



Seventh Edition

DIGITAL MARKETING

STRATEGY, IMPLEMENTATION
AND PRACTICE

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DIGITAL MARKETING

Multichannel marketing strategy

Defines how different marketing channels should integrate and support each other in terms of their proposition development and communications based on their relative merits for the customer and the company.

It is not only retailers that make use of multiple channels to engage their customers – airlines (British Airways™), rail companies (Virgin Trains™), pubs and restaurants (JD Wetherspoons™) use virtual channels (apps, websites, email marketing) to integrate the physical customer experience with the digital to deliver services and communicate with customers.

So, the focus of digital marketing strategy is decisions about how to use digital channels to support existing marketing strategies, how to exploit its strengths and manage its weaknesses, and to use it in conjunction with other channels as part of a **multichannel marketing strategy**. This should define how traditional marketing channels integrate with digital and support each other to meet corporate and marketing visions and goals. Indeed, Keith Weed, head of communications at Unilever™, says ‘we are no longer doing digital marketing, but marketing in a digital world’ (Weed, 2017).

The scope of digital marketing strategy

Although enhancing website experiences that are effective for mobile and desktop users will be a central part of the strategy, digital marketers should also examine broader issues of how to:

- use marketing automation tools for customer relationship development (as described in Chapter 6); these may include email, mobile and web-based personalisation based on CRM databases;
- develop the overall customer experience across multiple channels (as described in Chapter 7 in the section on customer experience management (CXM), including using structured experiments such as AB testing using the range of martech (as explained in Chapter 10);
- maximise the results from partnering and advertising with online intermediaries such as publishers, and influencers such as bloggers (as described in Chapters 8 and 9);
- harness social media marketing, both through use on its own site through user-generated content and through paid ads within the main social networks such as Facebook, Instagram, LinkedIn and Twitter (as described in Chapter 9).

Strategy development may also involve redesigning business processes to integrate with partners, e.g., suppliers and distributors.

As the Internet and digitally enhanced trading environments are more widely adopted, the scope for redesigning business processes extends even further. Marketers not only need to look for opportunities to use technology to enhance their offer but must also ensure they protect their competitive positioning. See Digital marketing insight 4.2 about DHL and Sainsbury’s Argos supporting a multichannel with a two-person approach.

Digital marketing insight 4.2

DHL and Sainsbury’s Argos support multichannel

Selling bulk consumer goods online (e.g. furniture, kitchen appliances, washing machines, sporting treadmills) raises challenges. But Sainsbury’s Argos™ in collaboration with DHL have turned this into an opportunity. In the past the problem was having only one person driving the delivery vehicles, so on arrival at the customer’s home moving the goods into place was often difficult, especially for properties that were not on the ground floor. The rise in online sales meant a solution was required; the answer: the two-man home delivery service, fully integrated across the supply chain. By having two people involved in the home delivery, DHL has seen an annual growth in demand of 6.5 per cent, which is above the retail sector average of 2 per cent for these types of goods (Harthorne, 2017). Additionally, this new approach has increased customer satisfaction and levels of service, and increased the speed so that next-day delivery can be offered to 95 per cent of the UK. The delivery services are supported by a mobile app and live chat via the Argos website.

Figure P.1 in the Preface suggests the range of digital marketing activities that must be managed as part of a digital marketing strategy, structured around the customer lifecycle defined as the four steps in RACE Planning (Smart Insights, 2015). The figure shows that the operational activities that need to be implemented and managed as part of strategy can be usefully divided into those focusing on (1) customer acquisition, (2) customer conversion, proposition and experience development, and (3) customer retention and growth. Improving the capability to execute many of these activities will be decided upon through the review process of creating a digital marketing strategy. An output from the digital strategy will be a series of strategic digital marketing initiatives in the areas of customer acquisition, conversion or retention, such as those shown in Table 4.1. These initiatives will typically be prioritised and placed as part of a long-term e-commerce ‘roadmap’ defining required developments over a longer period, say one to three years.

