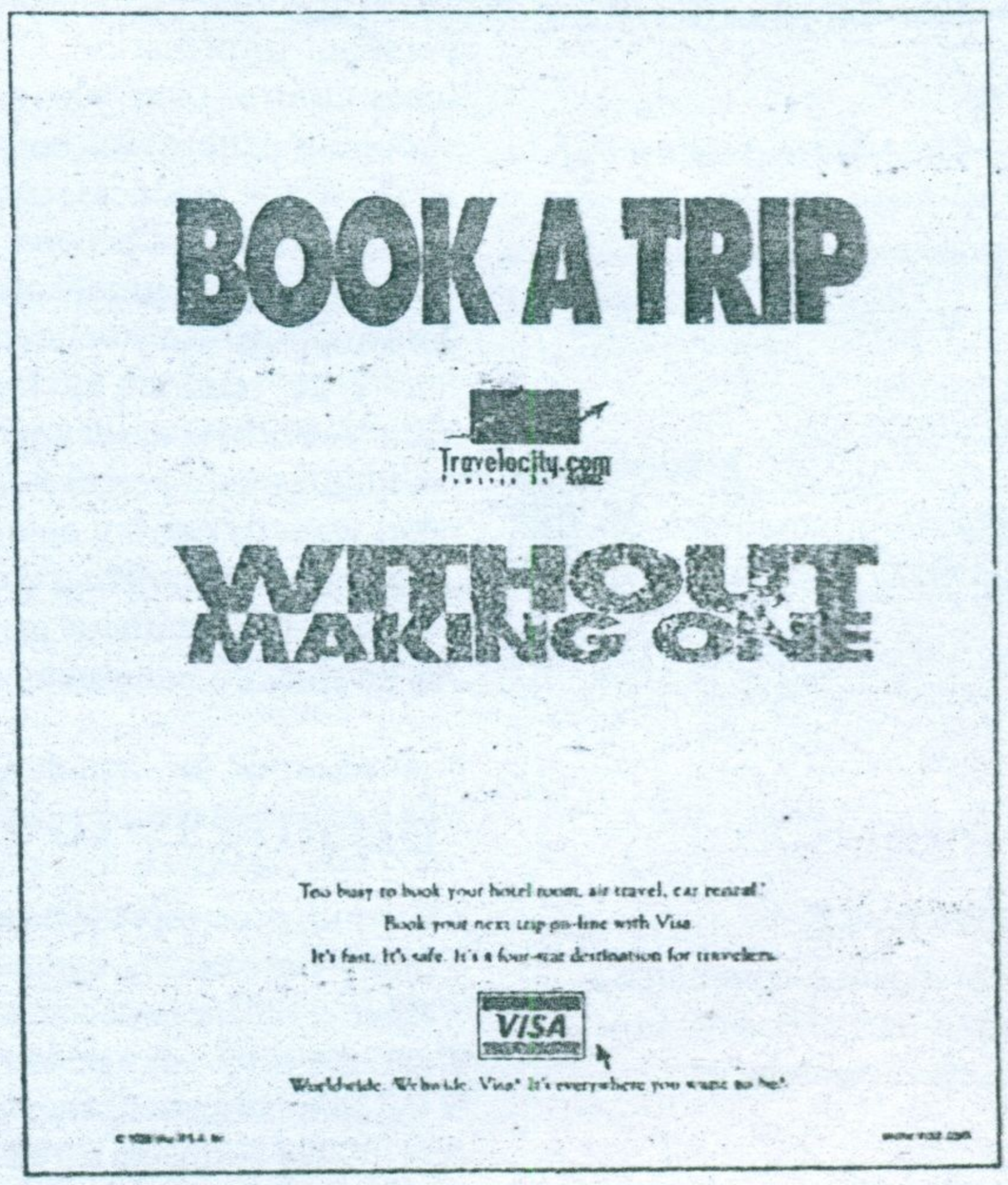
▼ This advertisement offers the convenience of making travel arrangements online and paying for them with a credit card.

Convenience Incentives Making the shopping process easier creates an incentive that can encourage customers to visit a Web site. Instead of traveling to a retail store, a consumer can place the order in the office or at home. The order can be made at any time, day or night. The convenience and speed of purchasing merchandise online drives many consumers to e-retailers.

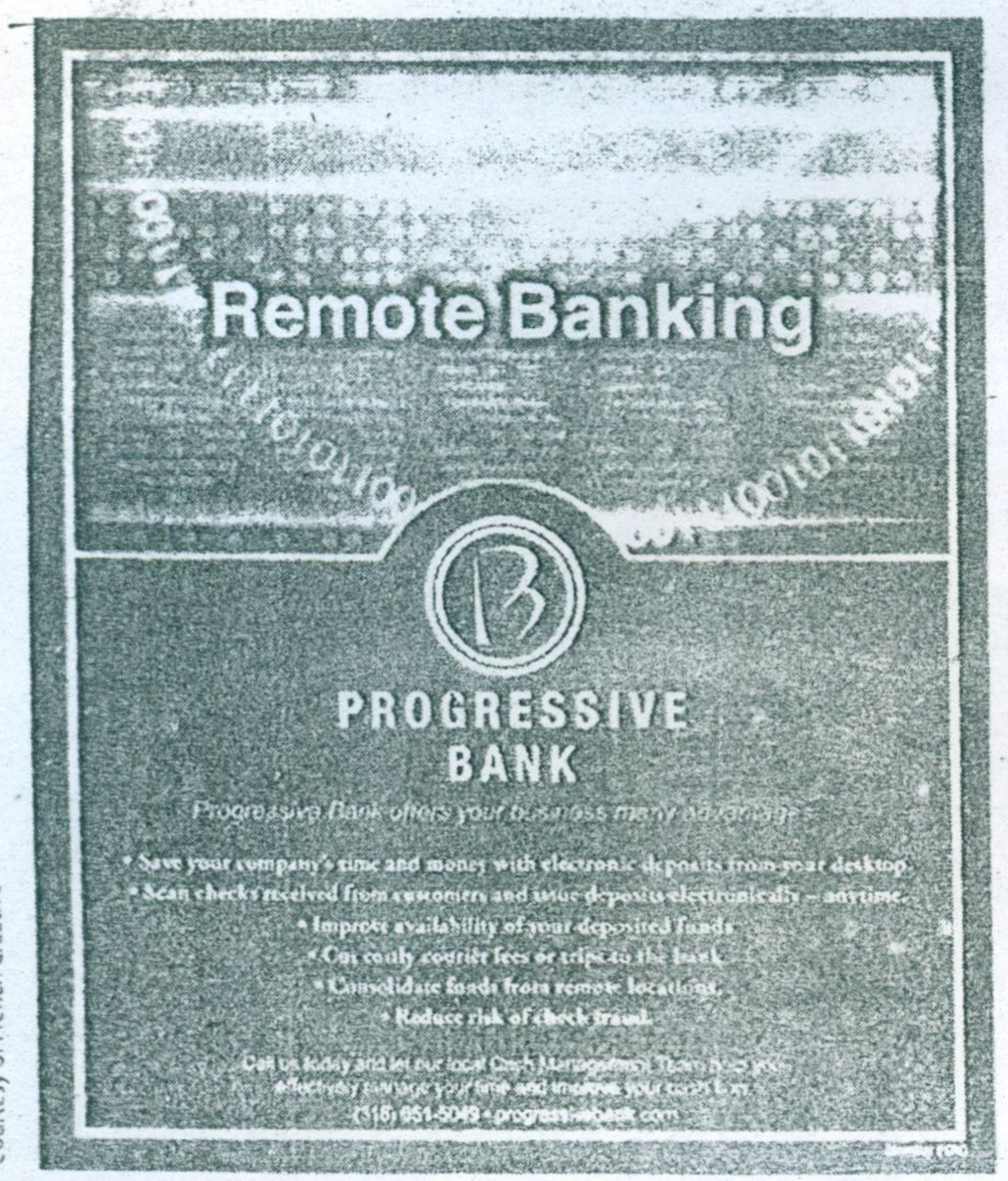
Convenience becomes a second advantage when the consumer seeks specific product information. Using the Internet is quicker and easier than reading *Consumer Reports* or talking to a salesperson. Many consumers research major purchases online before going to a store. Most have looked at least once at an online peer review before finalizing a purchase, and roughly 40 percent have compared product features and prices across outlets online before buying.[15]

Value-Added Incentives Value-added incentives lead consumers to change purchasing habits over the long term. They can make the difference between an ordinary and an exemplary site. The added value may be customized shopping, whereby the software system recognizes patterns in customers' purchasing behaviors and makes offers are matched to past purchasing behaviors or search patterns.

Many e-retailers offer merchandise on the Web site not available in a print catalog in order to add value. Design Within Reach, a modern furniture retailer, advertises, "Our Web site offers



Courtesy of Visa USA, Inc.



Courtesy of French Creative

▲ Online banking is attractive to consumers because of the convenience incentive.

numerous products not always included in the catalog, as well as weekly features of new items."[16] Sears Holdings uses the same approach.

Frequently, a combination of incentives makes the difference. The cyberbait may include a discount or special price on a pair of jeans (financial-based incentive) and at the same time offer the freedom to place an order at 3:00 a.m. (convenience-based incentive). The same site may feature a game or offer a weekly fashion tip on some topic (value-added incentive). This combination entices consumers and businesses to return to the site. E-shoppers find it easy to surf the Internet and search competing sites. When they do, brand names and particular Web sites are not as important. Consumers need reasons to regularly return to sites.

PRIVACY AND SECURITY ISSUES

Consumer concerns regarding privacy and security are based on past incidents in which credit card numbers have been stolen as well as from cases of identity theft. A Javelin Strategy & Research study estimates retailers lose approximately $21 billion in online sales due to fears about identity and data theft.[17] Although still a concern, worries are declining as more consumers become accustomed to using the Web. Fears about giving out credit card information are no greater now than they are for telephone orders or in-store credit card sales. Consumer confidence in e-commerce Web site security has risen. A recent survey revealed that three-fourths of online shoppers express faith in Web security.[18]

Beyond apprehensions about identity theft and fraud are concerns that firms will sell personal information. Once this information becomes readily available, the individual loses control over who sees it and how it is used. A person might not wish to have his shopping patterns known, especially when the individual buys personal care products such as those for baldness, sexual dysfunction, weight loss, or other private matters. Further, many consumers become frustrated by being bombarded with advertising and marketing messages. Consumers also strongly express the desire to maintain control over personal information. They believe they should decide who should use it and how it should be used.

Trust remains the key to concerns about privacy and security of personal information. A KPMG survey indicates that 62 percent of consumers do not mind being tracked as long as they perceive a benefit in the form of reduced costs or free content. Consumers also want to know a company does with the information it collects. If it is sold, then consumers want the company to request their permission first. Most consumers hate feeling "spied upon: without permission. Tudor Aw of KPMG Europe notes, "People are happy to be tracked but you have to be upfront and explain it."[19]

Business-to-Business E-Commerce

OBJECTIVE 4

What makes e-commerce a crucial part of business-to-business commerce?

E-commerce represents a key part of business-to-business operations. In buying situations, many purchasing agents go to the Internet to compare prices and product information. Once a business account has been established, the customer finds it easy to place an order, and the price may be lower than those offered by traditional outlets. Consequently, competing in e-commerce requires an effective e-commerce site and a strong, distinct brand name.

