

18. eMarketing strategy

What's inside: An introduction to the Internet and the Marketing Mix, some key terms and concepts around strategy, a guide to developing a marketing plan, the correlation between eMarketing and Marketing, using online tools for gathering market intelligence and an eMarketing strategy in action. Put everything you have learned into context with a case study about the ingenuity behind online strategy of Barack Obama's campaign.

introduction

A strategy is a long-term plan of action aimed at achieving a particular outcome. Tactics refer to the immediate actions taken to execute a strategy. While most of the chapters in this textbook refer to the tactics that the Internet has afforded to marketing, the essential first step to executing any online campaign is in the planning: strategy.

Strategy comes from the Greek *strategos*, which itself is derived from two words:

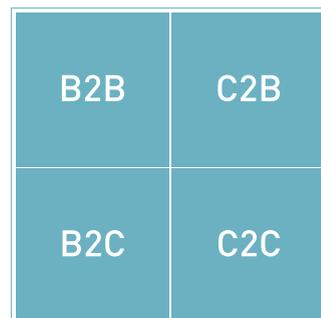
- *stratos* for army, and
- *ago* for leading.

Tactic also comes from Greek: *taktika* for deploying or arranging.

In wars and business, a strategy usually intends the same outcome: winning.

Treatises on strategy abound. *The Art of War* was written by Sun Tsu in the 6th century BC, and this ancient Chinese text on military strategy today often forms the foundation of business strategy. Move forward a few millenia, and a course in marketing will include Porter's five forces, McCarthy's four Ps and Humphrey's SWOT analysis. At the time that the framework for the Internet was being researched and developed, economists and academics were laying the foundation for principles still leading marketing thought today.

how the internet has changed the world we market in



Grid showing types of markets

The connected Internet has had a far greater impact on marketing and business than the ubiquitous email newsletter and the need for search engine optimisation. It is not only the way in which products and services can be marketed that has changed, but new products and services are being developed as well. It has changed the types of products that can be sold, changed the market for products in terms of geography,

had a huge impact in the way products are sold and marketed, and importantly has seen a significant shift in the balance of power between businesses and consumers. Where marketing once was seen as a one way broadcast channel, with customer wants and needs driven by focus groups, today effective marketing is based on a two-way conversation that happens person to person.

However, the Internet does not necessarily mean throwing out the rule book of marketing and business foundations and principles. Instead, the Internet provides a new environment in which to build on these principles. Profit is still revenue less cost. The Internet does not change that.

key terms and concepts

B2B Stands for Business to Business. When businesses sell products/services to other businesses and not to consumers.

B2C Stands for Business to Consumers. When businesses sell products/services to consumers.

Brand Distinctive name or trademark that identifies a product or manufacturer.

C2B Stands for Consumer to Business. When consumers sell products/services to businesses.

C2C Stands for Consumer to Consumer. When consumers sell products/services to other consumers.

Clicks and Mortar A business model by which a company integrates online and offline presences.

Cluetrain Manifesto A set of 95 theses organised as a call to action for businesses operating within a newly connected market place.

Competitive To have good enough value to compete against commercial rivals.

Digital Available in electronic form; able to be manipulated and read by a computer.

Marketing plan A written document detailing the actions necessary to achieve marketing objectives.

Profit Money made from a product/service after expenses have been accounted for.

Revenue Yield of income from a particular source.

ROI Short for Return On Investment which is the ratio of cost to profit.

Strategy A set of ideas that outline how a product line or brand will achieve its objectives. This guides decisions on how to create, distribute, promote and price the product or service.

Tactic Specific details or parts of a strategy that will contribute to accomplishing a goal. Can be a method or an action.

