MARKETING FOR ENTREPRENEURS



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Marketing for Entrepreneurs

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Detailed Licensing

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CHAPTER OVERVIEW

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1.1: Prelude to Entrepreneurial Marketing and Sales



Figure 1.1.1: Birchbox founders Katia Beauchamp and Hayley Barna have disrupted the beauty and fashion retail industries with their monthly cosmetics sample boxes. (credit: modification of "487908877AP00050_TechCrunch" by TechCrunch/Flickr, CC BY 2.0)

Birchbox founders Katia Beauchamp and Hayley Barna loved shopping for beauty products but found the experience expensive and frustrating. So many brands making so many claims—how could anyone find the best beauty buys without wasting money on products they might not need? There had to be an efficient and cost-effective solution to this problem.

Their solution was to start Birchbox: an easy and affordable way to shop online for the best and newest beauty products by trying out samples first. Their entrepreneurial concept requires customers to share lifestyle and grooming preferences with Birchbox via an online form. The company then sends a personalized box of beauty product samples from brand partners along with information about each product. If customers like the offerings, they can purchase the full-size merchandise from big cosmetic manufacturers through Birchbox with a few clicks. Birchbox was a success from the start. Beauchamp and Barna were able to create relationships with cosmetic brands, fund their website, and hire the necessary workforce. However, they did not turn a profit until a few years later.

While Birchbox was initially an innovator and disruptor within the cosmetics and beauty supply market by supplying products in a new and different way, competition increased as retailers like Macy's, Target, and Walmart started to offer similar services to customers worldwide. Birchbox was valued at $485 million in 2014, but stiff competition plus the high costs of operations and customer acquisition pressured the new company. In 2016, Birchbox aggressively cut costs in marketing, logistics, production, and staffing, and invested in mobile platforms that allowed the company to secure their competitive advantage, resulting in the company turning a profit for the first time in 2017.[1] Birchbox has continued to expand its business, thanks to the founders' ability to distinguish their brand from competitors by collecting customer information to customize experiences and by providing the experience through platforms that reach a vast number of customers online.

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1.2: Entrepreneurial Marketing and the Marketing Mix

Learning Objectives

By the end of this section, you will be able to:

- Distinguish between traditional marketing and entrepreneurial marketing
- Describe the seven elements of the marketing mix

Being a successful entrepreneur often means being able to balance the many different aspects of a business, such as financing, accounting, and management. One of the most important of those aspects is marketing. After all, if no one hears about the new product, how can it be successful? According to marketing research company CB Insights, in a survey of 101 companies that failed, 14 percent of them failed due to poor marketing.[2] **Marketing** is an umbrella term given to those activities that companies use to identify consumers and convert them into buyers for the purposes of achieving a profit. No matter the size of the enterprise, marketing lays the foundation for how a company reaches and serves its target customers. Whether it's a global brand such as PepsiCo or Apple, a small- to mid-size company such as Birchbox, or a small restaurant or local gym, marketing refers to the core strategies companies use to reach and sell to customers. As you might expect, the way entrepreneurs market their new product is somewhat different from how a large company markets an established brand.

Traditional Marketing

Traditional marketing for large businesses such as Coca-Cola, Disney, and Dell tends to focus on managing and growing existing programs and brands. Companies like these enjoy greater resources such as substantial financial support and large numbers of marketing professionals to steer their efforts. However, marketing for small- and medium-sized businesses (those with 500 or fewer employees and less than $7.5 million of yearly receipts, as defined by the Small Business Administration)[3] is different because financial resources are limited, and it is often the entrepreneur alone who is in charge of marketing efforts. If they do have funds for marketing expenses, they might use a small agency on a fee-for-project basis.

As you have learned in previous chapters, small start-ups are usually tight on resources, so they need to augment their resources through creativity and hard work. While having limited resources creates obvious challenges, being small also has its advantages. For example, it allows new companies to be more flexible, agile, and creative than their established competition. These qualities can allow new companies to disrupt their industries and become major global players by employing entrepreneurial marketing practices.

