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THE ESSENTIAL GUIDE TO
MARKETING IN A DIGITAL WORLD

5TH
EDITION



ROB STOKES
AND THE MINDS OF QUIRK

02

Digital Marketing Strategy

What's inside: An **introduction** to some **key terms and concepts** and a guide to **understanding strategy**. We look at the questions to ask when compiling a **digital marketing strategy**, and a **digital marketing strategy in action**.

2.1 Introduction

A strategy indicates the most advantageous direction for an organisation to take over a defined period of time. It also outlines which tactics and means should be used to execute this direction. Originating as a military term, strategy is about using your strengths, as well as the context in which you are operating, to your advantage.

In marketing, strategy starts with understanding what the business wants to achieve, or what problem it wants to solve. It then considers the context in which the business and its competitors operates, and outlines key ways in which the business and brand can gain advantage and add value.

In this chapter, you will learn:

- How to define and distinguish business strategy, marketing strategy and digital strategy
- The key building-block concepts that are essential to any strategy
- The questions that need to be asked when assembling a digital marketing strategy

2.2 Key terms and concepts

| Term | Definition |
|---|--|
| Application programming interface (API) | A particular set of rules and specifications that software programs can abide by when communicating with each other. It serves as an interface between programs and facilitates their communication, similar to the way in which a user interface facilitates communication between humans and computers. APIs are often used by third-party developers to create applications for social media websites such as Twitter and Facebook. |
| Cluetrain Manifesto | A set of 95 theses organised as a call to action (CTA) for businesses operating within a newly connected marketplace. |
| Market share | In strategic management and marketing, the percentage or proportion of the total available market or market segment that is being serviced by a company. |
| Metric | A unit of measurement. |
| Online Reputation Management (ORM) | The understanding and influencing of the perception of an entity online. This entails ensuring that you know what is being said about you, and that you are leading the conversation. |

| | |
|--------------------------------------|--|
| Pay per click (PPC) | Pay per click is advertising where the advertiser pays only for each click on their advert. |
| Return on investment (ROI) | The ratio of cost to profit. |
| Really Simple Syndication (RSS) | RSS allows you to receive/syndicate this information without requiring you constantly to open new pages in your browser. |
| Search engine optimisation (SEO) | SEO is the practice that aims to improve a website's ranking for specific keywords in the search engines. |
| Short Message Service (SMS) | Electronic messages sent on a cellular network. |
| Simple Object Access Protocol (SOAP) | A simple XML-based protocol to allow for the exchanging of structured information over HTTP. |
| 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 | A specific action or method that contributes to achieving a goal. |
| WebPR | Public relations on the web. Online news releases and article syndication promote brands as well as drive traffic to sites. |
| eXtensible Markup Language (XML) | A standard used for creating structured documents. |

2.3 What is marketing?

A simple definition for marketing is that it is the creation and satisfaction of demand for your product or service. If all goes well, this demand should translate into sales and, ultimately, revenue.

In 2012, Dr Philip Kotler defined marketing as “the science and art of exploring, creating, and delivering value to satisfy the needs of a target market at a profit. Marketing identifies unfulfilled needs and desires. It defines, measures and quantifies the size of the identified market and the profit potential” (Kotler, 2012).

In order to motivate people to pay for your product or service, or to consider your organisation superior to your competitors, you need to create meaningful benefits and value for the consumer. The value that a marketer should seek to create should be equal to or even greater than the cost of the product to the consumer. Doing this often and consistently enough will grow trust in and loyalty towards the brand.

2.4 What is digital marketing?

If marketing creates and satisfies demand, digital marketing drives the creation of demand using the power of the Internet, and satisfies this demand in new and innovative ways. The Internet is an interactive medium. It allows for the exchange of currency, but more than that, it allows for the exchange of value.

NOTE

What brand interactions have you had that you actually consider valuable?

A business on the Internet can gain value in the form of time, attention and advocacy from the consumer. For the user, value can be added in the form of entertainment, enlightenment and utility; content marketing is one powerful way to create value. The reciprocity of the transaction is what's important here – in other words, the exchange is a two-way street that provides benefit to both parties simultaneously.

The Internet has changed the world in which we sell. It is not a new marketing channel; instead, it creates a new paradigm for the way in which consumers connect with brands and with each other. The complete scope of marketing is practised on the Internet – products and services are positioned and promoted, purchased, distributed and serviced. The web provides consumers with more choice, more influence and more power. Brands have new ways of selling, new products and services to sell, and new markets to which they can sell.

The roles played by marketing agencies are shifting too. So-called 'traditional' agencies are getting better at digital marketing, while agencies that started out as digital shops are starting to play in the traditional advertising space. More than ever, integrated strategies that speak to an overall brand identity are vital to achieving an organisation's goals. Consumers are increasingly more fluent in their movement across channels and in their use of multiple of channels at once. They expect the same from the brands with which they connect. Anyone still thinking in the old 'traditional versus digital' dichotomy is sorely out of date.

