

Digital Marketing

Session 2 **The Digital Consumer**

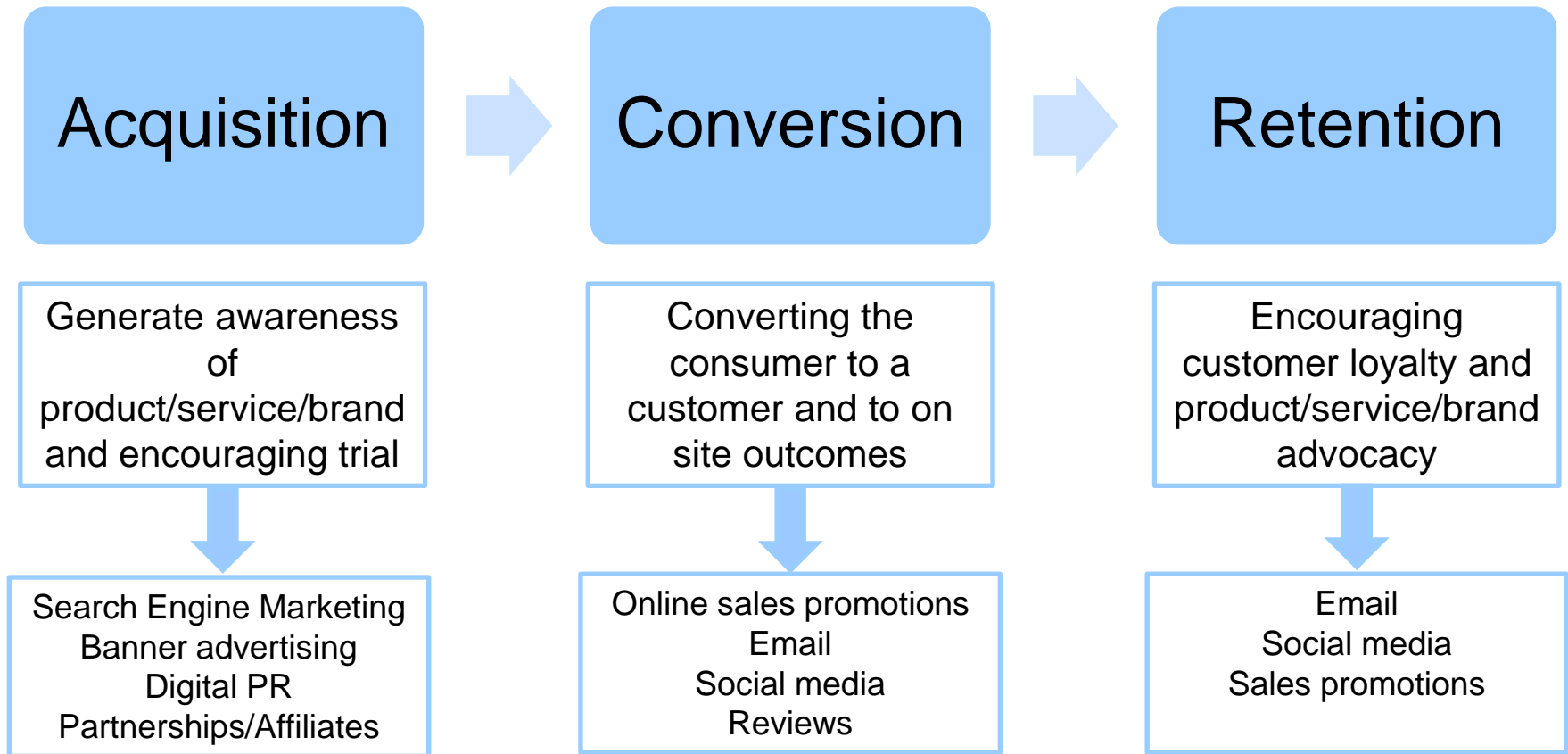
Learning Outcomes

At the end of this session, students should be able to;

- Demonstrate the increasing importance of customer focus for effective digital marketing strategy
- State the reasons for the rise in online consumer power
- Assess the changes in online customer behaviour as a result of the dynamic digital environment.