Entrepreneurial Marketing

On a basic level, **entrepreneurial marketing** is a set of unconventional practices that can help start-ups and younger firms emerge and have an edge in competitive markets. The main difference between these and traditional approaches is that entrepreneurial marketing tends to focus on satisfying the customer and building trust by providing innovative products and services that disrupt or appeal to a specific market. Table 8.1 provides an overview of differences between traditional and entrepreneurial marketing.

Table 8.1.1: Traditional versus Entrepreneurial Marketing

Traditional Marketing	Entrepreneurial Marketing
Greater amount of resources	Few to no resources; founder drives efforts (sweat equity)
Management of an established brand, reminder advertising	Must be ingenious, energetic, and persistent to develop story and brand; leads to trust
Financial and market share goals	Satisfaction and awareness goals
Manage existing customers	Capture first customers; develop a client base and long-term relationships
Manage existing products, promotion, pricing, placement, people, physical environment, and process (the “7 Ps”)	Develop new products, price points, channels (placement), communication, process, training, and design
Continue doing what works	Trial and error; market pilots
Communication with customers standardized, one-directional; more difficult to create one-on-one relationships	Communication with customers is more fluid and spontaneous; two-way relationships

As the table shows, entrepreneurial marketing emphasizes flexibility and innovation as a way to stake a claim within competitive markets. For example, consider how Drybar founder Alli Webb used her understanding of market needs to create a niche within the traditional hairstyling industry. A hairstylist by trade, Webb spent five years as a stay-at-home parent, drying hair for friends and family members at their homes to make extra cash. During this time, she realized there was a market need for “just” blowouts, or professional hair drying and styling.

Seeing this need, Webb developed a business model that would offer women a way to get a blowout without having to also get a cut or color. Webb didn’t invent the blowout; she just reinvented the space to do it, focusing on that sole aspect of hair styling, and offering the service in trendy settings (Figure 8.2). By being flexible and innovative through a new space to provide this service, Drybar was able to carve a niche in the hairstyle industry. In business since 2008, Drybar is still expanding. Webb expected to open at least 20 new locations in 2019.[4]



Figure 1.2.1: Simple innovative ideas such as Drybar can carve new market niches that weren’t served before. Drybar has now grown to over 100 locations across the US.[5] (credit: work by ralph and jenny/Flickr, CC BY 2.0)

Marketing Mix

One of the biggest misconceptions people have about marketing is that it is all about promotion, or how a company sells or advertises something. But the truth is, promotion is just one facet of the **marketing mix**, which describes the basic set of strategies and approaches that marketers use to identify and reach their target market. A **target market** is the specific group of consumers for which a company seeks to provide a good or service.

One common way of understanding and remembering the components of the marketing mix for products and services is by thinking in terms of the “7 Ps.” While each of these can be part of a company’s marketing mix, the first four relate more to

products: product, pricing, promotion, and place (and traditionally have been called “the 4 Ps of marketing”). The remaining three relate more to services: physical environment, process, and people. While the 7 Ps are conceptually the same for all businesses, how a company addresses each “P” will be specific to that company’s needs and goals.

For a better understanding of the marketing mix, look at how Figure 8.3 breaks down the 7 Ps into their related activities.