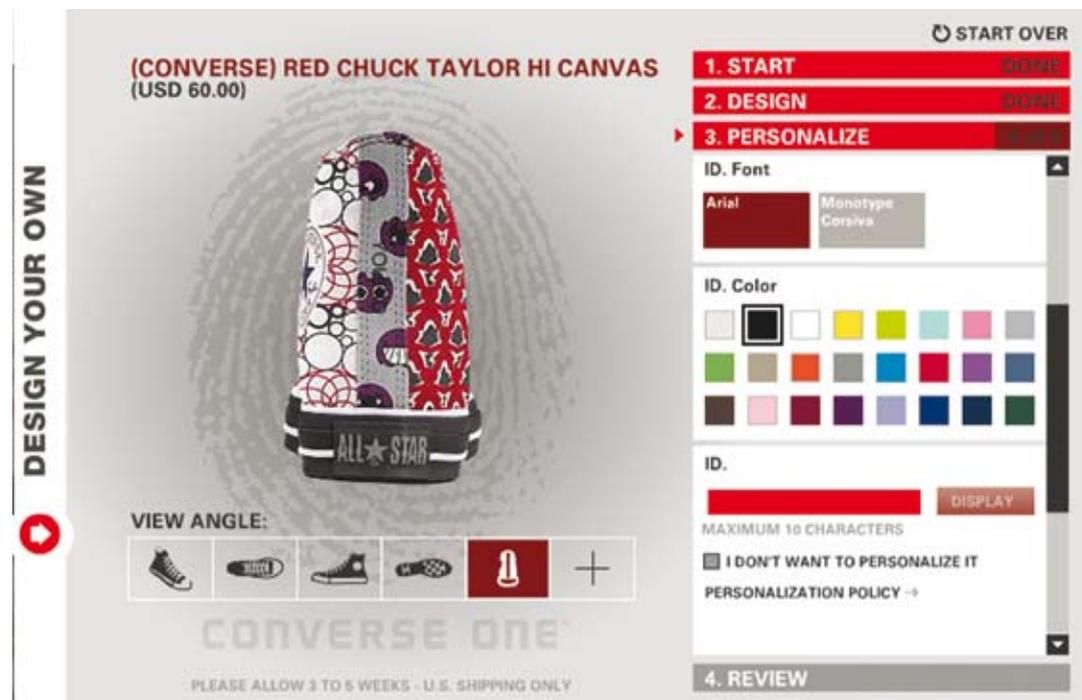
the internet and the marketing mix

McCarthy's four Ps of marketing are Product, Price, Placement and Promotion. Developing technology, naturally, has an effect on all of these, and the Internet in particular has seen fundamental shifts not only in the means available to promote products, but also in the placement, or distribution of products. Although tools for research, retention, distribution and product creation have changed dramatically, the fundamental principles of marketing still guide strategy.

products and services

Products and services are what a company sells. From fast moving consumer goods to digital products such as software to services such as consultancy, the Internet has allowed for a plethora of new products.

Technology allows for mass customisation of products, seen in a growing trend of letting customers customise goods online before they are created. For example, NIKEiD (www.nikeid.nike.com) and Converse (www.converse.com) both allow customers to create their own trainers based on a number of preset options, that will then be manufactured to the customer requirements. In a similar fashion, computer products can be built to specifications, as the costs of offering this type of service to customers is reduced by the Internet.



Converse allows customers to create their own shoes

Digital products can exist because of the Internet. The very framework of the Internet allows for products such as software and digital music to be distributed. The Internet as a distribution medium is what makes these products possible.

price

With customers able to easily access pricing information from a number of suppliers with relative ease, the Internet is growing a market of near perfect competition (Porter, 2001). The prevalence of search engines and of shopping comparison websites, such as www.pricerunner.com and www.nextag.com, make it easy for customers to compare product prices across a number of retailers. The temptation for companies to differentiate themselves on price has led to decreased prices for many commodities, from the regularly reduced pricing of books on Amazon.com to ticket prices on low cost airlines such as EasyJet (www.easyjet.com) in Europe.

placement or distribution

Particularly for digital products and services, the Internet gives companies access to a global marketplace. Product distribution and markets no longer have to be dictated by location. With efficient delivery and shipping channels, products that are not digital can also benefit from a far wider market place. The Internet allows the basic foundations of mail order businesses to flourish online with a catalogue that is cheaper to produce and update, and cheaper to distribute: a website. In the travel industry, travel agents stopped issuing paper tickets as of 31 May 2008 (<http://www.iata.org/stbsupportportal/et/>). Nearly all aeroplane tickets are now e-tickets.