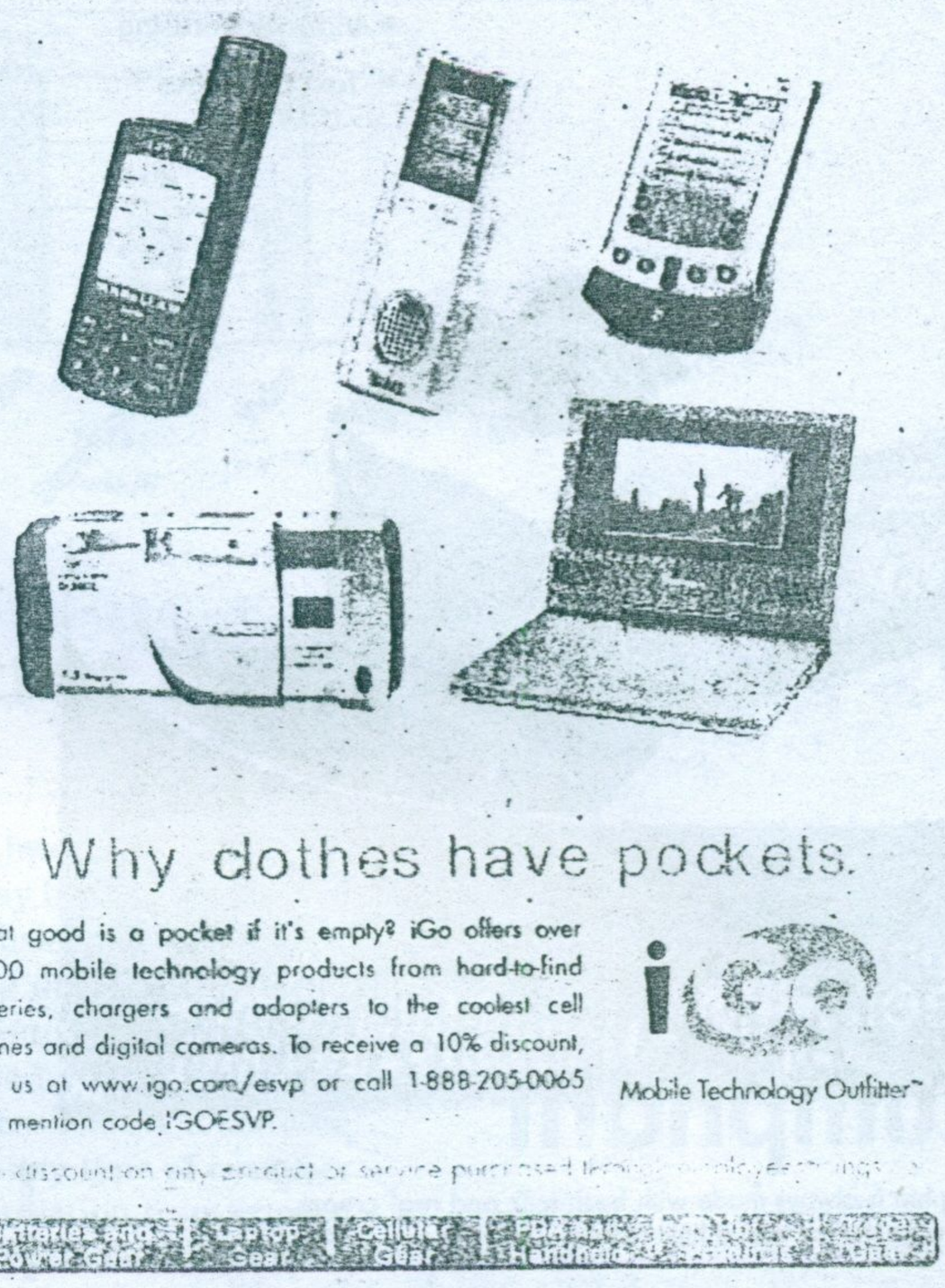
The number of hits on a business-to-business Web site directly relates to the amount spent on advertising and sales promotions. Recently, one large business-to-business company went from 20,000 visits per month to 80,000 visits per month during a 6-month period by doubling the company's annual advertising budget for

print, direct mail, and trade shows. A small company went from 2,000 to 6,000 hits per month by increasing the company's budget for print ads from $25,000 to $65,000 per year.[20]

Financial, convenience, and value-added incentives can be offered to business buyers. The iGo Internet advertisement shown in this section offers a 10-percent discount as a financial incentive for orders placed via the Internet at www.igo.com or by telephone.

For businesses, ordering merchandise, supplies, and materials via the Internet can save purchasing agents considerable time. Businesses can check the status of an order, shipment information, and billing data online. In most cases, obtaining information about a purchase online will be considerably faster than making a telephone call. Convenience represents a highly attractive incentive to many companies.

E-commerce programs provide other benefits for business-to-business companies. Online exchanges and auctions offer a growing form of e-commerce in the business-to-business sector. These exchanges allow business buyers to purchase a variety of commodities and goods at lower prices. The Internet enables vendors to speed up time to market, to sell directly to other businesses, and to cut transaction and inventory costs. Buyers can find both nonproduction goods, such as office supplies, as well as production-related supplies, raw materials, and equipment. Sites offering oil, natural gas, electricity, coal, chemicals, steel, and other raw materials are available. Many online markets are operated by intermediary companies that match buyers and sellers.



▲ An Internet advertisement for iGo featuring financial incentives to encourage business-to-business purchases.

OBJECTIVE 5

How can companies use mobile marketing to reach consumers?

Mobile Marketing

Although mobile marketing involves various forms of marketing on all mobile cell phone devices, the movement is toward smartphones. Forty-three percent of the U.S. population owns a smartphone. Estimates suggest the figure will rise to almost 60 percent by 2016.[21]

Mobile marketing efficiency improves through an understanding of how individuals use mobile phones, especially a smartphone. It provides a social device that links individuals to social networks, thereby allowing individuals to post comments, pictures, and videos and read the thoughts of others. People can check-in, tweet, and update their status any time and anywhere. They can download deals from companies, read reviews, check prices, and share information.

Further, a mobile device offers a method for shopping. Purchases can be made with a mobile phone. Product information can be obtained and purchases made through a new channel. Consumers are able to check store hours, get directions to a business, and compare prices. This can take place anywhere, including the retailer's store.

Effective mobile marketing involves understanding the social and shopping nature of mobile phones and incorporates it into the firm's mobile marketing strategy. Figure 3 identifies various types of mobile marketing. Forms of advertising used on the Internet can be played on smartphone mobile devices such as display ads, search ads, and video ads. All of these will be discussed later in the section regarding the various forms of online advertising.

Companies can take advantage of mobile phones by sending text message ads to consumers. While these may be annoying, they can also be effective when created properly. A text message near lunch or dinner by a restaurant offering a special deal might

FIGURE 3
Types of mobile marketing

- Display ads
- Search ads
- Video advertising
- Text messages
- In-app advertising
- QR codes, digital watermarks, 2D barcodes
- Geo-targeting



Used with permission of Kraft Foods

▲ This advertisement for Philadelphia Cream Cheese has a QR code that provides consumers access to a recipe for cheesecake.

entice a consumer to visit the restaurant. Two keys to text message advertising include gaining the permission of the mobile phone owner and carefully timing when a message is sent.

A new type of mobile advertising gaining popularity is in-app advertisements. Globally, almost 32 billion apps are downloaded to smartphones each year. Advertisers spend $2.9 billion on in-app advertising while consumers spend $26.1 billion buying apps. These apps vary from games to those that check weather, stocks, or recognize songs. This type of advertising will be more effective when it relates to the app's content. For instance, weather-related products should be promoted on a weather app.

QR codes, watermarks, and 2D barcodes directing consumers with a smart phone to a Web site now appear in magazines. Almost every magazine features some type of action code. The codes are especially popular in magazines that focus on home, family, beauty, health, travel, and fashion. A recent issue of *Conde' Nast* magazine provided an action code for Rihanna that took individuals to her Facebook page and to a video of the singer answering questions about her life.

Engaging customers constitutes the primary purpose of action codes in magazines. A Nellymoser study revealed that the greatest usage was for videos (35 percent). These videos may provide a behind-the-scenes look, product demonstrations, a how-to video, or entertainment. Action codes offer an excellent method of collecting data and building opt-in lists for permission marketing. Other uses for action codes are show in Figure 4.[22]

The use of smartphones during in-store shopping has increased, with 40 percent of consumers saying they have searched for lower prices while in a retail store.[23] Some retail stores marketers became frustrated and tried to create methods to prevent in-store pricing comparisons. Now, most realize they must adapt. Some stores, such as Best Buy, match any other retailer's price. Other stores have added additional private proprietary brands that reduce price comparisons, because shoppers cannot find the same brand in another store or online and therefore must spend time locating a comparable item. All stores now compare figures with major competitors before pricing items, which reduces in-store price comparisons.

Geo-targeting represents a unique and attractive feature of mobile marketing. By downloading an app, a fast food restaurant such as McDonald's can recognize a person's location and show him how far he is from the nearest outlet and provide walking or driving directions to that unit. Coupled with promoting a special hot beverage or other incentive, the consumer may be enticed to make a purchase.

Many smartphone owners have check-in services at Foursquare, Gowalla, Facebook Places, and Twitter geolocation. Starbuck's, McDonald's, Chipotle, and Burger King provide the largest number of restaurant check-ins. When someone checks in, software can instantly send a special promotion and information about the nearest locations. Marketing experts believe this location-based marketing approach will grow in use in the future. Businesses can harness the ability to drive consumers to retail outlets near where they are located, which can be an effective method to engage consumers with a brand on a one-to-one basis.

PROMOTION = 18 (B)

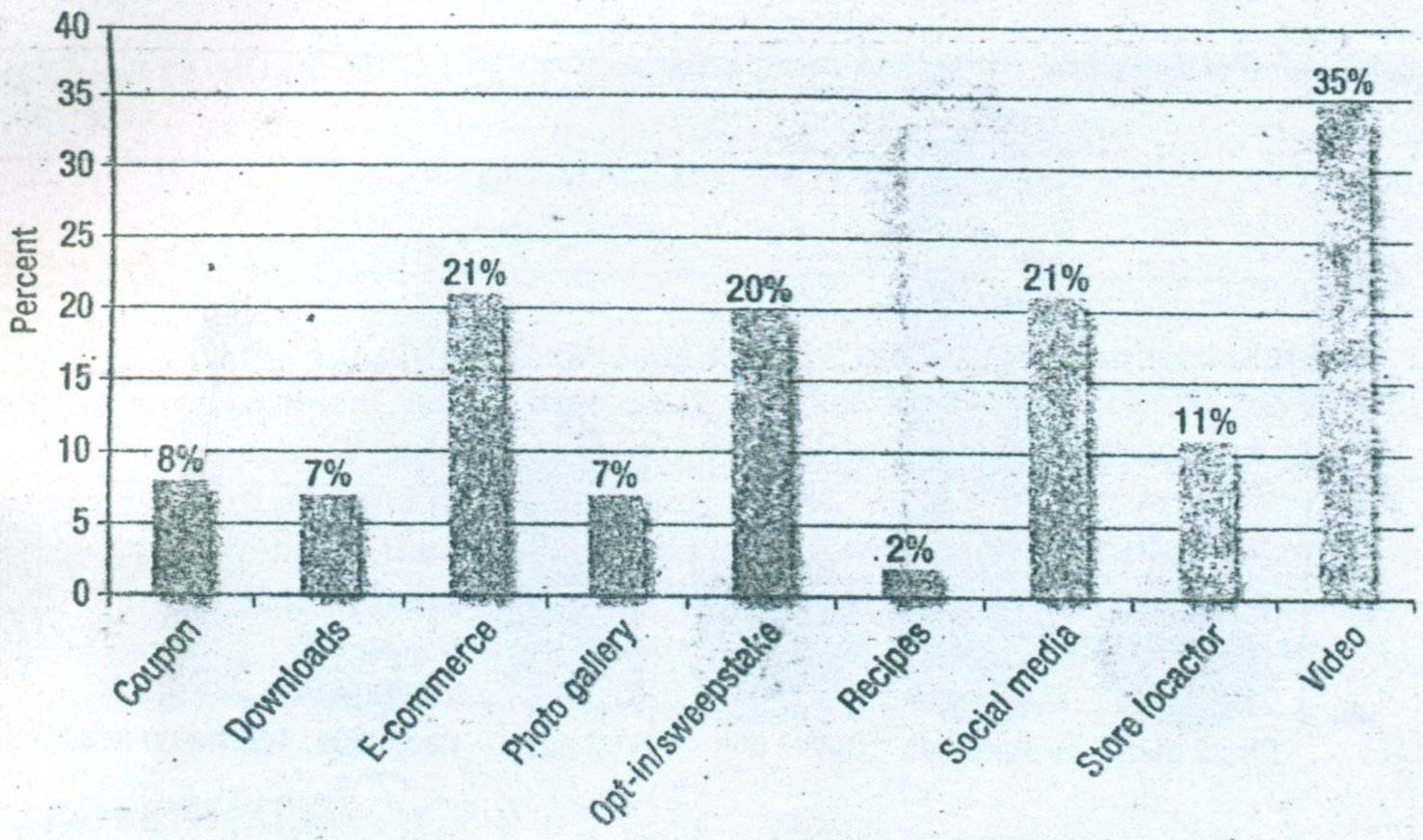


FIGURE 4
Marketing uses for action codes

Consumer Engagement and Interactive Marketing

OBJECTIVE 6
What is interactive marketing?