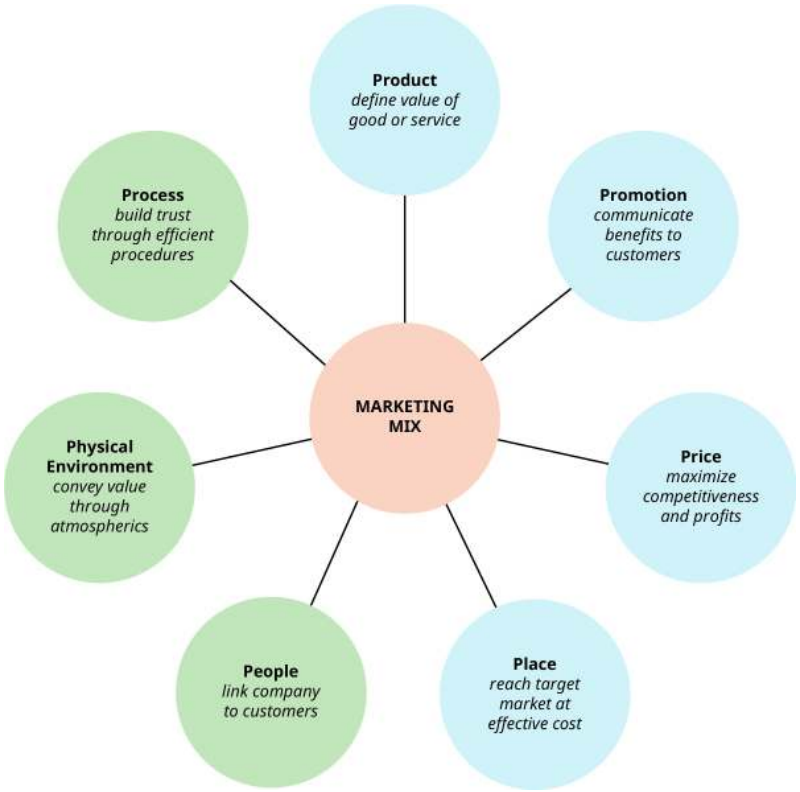


Figure 1.2.2: Each P of the marketing mix should work with the other Ps to create value for a business and its customers. *Product*, *promotion*, *price*, and *place* relate more to goods, while the *people*, *physical environment*, and *process* relate more to services. (CC BY 4.0; Rice University & OpenStax)

Product

Within the marketing mix, **product** refers to a good or service that creates value by fulfilling a customer need or desire. Goods are tangible products that can be touched, smelled, heard, and seen, such as a pair of tennis shoes, a granola bar, or a bottle of shampoo. In contrast, services are intangible products. They usually entail paying an expert to do something for you, such as car repair or house cleaning.

Companies can bundle both goods and services together to create extra value for their customers. Birchbox, for example, provides goods (product samples) and services (customized product recommendations) to satisfy their customers’ desire to be able to buy beauty products in a hassle-free manner. The value Birchbox provides to customers relies on their ability to do both. In the United States, service-oriented businesses are increasingly playing a larger role in our local and national economies.

For start-ups, defining the value of the products they are going to offer is an important step toward identifying their competitive advantage within a marketplace. On a basic level, if you don’t know what benefit your product provides or what need it fulfills, neither will your customers. Kevin Plank, founder of Under Armour, knew that the value of his product would benefit many athletes who were tired of having to frequently change their wet sportswear. As a former football player, he had spent many hours training and enduring drenched practices, and wondered how he could alleviate this problem that companies didn’t address well with cotton sportswear. After college, he decided to take his idea to the next level and started a company making athletic wear that had special microfibers that kept athletes dry throughout practice and games. He then embarked on a trip to try to sell his value proposition to college football teams on the east coast. Nearing the end of 1996, he landed his first sale of shirts to Georgia Tech, which totaled $17,000—and the rest is history. Under Armour became a strong competitor to Nike and Adidas by providing a new type of athletic wear that has revolutionized performance by keeping athletes dry.[6]

In contrast, Jawbone, the company that manufactured Bluetooth speakers and other hardware, has gone out of business because it changed its focus from audio to health devices, which placed it directly in competition with FitBit and similar hardware companies. Product failures, among other problems, caused this tech company to flop.[7] The company is now working on reinventing itself and will use artificial intelligence and sensor hardware to provide customers information about their health through a subscription. The wearable sensors will record vital customer information that will be tracked on an online platform that will then provide suggestions for medical action.[8] The company's redesign is not yet complete, so it is not officially in business again yet.

Promotion

Communicating a product's benefits to customers is a significant aspect of any marketing mix. Even if a product is the best in its class, a company must communicate this value to customers, or it will fail. This is what **promotion** does: It is the process of communicating value to customers in a way that encourages them to purchase the good or service. Promotions must have a goal, a budget, a strategy, and an outcome to measure. Companies must use their promotional budget wisely to create the best results, which can include sales, profit, and awareness through the use of a cohesive message throughout the campaign.

