

# Instructor's Manual

## Digital Marketing

Sixth edition

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## Part 1

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# Digital marketing fundamentals

# Introducing digital marketing

## One sentence overview

An introduction to digital marketing and the book structure.

## Notes on using slides for the first chapter in lectures – lesson plan

1. **Marketing transformation.** Slides 1.4, 1.5 and 1.6. Generate interest through opportunities for new business applications online. Ask what the success factors have been for these companies – see Activity 1.1. Innovation in digital marketing platforms
2. **What is digital marketing?** Slides 1.7–1.16. Apply the CIM definition to e-marketing. Ask students how it contributes to marketing. Emphasise need for integration, hence multichannel marketing. Use the Preface Figure P.1 to explain the scope of digital marketing. Introduce different types of paid, owned and earned media (Figure 1.3 – Slide 1.11). For alternative definitions, see:
  - <http://www.smartinsights.com/digital-marketing-strategy/customer-acquisition-strategy/new-media-options/>
3. **What are e-commerce and e-business?** Slides 1.17 and 1.18. Ask students to write down definitions. Then, show Figure 1.5 to explain the distinction between buy-side and sell-side e-commerce.
4. **Introduction to digital marketing strategy.** Slides 1.19–1.22. Applications of Internet marketing. Start by asking about the need for a digital strategy. What can go wrong without a strategy? Review 5Ss for a company such as easyJet or NWS. Different contexts of Internet marketing (Slide 1.15) and an example of an innovative C2C site (Slide 1.18). Also note how this site is being used for advertising to this audience.

See 5Ss of Internet marketing example (Table 1.2):

  - <http://www.smartinsights.com/goal-setting-evaluation/goals-kpis/goals-for-your-digital-marketing/>
5. **Structured planning for Internet marketing.** Slides 1.23 and 1.25. Discuss the need for structured planning and relate to your course structure. May want to introduce SOSTAC framework from Chapter 9.
6. **Introduction to digital marketing communications.** Slides 1.26–1.29. Explanation of marketing communications terms such as medium, discipline, channel and vehicle. Illustrates key tools by a worked example, for instance, searching for a credit card.

7. **Differences between digital media and traditional media.** Slides 1.30–1.35. Review the 6 Is using Slides 1.20–1.23 with references to case studies used earlier in lecture or Travel Republic.
8. **Key digital marketing concepts.** Slides 1.34–1.39. Introduce these through examples, for example:
  - <http://www.smartinsights.com/social-media-marketing/social-media-strategy/e-permission-marketing/>
  - <http://www.smartinsights.com/social-media-marketing/social-media-strategy/integrating-social-media-marketing/>

## Activities

### **Activity 1.1: Innovation in digital marketing platforms**

#### **Purpose**

To introduce some of the most important platforms used for digital marketing today and to illustrate innovation in online business models and communications approaches.

#### **Questions**

1. **Think about the innovation that you have witnessed during the time you have used the Internet and World Wide Web and mobile phones. What would you say are the main sites used in your country that have been created, which have changed the way you spend your time online? Table 1.1 shows the sites that we believe have had the biggest influence on online business models in the US and Europe, with more emphasis on the most recent ones.**
2. **What do these sites have in common with the ones that you have selected and what do you think has made them successful?**

#### **Answer**

This is provided in the main text:

- All these sites are American, so the funding and publicity they can achieve is significant.
- You will notice that many of these sites were originally developed in the United States, with the majority now used around the world. But, in each country, similar types of businesses have evolved, for example, the search engines Baidu in China and Yandex in Russia.
- They meet a fundamental consumer need.
- They have a clear revenue model.
- They have a memorable branding and experience.

- Initially, they had a straightforward proposition – offering one service.
- Generally they were first-movers.
- It is notable that many have taken several years before becoming widely known and used.

### **Activity 1.2: The latest marketing technology landscape**

#### **Purpose**

To illustrate the range of systems available to support marketers and to explain the main categories of service available.