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

Brands build loyalty among users who love their products or services. Users fall in love with products and services when their experience is tailored to their needs, and not the needs of the brand. More than any other type of marketing, digital marketing is measurable. This gives brands the opportunity to build tailored, optimised brand experiences for consumers.

2.5 Understanding marketing strategy

2.5.1 Business and brand strategy

Before you can delve into marketing strategy, take a step back and consider the business and brand with which you are working.

The end-goal of any business is to make money, in one way or another. Business strategy asks the questions: 'What is the business challenge we are facing that prevents us from making more revenue?' or, 'What business objective should we strive for in order to increase the money in the bank?'

The brand is the vessel of value in this equation. The brand justifies why the business matters, and what value it adds to people's lives. The value of the brand is measured in terms of its equity – how aware are people of the brand? Does it hold positive associations and perceived value? How loyal are people to the brand?

When you have the answer to this question, you can formulate a marketing strategy to address the challenge or objective you've discovered.

2.5.2 Marketing strategy

The purpose of a marketing strategy is to address a business or brand challenge or objective that has been revealed. An effective strategy involves making a series of well-informed decisions about how the brand, product or service should be promoted; the brand that attempts to be all things to all people risks becoming unfocused or losing the clarity of its value proposition.

For example, a new airline would need to consider how it is going to add value to the category and differentiate itself from competitors; whether their product is a domestic or international service; whether its target market would be budget travellers or international and business travellers; and whether the channel would be through primary airports or smaller, more cost-effective airports. Each of these choices will result in a vastly different strategic direction.

To make these decisions, a strategist must understand the context in which the brand operates: what are the factors that affect the business? This means conducting a situational analysis that looks at four pillars:

1. The environment
2. The business
3. The customers
4. The competitors

Here are some considerations and tools for conducting your brand's situational analysis.

Understanding the environment

The environment is the overall context or 'outside world' in which the business functions. It can involve anything from global economics (how well is the local currency performing these days?) to developments in your industry. Every brand will have a specific environment that it needs to consider, based on the type of product or service it produces.

NOTE

This answers the question: 'What external factors will have an influence on the marketing objectives you set?'

An analysis of the business and brand environment will typically consider political, economic, social, technological, legal and environmental (PESTLE) influences to identify a clear set of considerations or issues pertinent to the marketing strategy.

Understanding the business

There are several marketing models that can be used to understand the business and brand you are working with. Since it's essential for all marketing messages to encapsulate the brand's identity and objectives, this is a very important step.

A crucial consideration is the brand itself. What does it stand for? What does it mean? What associations, ideas, emotions and benefits do people associate with it? What makes it unique?

There are several levels of branding to investigate:

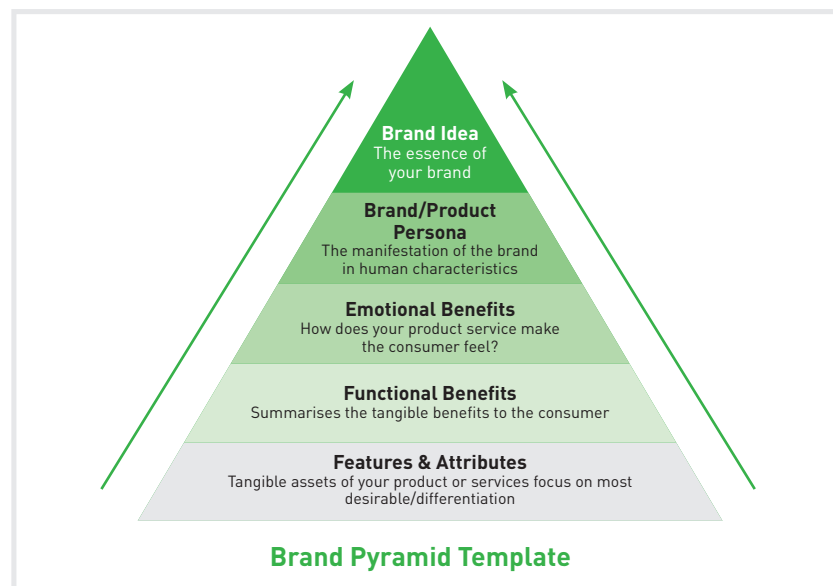


Figure 1. Understanding the business' brand.

(Source: Adapted from Noesis Marketing, 2011)

Out of this, you can determine what the brand or product's unique selling point (USP) is. A USP is the one characteristic that makes your product or service better than the competition's – what unique value does it have? Does it solve a problem that no other product does?

NOTE

This answers the question: 'What are the special things about your brand that make it marketable and unique?'