The drive to engage consumers with a brand has led to the an increase in **interactive marketing**, which is the development of marketing programs that create interplay between consumers and businesses. The programs feature two-way communication and customer involvement.

The Internet offers the ideal medium for interactive marketing due to the ability to accurately track browser activities and translate the information into instant reactions. Software such as the Relationship Optimizer and Prime Response by NCR provides a powerful data analysis technique to personalize marketing messages. The NCR software analyzes customer interactions such as click-stream data traffic—any type of customer interaction with the firm—and combines it with demographic information from external or internal databases. As the data are being processed, the software can launch complex interactive and personalized marketing materials in real time.

Interactive marketing emphasizes two primary activities. First, it assists marketers in targeting individuals, specifically potential and current customers, with personalized information. Second, it engages the consumer with the company and product. The consumer becomes an active participant in the marketing exchange rather than a passive recipient.Figure 5 lists online interactive tactics used by companies and the percentage of companies that utilize each method.

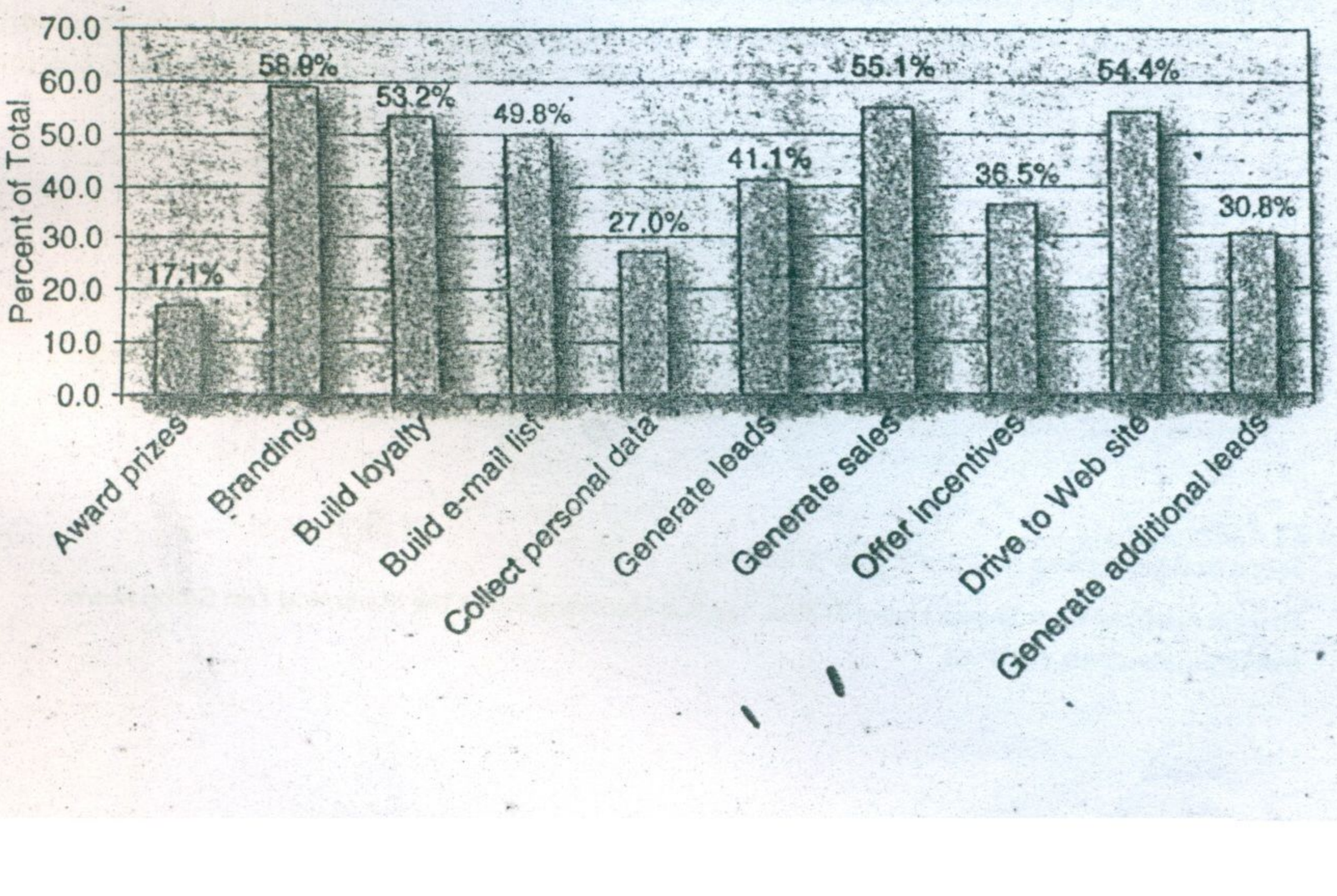


FIGURE 5
Online interactive tactics

▶ **FIGURE 6**
Interactive marketing objectives

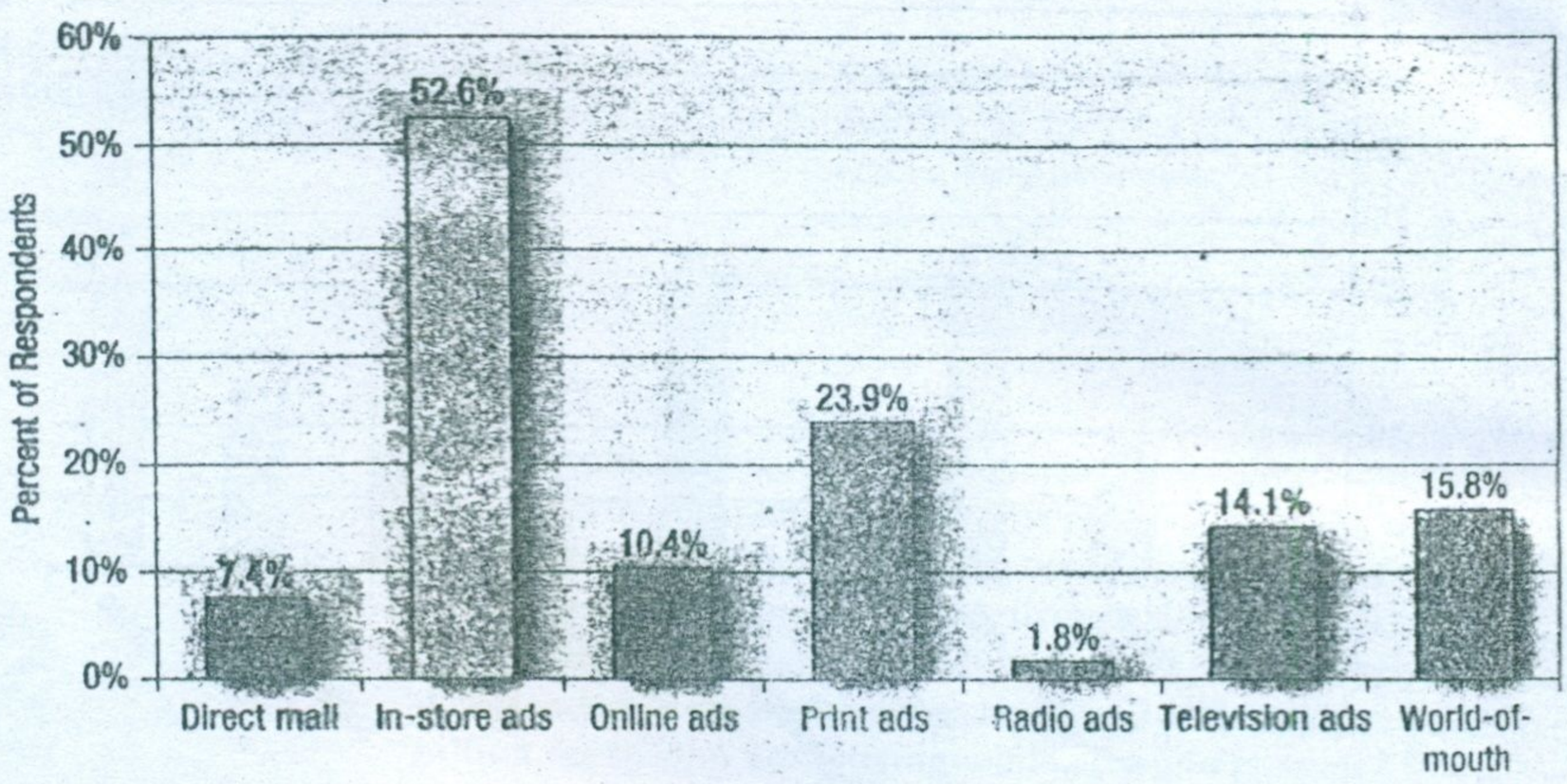


Figure 6 identifies marketing objectives and the percentage of companies that use interactive marketing campaigns to accomplish them. As shown, interactive marketing seeks to achieve a wide variety of objectives and serve many purposes.

Marketing Zen's Shama Kabani describes the steps in developing an effective interactive marketing strategy (see Figure 7).[24] It starts with cultivating an attitude of giving. Consumers should believe they will receive something in exchange for their involvement. In this two-way interaction, both sides receive something of value. A free gift, such as merchandise or information about some other valuable item, will be the quickest way to capture consumer attention.

The second step is gaining trust involves understanding customers, empathizing with them, and providing solutions to their problems. Consumers engage with companies and brands they trust. The company should be honest, upfront, and cannot pull surprises or use trickery to gain a sale. Otherwise it becomes a one-time transaction.

Shama suggests that companies should synthesize the company or brand down one or two words that best describe what the company offers or stands for. It might be "feminine" or "quality" or "communication" or "innovator" or "passionate." Tied closely with the one-word brand is an ultimate vision. What outcome does the company deliver? For FedEx, provides "overnight delivery." Gatorade delivers energy and refreshment.

Choosing the best communication channels to present messages and to interact with customers and prospects constitutes the next step. As Figure 5 shows, several options are available. The best choice depends on the target audience and the message.

Evaluation and adjusting make up the final step. These activities are especially important for digital marketing programs, because the field changes rapidly. Current

1. Cultivate an attitude of giving.
2. Gain trust.
3. Identify your one-word brand.
4. Define your ultimate vision.
5. Choose your communication channels.
6. Evaluate and adjust.

▲ **FIGURE 7**
Steps in developing an interactive strategy

Source: Adapted from Shama Hyder Kabani, "Online Marketing Plan," The Marketing Zen Group (www.marketingzen.com), pp. 9–13.

channels may not exist in 5 years, or even by next year. Different and perhaps better channels may arise.

Online Advertising

OBJECTIVE 7
What types of online advertising can companies use to reach consumers?

Online advertising yields a highly effective method for reaching today's consumers, especially the younger, affluent, and Internet-savvy market. Budgets for online advertising have steadily increased. Funds devoted to online advertising have become a larger portion of overall advertising and marketing expenditures.

Online advertising enjoys the advantage of generating metrics that allow advertisers to measure results, almost instantaneously. This assists agencies in dealing with the accountability pressures they face from clients. Figure 8 indicates the percentage of online advertising dollars allocated to each of the primary formats.