Some typical forms of promotion are advertising, social media, public relations, direct mail, sales promotions, and personal selling.

Advertising is a form of mass communication that allows companies to reach a broad audience through TV, radio, newspaper, Internet, magazines, and outdoor ads. Many of these media can be quite expensive for small companies, forcing them to choose one strategy, or to opt for other less expensive tactics such as guerrilla marketing or viral marketing (which will addressed in Marketing Techniques and Tools for Entrepreneurs). As Table 8.2 shows, the advantages of advertising include reaching a mass audience and increasing sales, but on the downside, the cost may be too much to bear, and the company might face a difficult time reaching the right target. As we move from advertising to social media, we can see that social media allows for more accurate targeting and better metrics to assess results.

Social media is a must-use tool for entrepreneurs to connect with consumers, especially younger demographics. Many customers can be found online in one social media platform or another. The goal is to find the customers who fit your target market. The benefits of social media include targeting customers more accurately using the platform of their choice and being able to communicate directly with them. These platforms include networking sites such as Facebook, Twitter, and LinkedIn; photo and video sites such as Snapchat, Instagram, and Pinterest; blogs; and news sites. A business must find the time to connect with its customers wherever they are. As a budding entrepreneur, the best way you can start connecting with them is by identifying your target customers and by figuring out what kind of social media they frequent. You can ask your current customers about their social media habits; you can look up reports about the types of social media your customers frequent; or you can use special software that tracks conversations on social media that pertain to your business and industry.

For example, you may find out that your young customers hang out mostly on Twitter and Instagram, and not so much on Facebook. You could benefit from focusing on only those two platforms and finding out about their conversations. You may want to search hashtags and stories that pertain to your type of business so you can join their conversation. You could then set up your profile, write relevant content and hashtags that make sense to your consumer, and request to follow influencers who can help you create awareness of your business and product. Once you have a profile set up, there are many ways you can create campaigns: contests, discounts, or by simply providing useful content that your customer appreciates. The goal is to be part of the conversation and not sound like you are selling something.

In addition to posting good content and reaching out to influencers, you may also benefit from buying ads that can be geographically targeted to your customer and that are more affordable and effective because you're directly targeting someone who is specifically interested in your product. The disadvantages of targeting social media include the time and skills required to engage with customers, and the need for consistently fresh content. Many start-ups believe that having a Facebook page will be enough to reach their customers, but their customers may spend more time on other social media platforms. The time and effort required to find the right platform, develop good content, and connect with customers on a daily basis is worth it.

Public relations are the efforts and tools companies use to connect and develop goodwill with their constituents. Constituents can include customers, investors, employees, business partners, government entities, and the community at large. The goal is to highlight the company in a positive light by contributing as a community player. Tools can include newsletters, press conferences, community service, events, sponsorships, press releases, articles, and stories that help entrepreneurs create a positive image about their company and get its name out there. If participating in an event, for example, the sponsor will display the logo and name of

the company in a place where everyone can see it. This shows the company as a supporter of the community and as a provider of not just products and services, but of intangible contributions, such as supporting the dreams of the event participants. The goal is not to make a sale at that point, but to impact the community and create positive relationships in general because it's the right thing to do—it may positively influence the consumer when they make a purchase in the future.

Direct mail, which is a way to connect to consumers via email or through printed, mailed pieces, is also a necessary tool to keep in touch with customers, especially when creating long-term relationships. The advantage of this strategy lies in connecting to a customer who is already interested in your product and would like to receive news and promotions from you; however, the disadvantage is that it usually takes time to create these lists because it involves collecting information about customers during events, through online requests, or at the cash register. It also can be expensive to send out pieces of mail that might end up in the trash.

Sales promotions are incentives that attract attention and push the customer to take action. These incentives include discounts, samples, rebates, rewards programs, gifts, and premiums. Sales promotions can attract new customers, but it may also reduce profits because coupons and discounts are offered for trying a product.

Personal selling is a tool that uses face-to-face interactions to communicate and influence a customer to make a purchase. It is especially suited for luxury goods. Usually, higher-priced products will need a longer selling process, and sales personnel will need more training on the product to learn about its unique qualities. This is one of the most expensive ways to reach and retain customers, but it can be worth the investment.