#### **Activity**

1. Search for Scott Brinker's latest technology roadmap for the current year on his ChiefMartec.com site. For each of the six categories of service summarised in Figure 1.3, write a layman's description of how they can support digital marketing activities by reviewing the proposition as described on the websites of the most popular services in the category (the most popular are listed first).
2. Make a note to understand the different types of services defined in each category.
3. Choose one or two vendor systems and visit their website to see how they explain the proposition and explain it to others in your group(s). Alternatively, identify the most popular service(s) in each category.

Answers may vary according to choice and content of vendor websites.

### **Activity 1.3: Why are C2C interactions important?**

#### **Purpose**

To highlight the relevance of C2C transactions to B2C companies.

#### **Activity**

1. **Consult with fellow students and share experience of C2C interactions online. Think of C2C both on independent sites and organisational sites. How can C2C communications assist these organisations?**

#### **Answer**

Examples mentioned may include the following:

1. User-generated content (UGC), a feature of Web 2.0, for example, reviews of products, either on the retailer site (e.g. [www.ebuyer.com](http://www.ebuyer.com)) or on third-party review sites.
2. Online auctions, for example, eBay.

3. Online forums are important for B2C publishers, for example, [www.e-consultancy.com/forums](http://www.e-consultancy.com/forums).
4. Contributing to customer support sites. These are specialist models. C2C is mainly an aid for support of technical products such as software (see [www.symantec.com](http://www.symantec.com)).

### **Activity 1.4: Digital media differences?**

#### **Purpose**

To illustrate similarities and differences between digital and traditional media.

#### **Activity**

Make two columns. On the left, write down different digital media channels and on the right, the corresponding communications disciplines such as advertising, direct marketing or PR, which are most appropriate.

#### **Answer**

<b>Digital Media Channels</b>	<b>Communication Disciplines</b>
Search Engine Marketing	SEO, pay-per-click and paid search
Online PR	Publisher outreach, community participation, media altering and brand protection
Online Partnerships	Affiliate marketing, sponsorships and co-branding
Display Advertising	Ad networks and behavioural targeting
Social Media Marketing	Audience participation, managing social media presence, viral campaigns and customer feedback

### **Activity 1.5: Assessing social media marketing platforms**

#### **Purpose**

To explore the range of social media sites and tools in order to categorise them and assess their business applications.

#### **Activity**

Visit the Conversation Prism ([www.conversationprism.com](http://www.conversationprism.com)) which is a visual map of the social media landscape. Identify the types of social media sites you and your colleagues use. How do you think the popularity of tools would differ for different types of B2B and B2C sites? Discuss how businesses should decide on the most important to achieve their goals.

**Answer**

Reasons for deciding relative investment:

1. *Popularity with consumers* – overall preferences for platforms.
2. *Competitor success with platforms* – benchmarking how they are using them.
3. *Evaluation of how well they support business goals* – can use RACE KPIs (Figure 1.10) or the 5Ss framework referenced earlier in this chapter: Speak, Sell, Serve, Save and Sizzle.
4. *Current results* – assessed through using analytics – visits and sales referred to main site, engagement on site.

**Activity 1.6: Integrating online and offline communications**

**Purpose**

To highlight differences in marketing communications introduced through the use of the Internet as a channel and the need to integrate these communications with existing channels.

**Activity**

List the communications between a PC vendor and a home customer over the lifetime of a product such as a PC. Include communications using both the Internet and traditional media. Refer to channel-swapping alternatives in the buying decision in Figure 1.16 to develop your answer.

The table below shows different forms of integration between the channels.

**Table: Examples of communications initiated by customer and company**

Communication initiated by customer	Communication initiated by company
Phone call to company	Advert to generate awareness, placed in newspaper or PC magazine
Visit to website to review prices and specification	Phone call or e-mail by courier company to arrange delivery of PC
Phone call or e-commerce purchase of PC	Traditional mail-out or e-mail after 1 year to describe upgrade in service
Support call to solve problem	Traditional mail-out or e-mail after 3 years to describe new product offers
Complaint about repair	Call to arrange visit (from sub-contracted company)

## Exercises

### **Self-assessment exercises**

#### **1. Explain the main types of digital marketing platform.**

Traditional platforms are desktop access to the web through a browser, but now mobile is more important with apps increasing in popularity (desktop and mobile). APIs and feeds are important as a way of exchanging information between platforms.

Can distinguish between hardware platforms as above, software platforms and different services such as the communications channels in Figures 1.10 and 1.11.