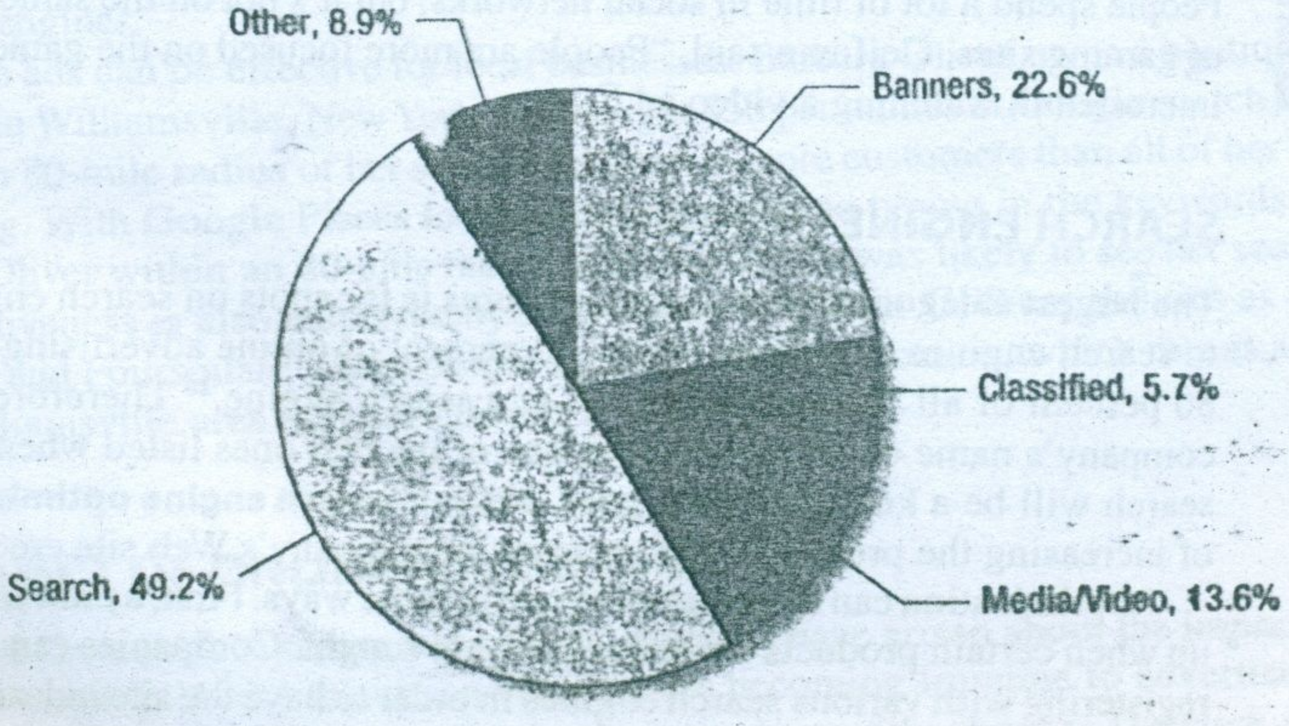
BANNER ADVERTISING

The first form of online advertising was a display, or banner, ad. In 1994, AT&T ran one carrying the message "Have you ever clicked your right mouse here? You will." This very basic form of advertising has generated billions of dollars in advertising revenues. Today, banner ads account for 22.6 percent of online advertising.[25]

Currently, banner ads can be embedded with videos, widget applications, or targeted display ads to increase the chances viewers will see and click the icon. The newest online technology, which has been taken from paid search auction systems, allows advertisers to display a banner ad only to individuals the company chooses. This system is built on a vast warehouse of user Internet data and automated auction advertising exchanges, such as Google's Double-Click, Yahoo!'s Right Media ad exchange, and Microsoft's AdECN. Advertisers develop messages for specific audiences and set the price they are willing to pay to reach that audience with a banner ad.

When a consumer, such as a 20- to 25-year-old female, accesses a particular Web site with this new technology, in a microsecond the software searches the ad auction exchange for advertisers matching the profile of the woman who logged onto the page. Once an advertiser has been located, a banner ad instantly flashes on the computer screen. It may be an advertisement for L'Oreal or Liz Claiborne. If a male with an interest in fishing logs on, an advertisement for a boat, fishing supplies, or fishing attire may appear. The automated exchange system grants precise targeting of ads to specific consumers.[26]

Widgets Mini-applications embedded in a banner ad, or **widgets**, permit a consumer access to some form of dynamic content provided by an external source other than the company



◀ **FIGURE 8**
US Online ad spending by format



Scott and Cooner Inc. Creative by Gina Cotroneo

▲ Google's Double-Click technology targets advertisements to consumers who are browsing the web for stylish modern furniture.

where the ad resides. Widgets provide individuals personalized access to Web information or functionality from any device connected to the Internet.

Boxcar Creative developed a widget application for ConocoPhillips using RICH expandable banners to create interactive polls, fun facts, and a carbon calculator. The poll and the calculator both collected and produced results without the user ever leaving the banner advertisement. Only when an individual clicked "learn more" was she taken to a micro-site landing page with additional content and data collection opportunities.

Geo-target ads offer another version of banner advertising that have increased in popularity. These ads are presented only to individuals who log on to a Web site in a particular region. It is ideal for retailers and smaller businesses seeking to reach a specific region of the country. As noted earlier, these programs are attractive to mobile marketing and smartphone users.

CLASSIFIED AND MEDIA/VIDEO ADVERTISING

Online classified ads comprise a significant percentage of online advertising budgets. Media/video ads have become the fastest-growing format. This growth will even be greater as mobile phones and other handheld devices develop increased video display capabilities.

An Eyeblaster study revealed that online videos performed best when they appear next to online content or in an e-mail, compared to social network or gaming sites. Eyeblaster examined two metrics: dwell rate and dwell time. **Dwell rate** measures the proportion of ad impressions that result in users clicking an ad or mousing over it. **Dwell time** indicates the amount of time individuals spend engaged with an advertisement. Dwell rate and dwell time were both higher when video ads were placed beside content and in an e-mail as compared to social networks and gaming sites. Ariel Geifman of Eyeblaster explains, "What we found is that people browse social networks really quickly. People spend a lot of time in social networks, but it's not on the same Web page." In terms of gaming sites, Geifman said, "People are more focused on the game" and as a result less interested in watching a video ad.[27]

SEARCH ENGINE OPTIMIZATION

The largest category of online expenditures is for spots on search engines. Funds devoted to search engines constitute nearly 50 percent of online advertising expenditures. About 80 percent of all Web traffic begins at a search engine.[28] Therefore, making sure that a company's name or brand becomes one of the first ones listed when a person performs a search will be a key marketing goal. **SEO**, or **search engine optimization**, is the process of increasing the probability of a particular company's Web site emerging from a search.

Optimization can be achieved in one of three ways. First, a *paid search insertion* comes up when certain products or information are sought. Companies can speed this process by registering with various search engines in order to have the site indexed and also by paying a higher placement fee for top positions. The placement of the ad on a search page depends on the price the company pays and the algorithm a search engine used to determine the advertisement's relevance to a particular search word or phrase.

Second, a company can increase identification through the *natural* or *organic emergence* of the site. This method involves developing efficient and effective organic results that arise from a natural search process. Each search engine uses a slightly different set of algorithms to identify key phrases that match what was typed into the search box. To be listed first in an organic search requires time and effort. Normally, a new website will probably not emerge at the top of the search results. It takes time for the search engine to locate the site.

Some studies suggest that the impact of organic listings can be impressive. For sites that come up on the first page of a search or within the top 10, Web traffic increases nine fold. For second- and third-page listings, Web traffic increases six fold. In terms of sales, being a top 10 listing has resulted in a 42 percent increase in sales the first month and a 100 percent increase the second month.[29]



nyul/Fotolia

▲ Search engine optimization leads consumers using search engines to find a company's products and information on the Internet.

The third optimization method, *paid search ads*, includes small text boxes that pop up when a particular word is typed in or it can be paid link boxes at the top or side of a search result. A ComScore study suggests that search ads have a strong positive impact on brand awareness, perception, and purchase intentions, even when consumers do not click the paid search ad.[30] The study revealed that for brands in the top search positions:

- The paid search ads generated a 160 percent increase in unaided awareness.
- Consumers were 20 percent more likely to have a positive perception of the brands.
- Consumers were 30 percent more likely to consider purchasing the brand.

Companies spend large amounts on search engine optimization. The typical click-through rate for online advertising remains around 0.2 percent; for search advertising it is around 5 percent.[31] Although the early results are impressive, marketer should remember that search engine optimization represents a long-term investment. The effects do not occur quickly. Getting into the top 10 listings of a search can take months or years. It requires optimizing content, programming, and finding the codes that will be picked up by search engines.

Search ads can be effective for local businesses. Barbara Oliver owns a boutique jewelry store in Williamsville, New York. She bought $50 per month in Google search ads targeted to an 80-mile radius of her store. It resulted in more customers than all of her offline advertising. With Google Places local directory, someone typing in the keywords designated by Oliver within an 80-mile radius of Williamsville was likely to see her search ad. The effectiveness is also enhanced by smartphones and their GPS capabilities as well as Facebook and Foursquare where people sign-in with their location, which means a visitor to the Williamsville area may see Oliver's search ad.[32]

THE IMPACT OF ONLINE ADVERTISING

As more dollars shift to online advertising, concerns have arisen about the impact of the ads. Web users, just like television viewers, are becoming immune to advertisements. The percentage of people who respond to banner ads steadily shrinks. The click-through

rate on major Web destinations has declined to less than 1 percent. A recent measurement showed a response rate of 0.27 percent.[33] For this reason, advertisers have begun banking on new technologies to increase response rates and to deliver targeted messages to the individuals who are most likely to respond.

OFFLINE ADVERTISING

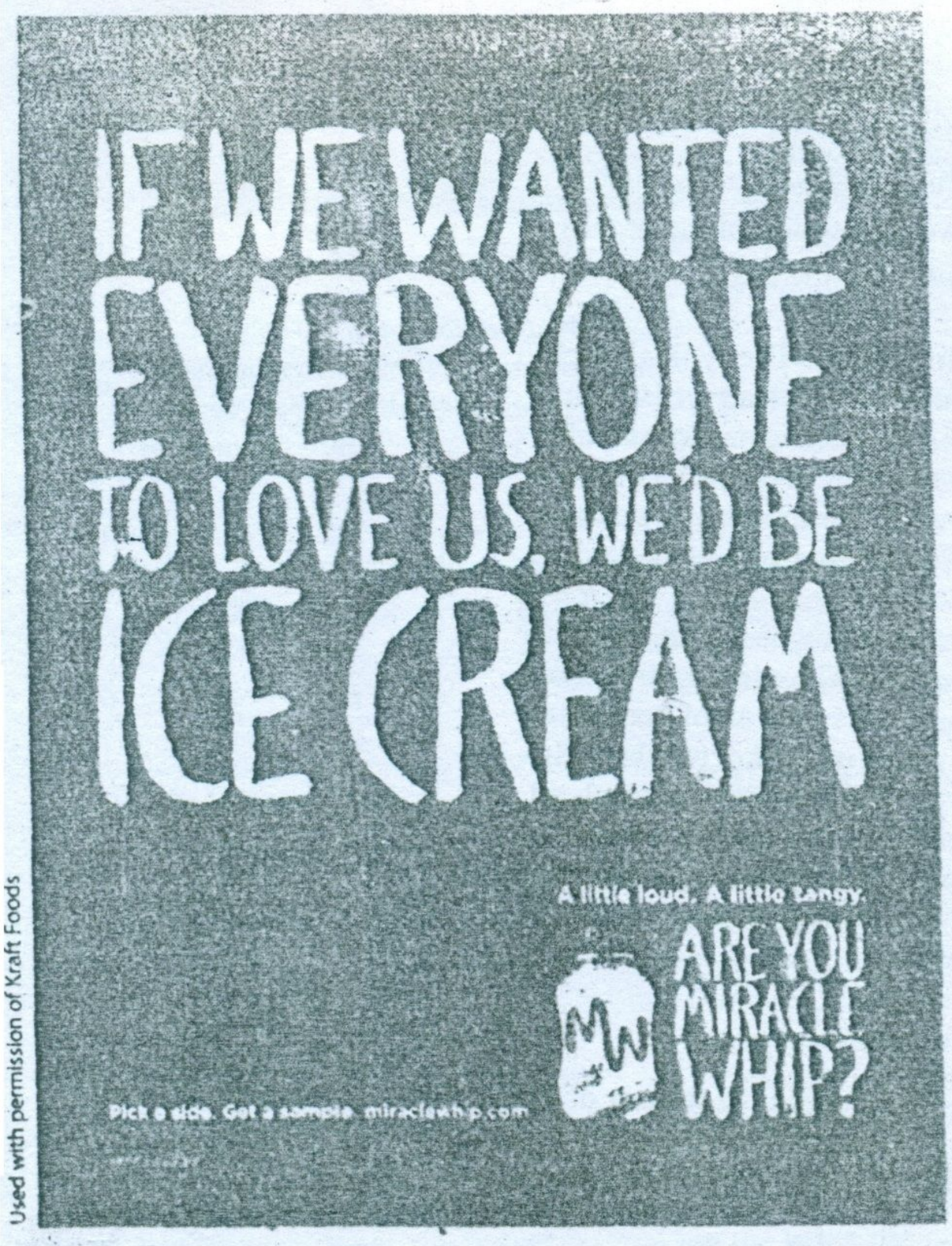
To build a brand's reputation and brand loyalty, online advertising should be integrated with offline branding tactics that reinforce each other to speak with one voice. This process, **brand spiraling**, involves the use of traditional media to promote and attract consumers to a Web site. Marketers design television, radio, newspapers, magazines, and billboards that encourage consumers to visit the firm's Web site in an effort to maintain a uniform brand presence and advertising message.