Table 4.1 Summary of typical focus for main types of strategic digital marketing initiatives

Type of digital marketing strategy initiative	Commentary	Examples
New customer proposition (product and pricing)	Innovative website features digital communications related to new products or services that will generate revenue	HSBC Bank PLC™ introduced new financial calculators to drive sales of loans, credit cards and savings accounts
Customer acquisition	Innovative marketing designed to enhance digital capability and aimed to attract new customers	Content and inbound marketing deployed by HubSpot™ to achieve a successful stock-market flotation in the US including: search engine optimisation (SEO) pay-per-click (PPC) Co-marketing and influencer marketing Affiliate marketing and aggregators more relevant for transactional businesses
Customer conversion and customer experience initiatives	Innovative features that add functionality and increase conversion rates and average order values. Strategic initiatives aimed at improving the customers’ brand experience	JD Wetherspoons Order & Pay app Customers can now find a table, order and pay on their phone; food and drinks are delivered directly to the table. No queuing at the bar or waiting to pay. Reducing barriers drives sales
Customer development and growth strategic initiatives	Investments to improve the experience and delivery of offers to existing customers	Volkswagen™ is increasing sales and customer conversion through its digital ecosystems. MyVolkswagen app links customers to their car, providing servicing updates and delivery information; Car-Net connects smartphones and watches to navigation and in-car security; Volkswagen Connect gives driving information, charging updates and car location capabilities
Social media and, content marketing	Broader application of social media for acquisition, conversion and retention	Airbnb used Instagram and celebrities such as Mariah Carey and Lady GaGa to act as influences for the accommodation platform
Enhanced marketing capabilities through site infrastructure improvements	These typically involve ‘back-end or back-office features’ that won’t be evident to users of the site, but will help in the management or administration of the site	CRM or personalisation Content management system Performance improvement – improve management information, web analytics systems including systems for multivariate and AB testing Improve customer feedback facilities
Resourcing and governance strategies	Changes needed to marketing management given the increased importance of digital media and technology	Process change Skills development Team structure

Importance of integrated digital marketing strategy and digital transformation

Digital marketing is becoming increasingly pervasive across every aspect of an organisation's activities, but there are many aspects of managing digital media and technology to consider when seeking to integrate digital marketing across an organisation:

- *gaining buy-in and budget* consistent with audience media consumption and value generated;
- *conflicts of ownership and tensions* between a digital team and other teams such as traditional marketing, IT, finance and senior management;
- *coordination with different channels* in conjunction with teams managing marketing programmes elsewhere in the business;
- *managing and integrating customer information* about characteristics and behaviours collected online;
- *achieving consistent reporting*, review, analysis and follow-up actions of digital marketing results throughout the business;
- *structuring the specialist digital team* and integrating into the organisation by changing responsibilities elsewhere in the organisation;
- *'time to market'* for implementing new functionality on a site;
- *insourcing vs outsourcing online marketing tactics*, i.e. search, affiliate, email marketing, PR; and staff recruitment requirements.