Overall, a good entrepreneur must find the right mix of marketing communications to reach customers. This will vary depending on the start-up's budget, goals, and strategies. Table 8.2 identifies the advantages and disadvantages of each, as they relate to small and new businesses.

Table 8.1.2: Advantages and Disadvantages of Promotion Types

Promotion Type	Examples	Advantages	Disadvantages
Advertising	• TV ads • Radio spots • Newspaper and magazine spreads • Internet ads • Billboards	• Can reach a mass audience • Great for creating brand recognition • Increased sales	• Can be expensive • Access can be limited • Some targeting is possible, but it is impossible to fully control who sees the ad
Public Relations	• Sponsoring community events • Charitable and civic involvement • Scholarships and grants • Press conferences	• Develops positive brand recognition • Creates goodwill toward company and brand within the community	• Big events and public relations campaigns can be resource intensive • Not focused on generating sales
Social Media	• Social networking sites such as SnapChat, Twitter, and Facebook • Blogs and vlogs • Influencers (industry experts who act as advocates)	• Pervasive and inexpensive access to massive audiences • Target markets are highly customizable based on available data • Easy access to young people • Can be used to create goodwill and a loyal fan base	• Many companies use social media, so it is hard to stand out from the crowd • Can be time-consuming • Success requires dedicated personnel with special expertise • It is often difficult to track conversion (customers taking a desired action, such as a purchase) and sales numbers • Requires the creation of unique/engaging content
Direct Mail	• Mailed letters, marketing flyers, postcards, and coupons • Email newsletters	• Subscribers are already interested in your product and thus more likely to convert to paying customers • Keeps already interested consumers up-to-date on product news, sales, product releases • Can target market based on location, average income, and other census-derived information	• Building an email list of interested customers can take time • Direct mail campaigns can be expensive • Results cannot be precisely tracked • Consumers often discard physical and digital “junk mail” without looking at it
Sales Promotions	• Sales • Limited-time offers • Coupons • Free samples • Rewards programs	• Incentivizes buying and encourages consumers to take action • Appeals to consumers’ desire to “get a deal” • A good way to attract new and reluctant buyers	• Reduces profits in exchange for promotion • The promise of future sales and discounts can discourage regular buying
Personal Selling	• Sales meetings between a salesperson and a potential customer	• Personalizes the relationship between the business and the customer	• Can be resource intensive • Requires salespeople who are well-trained and

Promotion Type	Examples	Advantages	Disadvantages
		• Effective salespeople can convert reluctant parties into paying customers • Salespeople can customize purchase options for each buyer	effective • Consumers are turned off by sales tactics they perceive as aggressive • Requires constant lead generation

Price

One of the most important and challenging elements of the marketing mix is pricing. **Price** is the value that must be exchanged for a customer to receive a product or service. This is usually monetary and has a direct impact on sales. Many entrepreneurs are intimidated by financials and the prospect of using statements and other information to make projections (you will learn about these in Entrepreneurial Finance and Accounting). Correctly pricing your product enables your company to be competitive while maximizing your product's profit potential.

Here are several methods that entrepreneurs can use to effectively price products:

Cost-led pricing is the easiest way to price a product. This involves taking the cost of making the product and creating a **profit margin**, which is how much profit your business stands to make after costs have been deducted. For example, if you add the direct costs for materials and labor to the indirect costs of salaries, marketing, rent, and utilities, you determine that your product costs $5 to make. Adding, say, a 30 percent profit margin would give you a sales price of $6.50. The percentage added depends on the business's goals. This type of pricing is helpful when start-ups do not have much information about their target market and need more time to define their value proposition and business identity.

Another way to price a product or service is to consider what the competition is charging and determine whether to go above, below, or match their prices. If going above, or using **premium pricing** (also called perceived value pricing), you need a clear reason why customers would want to spend more on your product. While using **penetration pricing**, or pricing below competitors, can give you a competitive advantage, it may also lead to "price wars" in which competitors keep dropping prices in an attempt to beat each other. Obviously, the disadvantage is diminished profits for all. While pricing the same as your competitors seems like a logical choice, if your product offers no added value, this strategy is unlikely to entice customers to switch to your brand.