Technology such as APIs, SOAP services, RSS and XML allow information and services to be distributed throughout the world. For example, the API for a hotel reservations database, Starfish Luxury Travel Distribution (<http://starfishinteractive.com/>), allows a diverse range of websites to offer instant online bookings for hotels in the inventory. Partners with booking engines include <http://starfishinteractive.com/>, <http://www.spaworld.tv/> and <http://www.timesonline.co.uk/>.

This is both a huge opportunity and a huge challenge for businesses. On the one hand, it can allow niche products and markets to flourish in a global space. On the other hand, it can be tempting for a marketer to try to reach too many markets at once. A global market place is also not yet fully supported by national banking and tax legislation.

promotion

The Internet as an information and entertainment medium naturally lends itself to be used to promote products. The online promotional mix is an extension of the offline, but with some significant differences: online promotion can be tracked, measured and targeted far more sophisticatedly than offline. Advertising, personal sales, promotions-based marketing and public relations can all be conducted through the online medium. These tactics are developed further in this textbook.

note

An API is an Application Programming Interface. Essentially, an API gives instructions and rules for communicating with another programme or database. This allows, for example, different companies and developers to build different front-end systems that all communicate with the same database.

new Ps and new marketing

Well known marketing guru Seth Godin says that marketing is actually about five elements (http://sethgodin.typepad.com/seths_blog/2008/06/five-easy-piece.html)

- Data - that which we observe (and made the easier to gather and mine through the use of the Internet)
- Stories - everything you do and say
- Products (services) - the physical manifestation of the story
- Interactions - all the tactics a marketer can use to “touch” the prospect or customer
- Connection - the end goal: creating a relationship

But Seth Godin is not the only smart marketer challenging the four Ps. Iris Mootee (http://blog.futurelab.net/2007/07/web_20_and_the_marketing_new_4.html) put forward four new Ps for marketing in the connected environment:

- Personalisation
- Participation
- Peer-to-Peer Communities
- Predictive Modelling

personalisation

Databases and the use of cookies to remember web visitors allow for online experiences to be tailored to particular web visitors. Amazon makes use of personalisation to recommend books to customers based on their past purchases.

participation

With the growth in social media and consumer generated content, customers are demanding, and taking, a stake in the brands that they use. Savvy companies can encourage participation through onsite reviews and allowing customers to upload images and video, and all companies should be aware of the many ways that consumers are participating.

peer-to-peer communities

Peer-to-peer communities can be seen to work with customer participation. Through social media, existing customers can be a company’s greatest asset, or greatest detractor. Equipping an engaged and active customer base with the tools to spread a message should be an integral part of a long-term eMarketing strategy.

predictive modelling

The connected nature of the Internet allows for every action online to be tracked, measured and stored. Huge amounts of data, both anonymous and identifiable, are being stored daily. Analysis of this data can provide insight into solving marketing

problems. For example, in PPC advertising, data is gathered that over time will indicate the optimal keywords and maximum CPC bids for effective bidding.

Godin’s five marketing elements are reminiscent of The Cluetrain Manifesto’s premise that “markets are conversations”, and both highlight the importance of marketing as people talking to people. This is not a new phenomenon brought on by the World Wide Web. Instead, the Web has served to act as a global focus group, with participants eager to share their thoughts, discoveries, likes, dislikes and any other sentiment.

Mootee’s four Ps focus on what technology brings to the original marketing mix. Technology has allowed for mass customisation, not just in marketing messages, but in content and product creation. It has seen brands that allow customer participation in spreading and even creating their messages and products succeed. The growth of social networks online, and the recognised importance of product reviews in the buying cycle is reflected in peer-to-peer communities. Lastly, the Internet is useful in tracking and gathering data, which can be mined and analysed for opportunities for growth.