#### **2. Identify different ways in which a website or social media presence is used for marketing in different markets.**

The demographic profile of an online audience varies significantly. As a result, website content should be tailored to suit the interests of the target community. Appropriate social media should be used to engage a particular audience, for example, Facebook and Twitter attract a different demographic to Instagram, Tumblr, etc. Online content can be used to provide information and reach; can encourage audiences to engage with a brand; can be used to convert leads in to sales and revenue and can also be used to build customer relationships.

#### **3. Outline different applications of digital marketing which can help meet business goals.**

You can consider the different forms of online presence and how these support digital marketing. Within each there are different applications to support online and offline marketing.

1. Transactional e-commerce site (online sales or offline store finder).
2. Services-oriented relationship-building website (Help desk and FAQ), lead generation through data capture.
3. Brand-building site – can include sampling, capture of leads or creation of community and sharing.
4. Portal or media site – publishing through news or blog.
5. Social network or community site – encouraging sharing through creation of consumer-generated content.

As noted in the text, these are not mutually exclusive; it is a matter of emphasis.

#### **4. Explain what is meant by electronic commerce, social commerce and digital business. How do they relate to the marketing function?**

E-commerce refers to transactions for the trading of goods and services conducted using the Internet and other digital media. E-business is broader, including electronically mediated transactions, which are internal and with suppliers as well as those to buyers. They are both methods of supporting the marketing function – e-commerce refers to customer facing websites,

e-business also includes links with partners and suppliers through extranets and internal marketing communications through intranets.

Social commerce can support both e-commerce and e-business. It refers to supporting sales through encouraging consumer sharing, interaction and advocacy. It is integrated into e-commerce as reviews and ratings, for example.

**5. Six digital media channels are introduced in this chapter. What are they and how do they work to reach, engage and convert an audience?**

The six media channels can be distinguished by terms mentioned later in the text, that is, pull or push or inbound marketing. They are as follows:

1. **Search Engine Optimisation ((SEO) and PPC plus feeds like Google Shopping).** These are 'pull' in response to consumer demand through search engines and search networks (ads are displayed on third-party sites also).
2. **Online PR.** This includes outreach to publishers and bloggers.
3. **Online partnerships.** For e-commerce sites, affiliate marketing is the main arrangement, a commission-based approach to sales.
4. **Interactive ads.** Display ads use a 'push' approach similar to traditional ads, reaching audiences as they use media sites.
5. **Opt-in e-mail.** Tends to be mainly used with in-house customer lists, but can rent permission-based lists or advertise in other e-newsletters.
6. **Social media marketing.** Reaching audiences as they use the main social networks and encouraging sharing of content.

Internet is available to all; others are restricted to those inside a company (intranet) and favoured third parties such as large customers, suppliers and distributors (extranet).

**6. Summarise the main communications difference between digital and traditional media.**

- Interactivity – not solely a push medium (e-mail), but also pull (customers search for information). Information can be collected from customers via web pages (direct response).
- Intelligence – can monitor customers' interests and profile them.
- Individualisation – it is possible to tailor e-mail and web communications (personalisation).
- Integration – of online and offline channels remains important.
- Intermediation – new intermediaries can be used as a route to market and there is also the opportunity to sell direct.
- Independence of location – possible to reach a wider marketplace.

**7. Distinguish between social media marketing, inbound and content marketing.**

These three concepts overlap, so we can explain the relationship between them. The main elements are as follows:

1. **Social media marketing.** Encourages interactivity, participation and sharing.
2. **Inbound marketing.** Raises awareness through content to engage which is then shared.
3. **Content marketing.** Engaging content is developed for sharing as part of social media and inbound marketing. Content is developed not just for sharing, but to support sales.

<http://www.smartinsights.com/content-management/content-marketing-strategy/a-content-marketing-and-inbound-marketing-blueprint/>

**8. How can the Internet and digital media be used to develop new markets and penetrate existing markets? What types of new products can be delivered by the Internet?**

International markets can be targeted without the need for sales/promotional infrastructure. Fulfilment methods must enable delivery with minimal need for local servicing. The Internet may give opportunities for new market segments such as the youth market that may have been difficult to target previously. For existing markets, the Internet can be used to increase awareness and add value to a company and its products.