LINK TO LEARNING

Warby Parker is an example of a company that prices its eyeglasses below competition prices. Dave Gilboa and Neil Blumenthal started the online company in 2008 with the intention of providing attractive and trendy $95 eyeglasses for everyone. This was a departure from competition, which usually priced eyeglasses at hundreds of dollars. Listen to the interview with Warby Parker founders Dave Gilboa and Neil Blumenthal to learn more about their venture and its pricing strategy.

Customer-led pricing is just as described: pricing led by the customer. You ask what the consumer is willing to pay and charge that. You can find this by doing research and asking customers what they would be willing to pay for a product. Many technology products are priced that way. Companies survey customers about what they are willing to pay, and they create products that deliver the value at the market price.

Loss leader pricing uses a below-standard price to attract business in the hope that customers will stay and shop for other, more profitable products. It is called a loss leader because companies lose money on the lower-priced product. Grocery store ads usually contain several loss leaders that are designed to lure you into their store in the hopes that you do the rest of your food shopping there.

Introductory offers use lower initial prices to attract new customers and build a customer base before prices return to "normal." This method is a form of penetration pricing, as its goal is to help new products penetrate markets with established competitors and brands. Many subscription-based products such as gyms are introduced this way to gain market share and revenue.

In contrast, **skimming** is a pricing strategy that leverages the newness of a product to justify the highest price possible in order to "skim" the most profits off the top, meaning in the first phase of sales. As time passes, the price is lowered to accommodate for more price-sensitive customers. Apple often introduces its products with this particular method, charging the highest price for them until it has exhausted the market willing to buy at that price and when newer and more technologically advanced products are introduced. Then, Apple slowly lowers its pricing.

In **bundling**, a discount price is set for a bundle of products to encourage customers to buy in bulk. While they pay more than if they were buying just one good or service, they do so because the overall price for a bundle reduces the individual price of that product, giving them a better deal than if they were to purchase items separately. An example of this strategy is used by DirectTV, which bundles its phone, Internet, and satellite services for a monthly fee. If a customer were to purchase these services separately, they would be more expensive. The benefits of bundling include gaining more revenue per customer, as they would not have paid for some services separately, and making the order-taking task simpler. Take fast-food chains, for example. Instead of asking the customer to list everything separately from the menu, they give you the name or number of the bundle. They make more profit by including the drink and sides to the main entrée, and the customer saves money and time ordering.

The **odd numbers strategy** is a psychological pricing strategy often used in conjunction with other pricing methods to make a product's price point more attractive to consumers. Using odd numbers takes advantage of the idea that such numbers have a positive psychological effect on customers. For example, instead of pricing something at $20, the price would be set at $19.99, which consumers perceive as closer to 19 than 20.

LINK TO LEARNING

Explore the five strategies of psychological pricing in an article published in *Entrepreneur* magazine.

While pricing must be established when starting a new business, pricing strategies should be reviewed on an ongoing basis. These occasions in particular merit consideration:

- When adding a new product or service to your offerings
- When demand shifts (due to market, consumer, or other factors)
- When entering a new market
- When competitors are making changes
- When your costs are changing
- When adjusting products/services or strategies

Place

Place refers to the channels or locations—physical or digital—where customers can purchase your products; it is sometimes called *distribution*. For the entrepreneur, the choice of place lies in figuring out which channels will create the most profit. In other words, which channels will reach the majority of the target market at the most efficient cost. Choosing the right distribution channels is one way to create a competitive advantage and generate more success for your business. Certain channels have specific capabilities such as reaching more customers, providing promotions, and providing credit.

As Figure 8.4 shows, distribution channels fall into two main groups: direct and indirect. Direct channels, such as physical or online storefronts, require no intermediaries and allow you to sell directly to consumers. For example, if you own a bakery, you would likely have a retail storefront that sells directly to consumers.