What recent approaches to marketing strategy have in common is one growing theme: customer centric marketing.

The strength of the Internet is demonstrated in the way it underlines connections. The very fabric of the Internet is based on hyperlinks – being able to link from one document to another. These technical connections are mirrored in the need for marketing to appeal to customer’s feeling of connection in the social sense.

customer centric marketing

Customer centric marketing infers that by understanding the needs of the customer first and foremost, business outcomes will be achieved. Looking at the marketing mix from a customer centric perspective should result in products and strategies that are meeting the needs of potential customers, as opposed to a need to invest in expensive, interruptive advertising to convince customers of a need that they do not have.

Products

Products and services should be designed from a customer perspective, based on their needs.

Price

When considering pricing from a customer perspective, it is tempting to believe that the lowest price is best. While that can attract customers in the short-term, focusing on the value of the product and the services offered with it is a better strategy for long-

term growth. The customer approach to pricing considers value. The key is to build a long-term cost advantage.

Placement

The customer centric approach to placement recognises that you cannot dictate the manner in which customers find you online: from the search engine and keywords they could use to find your service, to the browser and device they are using when accessing your website.

Promotion

The Internet was not created as a marketing tool: it was created to share information. The number of people accessing the Internet, the amount of time spent online and the commerce that takes place online make it an attractive marketing environment.

developing a marketing plan



Steps to creating a strategy

An eMarketing strategy should not be created in isolation to an offline strategy. Instead, marketers need to take a holistic view of all business objectives and marketing opportunities. Offline and online activities should complement each other, both having the potential to reach different audiences in different ways. However, the Internet is exceptionally useful as a research and information tool in the strategy process.

Step 1: Know Yourself and Know Your Market

The starting point for any business and marketing strategy is to know who you are. "You" refers to the organisation as a whole (although, of course, a little bit of self discovery is always advised). While this can, and should, be re-addressed periodically, start by looking at what the business problems are right now, so that a strategy can be developed that solves these problems.

- What is the nature of the organisation now?
- Who are the customers and what are their needs? How can the organisation fulfil the needs of the customer?
- What is the social context that the organisation operates in?

Step 2: Strategic Analysis

With a solid understanding of where the organisation is right now, further analysis systematically evaluates the organisations environmental and social context, objectives and strategies so as to identify weaknesses and opportunities.