Understanding customers

In order truly to understand your customers, you need to conduct market research (discussed in much more detail in the next chapter). Try not to make assumptions about why people like and transact with your brand – you may find their values and motives are quite different from what you thought. Ongoing research will help you build a picture of what particular benefit or feature your business provides to your customers, allowing you to capitalise on this in your marketing content.

One important area on which to focus here is the consumer journey – the series of steps and decisions a customer takes before buying from your business (or not). Luckily, online data analytics allow you to get a good picture of how people behave on your website before converting to customers; other forms of market research will also help you establish this for your offline channels.

On the Internet, a consumer journey is not linear. Instead, consumers may engage with your brand in a variety of ways – for example, across devices or marketing channels – before making a purchase.

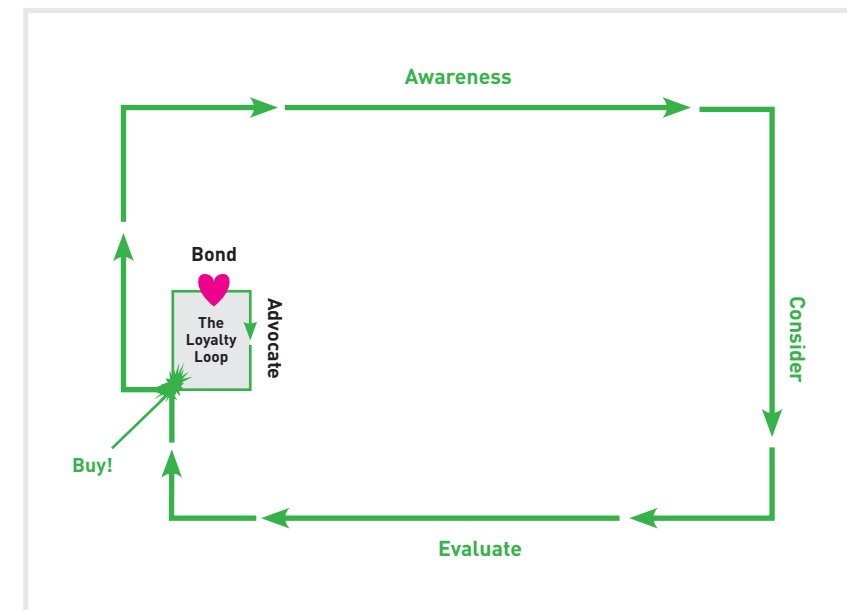


Figure 2. The customer journey is cyclical.

(Source: Adapted from Brilliant Noise, 2012)

NOTE

The customer journey answers the question: 'What do people really want from your brand, and what would convince them that you offer this?'

The goal is to reach customers with the right marketing message at the right stage of their journey. For example, you may want to use aspirational messages for someone in the exploration phase, but focus on more direct features and benefits (such as a lower price) when they're almost ready to buy.

Understanding competitors

Finally, it's important to know who else is marketing to your potential customers, what they offer, and how you can challenge or learn from them.

On the Internet, your competitors are not just those who are aiming to earn your customers' money; they are also those who are capturing your customers' attention. With more digital content being created in a day than most people could consume in a year – for example, over 100 hours of video are uploaded to YouTube every minute (YouTube, 2013) – the scarcest resources these days are time, focus and attention.

When considering competition, it's also worthwhile looking at potential replacements for your product. The Internet is disrupting and accelerating the pace of disintermediation in a number of industries, meaning that people can now go directly to the business instead of transacting through a middleman (look at the travel industry as an example). To stay ahead, you should be looking at potential disruptors of your industry as well as the existing players.

NOTE

This answers the question: 'What can you do to stand out from the crowd?'

2.5.3 Digital marketing strategy

Once you have a clear sense of what the business challenge or objective is, and you have defined how your marketing strategy will work towards fulfilling it, you can start thinking about your digital marketing strategy.

Consider that in the early days of TV, when the new medium was not as yet entirely understood, there were separate 'TV planners' who created a 'TV strategy' for the brand. Over time, this was incorporated into the overall marketing strategy (as it should be).

The same is going to happen with digital. Increasingly, digital thinking is being incorporated into marketing strategy from day one. This section considers digital strategy separately in order to highlight some differences in approach, but this should change in practice over time.

Digital marketing strategy builds on and adapts the principles of traditional marketing, using the opportunities and challenges offered by the digital medium. A digital marketing strategy should be constantly iterating and evolving. Since

the Internet allows for near-instantaneous feedback and data gathering, digital marketers should constantly be optimising and improving their online marketing efforts.

User-centric thinking, which involves placing the user at the core of all decisions, is vital when looking at building a successful digital marketing strategy. The digital marketing strategist of today is offered not only a plethora of new tactical possibilities, but also unprecedented ways of measuring the effectiveness of chosen strategies and tactics. Digital also allows greater opportunities for interaction and consumer engagement than were possible in the past, so it is important to consider the ways in which the brand can create interactive experiences for consumers, not just broadcast messages.