Indirect channels require intermediaries such as distributors or sales agents to sell your products to the end customer or to other physical or online retail outlets. Indirect channels often have more than one intermediary. For example, to acquire more customers than you could reach on your own, your bakery would use indirect channels such as wholesalers or agents to get your products into local markets and grocery stores across the country. These companies would also help with logistics, which include transportation, warehousing, and handling of products.

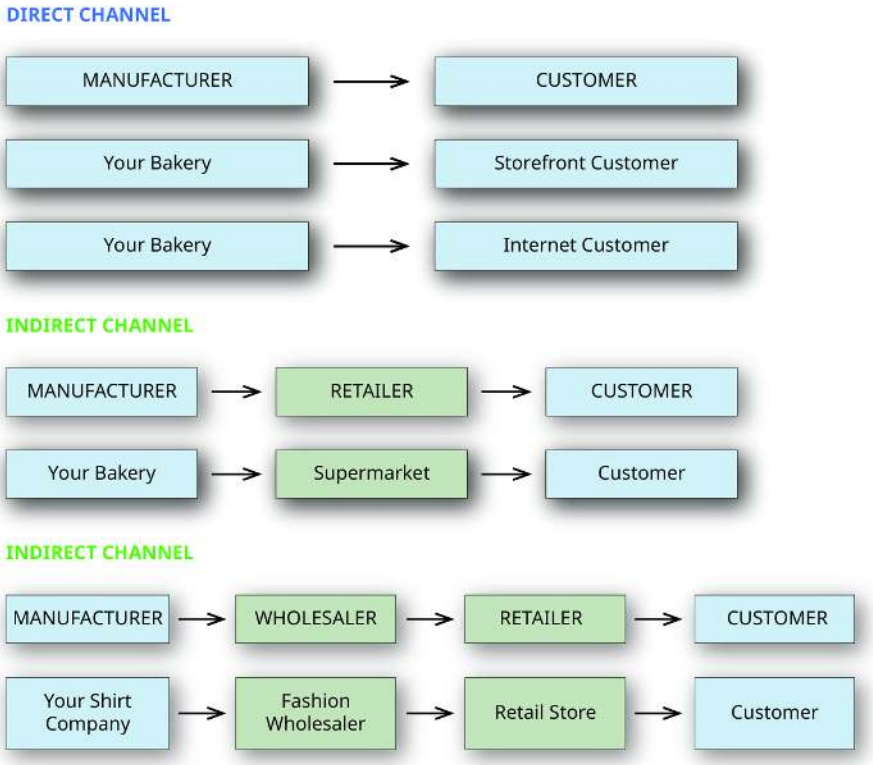


Figure 1.2.3: The "P" of "Place" may include distribution through direct or indirect channels. (CC BY 4.0; Rice University & OpenStax)

Taking advantage of multiple distribution channels is one strategy companies use to expand their brand and grow their profits. This can include having a physical storefront, developing an e-commerce website to sell goods online, and distributing goods through wholesalers and retailers. Including multiple touchpoints with the customer can increase the likelihood that they will choose your product.

The longer your distribution channels, the longer it takes for your product to reach the end consumer, and the less control you have over the product and the price. As an entrepreneur, you must decide which channels best fit your product and pricing requirements.

Additional Ps for Services

As you have learned, products include services as well. These include legal, accounting, consulting, medical, entertainment, advertising, banking, and other professional services. When providing services, three additional Ps should be considered in the marketing mix.

People

People, or a company's human resources, will always be a key factor in any successful business. In a service-oriented business, the people who interact with customers are especially important. Because the service *is* the product, they are the face of the brand and a direct link between the company and the customer.

When an employee delivers an acceptable or outstanding service, customers are encouraged to return to purchase the service again and also share their positive experience with others. When customers go into a jewelry store and receive good service from the salespeople, they will likely let their friends and family know about the positive experience through a personal referral or on social media.