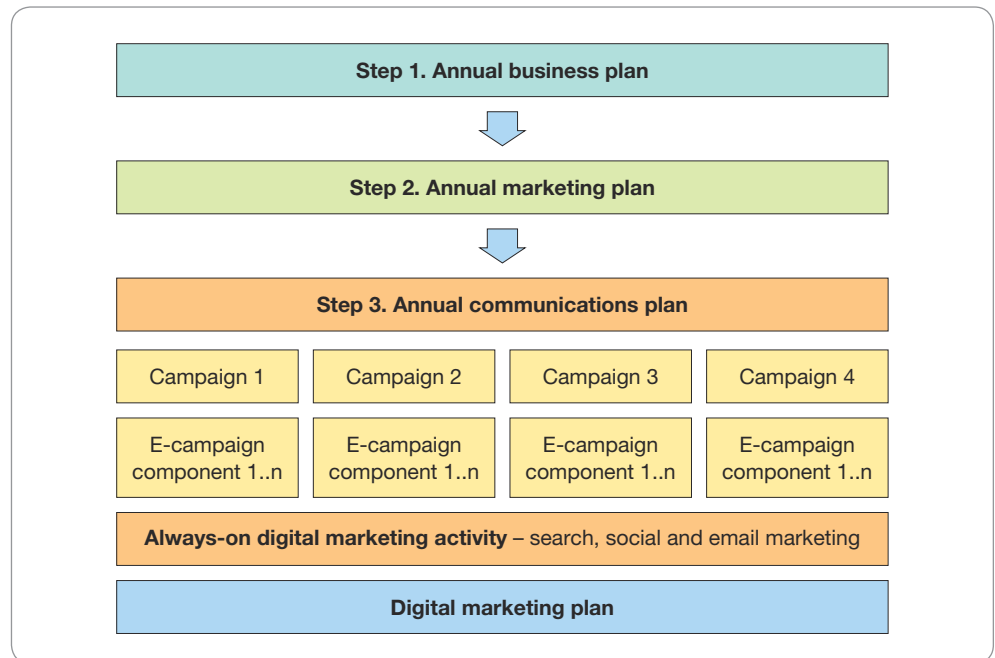
Given the scope and importance of digital marketing for many organisations, as we explained in Chapter 1, many large organisations are now implementing **digital transformation** programmes, which have these features:

- Gain agreement of long-term digital marketing strategy and investment levels between relevant parts of an organisation, i.e. senior management team, marketing, corporate communications/brand, e-commerce/trading, IT and data management.
- Broad scope covering resource investment for digital media, data management and marketing technology.
- Consider changes to process, structure and skills (internal and resources) needed to implement change and agree integration of communications across traditional and digital channels.
- Review approach to insight, measurement and improvement, e.g. agreeing relevant KPIs, dashboards to review them and use of structured experiments to make improvements.
- Define a roadmap and change programme for implementing changes.

Ultimately, the transformation plan should integrate all of their strategic plans into the organisation's overall long-term business plan. Figure 4.4 shows a planning hierarchy for an organisation, from a corporate or business plan. The figure shows how the digital marketing plan supports other strategic and tactical initiatives. (See Chapter 8 for further discussion of these techniques.) We see a specific digital marketing plan as a temporary, interim tool to support digital transformation by defining the major changes needed for processes, resourcing, structure, media investment and proposition development. Once these issues have been addressed, then digital channel activities can and should be integrated within the broader marketing and communications plans. A digital marketing specialist or consultant can create a digital marketing plan to help inform and influence not only senior managers or directors and other non-marketing functions, but also to achieve buy-in from fellow marketers. Failure to plan how to manage digital channels can lead to the problems shown in Table 4.2, which can be reduced if a digital marketing strategy and transformation plan is in place to manage the problems. Activity 4.1 explores the benefits of a planned approach.

Digital transformation

A staged programme of business improvements to people, processes and tools used for integrated digital marketing to maximise the potential contribution of digital technology and media to business growth.

Figure 4.4 Hierarchy of organisation plans including digital marketing plans**Table 4.2** Digital marketing planning failures and solutions

Potential failure or problem	Potential solution
Underestimated customer demand for online services	Research demand, set objectives, allocate sufficient resources
Intense competition from existing and new market entrants who may spark digital disruption in sector through new business or revenue models	Analyse the market, especially the intensity of rivalry, anticipate competitive responses, plan a clear market entry strategy or potential changes to business and revenue models
Duplication of resources	Improve internal communications to avoid different parts of the marketing organisation purchasing different tools or different agencies for performing similar online marketing tasks
Insufficient resources and capabilities	Ensure budget and specific specialist digital skills are available to support the strategic initiatives including 'always-on' activities to continuously engage audiences using search, social and email marketing
Relevant customer data not collected or utilised	Research to ensure best possible knowledge of target customers; integrate customer data into existing systems
Lack of control	Measure and analyse regularly to take corrective action to ensure achievement of objectives
Lack of senior management support	Ensure support for a long-term digital transformation plan as this will be needed to drive major strategic initiatives

Activity 4.1

Benefits of digital marketing planning

Business commentators suggest that to survive it is vital to have a 'strong digital footprint' (Forbes, 2014). Furthermore, without a digital marketing strategy, new business, brand exposure and revenues can all be significantly affected, particularly since new entrants may encourage digital disruption within a sector.