Syllabus references: 1.4, 2.1 and 2.3

The Customer Lifecycle & Digital Marketing



Generic Buying Processes

Customers go through a decision making process when buying a product

Unawareness – no idea the product exists or have no need



Awareness – customers become aware of a need



Interest – customers start to think that a product or service may benefit them



Information Search – start to seek alternative providers or products



Decision Making – decide what they want to buy and how



Purchase – they actually buy the product and start using it

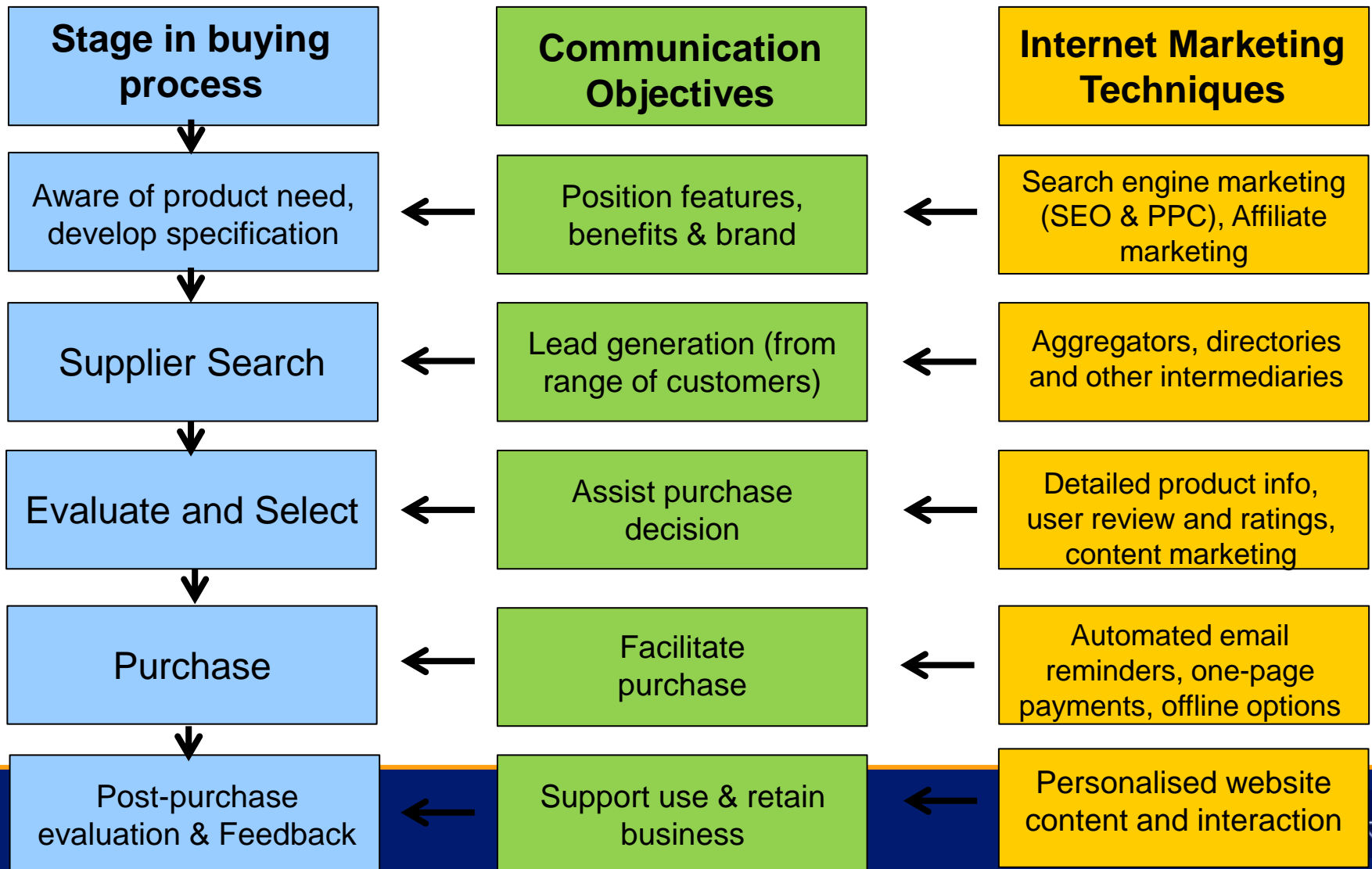


Post Purchase – like or dislike it, will influence future decisions

Brassington and Pettit, 2008

Impact of the Internet on the Buying Process

(Chaffey & Ellis-Chadwick, 2012)



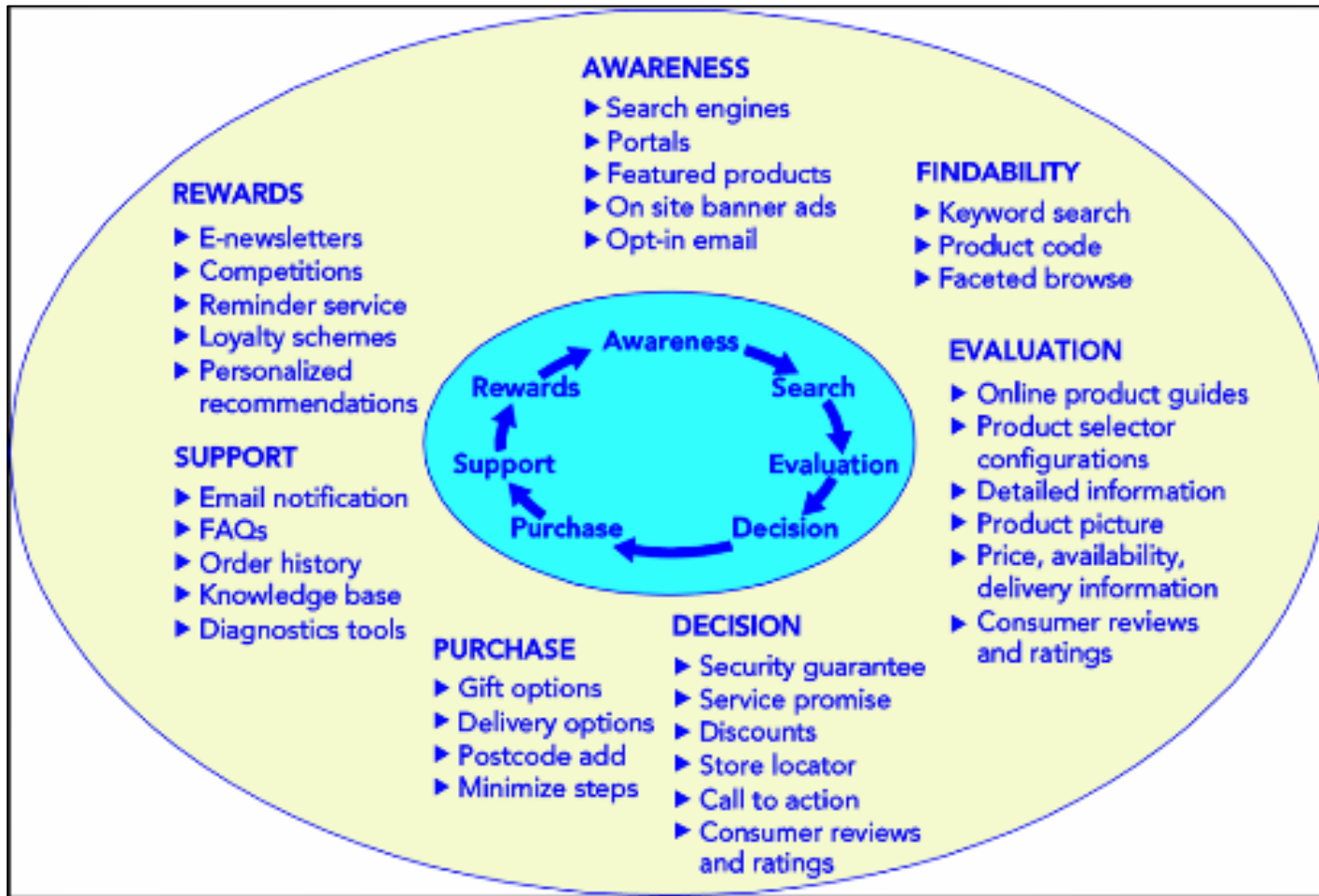
The Importance of Different Information Sources