***Essay and discussion questions***

**1. Some would see digital media primarily as a means of advertising and selling products. What are the opportunities for other uses of the Internet and digital media for marketing?**

Refer students to pages 12–16 that discuss opportunities in the areas of:

- marketing research,
- ‘below-the-line promotions’,
- customer service, and
- relationship building/loyalty enhancing.

Prompt students by considering the five different types of sites mentioned on pages 14–17. The 5Ss given in Table 1.2 are also a suitable framework for answering this question.

**2. ‘The World Wide Web represents a *pull* medium for marketing rather than a *push* medium’. Discuss.**

Refer students to the introduction of digital marketing communications (page 29–31), which describe differences in traditional and digital media. Push and pull are also discussed in more detail at the start of Chapter 8, where different communication models are referred to.

Answers should stress the pull nature of the medium, for example, where a consumer uses a search engine to find a product, but the question is intended to highlight the options for push such as personalised e-mail promotion, targeted messages on websites and banner advertising.

**3. You are a newly installed marketing manager in a company selling products in the business-to-business sector. Currently, the company only has a limited website containing electronic versions of its brochures. You want to convince the directors of the benefits of investing in the website to provide more benefits to the company. How would you present your case?**

The framework presented in Figure 1.8 on page 26 gives a good structure for developing a case and this is expanded upon in Chapter 4, where an alternative approach (SOSTAC) is shown in Figure 4.3. The main elements of this approach are as follows:

- Understand changes in media consumption – how do their prospective (?) and customers use the web to inform their buying decision?
- Set objectives in terms of number of site visitors and leads generated.
- Formulate a strategy to develop relevant content, that is, more depth than electronic brochures, to help customers decide on relevant products or complete their jobs.
- Develop a plan to promote the site, including details of tactics for each digital media channel.

The directors will be interested mainly in generating new enquiries. Students may mention the following benefits:

- Reach new audiences, for example, smaller businesses through pull effect of search engines.
- Provide a new method of generating leads through offering whitepapers to download – see example of B2B Web Analytics provider, for instance, [www.omniture.com](http://www.omniture.com) – it is best if students choose examples or are given companies to consider.
- Provide customer services to existing customers and promote alternative products (cross-sell).

**4. Explain the main benefits that a company selling fast-moving consumer goods should derive from its website.**

The aim of this question is to highlight that the web is not suitable for direct sales of all products.

However, digital media may be used for generating awareness and brand building. This can be achieved through banner advertising on third-party sites. For example, [www.handbag.com](http://www.handbag.com) for a cosmetics company engaging a female audience or [www.fhm.com](http://www.fhm.com) for a male audience.

This engagement can occur through microsites hosted by publishers or by the brand and social networks also. Consumers can be encouraged to opt-into e-newsletters or get involved in SMS promotions. Students should learn the concepts of inbound and content marketing to show how relationships with consumers can be developed. Good examples to recommend are Bacardi, Lynx and Red Bull.

## **Examination questions**

### **1. Explain electronic commerce and social commerce and how they relate.**

Social commerce is a subset of electronic commerce. Both are aimed at encouraging online transactions. Electronic commerce provides an online catalogue of products with facilities to search and find out more about products. Social commerce integrates user-generated content from consumers to encourage sale. Social commerce features include reviews and ratings.

### **2. Which techniques can be used to increase awareness of a brand and encourage interaction with the brand?**

Digital media offer a range of platforms to increase awareness as web users search and consume content online. These include search engine marketing, online PR and outreach and partner marketing. Display advertising and reaching publisher audiences through e-mail lists can also be used to increase awareness. Interaction is usually facilitated using a model where visitors are referred to a site, microsite or social network where content marketing is used to encourage interaction. These methods can be used across both desktop and mobile platforms.

### **3. A digital marketing manager must seek to control and accommodate all the main methods by which consumers may visit a company website. Describe these methods.**

Although these are introduced in this chapter, Figure 1.11 provides a good summary of the main methods, which are as follows:

- Search engine marketing
- Online PR
- Online partnerships
- Offline communications (driving traffic to web site)
- Interactive ads
- Opt-in e-mail marketing
- Social media and viral marketing.