One recent study indicated that after viewing a magazine advertisement. nearly half of the consumers polled said they might access a Web site or conduct an online search for the product. Over 40 percent are more inclined to visit a Web site after seeing a television or newspaper advertisement.[34] Traditional media can be the driving force behind online branding efforts.

Currently, tailor-made websites accompany many direct and e-mail campaigns. These sites are accessed through **personalized URLs**, called **PURLs**, such as the hypothetical www.kenclow.offer.officedepot.com. A PURL contains a personalized preloaded Web page that contains the customer's personal data, contact information, purchase behavior, and previous interactions with the company. A company such as Ford could display the customer's current vehicle, maintenance record, and other interactions with the company. The PURL creates a one-on-one dialogue with a customer and engages her with the company and provide messages, offers, and incentives tailored to her past data and history.[35]

Although many companies continue to utilize online advertising, a movement into more interactive technologies has taken place. Blogs, e-mail marketing programs, podcasts, social networks, and consumer-generated content are emerging as effective new advertising channels.

▼ Off-line advertising is an important part of building an online presence for Miracle Whip.



Used with permission of Kraft Foods

Online Social Networks

Online social networks have become popular with people and with companies seeking to communicate with consumers. Forrester Research notes that 75 percent of Internet users participate in some type of social media.[36] A growing percentage of consumer activity on the Internet takes place on social networking or blogging sites. As a result, advertisers spent $7.72 billion on social network advertising which included ads on social sites and in social games and applications. Approximately two-thirds of that amount went to Facebook.[37]

Coca-Cola developed Expedition 206, which involved sending three individuals in their 20s on a 275,000-mile trip to 206 countries where Coca-Cola was sold. Equipped with laptop computers, video cameras, and smartphones the trio set off on their journey, which

was tracked on Facebook, Flickr, YouTube, and Twitter. In addition to reading and hearing about the journey, fans could offer suggestions on what the trio should see at each destination.[38]

FACEBOOK

Facebook, the largest social media site, houses over 800 million users worldwide. It presents the largest source of display ads of all social networks, with 17.7 percent share.[39] According to *Adweek*, Facebook's popularity comes from a blend of "sheer size of fan base, record of publishing useful content, and the extent of consumer interaction that is offered." The companies with the most successful Facebook presence, according to *Adweek*, are Starbucks, Coca-Cola, Best Buy, Starbucks, and Microsoft. Starbucks has 3.7 million fans, compared to 3.5 million for Coke. Best Buy has almost 900,000, and Microsoft has just over 300,000.[40] An independent study by WetPaint and the Altimeter Group notes that these companies and others that have high levels of social media activity tend to increase revenues more than companies that lack a social media presence.[41]

Companies that successfully utilize social media offer a discount or special promotion to fans. Of the consumers who follow a brand on Facebook, over one-third cited special deals as the main reason they became fans. When developing a social media strategy, the marketing team attempts to provide content that leads consumers to engage with the brand and ultimately make purchases.[42]



Rido/Fotolia

▲ Facebook has become popular with people of all generations.

TWITTER

The Twitter micro-blogging service allows individuals and companies to send out tweets with a maximum of 140 characters per message. Twitter can be an effective method of reaching customers. Marketers may monitor what customers are saying about a company or brand. Software, such as Tweetscan or Summize, locates a brand or company name mentioned in tweets. Company officials are able to respond or gather the information for future use or evaluation. It provides valuable information regarding how customer perceptions of the brand and what they are saying.

JetBlue, Comcast, H&R Block, and Southwest Airlines are just a few companies that monitor tweets. Christopher Hoff tweeted his displeasure with Southwest when his flight was delayed and his luggage was lost. The next day he received a message from Southwest stating, "Sorry to hear about your flight—weather was terrible in the NE. Hope you give us a 2nd chance to prove Southwest = Awesomeness."[43] Some consumers; however, it may find it unnerving to discover that companies can monitor name mentions.

Three weeks after Curtis Kimball opened his crème pastry cart in San Francisco, he noticed a stranger in line to purchase some of his desserts. When quizzed, the man said he heard about the pastry cart from Twitter. Kimball created a Twitter account and now has a fan base of 5,400 customers who wait for him to post his location and list the flavor of the day.[44]

Blogs

Blogs are online musings that cover a wide range of topics. Some permit visitors to post comments; others are just the ramblings of one individual. The power of a blog comes from the new landscape it creates in which one consumer dissatisfied with a particular brand can now tell thousands, and in some cases millions, of others. Previously, a bad

shopping experience meant that 12 to 15 people would hear about it. Now an individual's complaint can be sent to more than just friends and family. A discontented consumer speaks to anyone willing to listen (or read about it) via the Internet.

The power of online buzz has grown rapidly. Several unique methods of communication between individuals have emerged. Advertisers now look for ways to tap into these venues. A recent American Marketing Association survey illustrates the growth of these intrapersonal online communication channels. The online survey of 1,174 people revealed that:

- 47 percent go to a soeial network site to download coupons or to search for information about a product.
- 45 percent go to a social network site to find out about upcoming sales in retail stores and discounts on particular brands of products.
- 22 percent read or write a product review on a blog.[45]

COMPANY-SPONSORED BLOGS

Marketing experts have identified methods to use blogs to promote products or to get closer to customers. These include setting up company-sponsored blogs that emulate word-of-mouth communication and engage customers with a company. Fashion retailers entice customers to visit the company's blog to enjoy postings on new styles, upcoming designers, and fashion *faux pas*. In the past, customers may have relied on magazines such as *Vogue* for fashion information. Now, company blogs allow them to obtain information quicker, and, more important, interactively. This helps the marketing team engage with customers and establishes a two-way communication channel.

▼ Skyjacker hosts a company-sponsored blog where consumers can discuss suspension systems and lift kits.



Courtesy of Skyjacker Suspensions.

A company-sponsored blog provides a number of potential benefits; however, analysts stress the importance of identifying a specific reason for the blog before launching it. It may be to make the company more open (Dell), to humanize the company (Microsoft), or to show a fun-and-happy company (Southwest Airlines).[46] When Coca-Cola acquired 40 percent of the Honest Tea company, many customers became unhappy about the move and voiced opinions on the blog. Seth Goldman, CEO of Honest Tea, took time to answer each one. While some customers still did not like the idea, "The blog at least helps people see how we think about it," Goldman said.[47]

Company leaders carefully select methods to respond to negative comments. CEO Bill Marriott of Marriott International hosts a blog for customers and employees. About 20 percent of the blog's readership consists of employees. Marriott employees monitor the comment section. No comment will be posted until it has been approved. The company does not remove comments simply because they are negative. Only those not germane to the discussion or blog are taken down. Those remaining are left up and addressed by Bill Marriott, which provides credibility to the blog through his willingness to hear negative feedback.

For small businesses, blogs provide a relatively inexpensive way to communicate with customers. Robb Duncan began a blog for his Georgetown gelato shop, Dolcezza. When a second store was opened in Bethesda, Maryland, he announced an ice cream giveaway on opening night through the blog. Over 1,000 individuals showed up.[48]

Consumer-Generated Reviews

Word-of-mouth endorsements have changed. Many companies that vend multiple goods or services solicit consumer-generated reviews of those products. Amazon.com stands at the forefront of this approach. Each book offered online holds a space where individual customers can write reviews, both with words and a one- to five-star rating. The site informs the shopper of the number of reviews, the average star rating, and notes if the reviews are written by anonymous critics or those who provide their real names. A person wishing to place his name on a review must authenticate it by presenting Amazon.com with a credit card number. Customers benefit by reading the reviews before making purchases. The system may not be perfect, because an author may use a pseudonym to write a highly favorable review and encourage friends and family members to do the same. At the same time, the author cannot control posts of outside reviews.

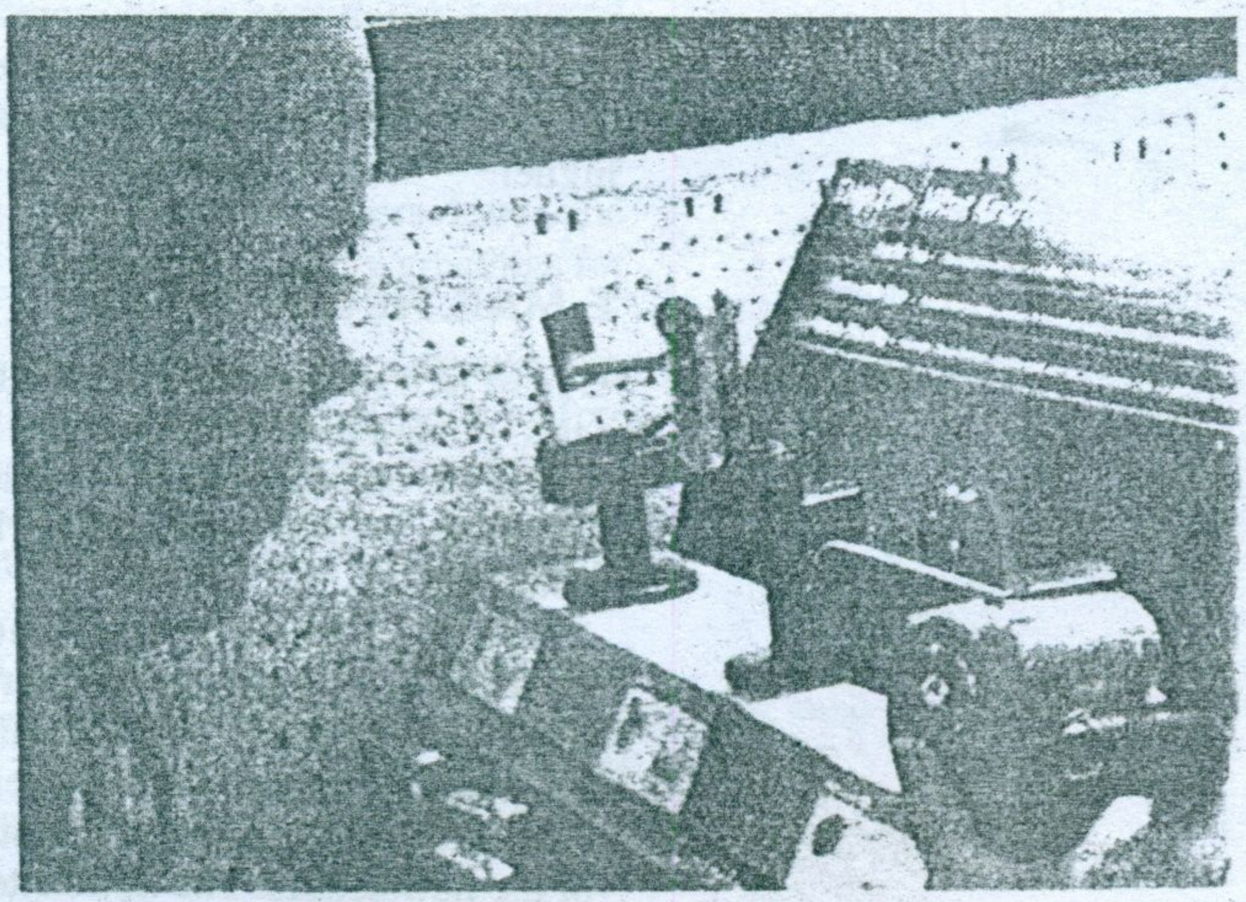
Best Buy incorporated consumer feedback into online retailing. The company hosts a blog section for consumers to read about and discuss various topics. In each product category, such as cameras, Best Buy provides a discussion forum on a variety of related topics. In the digital camera discussion forum, consumers can post photos they have taken with various cameras. Best Buy posts customer reviews of each product, both positive and negative. The reviews may influence the brands consumers consider and eventually purchase. By providing blogs, discussion forums, and consumer reviews, Best Buy offers consumers methods to search for and evaluate products and to make purchase decisions without leaving the company's Web site.