FORM OF ADVERTISING	TAKE ACTION	TRUST	DIFFERENCE ACTION VS. TRUST
Recommendations from people I know	84%	84%	--
Consumer opinions posted online	70%	68%	2%
Ads on TV	68%	62%	6%
Branded websites	67%	69%	-2%
Ads in newspapers	65%	61%	4%
Emails I signed up for	65%	56%	9%
Editorial content such as newspaper articles	64%	67%	-3%
Ads in magazines	62%	60%	2%
Brand sponsorships	60%	61%	-1%
TV program product placements	58%	55%	3%
Billboards and other outdoor advertising	57%	57%	--
Ads served in search engine results	57%	48%	9%
Ads on radio	55%	57%	-2%
Ads on social networks	55%	48%	7%
Ads before movies	53%	56%	-3%
Online video ads	52%	48%	4%
Online banner ads	50%	42%	8%
Display ads on mobile devices	49%	45%	4%
Text ads on mobile phones	45%	37%	8%

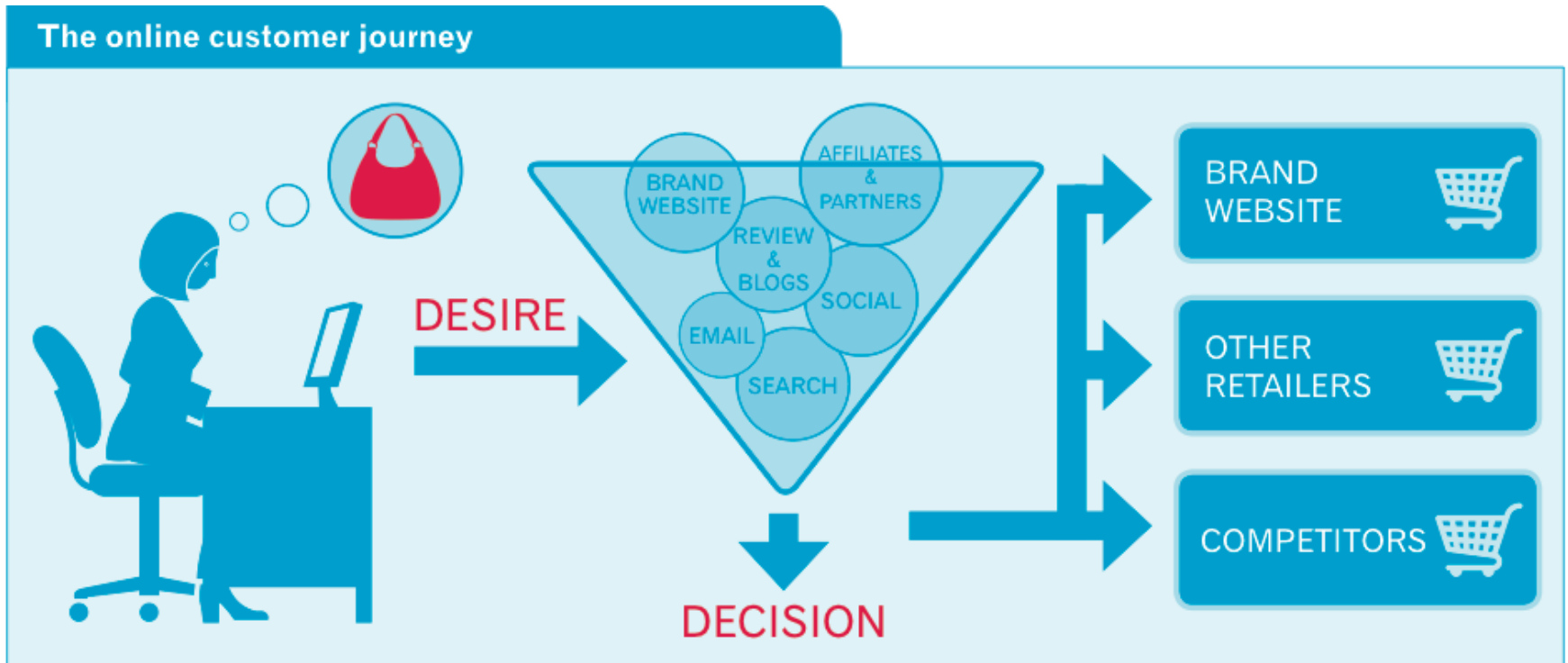
- 84% of consumer trust peer recommendations
- 68% trust online recommendations from strangers
- Look at the level of trust attributed to other more traditional media