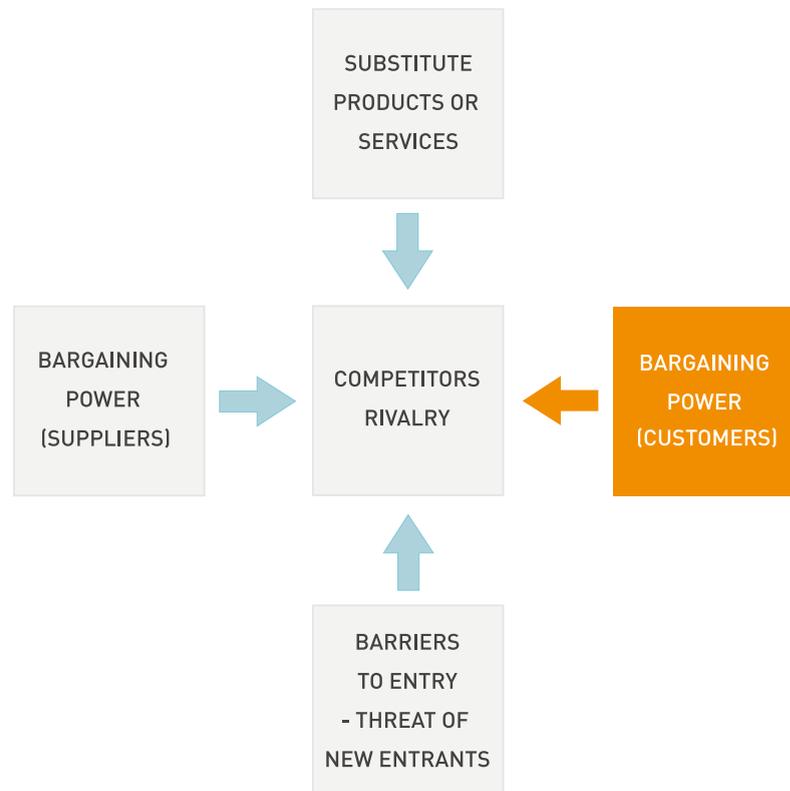
porter's five forces analysis

Porter's Five Forces Analysis is useful in understanding the attractiveness of the market in which an organisation is transacting. However, this framework for analysis was developed before the Internet, which has disrupted the markets in which we operate.

Production and distribution costs in many industries have been drastically lowered; the barriers to entry and costs of switching are reduced. This means that there are more competitors in the market as the barriers to entry for new organisations is reduced, and that cost is less likely to inhibit customers from switching to a competing product as there are less likely to be high costs associated with doing so. Perhaps most importantly, the bargaining power of end users is increased as they have greater access to information when making a purchase decision.

Often, the Internet migrates competition primarily to price (Porter, 2001). This means that organisations seek to attract and retain customers solely through offering services and goods at a lower price, though this is not necessarily the best strategy

for companies to follow. Strategic differentiation comes from the value that a company can provide to a consumer.



Porter's 5 Forces

competitors

When analysing competitors, it is not only product and price that lead the discovery process. While there may be obvious competitors in the same industry, an organisation needs to consider what (or who) else may be vying for consumers' attention and valuable search engine traffic

In identifying competitors, analyse the needs of your customers, and determine how else customers might fulfil those needs. Products and services are not only competing for customers' money: they are fundamentally competing for customers' attention.

Considering the customised Converse shoes: the customer needs are not likely to be that they have bare feet. Instead, the shoes are fulfilling a customer's need for individuality and self-expression. NikeiD is an obvious competitor, but so is a service like Face Your Manga (www.faceyourmanga.com) that allows web users to create custom Manga avatars to use online.

Step 3: Set Marketing Objectives

Marketing objectives are the desired outcomes of the marketing plan. What are the specific goals that will indicate the success of the marketing strategy?

These should be unique to an organisation, and are based around the outcomes that will make money for the organisation. This is a strategy, so the focus is on long-term success. Establish milestones that will indicate that the strategy is on the path to success.

Step 4: Generate Strategies and Tactics for Achieving Objectives

It's time to put into practice the tactics covered in this textbook. Based on your analysis of your organisation and its objectives, consider strategies and tactics that will help you to meet these objectives.

For example, an objective could be the acquisition of new customers. A tactic could be display advertising on content websites that reflect your target market.

If customer retention is the objective, an email newsletter strategy can help to build relationships with an existing interested database of prospects.

Step 5: Evaluate Strategies

After generating strategies, they need to be evaluated against the needs and resources of your organisation. At this stage, it can be useful to follow Humphrey's SWOT analysis for a full analysis of the strategies generated.

	Helpful	Harmful
Internal	S Strengths	W Weaknesses
External	O Opportunities	T Threats

SWOT analysis

For each strategy, a SWOT analysis reveals the Strengths, Weaknesses, Opportunities and Threats afforded by a strategy (and of course can be used to evaluate the plan in its entirety).

SWOT analysis will reveal the feasibility and the attractiveness of the strategies generated.

The needs of the organisation include:

- Long-term goals
- Short-term objectives
- ROI

The resources of the organisation include:

- In house talent and staff
- Budget
- Contracted agencies

Step 6: Implement

You know what you want, and you've made a plan for how to get it. Now do it.

Step 7: Track, Analyse, Optimise

eMarketing's chief advantage over offline marketing? It uses hyperlinks to spread messages. This means that eMarketing can be tracked, the data can be analysed and this can then feed back into the planning to optimise the marketing strategy.