The fact that digital marketing is highly empirical is one of its key strengths. Almost everything can be measured: from behaviours, to actions and action paths, to results. This means that the digital marketing strategist should start thinking with return on investment (ROI) in mind. Built into any strategy should be a testing framework and the ability to remain flexible and dynamic in a medium that shifts and changes as user behaviours do.

If we defined strategy as 'a plan of action designed to achieve a particular outcome', the desired outcome of a digital marketing strategy would be aligned with your organisation's overall business and brand-building objectives or challenges. For example, if one of the overall objectives were acquisition of new clients, a possible digital marketing objective might be building brand awareness online.

2.6 The building blocks of marketing strategy

The following building-block techniques will help you structure a marketing strategy – both online and offline – that addresses your core business challenges.

These strategy models are just starting points and ways to help you think through problems; as you grow in experience and insight, you could find yourself relying on them less or adapting them.

2.6.1 Porter's Five Forces analysis

Porter's Five Forces analysis is a business tool that helps determine the competitive intensity and attractiveness of a market. The Internet's low barrier to entry means that many new businesses are appearing online, providing near-infinite choices for customers. This makes it important to consider new factors when devising a marketing strategy.

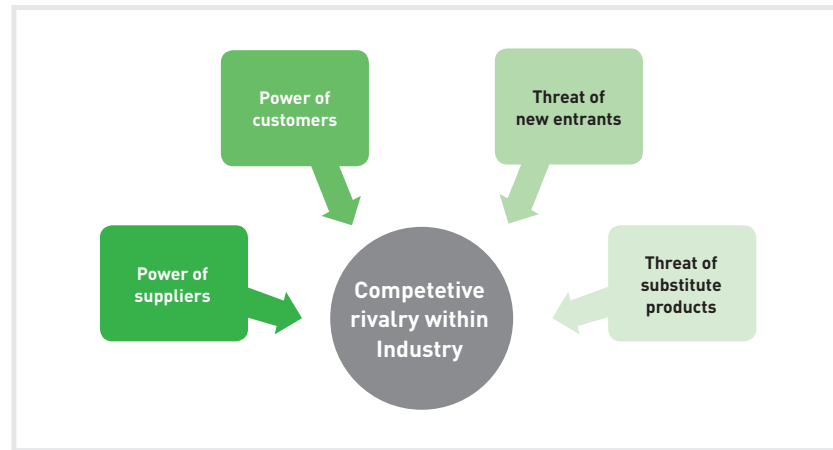


Figure 3. Porter's Five Forces.

2.6.2 The Four Ps

The Four Ps of marketing help you structure the components that make up a brand's offering, differentiators and marketing. They have been fundamentally changed by the Internet and need to be looked at in the context offered by digitally connected media and from the perspective of the consumer. How your brand is positioned in the mind of your consumer will ultimately determine your success.

1. Products (and services)

Products and services are what a company sells. The Internet enables business to sell a huge range of products, from fast-moving consumer goods and digital products such as software, to services such as consultancy. Online, the experience the user has in discovering and purchasing can be considered part of the product the brand provides.

The Internet has enabled mass customisation. For example, Nike (nikeid.nike.com) and Converse (www.converse.com) allow customers to customise their own trainers. The Internet as a distribution medium also makes it possible for products such as software and music to be sold digitally.

2. Price

The prevalence of search engines and of shopping comparison websites, such as www.pricerunner.co.uk, www.pricecheck.co.za/ and www.nextag.com, makes it easy for customers to compare product prices across a number of retailers; this makes the Internet a market of near-perfect competition (Porter, 2008).

These stories then go on to build connections between people, ideas, brands and products. Communities of people follow truly great brands because they want to be part of their stories. Apple is a good example of a brand with a dedicated tribal following. People want their products; they want the world to know that they have an iPhone or a Macbook. This kind of tribal following spells success for any brand.

With price differentiation becoming a challenge, especially for smaller players in the market, businesses need to consider differentiating on value. Value is a combination of service, perceived benefits and price, where customers may be willing to pay a higher price for a better experience, or if they feel they are getting something more than just the product.

3. Placement (or distribution)

Product distribution and markets no longer have to be dictated by location. Simply by making their products visible online (for example, on a website or Facebook page), brands can reach a global market. The key is to reach and engage customers on the channels they are using – this is why choosing your digital tactics is vital. You want to engage customers on their terms, not yours.

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 allows a diverse range of websites to offer instant online bookings for hotels in the inventory.

4. Promotion

The Internet, as an information and entertainment medium, naturally lends itself to promoting products. The online promotional mix is an extension of the offline, but with some significant differences. For one, online promotion can be tracked, measured and targeted in a far more sophisticated way.