Source: Nielsen.com, 2013

How Site Content can Support The Buying Process

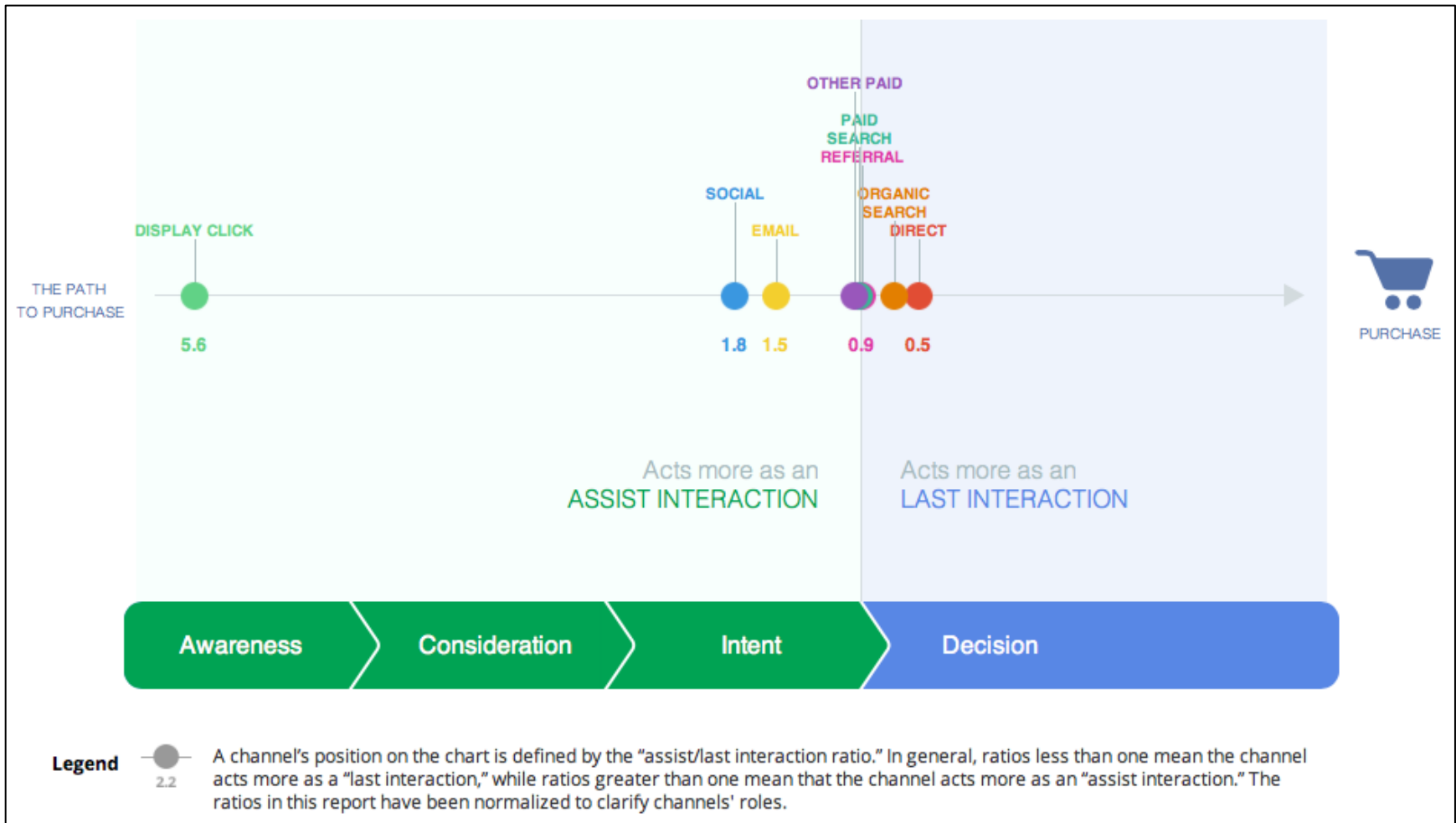


The Online Customer Journey



Experian, 2013

The Roles Different Channels Play in Customer Journey



Online User Behaviour

Lewis & Lewis, 1997 (cited Chaffey & Ellis Chadwick, 2012) suggested there are 5 main types of web users:

- Directed Information Seekers
- Undirected Information Seekers
- Directed buyers
- Bargain hunters
- Entertainment seekers

Key Characteristics of Digital Consumers

- Digital consumers are increasingly comfortable with the medium – using more efficiently and effectively
- They want it all, and they want it now – information on demand from multiple sources, ‘scanability’
- They’re in control – marketing needs to be user-centric, elective or permission-based and offer a real value proposition
- They’re fickle – transparency and immediacy can erode brand loyalty
- They’re vocal – online consumers talk to each other through various mediums about positive and negative experiences.

Changing Consumer Demands

As digital capabilities multiply, consumer demands have risen in four areas:

1. *Now*: Consumers will want to interact anywhere at any time.
2. *Can I*: They will want to do truly new things as disparate kinds of information (from financial accounts to data on physical activity) are deployed more effectively in ways that create value for them.
3. *For me*: They will expect all data stored about them to be targeted precisely to their needs or used to personalise what they experience.
4. *Simply*: They will expect all interactions to be easy.

The Customer Engagement Economy

= WHY SHOULD YOU CARE? =

THE BUYER
IS CHANGING

Today's empowered customers expect that companies will provide them with **what they want, how they want it.**

INNOVATION
IS CHANGING

To remain competitive, companies need a **culture of innovation** that continuously differentiates the customer experience.

LEADERSHIP
IS CHANGING

To drive growth, leaders must **smash down internal silos and enable every employee** to own the customer.

- In order to remain competitive, organisations need to provide more than a positive customer experience
- Companies need to evolve to become more customer-obsessed enterprises.