### **4. Imagine you are explaining the difference between the digital marketing and e-commerce to a marketing manager. How would you explain these two terms?**

Digital marketing is a broader term referring to using a range of digital technologies to support marketing objectives, for example, Sell, Speak, Serve, Save and Sizzle. E-commerce is a narrower term relating to encouraging online transactions and supporting these through customer service.

### **5. What is the relevance of 'conversion marketing' for digital marketing?**

Conversion marketing is a structured approach to increase the value of digital interactions for a business. Assessing and improving response rates can achieve more online sales. For example, we can increase the reach of the site to turn more web browsers into visitors; we can increase

the conversion rate of the site to encourage more site visitors to achieve action and we can increase conversion of leads to sales to increase turnover.

**6. Explain how digital platforms can be used to increase market penetration in existing markets and develop new markets.**

To increase penetration in existing markets, the Internet can be used to reach a greater proportion of the target market within an existing country or marketplace. It can also, in combination with other communication channels, be used to assist in converting more potential customers to sale.

To develop new markets, the Internet can be used not only to reach new geographical markets but also to enter new markets. For example, supermarket Tesco.com uses the Internet to sell 'white goods', which it did not previously sell.

This is introduced in Chapter 1, but covered in more detail in Chapter 4 (see Figure 4.12).

## **Case Study 1: eBay thrives in the global marketplace**

### **Question**

**Discuss how eBay uses different parts of their site to focus on certain activities and how this has contributed to continued growth.**

Students should be guided as to whether they review the whole eBay business or the core business (the marketplace).

It is best to divide this question into two parts.

**1. How have the characteristics of digital media supported eBay's growth?**

A suitable framework for reviewing the unique aspects of digital media is Table 1.2 – 'The 5Ss of digital marketing'. 'An interpretation of the differences between the old and the digital media'. Also, if this case study is used later in this main text, the section at the start of Chapter 8 on 'The characteristics of digital media' may be useful.

The particular characteristics of digital media compared to traditional media that are important to eBay are straightforward. They are as follows:

- Change from a one-to-many communication model to a one-to-one or many-to-many communication model.
- The ability to create user-generated content listing products is also related to the one-to-one aspect and is also important.
- From Push to Pull – eBay offerings are often visible within search engines.
- From monologue to dialogue (two-way information exchange for enquiries about products facilitated by e-mail).
- Ratings for sellers are important to generate trust (although there are methods of falsifying these).

- Community – the sense that users are part of a community and additionally are bypassing traditional retail channels will be important from some users.

## **2. How have strategic decisions supported growth?**

As with other cases based on SEC filings, that is, United States Securities and Exchange Commission submission, this case is useful for showing how growth is dependent not only on exploiting the right opportunities but also about managing risks successfully.

SEC is a recommended resource for all US listed companies for which there are case studies in the main text. These can usually be accessed through the relevant SEC filings, for example:

Students may structure strategic decisions in different ways according to the level of the course they are following, but since the case is in the beginning of the text, they could be advised to simply look for success factors. Alternatively, if they have completed Chapters 4 and 5 on strategy and the marketing mix, respectively, these then provide alternative frameworks.

Strategic success factors students may mention include the following:

- Branding – a distinctive brand – the earlier brand name was perhaps less appropriate although more direct.
- First-mover advantage – gaining a critical mass through the foresight of the owner.
- Security and fraud – realising that this is important to reputation, so investing in managing this and controlling PR related to this. eBay has developed ‘Trust and Safety Programmes’ to manage this.
- Partnerships and acquisitions, which fit/relate well to the service, that is, PayPal and Skype.
- Communication of customer value proposition – the case describes how eBay explains this.
- Revenue model – the market has judged that this gives a good balance for sellers, purchasers and eBay. Setting fees at the right level has enabled eBay to scale for some time.
- Process efficiency – the case describes how eBay measures and then seeks to improve the key areas of Acquisition, Activation and Activity.
- Growth strategies – these are covered in Chapter 4 and include market development (geographic) and product development (new categories for consumers and businesses).
- Technology scalability – not referred to in this chapter, but eBay has been successful in deploying technology that has supported the company’s rapid growth.