But promotion doesn't just mean advertising and talking at customers – on the Internet, it's crucial to engage, collaborate and join conversations, too. Interacting with customers helps build relationships, and the web makes this sort of communication easy. That's why a good portion of this book is devoted to engagement tactics and tools.

5. A new P: People

In addition to the existing Four Ps, the Internet requires you to consider a new P: People. This element speaks to examining the powerful human element that the digitally connected world permits: personalisation, peer-to-peer sharing, communities, and consumer-centric organisations that allow people to participate in the brand story.

NOTE

The 4Ps have been expanded by various academics to include many different concepts. The core ideas remain – how are you positioning the essential components of your offering to own space in the minds of your audience?

The Cluetrain Manifesto (1999) describes markets as ‘conversations’. Humans are storytellers; brands create stories, myths and legends around their products and services. Ultimately, what people say about your product or service is a story and now, more than ever, consumers are helping to craft the stories that define organisations.

2.6.3 SWOT analysis

A SWOT (Strengths, Weaknesses, Opportunities, Threats) analysis is an ideal way to understand your business and your market.

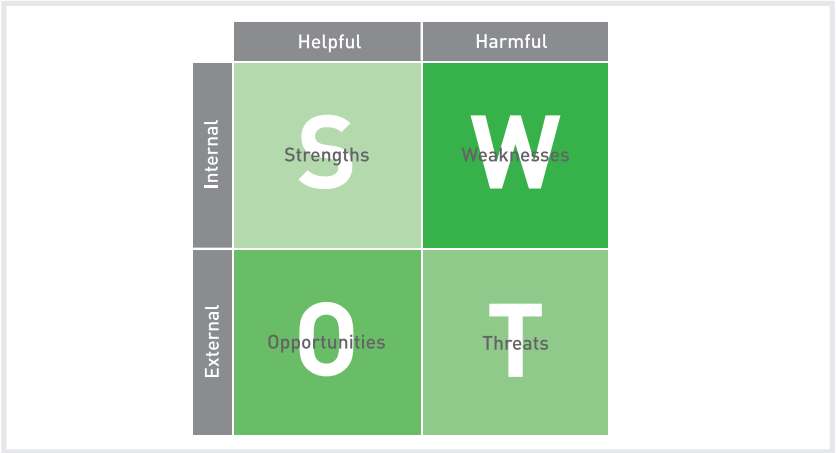


Figure 4. SWOT analysis.

Always have a purpose in mind when conducting a SWOT analysis. For example, study the external threats to your business, and see how learning from these can help you overcome internal weaknesses. This should tie back in to your business and marketing objectives – strengths should be promoted, opportunities should be sought out, while threats and weaknesses should be minimised as much as possible. A SWOT analysis is part of a situational analysis and identifies the key issues that direct the marketing strategy.

2.7 Crafting a digital marketing strategy

Any activity with an end goal (whether it’s winning a war, building a city or selling a product) should have a blueprint in place for every person in the organisation to

follow. In digital marketing, however, there is no single definitive approach – each business must create its own roadmap. However, there are questions you can use to guide the process.

A strategy needs to cover the questions of who you are, what you are offering and to whom, as well as why and how you are doing so. The steps and questions below cover what an organisation should be aware of when creating and implementing a strategy that will meet its marketing objectives and solve its challenges.

1. Context

The first step in crafting a successful strategy is to examine the context of the organisation and the various stakeholders. We’ve covered this under marketing strategy earlier in this chapter, but it bears repeating:

- What is the context in which you are operating (PESTLE factors) and how is this likely to change in the future?
- Who are you, why does your brand matter and what makes your brand useful and valuable?
- Who are your customers, and what needs, wants and desires do they have?
- Who are your competitors? These may extend beyond organisations that compete with you on the basis of price and product and could also be competition in the form of abstracts such as time and mindshare.

NOTE
PESTLE is discussed in more detail earlier in this chapter.

Thorough market research will reveal the answers to these questions.

2. Value exchange

Once you have examined the market situation, the second step is an examination of your value proposition or promise: in other words, what unique value your organisation can add to that market. It is important to identify the supporting value-adds to the brand promise that are unique to the digital landscape. What extras, beyond the basic product or service, do you offer to customers?

The Internet offers many channels for value creation. However, the definition of what is ‘valuable’ depends largely on the target audience, so it is crucial to research your users and gather insights into what they want and need.

Content marketing is the process of conceptualising and creating this sort of content – examples of value-based content include a DIY gardening video for a hardware brand, a research paper for a business analyst, or a funny infographic for a marketing company.

3. Objectives

When setting your digital marketing goals, there are four key aspects to consider: objectives, tactics, key performance indicators (KPIs) and targets. Let's look at each one in turn.