Bluewolf.com, 2014

Customer Engagement

Customer engagement has four parts:

- **Involvement** – this includes website visits, time spent, social media fans/followers
- **Interaction** – contribution to comments on blogs, social media and also reviews
- **Intimacy** – sentiment tracking through third-party sites (i.e. review sites) and social media
- **Influence** – advocacy indicated by measures such as likelihood to recommend and brand affinity

Online Customer Loyalty

Loyalty variables that are unique to online consumer markets:

Customisation	personalised, tailored content
Contact interactivity	dynamic nature of the buyer/seller relationship, ability for two-way communications
Cultivation	relevance of online content
Care	attention paid to customer needs
Community	online interaction between purchasing community
Choice	expectation of greater choice online
Convenience	ease of access to required information and/or transaction interface
Character	website design, online brand image.

Ladder Of Customer Engagement



Smith & Zook, 2011 cited in Chaffey & Smith, 2012

Relationship Marketing on the Web

Four main assets that are essential in building successful customer relationships online

- **Identify** consumer details such as their habits and interests by the regular capture of information
- **Differentiate** the site content, by tailoring it to the needs of different users
- **Interact** with customers by various methods, such as the ability to track orders or write reviews
- **Customise** the product or service to meet the customer's exact requirements.

Building Customer Relationships Online

- eCRM uses digital communications technologies to maximise sales to existing customers and continued usage of online services
- Benefits of eCRM:
 - Targeting more cost effectively
 - Achieve mass customisation of marketing messages
 - Increase depth and breadth and improve the nature of the relationship
 - A learning relationship can be achieved using different tools throughout the customer lifecycle
 - Lower cost

Social CRM



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Marketing Automation: Definition

- *“Marketing automation is a platform that supports a marketing business process which enables marketers to manage and measure the marketing funnel, driving more qualified leads to sales, driving revenue growth and improving marketing accountability. Marketing automation is to marketing as CRM is to sales.”*

(Doran, 2013, cited in Econsultancy, 2013)

What Is Marketing Automation?

- Marketing automation technology streamlines and automates marketing tasks, helping organisations to increase operational efficiency.
- It enables marketers to adopt an integrated approach to generating, nurturing and converting leads into customers by automating various marketing techniques and processes
- **Marketing automation encompasses some of the following techniques:**
 - Demand generation / lead acquisition
 - Segmentation
 - Lead nurturing and scoring
 - Relationship marketing
 - Cross-sell and up-sell
 - Retention
 - Triggered communications

What Marketing Automation Does

- Nurtures relationships with leads that aren't ready to buy – enables the development of qualified leads until they are sale-ready
- Retains and extends customer relationships – through developing relationships further, cross and up-selling as well as driving loyalty
- Build alignment with sales – developing 'behavioural lead scoring' system to identify hot prospects
- Improve marketing ROI – provides insights as to which marketing programmes are working and which are not

Marketing Automation Software

- Some marketing automation processes are possible at small volumes without software, but technology becomes essential with any scale. In particular, these processes all require:
 - A central marketing database..
 - A relationship marketing engine.
 - An analytics engine.



Features of Marketing Automation Platforms and Software

- **Lead Generation** – via forms, landing pages, integration to social media
- **Segmentation** – via database (CRM integration)
- **Lead nurturing and scoring** – ranking leads by criteria
- **Relationship marketing** – communicating over time (email marketing and social media marketing)
- **Cross sell and up-sell** – presenting choices along the buyer's journey
- **Retention** – communication and offers (campaign management)
- **Measurement and ROI** – measuring via criteria (marketing Analytics)

Benefits of Marketing Automation

Marketing groups that implement a marketing automation system enjoy many advantages, including:

- The opportunity to integrate the touch points to the customer and make their journey purposeful
- Cost and time efficiencies
- Increased ability to manage lead flow and process leads
- A faster and more predictable revenue cycle
- Increased conversion rates
- Increased profitability
- Stronger alignment with sales
- Full revenue accountability

Test Your Understanding

- For an organisation of your choice, map the stages in the buying process for one of their products or services, using the model introduced at the start of this session.
- Describe how the digital marketing techniques undertaken by the organisation impact at each stage of the buying process.

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