Customer-generated reviews should be carefully considered. Reviews provide important information about how company products are evaluated by customers and how the brand compares to the competition. This information becomes critical when developing marketing plans, product modifications, and service strategies. As the usage of consumer-generated reviews continues to rise, the marketing challenge will be managing this aspect of consumer word-of-mouth endorsements in ways that enhance brand equity and increase sales.

E-Mail

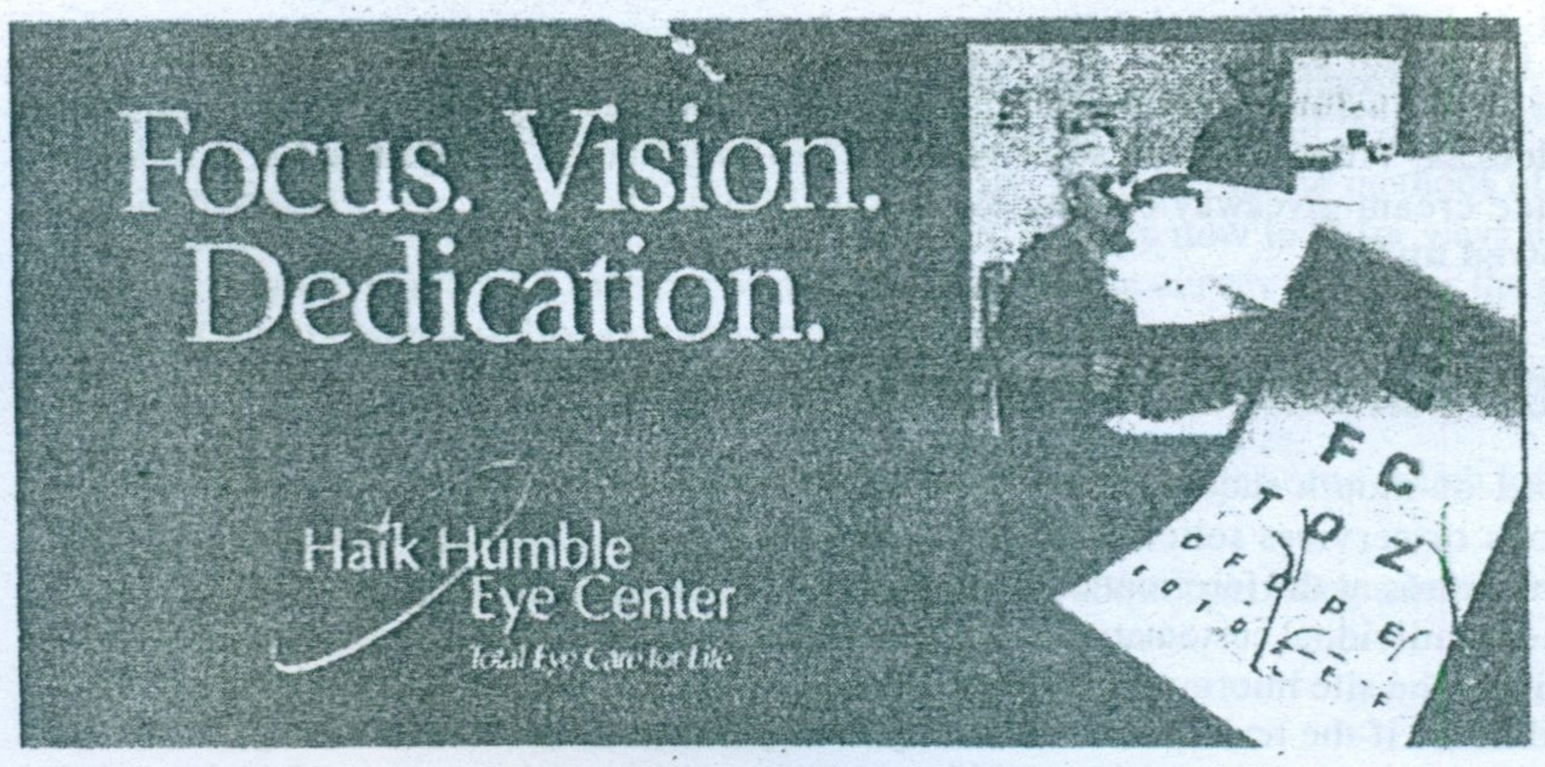
E-mail can become an important part of a company's digital marketing strategy. To be successful, companies integrate the e-mail marketing program with other channels. It cannot simply be a program where addresses are purchased and mass e-mails are sent to individuals on the list. Most people resent spam, and response rates are extremely low.

Response rates increase when an e-mail message resembles the information on the company's Web site and in its advertisements and direct mail messages. When Data Inc. introduced new project management software, the marketing team integrated e-mail with a Webinar, direct mail, social media, and telemarketing. The Webinar explained how the new software tool worked.



▲ Best Buy's Web site provides consumer reviews of numerous products, such video cameras.

▸ Haik Humble can employ various Web analytics to develop a direct e-mail campaign.



Courtesy of Haik Humble Eye Center

Direct mail, telemarketing, and e-mail were used to reach 600 influential decision makers. For e-mails that were returned undeliverable, Data, Inc. used LinkedIn to locate the contact's correct information. The e-mail integrated approach resulted in a 3 percent response rate.[49]

WEB ANALYTICS

Web analytics allow a company to develop e-mail campaigns that offer the greatest chance of response. E-mails are based on the browsing history of an individual on a particular website. They identify those who made past purchases or items placed in the "wish" list but never purchased.

E-mail campaigns may be directed at consumers who abandon shopping carts without making purchases. About 40 percent of online shoppers abandon the shopping cart just prior to the checkout. Only about 30 percent of these shoppers return to complete the transaction. The IT department can identify the individuals who abandon a shopping basket. Sending an e-mail to these individuals offering free shipping, a discount if they complete the order, or a simple reminder that they have items in their shopping basket can lead to greater sales. Converting these individuals to customers is much easier and more lucrative than sending mass e-mails. Targeted e-mails experience a conversion rate 5 to 10 times higher than mass e-mails sent to the firm's customers. In addition, revenues from these follow-up e-mails are three to nine times higher.[50]

E-MAIL NEWSLETTERS

E-mail newsletters help to create brand awareness, drive traffic to a Web site, and spur sales. Newsletters are especially beneficial when consumers sign up to receive them. The newsletter should offer value to recipients and go beyond providing product information. The more valuable the content is to the recipients, the more likely the newsletter will yield results.

Thrillist (thrillist.com) and UrbanDaddy (urbandaddy.com) send e-mail newsletters to 1.1 million subscribers. Most subscribers are college graduates with median incomes of $88,000. The UrbanDaddy newsletter emphasizes an exclusive and luxurious approach, advising men on where to shop and how to fit in. The Thrillist newsletter features a fun and relaxed tone. Both organize free, heavily-sponsored events for subscribers of the newsletters. The newsletter becomes a means of engaging the subscribers with the Web sites.[51]

- Focus on the product or business.
- Determine why individuals would want to pass the massage along.
- Offer an incentive.
- Make it personal.
- Track the results and analyze the data.

FIGURE 9
Keys to sucessful viral marketing

Viral Marketing

Preparing a marketing message to be passed from one consumer to another through digital means, or **viral marketing**, takes the form of an e-mail or a video posted to a personal blog and passed to other blogs or Web sites such as YouTube. It can evolve into a form of advocacy or word-of-mouth endorsement. The term *viral* derives from the image of a person being "infected" with the marketing message and then spreading it to friends, like a virus. The difference is that the customer voluntarily sends the message to others.

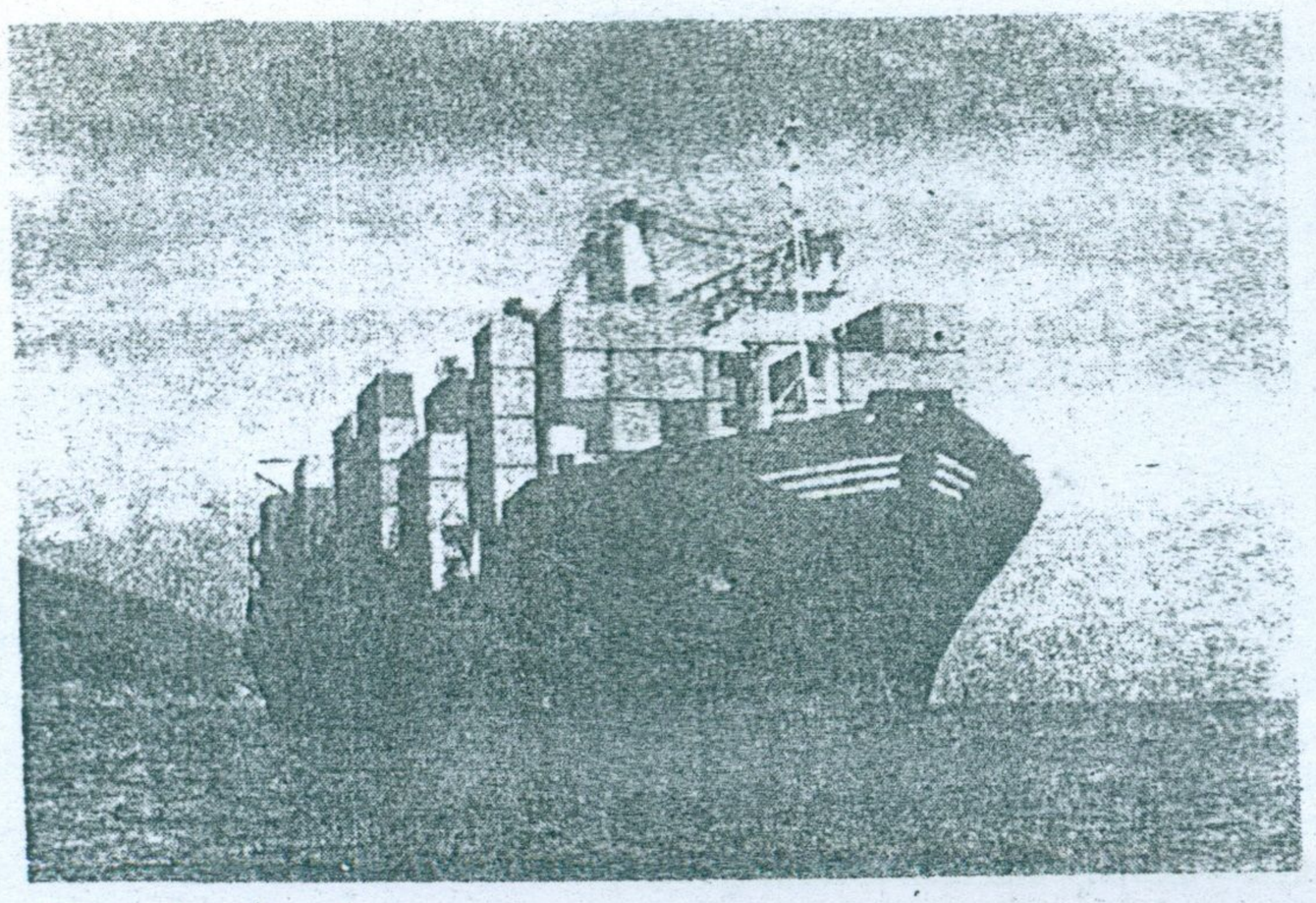
Viral marketing messages include advertisements, hyperlinked promotions, online newsletters, streaming videos, and games. For instance, about a dozen videos were posted on YouTube of a man claiming to be the "world's fastest nudist." He streaks through various locations in New York City wearing only tennis shoes, tube socks, and a fanny pack positioned strategically in front. The links to the videos were e-mailed from individual to individual. They were posted on popular blogs such as The Huffington Post and Gawker. One appeared on CNN on *Anderson Cooper 360*. The campaign turned out to be a viral video campaign for Zappos.com, an online shoe and apparel store. The viral campaign highlighted that Zappos was selling clothes, because additional videos were posted that showed a van screeching up to the "fastest nudist" and several people jumping out wearing Zappos T-shirts. As the van leaves, the video shows the nudist dressed in pants and a shirt.[52]

Figure 9 provides some suggestions on how to create successful viral campaigns. The viral message should focus on the product or business. In the Zappos.com videos, the nudist receives clothes from a Zappos team. The marketing team determines why an individual would want to pass the message along or tell friends about it.