The Internet allows you to track each tactic on its own, and then intelligent analysis should allow you to consider how these tactics work together.

eMarketing and marketing

eMarketing refers specifically to marketing using the Internet, but holistic strategies allow companies to make the most of their budget through integrating online and offline activities. eMarketing should not be seen as separate or an afterthought to a marketing strategy. Instead, businesses should focus on their customers, and use the channels most likely to reach their target market based on budget.

The cornerstone of a successful eMarketing strategy is flexibility. With near real-time reporting, the likely success of any campaign or channel can be gauged quickly. Flexibility allows for focus to be shifted as new opportunities and challenges arise.

TACTIC	OUTCOME
Email Marketing	Customer Retention
Online Advertising	Branding, Acquisition
Affiliate Marketing	Sales, Branding
SEO	Customer Retention and Acquisition
PPC	Acquisition
Social Media	Branding and Participation
Viral Marketing	Acquisition and Branding
ORM	Customer Retention, Branding, Participation
WebPR	Acquisition and Branding

online tools for gathering market intelligence

In the chapter on online reputation management, many tools were detailed which allow an organisation to gather information related to their business and those of competitors. These same tools also prove invaluable for market research, especially when keywords monitored are chosen to reflect industry trends.

Search data for both SEO and PPC

SpyFu www.spyfu.com

Quirk SearchStatus www.quirk.biz/searchstatus

SEO Book's Rank Checker www.tools.seobook.com/firefox/rank-checker

Watching competitor activities

ChangeDetection www.changedetection.com

Google Alerts www.google.com/alerts

BrandsEye www.brandseye.com

Google Patent Search www.google.com/patents

Trends and market research

Google Insights www.google.com/insights/search

Flickr www.flickr.com

Delicious www.delicious.com

Google AdWords External Keyword Tool

www.adwords.google.com/select/KeywordToolExternal

When researching competitors, never forget the basics: visit their websites! Not only can you gather basic price and product information, but it can be relatively easy to discover information about their marketing initiatives such as affiliate marketing.

case study: Barack Obama's strategic use of the Internet

The 2008 US Presidential election was historic for many reasons and was keenly followed worldwide. Barack Obama's campaign made unprecedented use of grassroots channels to generate support, encourage voter turnout and raise funds with savvy use of the Internet to support their campaign. While with hindsight it may be plain to see how much the campaign got right, when Barack Obama started campaigning for the Democratic Party's nomination, he was seen as an outsider. For much of that campaign, the media branded Barack Obama as the underdog.

The World Wide Web appears daunting to many big businesses and organisations. In politics, especially, few have to date incorporated the tools of the Web into successful campaigns. As with business, the Web was seen as an emerging channel in politics. This meant that the candidates that Obama was running against, in both the campaign for the Democratic nomination and in the presidential campaign, were focused on traditional tactics for gathering support. Not being the frontrunner, Obama needed to engage with voters in new ways in order to succeed. The use of social media made the most of the Obama campaign's greatest strength – its grassroots, community connections.

When it comes to elections in the USA, young voters are the toughest demographic to reach. It's a challenge shared by many businesses and organisations trying to reach out to a younger audience. They find that traditional channels, such as television advertising, are having less and less of an impact. Instead of watching television, younger people are turning to the Internet and their mobile phones for entertainment and for interacting with their friends. Savvy brands who want to reach this market are turning to the same channels.

The Obama campaign realised early on that without the traditional support enjoyed by the other candidates, they would need to find new ways to raise funds and reach voters. As the Edelman Trust Barometer consistently shows, people are more likely to trust and listen to "someone like me". The best way to reach these "people like me" is to use existing social connections. The Obama campaign used this to create a social network, www.my.barackobama.com, that supporters could use to self-organise events, connect with other supporters and receive feedback and support from the campaign. According to Quantcast figures, this network saw over a million visitors each month, eclipsing 2 million visitors in some months.