Purpose

To consider the benefits and barriers to the adoption of digital marketing planning.

Task

Imagine you are a marketing manager responsible for the development of your organisation's digital marketing strategy. Using an organisation you are familiar with, outline the barriers and potential benefits of digital marketing planning.

How to structure a digital marketing strategy

Michael Porter (2001) suggested the Internet has heightened the importance of strategy, but he encouraged business to be cautious and suggested where businesses should focus when developing their strategy. He suggested six principles that could help to sustain a distinctive strategic position:

- 1 Start with the *right goal*, which is grounded in real economic value.
- 2 Define a *value proposition*, which is unique but, importantly, deliverable.
- 3 Do things differently; create a *distinctive value chain*.
- 4 Be prepared to make *trade-offs*, tailoring a firm's activities to outperform rivals.
- 5 Create a *fit* between what the company does, where it wants to be and the resources available.
- 6 Establish *continuity*. Planning decisions follow the distinctive position set out by the original goals.

These principles remain fundamental to how to define value through a digital marketing strategy. More recently, he has recommended that innovative technologies are forcing companies increasingly to ask the question '*what business am I in?*' (Porter and Heppelmann, 2014) as competition intensifies due to increased data processing power and almost universal connectivity. The other aspect of a digital marketing strategy that Porter didn't consider since it is more tactical, is how to improve digital marketing communications capabilities. This requires prioritisation of activities, such as those explored in Part 3, to improve reach, customer experience, conversion and retention.

Marketing planning and strategy comprises a complex and resource-intensive set of processes that can deliver great rewards if fully embraced (Jobber and Ellis-Chadwick, 2016). A **strategy process model** provides a framework that gives a logical sequence to follow to ensure inclusion of all key activities of strategy development and implementation. In a marketing context, these strategy development and implementation activities are coordinated through a marketing plan, and the process of creating this is known as **marketing planning**. McDonald (2003) defined marketing planning simply as:

the planned application of marketing resources to achieve marketing objectives . . . Marketing planning is simply a logical sequence and a series of activities leading to the setting of marketing objectives and the formulation of plans for achieving them.

McDonald (2003) distinguished between strategic marketing plans that cover a period beyond the next financial year (typically three to five years) and tactical marketing plans that cover detailed actions over a shorter time period of one year or less, and this is equally

Strategy process model

A framework for approaching strategy development.

Marketing planning

A logical sequence and a series of activities leading to the setting of marketing objectives and the formulation of plans for achieving them.

applicable to digital marketing planning. In a similar way, we suggest that a strategic digital marketing plan, often known in large companies as a digital transformation plan, should place emphasis on four areas:

- 1 Identification of changes to competitive forces in the micro-environment and macro-environment that will influence customer demand for online experiences and products.
- 2 Developing value propositions for customers using online services as part of their buying process.
- 3 Definition of the technology infrastructure and information architecture to deliver these value propositions as a customer experience.
- 4 Changes to governance of marketing activities affecting the structure, skills and systems or processes in an organisation.

Having a long-term *roadmap* to guide digital transformation activities for 18 months to three years may be needed given the scale of changes to structure, skills and technology suggested by Figure 4.1. Equally, it is important to consider that digital environments are highly dynamic, and operational plans should aim to promote strategic agility, so shorter-term flexibility needs to be built into the process. Outram (2015) argues for a 90-day planning approach where communications strategy performance is reviewed.

Figure 4.5 shows an overall strategy process model for developing a digital marketing strategy recommended by Chaffey and Smith (2012). PR Smith's SOSTAC® Planning framework (explained at www.prsmith.org) stands for Situation, Objectives and Strategy, Tactics, Action and Control. Chaffey and Smith (2012) note that each stage is not discrete; rather there is some

Figure 4.5 The SOSTAC® planning framework applied to digital marketing strategy development