OfficeMax created a viral campaign for the Christmas holiday season that centered around a quartet of dancing elves with cutout photos pasted on their bodies. Visitors to the special micro-site were encouraged to paste their pictures on the elves and pass it along to friends. The viral campaign drew more than 10 million visitors, because it was unique and it provided something that people wanted to pass along to others. Later, the *Today Show* and *Good Morning America* created their own dancing holiday greetings for viewers.[53]

Individuals should receive an incentive to pass the message along. A message with entertainment value offers one incentive. The incentive may be financial, such as free merchandise or a discount for messages passed along to friends that lead to purchases, logging onto a Web site, or registering for an e-newsletter. The incentive could also found in the campaign's uniqueness. A personalized message has a greater chance of being sent on.

The many forms of digital marketing mean that viral marketing has lost some of its luster. Many consumers have lost enthusiasm and are less willing to pass along messages. The marketing team can take advantage of the ability to track the results of a viral campaign and analyze the resulting data to determine what works and what does not.



▲ International shipping is an important component of a global e-commerce business.

International Implications

The ability to reach customers worldwide is one of the major advantages e-commerce holds over brick and-mortar retail stores. Some online companies are still forced to turn away international orders because they do not have processes in place to fill them. This means that while the Internet makes it possible to sell items in an international marketplace, some companies are not prepared to go global. Obstacles to selling across national boundaries include communication barriers, cultural differences, global shipping problems due to a lack of sufficient infrastructure, and varying degrees of Internet capabilities in other countries.[54] Also, Internet companies must follow local exporting and importing laws.

SHIPPING ISSUES

One key to the effective launch of a global e-commerce site is preparing to make international shipments. Air transport may be affordable for smaller products; DHL Worldwide Express, FedEx, and UPS offer excellent shipping options. Larger merchandise normally can be shipped by a freight forwarder that finds the best mode of delivery, from ships to trucks to rail. Air transport companies and freight forwarders both offer specialized logistics software and provide the proper documentation and forms to meet importing and exporting regulations in every country served.

COMMUNICATION ISSUES

Developing a Web site that appeals to the audience in each country will be a key task. It includes adding information that someone in another country would require, such as the country code for telephone numbers. It also requires removing or changing colors, words, or images that might be offensive to a particular group of people in another country.

New globalization software has been developed for companies expanding into other countries. One software package translates an English-language Web site into a large number of foreign languages. Another valuable feature that the software offers is "cultural adaptation," which adjusts a Web site's terminology, look, and feel to suit local norms. The software also has a feature in which the content developed in one location can easily be deployed to all sites around the world. This provides a more consistent look to the Web sites, without someone spending time modifying each foreign site. The software makes it easier to prepare a Web site in the proper native language and also conform to local customs.[55]

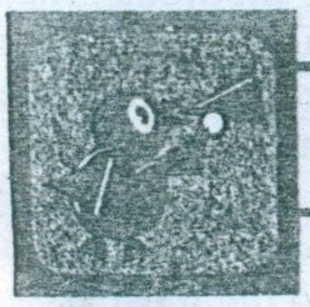
TECHNOLOGY ISSUES

The technical side of international e-commerce remains challenging. Software compatibility continues to present an unresolved technical issue. Ideally, these various technologies will eventually be merged into a single system. Currently, the bandwidth for

handling Internet traffic varies considerably. Information technology staff members are involved in every step of an internationalization process in order to overcome the potential technical glitches.

A coherent IMC strategy utilizes local input from the various countries involved. The brand on an Internet site should stay consistent from one country to the next and present the company's primary marketing message. For IBM, this meant using local companies in each country to design individual Web sites and provide the information used on each site. To ensure consistency, IBM designs the main marketing messages at its central office, but then local companies translate the messages and add reseller contact and pricing information.

In the future, the growth of international e-commerce will continue to rise. Firms that get in on the ground floor are likely to enjoy a major marketing advantage.



INTEGRATED CAMPAIGNS IN ACTION

Interstate Batteries

Interstate Batteries employed its internal marketing department to launch a geo-targeted online media plan for all company Battery Centers located in cities throughout the United States. The objectives of the campaign were to:

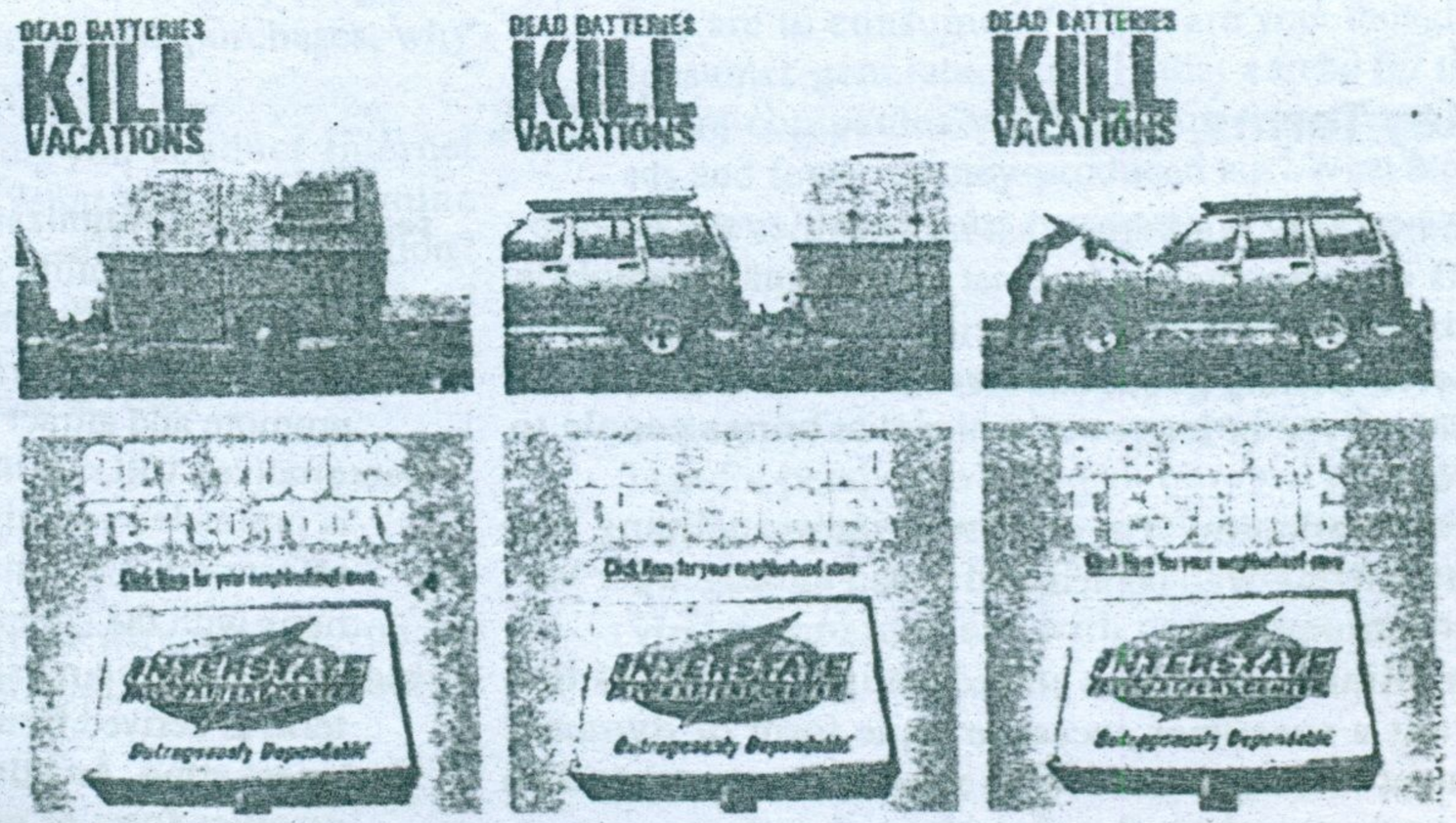
- Increase awareness of all Interstate Battery Centers
- Drive traffic to all Interstate Battery Centers
- Create awareness of key brand messages

Interstate Batteries featured an online display advertising to create awareness and provide information about the location of its stores. The campaign was geo-targeted by each store's market zip codes. Consumers who clicked on the ads were taken to a geo-specific landing page that provided information about the closest All Battery Center. The campaign targeted the 25 to 54 age group with the selected zip codes surrounding each of the battery stores.

Online metrics to measure the success of the campaign were determined prior to the launch. Metrics included click-through, coupon redemption, changes in sales, and the number of transactions at the retail stores. Additional online metrics included the number individuals who enlarged the map, submitted information by e-mail, and printed the coupon.

The Interstate Battery Center digital campaign is located at the Pearson Instructor's Resource Center (www.pearsonhighered.com). The campaign includes a PowerPoint presentation outlining the details of the campaigns and examples of the collaterals. Video by the Interstate Batteries marketing team explaining the campaign is available.

▶ Interstate Batteries launched a geo-targeted online advertising campaign to build awareness and drive traffic to its Battery Centers.



Interstate Battery Systems International, Inc.

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SUMMARY

Digital marketing includes all of the components of e-commerce, Internet marketing, and mobile marketing. Digital marketing includes anything with a digital footprint. An effective IMC program incorporates these new elements into the advertising and promotions plan.

The transition from Web 1.0 to Web 4.0 changes in the ways consumers communicate and interact with companies. The key characteristics of Web 4.0 include customer engagement, cloud operations, and Web participation as necessities.

An e-commerce Web site includes a catalog, a shopping cart, a payment collection method, and a store locator. Customers should believe the process is secure and be enticed to change buying habits. Three incentives that help people alter buying patterns are financial incentives, greater convenience, and added value.

Interactive marketing is the development of marketing programs that create interplay between customers and businesses. It assists the marketing department in targeting potential customers with personalized information and engages the consumer with the product and company.

Online advertising reaches young, more Internet-savvy consumers. It includes banner advertising, classified and media/video advertising, search engine optimization, and paid search ads.

Brand spiraling may be used to combine the Internet program with advertising in traditional media. Blogs create a new form of word-of-mouth advertising. Blogs can be company-sponsored or posted by individual Internet users.

Online social networks include Facebook, Twitter, and others. Social media have become a major part of the integrated marketing landscape. Consumer-generated advertising includes crowdsourcing and other methods. They represent a new method for engaging customers with a brand or company. Consumer-generated reviews offer the opportunity to create forums for customers to discuss product benefits and problems.

E-mail can supplement an integrated program. Web analytics assist in directing e-mail blasts to the most viable markets. E-mail newsletters help create brand awareness, drive traffic to a Web site, and spur sales.

Viral marketing is preparing a marketing message that will be passed along by consumers. Effective viral programs spur consumer interest and provide rewards for passing messages to others.

International markets may also be served by e-commerce enterprises, especially when cultural differences, shipping problems, and Internet capability problems can be solved. Information technology departments play a key role in solving the Internet problems. Shipping issues and language differences also require attention in this lucrative and growing marketplace.

Key Terms

digital marketing Marketing that incorporates the components of e-commerce, Internet marketing, and mobile marketing.

e-commerce Selling goods and services on the Internet.

cyberbait A type of lure or attraction that brings people to a Web site.

interactive marketing The process of individualizing and personalizing Web content and e-mail messages for various consumers.

widgets Mini-applications embedded in a banner ad that permit a consumer access to some form of dynamic content that is provided by an external source other than the company where the ad resides.

dwell rate Measures the proportion of ad impressions that resulted in users clicking an ad or mousing over it.

dwell time Measures the amount of time individuals spend engaged with an advertisement.

search engine optimization (SEO) The process of increasing the probability of a particular company's Web site emerging from a search.

brand spiraling The practice of using traditional media to promote and attract consumers to a Web site.

personalized URLs (PURLs) A personalized Web page that is preloaded with the customer's personal data, contact information, purchase behavior, and previous interactions with the company.

blogs The online musings of an individual or group; the term is derived from "Web logs."

viral marketing An advertisement that is tied to an e-mail or other form of online communication in which one person passes on the advertisement or e-mail to other consumers.