> Objectives

Objectives are essential to any marketing endeavour – without them, your strategy would have no direction and no end goal or win conditions. It's important to be able to take a step back and ask, 'Why are we doing any of this? What goal, purpose or outcome are we looking for?'

- What are you trying to achieve?
- How will you know if you are successful?

Objectives need to be SMART:

- **Specific** – the objective must be clear and detailed, rather than vague and general.
- **Measurable** – the objective must be measurable so that you can gauge whether you are attaining the desired outcome.
- **Attainable** – the objective must be something that is possible for your brand to achieve, based on available resources.
- **Realistic** – the objective must also be sensible and based on data and trends; don't exaggerate or overestimate what can be achieved.
- **Time-bound** – finally, the objective must be linked to a specific timeframe.

> Tactics

Objectives are not the same as tactics. Tactics are the specific tools or approaches you will use to meet your objectives – for example, a retention-based email newsletter, a Facebook page, or a CRM implementation. As a strategy becomes more complex, you may have multiple tactics working together to try to achieve the same objective. Tactics may change (and often should), but the objective should remain your focus. We'll look at tactics in more detail in the next section.

> Key performance indicators (KPIs)

KPIs are the specific metrics or pieces of data that you will look at to determine whether your tactics are performing well and meeting your objectives. For example, a gardener may look at the growth rate, colour and general appearance of a plant to evaluate whether it is healthy. In the same way, a marketer will look at a range of data points to determine whether a chosen tactic is delivering. KPIs are determined per tactic, with an eye on the overall objective.

> Targets

Finally, targets are the specific values that are set for your KPIs to reach within a specific time period. Sportspeople need to reach targets to advance their careers – for example, come in the top ten to qualify for the final, or run 10km in under 27 minutes. If you meet or exceed a target, you are succeeding; if you don't reach it, you're falling behind on your objectives and you need to reconsider your approach (or your target).

Here is an example:

SMART objective:

- Increase sales through the eCommerce platform by 10% within the next six months.

Tactics:

- Search advertising
- Facebook brand page

KPIs per tactic:

- Search advertising – number of search referrals, cost per click on the ads
- Facebook brand page – number of comments and shares on campaign-specific posts

Targets per tactic:

- Search advertising – 1 000 search referrals after the first month, with a 10% month-on-month increase after that
- Facebook brand page – 50 comments and 10 shares on campaign-specific posts per week

4. Tactics and evaluation

Many digital tools and tactics are available once you have defined your digital marketing objectives. Each tactic has its strengths – for example, acquisition (gaining new customers) may best be driven by search advertising, while email is one of the most effective tools for selling more products to existing customers.

The table below expands on some of the most popular tactics available to digital marketers and their possible outcomes. These will be covered in far more detail in the **Engage** section of this book.

| Tactic | Outcome |
|--|---|
| SEO | Customer retention and acquisition |
| This is the practice of optimising a website to rank higher on the search engine results pages for relevant search terms. SEO involves creating relevant, fresh and user-friendly content that search engines index and serve when people enter a search term that is relevant to your product or service. | SEO has a key role to play in acquisition, as it ensures your organisation's offering will appear in the search results, allowing you to reach potential customers. A site that is optimised for search engines is also a site that is clear, relevant and well designed. These elements ensure a great user experience, meaning that SEO also plays a role in retention. |
| Search advertising | Sales, customer retention and acquisition |
| In pay-per-click or search advertising, the advertiser pays only when someone clicks on their ad. The ads appear on search engine results pages. | The beauty of search advertising is that it is keyword based. This means an ad will come up in response to the search terms entered by the consumer. It therefore plays a role in sales, acquisition and retention. It allows the advertiser to reach people who are already in the buying cycle or are expressing interest in what they have to offer. |
| Online advertising | Branding and acquisition |
| Online advertising covers advertising in all areas of the Internet – ads in emails, ads on social networks and mobile devices, and display ads on normal websites. | The main objective of display advertising is to raise brand awareness online. It can also be more interactive and therefore less disruptive than traditional or static online advertising, as users can choose to engage with the ad or not. Online advertising can be targeted to physical locations, subject areas, past user behaviours, and much more. |
| Affiliate marketing | Sales and branding |
| Affiliate marketing is a system of reward whereby referrers are given a 'finder's fee' for every referral they give. | Online affiliate marketing is widely used to promote eCommerce websites, with the referrers being rewarded for every visitor, subscriber or customer provided through their efforts. It is a useful tactic for brand building and acquisition. |