Our online tools make local organizing easy

Join My.BarackObama, our online community with over a million members. Get access to the tools you need to effectively organize for Barack Obama and build this movement for change.

- **Find** local events and groups
- **Contact** undecided voters near you
- **Share** your story on your blog

It only takes a minute to create an account - get started now!

For best results in making use of social connections, existing social networks should also be utilised. Even though the bespoke social network my.barackobama.com was the hub of the campaign, profiles were created on all major social networking websites to enable the campaign to reach out to supporters in as many channels as possible. Profiles, groups and pages were created on Facebook, Twitter, and YouTube to name just a few. In fact, photographs from election night were released by the Obama campaign on Flickr. Top viewed videos on the campaign's official YouTube channel have received over 5 million views each.

The campaign also made excellent use of a number of other eMarketing tactics, all carefully co-ordinated to make supporters feel as engaged and involved in the campaign as possible. While Hillary Rodham Clinton raised \$13.5 million in January 2008 to support her campaign, mostly through large, traditional fundraising events, Barack Obama raised \$36 million in the same month. Of that, \$28 million was raised online with 90 percent of those transactions coming from people who donated \$100 or less, and 40 percent from donors who gave \$25 or less. Even small donors felt that they, personally, were making a difference.

The Obama campaign used every interaction opportunity to collect information that would allow them to connect further with potential supporters, from email addresses, to mobile phone numbers and zip codes for precise email marketing. In fact, in what was probably the largest mass SMS communication to date, the Obama campaign announced Joe Biden as Obama's running mate via SMS to an estimated 2.9 million supporters.

Search is playing an increasingly important role in current affairs, and with that comes online reputation management. All candidates realised this, and made good use of search marketing to complement their other media campaigns.

Obama-Ayers Myth

Obama.FightTheSmears.com

Get the Truth Now. The Obama-Ayers Link Has Been Wildly Exaggerated

For example, when the McCain campaign was talking about Obama's association with Bill Ayers, many people turned to their favourite search engine to find out more. The Obama campaign ran a PPC campaign, buying contentious search terms, and advertising a website that portrayed their side of the story: www.fightthesmears.com. Timely PPC and a well-run website helped them to manage their reputation online.

The swelling grassroots support was channelled and supported by the Obama campaign, leading to an unprecedented number of volunteers and donations that helped the campaign to victory in the US presidential elections. However, like any organisation that has found success in reaching out to its constituents in remarkably new ways, that success carries with it a lot of expectation. After feeling so heavily involved in the electoral campaign, many supporters are now expecting to be as involved in the new presidency. Barack Obama has continued to use social media channels to reach out. He now conducts a weekly address, not on television, but on YouTube. Americans are invited to follow his transition team, and offer their thoughts and suggestions, on the website www.change.gov.

The Obama campaign's strategic use of the Internet, and particularly online tools for connecting with supporters, has changed worldwide expectations of politics and the Internet. Savvy use of social networks and tools that encouraged and enabled mass participation may have made all the difference to this campaign.

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case study questions

1. How did the Obama campaign make the most of the opportunities afforded by grassroots support?
2. Why is the Internet so well suited to a grassroots organising strategy?
3. Why is the success of the campaign also a challenge to Obama as he assumes office?

chapter questions

1. Why, when it comes to eMarketing in particular, is flexibility important in strategy?
2. The textbook stresses the important of tracking, analysing and optimising for any eMarketing campaign. Why?
3. What is the difference between a strategy and a tactic?

references

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Simon, H. A. (1971), Designing Organizations for an Information-Rich World, The Johns Hopkins Press, ISBN 0-8018-1135-X.
http://marketing.wharton.upenn.edu/ideas/pdf/Armstrong/EducationalMaterials/Dont_do_SWOT3.pdf
[accessed on 16/09/08]

further reading

www.sethgodin.typepad.com - Seth Godin's popular blog provides regular insight

www.gigaom.com - GigaOM's community of writers covers all things technology

www.fastcompany.com - Fast Company magazine's web site

19. last words