Review Questions

1. Define digital marketing.
2. How has Web 4.0 influenced the field of marketing?
3. What is e-commerce?
4. What is cyberbait? What are the three main forms of cyberbait?
5. What concerns do some consumers still have about e-commerce?
6. What benefits do e-commerce programs offer to business-to-business operations?
7. What is interactive marketing?
8. What primary forms of online advertising are used by marketing teams?
9. What is meant by the term search engine optimization (SEO)? How can it be accomplished?
10. What is brand spiraling?
11. What is a blog? How can blogs be used in marketing communication programs?
12. How can online social networks be used to supplement advertising and communication tactics?
13. Describe consumer-generated advertising.
14. How can a marketing team take advantage of customer-generated reviews?
15. Identify and describe the elements of an effective e-mail campaign in marketing.
16. What is viral marketing? What is the goal of a viral marketing program?
17. What challenges must be overcome to establish an international e-commerce operation?

Critical Thinking Exercises

DISCUSSION QUESTIONS

1. Examine the characteristics of Web 1.0 to Web 4.0. Discuss how the Internet affects your daily life. Interview individuals in each of the following age categories concerning their use of the Internet: 30-39, 40-59, 60+. Relate their conversations to Web 1.0, Web 2.0, Web 3.0, and Web 4.0.
2. What types of goods or services have you purchased online during the past year? Have your parents or grandparents purchased anything online? If so, compare your purchases and attitudes toward buying via the Internet with theirs. If neither you, your parents, nor your grandparents have used the Internet to make purchases, why not?
3. For what type of products do you conduct Internet searches for information? What factors determine whether you conduct online searches for information? When searching for information, what sites do you use? How effective are each of the following search results in your decision on what sites to access?
   a. Paid search insertions
   b. Organic search results
   c. Paid search ads
4. Are you on Facebook? Why or why not? If you are on Facebook, how much time do you spend online at Facebook? Do you use Twitter? Why or why not? Based on your experience with Facebook and Twitter, how can companies use them to reach you? Are you a fan of any company on Facebook? If so, why did you become a fan? If not, why did you choose not to become a fan?
5. Interview five individuals of different ages about blogs. What percent have read, launched, or participated in blogging on the Internet? What was each person's motivation?
6. Do you use consumer-generated reviews in making purchase decisions? How valuable do you think they are to consumers? What are your thoughts about consumer-generated ads? Is that a trend for the future where companies will use more consumer-generated ads and fewer agency-produced ads? What are the pros and cons, from your perspective, of consumer-generated materials?
7. Have you ever participated in a viral marketing campaign? If so, discuss why you participated and your evaluation of the viral campaign from the company or brand's perspective. If you have not participated in a viral campaign, what type of incentive would it take for you to participate? How effective do you think viral campaigns are with consumers in your market segment?

Integrated Learning Exercises

1. Best Buy was a late e-commerce entrant, but has developed a strong e-commerce component. The key to Best Buy's success, according to Barry Judge, vice president of marketing, is, "We do a lot of one-to-one marketing. We're not overly focused on where the consumers buy." The Web site carries every product that Best Buy stocks. It offers personalized services, along with convenient pickup and fair return policies to entice consumers to shop. Consumers can purchase items on the Internet and either have them shipped directly to them or pick them up at the closest store. Shoppers can use the Internet to see if Best Buy stocks a particular item, to determine what the item costs, and to gather product information. What is the advantage of this strategy? Access the Web site at www.bestbuy.com. Evaluate it in terms of ease of use and product information, and then locate the Best Buy closest to you. Next, access Circuit City's Web site at www.circuitcity.com. Compare it to Best Buy's site. Select a product, such as a camcorder, to compare the two Web sites.
2. Pick one of the following product categories and access the Web sites of two companies that sell the product. What types of financial incentives are offered on each company's Web site to encourage you to purchase? What about the other two types of incentives, greater convenience and added value? What evidence do you see for them? Compare and contrast the two companies in terms of incentives offered.
   a. Contacts or eyeglasses
   b. Water skis
   c. Clothes
   d. Cameras
   e. Camping supplies
3. The three main companies businesses use to ship small packages either overnight or 2-day delivery are FedEx, UPS, and the U.S. Postal Service. Access the Web sites of each shipping solution provider: www.fedex.com, www.ups.com, and www.usps.gov. What delivery guarantees does each offer? Which site is the most user-friendly? Which site appears to offer the best customer service?
4. Pick two of the following e-commerce sites. Discuss each of the characteristics of Web 4.0 e-commerce sites listed in Figure 2. Compare and contrast the two sites for each of the characteristics.
   a. Travelocity (www.travelocity.com)
   b. Wells Fargo Bank (www.wellsfargo.com)
   c. WeddingChannel.com (www.weddingchannel.com)
   d. Bluefly (www.bluefly.com)
5. Blogs provide opportunities for both individuals and businesses to share information, thoughts, and opinions. Go to Google Blog Search at http://blogsearch.google.com. Type in a topic that you are interested in exploring that is related to advertising and marketing communications, such as "advertising to children." Locate three blogs on the topic you chose. Discuss who initiated the blog and the value of the information on the blog.
6. Access each of the following search engines. For each one, discuss how it handles paid search advertising when you type in a search, such as "running shoes." What ads do you see as display ads and what ads are part of the search results? Discuss the differences among the five search engines. Which one do you like the best? Why?
   a. Google (www.google.com)
   b. Yahoo! (www.yahoo.com)
   c. AltaVista (www.altavista.com)
   d. AOL Search (http://search.aol.com)
   e. Bing (www.bing.com)

CREATIVE CORNER

Bluefly's marketing team wants to enhance the company's brand name and Internet presence. They have asked you to be an Internet advertising consultant. Access the Bluefly Web site at www.bluefly.com. Once you feel comfortable with the company, prepare a banner ad that can be used on the Internet. Design a magazine ad that can be used with the banner advertisement. Then, design an e-mail promotion that can be sent to customers who purchased from Bluefly.com, but it has been at least 90 days since that purchase.

CASE 1 BLACK FRIDAY AND CYBER MONDAY

Each year, as the United States undergoes the traditional Thanksgiving to Christmas holiday season, businesses across the country hope for strong sales. The term "black Friday" resulted from the realization that the Friday following Thanksgiving was the day many retailers moved from the "red" (loss) to the "black" (profit).

Black Friday has evolved over the years. From the traditional rush to shop, retailers began seizing the opportunity by offering special discounts on limited amounts of merchandise, opening stores in the early morning. Bargain hunters lined up in the middle of the night, and more than once physical violence broke out between patrons fighting over the last item on a sales rack. In 2011, some stores actually opened at midnight of Thanksgiving evening, trying to optimize sales.

In the past decade, a new phenomenon emerged. Cyber Monday resulted from shoppers buying online rather than in retail stores. Last year online sales on the Monday following the Thanksgiving weekend topped $1.25 billion, an increase of 39% over the year before.[56] The average order value was nearly $200. Total Internet sales during the holiday shopping season reached $35 billion.

Many consumers did not wait for Cyber Monday. Internet sales on Black Friday were $816 million, also a large increase over the previous year. Shopping patterns also indicate that three additional major spending days were December 17, 23, and 26. Of note, over 10 percent of the orders place came from mobile phone devices.

This annual rush to shop season has its detractors. Some traditionalists decry the overemphasis on materialism. Others note that the holiday shopping season has practically turned into a sporting event, complete with all its corresponding statistics. In addition, cynics note that Black Friday is not the busiest retail shopping day of the year. It actually takes place the weekend before Christmas each year.[57] Critics wonder whether those poor shoppers standing in the cold on the night after Thanksgiving are to be pitied for being exploited or laughed at for going to such extremes to save a few dollars.

In any case, marketers recognize that holiday shopping will likely continue. The methods used to reach customers continue to change. In this dynamic arena, the role of digital marketing will undoubtedly expand.

1. Describe the differences between individuals who shop in retail stores on Black Friday and individuals who participate in Cyber Monday? Are they the same individuals or different? Justify your answer.
2. Discuss for you personally your view of Black Friday and Cyber Monday. Do you participate in both or just one? Why or why not? Do you think retailers take advantage of consumers on these two special days? Why or why not?
3. How can retailers integrate shopping in the store with shopping online?
4. What types of advertising and promotions should be sent out to consumers immediately preceding the Thanksgiving weekend?
5. As some companies now begin Christmas advertising as early as mid-October, how will the roles of Black Friday and Cyber Monday be affected?
6. Design a magazine ad for some type of electronics encouraging consumers to make a purchase on Cyber Monday. Use some other incentive other than a steep price discount.



Many consumers are influenced to make online purchases during Cyber Monday.

Elenathewise/Fotolia

CASE 2 BING CHALLENGES GOOGLE'S SEARCH ENGINE DOMINANCE

Every once in awhile, a product or a company's name becomes so famous it gets added to the national vocabulary. A generation ago, employees started making "xerox" copies. Before that, people started taking "aspirins" instead of "pain medicine" and covering wounds with "band aids" rather than "adhesive strips." Today, it is common to hear someone say she "googled" something.

The basic Google business model organizes a vast amount of information into a system that can be easily accessed using the Web. Google provides information to users for free. The company sells advertising that is linked to the free information. One primary advantage held by Google is that the firm has been able to expand indexing and retrieval searches into nearly 100 languages. Using tools from Basis Technology, Google offers searches in Asian languages as well as other challenging languages. The net result is a global company with a worldwide reach. One industry leader commented that Google has created almost a "new world order" in advertising.

Google's management team remains acutely aware of competitors. Microsoft and Yahoo! are two main search engine providers that could affect Google's share. New competitors emerge every day. In June 2009, Microsoft introduced the search engine Bing in an effort to challenge Google.

Bing replaced Microsoft's Live Search engine. It was started after more than a year of research showing that although users said they were generally satisfied with Web search services there were times when searches became too difficult. In the beginning, Bing received praise from many influential reviewers, increasing the possibility that it could shake up the dynamics of the search business, which is worth $12 billion in the United States alone.

In July 2009, Microsoft and Yahoo! announced a partnership in Internet search and advertising intended to build on the introduction of Bing and close the gap with Google. By 2012 Google still held 65 percent of the search market, compared with 15 percent for Bing. Both competitors made inroads against Yahoo!

Bing's competition with Google became more direct when the company began running television commercials designed to indirectly hint that Google searches were too complicated, turning users into data-spewing zombies. Bing was offered as the easy-to-use alternative.

Then, Microsoft CEO Steve Ballmer allegedly offered to pay Rupert Murdoch's News Corp. to remove all its content from Google. This would include content from *The Wall Street Journal*, the *New York Post*, and *The Times* of London. The idea was that if Web surfers could not find News Corp. content when they did a Google search, they would be more inclined to use Bing. There were reports that Microsoft offered the same deal to other publishers.

News providers have long been frustrated that stories and materials they create are posted without the news company receiving any compensation, whereas Google and Bing are able to sell advertising beside the stories. Google responded by saying any organization was free to pull content at any time, apparently unfazed by Bing and Microsoft's effort.

Google's power in the marketplace makes company leaders optimistic about the future. Time will tell if Bing can make stronger inroads on what is practically a cultural icon.[58]



Adam Borkowsk/Fotolia

▶ Will Bing be able to challenge Google when it comes to search engine dominance?

1. What tactics should Microsoft and Bing use to gain market share?
2. As an advertiser, does Bing hold an advantage due to lower clutter on the site, or does Google's wider reach offset that advantage?
3. Which site would facilitate a faster search engine optimization effort? Why?
4. Which site, Google or Bing, would be most useful to an international company? Why?
5. Design an advertisement for Bing that would appear in a magazine. Which magazine would you use for the ad? Why?

MyMarketingLab

Go to **mymktlab.com** for Auto-graded writing questions as well as the following Assisted-graded writing questions:.

1. For what type of products do you conduct Internet searches for information? What factors determine whether you conduct online searches for information? When searching for information, what sites do you use? How effective are each of the following search results in your decision on what sites to access? a. Paid search insertions b. Organic search results c. Paid search ads
2. Have you ever participated in a viral marketing campaign? If so, discuss why you participated and your evaluation of the viral campaign from the company or brand's perspective. If you have not participated in a viral campaign, what type of incentive would it take for you to participate? How effective do you think viral campaigns are with consumers in your market segment?
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