| | |
|--|---|
| Video marketing | Branding, customer retention and value creation |
| Video marketing involves creating video content. This can either be outright video advertising, or can be valuable, useful, content marketing. | Since it is so interactive and engaging, video marketing is excellent for capturing and retaining customer attention. Done correctly, it provides tangible value – in the form of information, entertainment or inspiration – and boosts a brand's image in the eyes of the public. |
| Social media | Branding, value creation and participation |
| Social media, also known as consumer-generated media, is media (in the form of text, visuals and audio) created to be shared. It has changed the face of marketing by allowing collaboration and connection in a way that no other channel has been able to offer. | From a strategic perspective, social media is useful for brand building, raising awareness of the brand story and allowing the consumer to become involved in the story through collaboration. Social media platforms also play a role in building awareness, due to their shareable, viral nature. They can also provide crowdsourced feedback and allow brands to share valuable content directly with their fans. |
| Email marketing | Customer retention and value creation |
| Email marketing is a form of direct marketing that delivers commercial and content-based messages to an audience. It is extremely cost effective, highly targeted, customisable on a mass scale and completely measurable – all of which make it one of the most powerful digital marketing tactics. | Email marketing is a tool for building relationships with potential and existing customers through valuable content and promotional messages. It should maximise the retention and value of these customers, ultimately leading to greater profitability for the organisation as a whole. A targeted, segmented email database means that a brand can direct messages at certain sectors of their customer base in order to achieve the best results. |

Once the objectives and tactics have been set, these should be cross-checked and re-evaluated against the needs and resources of your organisation to make sure your strategy is on the right track and no opportunities are being overlooked.

5. Ongoing optimisation

It is increasingly important for brands to be dynamic, flexible and agile when marketing online. New tactics and platforms emerge every week, customer behaviours change over time, and people's needs and wants from brand evolve as their relationship grows. The challenge is to break through the online clutter to connect with customers in an original and meaningful way.

This process of constant change should be considered in the early stages of strategy formulation, allowing tactics and strategies to be modified and optimised as you go. After all, digital marketing strategy should be iterative, innovative and open to evolution.

Understanding user experience and the user journey is vital to building successful brands. Budget should be set aside upfront for analysing user data and optimising conversion paths.

Social thinking and socially informed innovation are also valuable and uniquely suited to the online space. Socially powered insight can be used to inform strategic decisions in the organisation, from product roadmaps to service plans. Brands have moved away from being merely present in social media towards actively using it, aligning it with actionable objectives and their corresponding metrics. This is critical in demonstrating ROI and understating the opportunities and threats in the market.

Managing the learning loop (the knowledge gained from reviewing the performance of your tactics, which can then be fed back into the strategy) can be difficult. This is because brand cycles often move more slowly than the real-time results you will see online. It is therefore important to find a way to work agility into the strategy, allowing you to be quick, creative and proactive, as opposed to slow, predictable and reactive.

2.8 Case study: Nike digital strategy

2.8.1 One-line summary

Nike transformed its marketing strategy by embracing key digital strategies such as data analytics, social engagement and storytelling.

2.8.2 The problem

As one of the biggest sports brands in the world, Nike was not struggling for exposure or attention. However, the brand was noticing that its traditional, big-budget advertising strategy was seeing fewer returns over time.

The biggest market for Nike products consists of young people between the ages of 15 and 25, who spend 20% more with Nike than any other group. But these Generation Y customers weren't paying attention to big, top-down media, and were looking for a brand that offered constant change and innovation, not just the same old thing over and over.

Nike realised that it needed a new approach to reach this digital audience.

2.8.3 The solution

Understanding that marketing in the digital age is a conversation, not a monologue, Nike dropped its spending on TV and print advertising by 40% between 2010 and 2012 – but increased its overall marketing budget to \$2.4 billion in 2012.

Nike chose to use a combination of technological innovations, data analytics and social media engagement to reach this new, digitally savvy audience.

Engineers and scientists associated with prestigious organisations such as MIT and Apple were hired to build exciting new technologies and examine market insights. One of their biggest accomplishments was the creation of Nike+ in 2010 – a device that lets users track their exercise regimens, upload these to the web, monitor their progress, and share their achievements socially. The product range grew to include the Nike FuelBand.

This new community created incredible volumes of data, which Nike used to track behaviours, create online communities and spaces for Nike fans, and build meaningful relationships between the brand and its customers. Nike moved its social media marketing team in-house so that it had a closer connection to this data and the conversations being generated by its fans.

Nike also embraced a range of other digital best practices:

- **A strong focus on storytelling:** Nike advertising shifted from delivering one core 'big message' about its products to talking about inspiration, aspirations and overcoming odds. For example, Nike's 'I Would Run To You' ad (essentially a funny short film) shows the story of a long-distance couple reconnecting by running across the country to see each other.
- **Being an authentic brand:** The storytelling approach creates authenticity and a sense of community. Nike also strives to understand and engage with the subcultures of each sport, talking to them in the vernacular they are familiar with.
- **Understanding and communicating with customers on their terms:** When Nike created its big-budget 'Write The Future' ad for the 2012 World Cup, featuring soccer superstars Wayne Rooney and Cristiano Ronaldo, it flighted the ad on Facebook and YouTube rather than on TV. Having seeded to a community and primed it with teasers, the ad received 8 million views in the first week and went viral.
- **Being remarkable and shareable:** Nike put up a 30-storey digital billboard in Johannesburg, South Africa that was populated with constantly-updating user tweets, creating a buzz around the campaign.
- **Allowing mass customisation:** The Nike iD online store lets fans create their own custom shoe designs and have them shipped. The concept earned Nike over \$100 million in its first year.

2.8.4 The results

Nike's new approach – harnessing data for user insight and creating a diverse, social and engaged digital strategy – has had excellent results.

Nike reaches over 200 million fans every day in an interactive dialogue, rather than having to rely on big sponsored events such as the Super Bowl or World Cup to reach this number.

The massive volumes of freely shared user data produce meaningful brand insights, lead to product innovations, and allow the brand to get closer to consumers.

In addition to this:

- Nike share prices rose by 120% between 2010 and 2012 – an important consideration, since every business aims to make money, after all.
- Nike+ experienced a 55% growth in membership in 2012 – as of June 2012, 7 million users have signed up for the service, and the majority of these connect with the brand several times each week to upload and review their exercise data.
- As of August 2013, the main Nike Facebook page has over 15 million likes, the Nike Football page has 19.4 million likes, and the Nike Basketball page has over 5 million – posts typically see a high level of interaction and discussion.
- Similarly, on Twitter, the brand is also engaging millions of fans – 1.7 million on the core Nike account, 1.2 million on the brand's US-based Nike.com store account, and 1.4 million on the Nike Football account.

2.9 The bigger picture

All of the chapters in this book are linked to digital marketing strategy in one way or another.

A solid business and brand strategy should be the starting point of any marketing venture, and you should always keep one eye on it as you develop specific campaigns, platforms and approaches. After all, you should always remember that you are trying to reach your chosen audience by communicating to them in the most effective way, to build lucrative long-term relationships.

While strategy helps you understand the questions you should ask, market research is the process used to answer them. From there, content marketing strategy helps you put your ideas into practice, creating materials that engage, enthrall, convert and retain customers.

2.10 Summary

Strategy is the essential first step in positioning your brand within the market and creating a roadmap for achieving your business goals. While there are many different paths one can take, there is a clear process for understanding where you are, where you need to be, and how you will get there.

It all starts with understanding the business challenges that your brand faces. From here, an effective marketing strategy looks at the market context, weighs the available options and makes important choices, based on solid research and data. Digital marketing strategy adds a layer of technology, engagement and iterative optimisation into the mix. The wide variety of tools and tactics offered by the digital medium should inform your strategic choices.

Digital marketing strategy is highly empirical and your strategic thinking should be mindful of ROI and how it can be measured. This will allow you to optimise your tactics and performance in order to create a valuable brand story, an excellent user experience, the most optimised conversion funnels, and the highest ROI.

2.11 Case study questions

1. What was the key insight that helped Nike develop a holistic marketing strategy?
2. What role do you think offline marketing and branding channels played in furthering the digital strategy?
3. What should Nike take into consideration when rolling out new elements and campaigns as part of their marketing strategy?

2.12 Chapter questions

1. Why is it important to consider the business context when planning your marketing strategy?
2. How has the Internet affected marketing and the models we use to understand it?
3. Do you agree with the idea that customers are more empowered than they were before digital communications were so prevalent? Motivate your answer.

2.13 Further reading

www.sethgodin.typepad.com – Seth Godin's popular blog provides regular insight and food for thought.

smithery.co – A marketing and innovation blog that teaches marketers to 'Make Things People Want, rather than spend all their energy and resources trying to Make People Want Things'.

www.gigaom.com – GigaOM's community of writers covers a wide range of technological topics.

www.adverblog.com – A digital marketing blog that collates ideas from marketing campaigns around the world.

www.baekdal.com – Thomas Baekdal's articles provide perspectives and models of how the Internet is changing marketing.

Positioning: The Battle for Your Mind – This book by Ries & Trout published in 2002 offers excellent advice claiming space in the minds of consumers.

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SETH GODIN,

Author: Purple Cow, Lynchpin and Permission Marketing

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SUNITA ANDERSON,

Group Marketing Knowledge Manager at SABMiller plc.

I found the textbook well-written, making what could be quite complex terms and definitions easy to understand. Having loads of practical examples scattered throughout the chapters, the theoretical concepts were well highlighted in practical, real-world application. Each chapter challenged me to apply my newly learnt skills through providing further readings and additional resources to explore.

ANDREW MARRIOTT,

Lecturer: Marketing, and Advertising & Sales Promotion at Nelson Mandela Metropolitan University

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