When service is poor, customers don't return. If customers have a bad experience at a restaurant, it is likely they will not patronize the establishment any longer and will probably share a negative review online. Sometimes, poor service has to do with factors other than employees, but as online review sites such as Yelp become more common, poor customer service reviews can have a crippling effect on a brand, especially for start-ups trying to break into a market. It is important to hire experienced people and have a good training system in place with rewards that will help employees deliver the best service to customers. Companies should take into

consideration that no matter the size of a business, they must market not only to their customers but also to their employees, as they are the face of the company and the ones who interact with customers. Employees can make or break the brand.

Physical Environment

The **physical environment** where a service is provided is an important part of the marketing mix. It can influence the company's image and convey a lot of information about the quality of a product, service, company, or brand. The old adage that you "get only one chance to make a first impression" is especially true for new businesses. Tangible cues—décor, smell, music, temperature, colors—send an immediate message to customers about quality and professionalism.

For example, if you walked into two dentists' offices (remember, they are also entrepreneurs), and one office smelled and looked clean, and one did not, which one would you choose? The same goes for restaurants, retail stores, and any other physical environment. Since a service cannot be inspected before it is received, these cues help customers make their decisions.

Process

Process is the chain of procedures or activities required to provide a service to the customer. It is all of the activities that take place between the service provider and the customer, from beginning to end.

In the case of a doctor's office, this would include making the appointment, filling out paperwork, waiting to be seen, seeing the doctor, and paying. Because processes can be long and involved, they need to be designed to flow as efficiently and logically as possible. In the case of services that are provided online, process includes the website's design and functionality, and all of the steps customers take from browsing through check out. A strong website design helps the entrepreneur say what the company is about, what it does and for whom, and what actions the customer can take. Actions can range from clicking for more information, the ability to purchase a product, or checking whether there is availability for a service and being able to book it or make an appointment. An example of a great website is Airbnb's website whose design is focused, inspiring, and to the point. What do you think is its main call to action?

ARE YOU READY?

Determining the Marketing Mix

Imagine that you are opening a new yoga studio in a local area. Based on your research, you found that certain styles of yoga are not taught by local studios but are increasingly being sought by women aged twenty-five years and older. Your task is to create a marketing mix that focuses on this market and has a clear competitive advantage over other studios. Develop a marketing mix that includes all 7Ps and define them as they relate to your business.

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1.3: Market Research, Market Opportunity Recognition, and Target Market

Learning Objectives

By the end of this section, you will be able to:

- Distinguish between primary and secondary market research
- Define a research goal and the importance of research design
- Understand how to choose a sample, and collect and analyze data
- Identify common sources for secondary market research
- Understand how to identify the target market within the total available market and serviceable available market

Now you know the components of the marketing mix. But, as an entrepreneur, before you can make decisions about them, you need to roll up your sleeves and do some research. This type of research is similar to the concepts covered in Identifying Entrepreneurial Opportunity; however, that research focused on whether an entrepreneur has what is needed to move forward with an idea. This research is more market focused, and it's done after the entrepreneur has decided to move forward and start the enterprise or launch the product. Essentially it is about the product, not the entrepreneur's readiness.

Market research is essential during the planning phases of any start-up; otherwise, you're shooting in the dark. On a basic level, **market research** is the collection and analysis of data related to a business's target market. Market research can entail everything from information on competitors' products to the interpretation of demographic data related to potential customers.

The main purpose of market research is to gain an understanding of customer needs and wants in an effort to reveal potential business opportunities. When you have a clear picture of what your target market is and what it wants, you can more effectively design your marketing mix to engage that demographic.

Imagine that you are creating a cosmetic line that is organic, contains vitamins and minerals, and is easy to apply. Your target market is women who are interested in high-quality beauty products that are not harmful to themselves or the environment. But after conducting extensive market research, you learn that women aged eighteen to forty-five years tend to be interested in the benefits your product line provides, but that women over fifty years of age are not. In light of these findings, you can either adjust your line's benefits to serve the market you initially wanted to serve (all women), or you can cater to the needs of a smaller audience (eighteen to forty-five-year-old women).

A good exercise for better understanding your target market is to detail the everyday life of your ideal customer. You can do this by describing in detail a set of possible customers who would buy your product. Details could include demographic information such as gender, age, income, education, ethnicity, social class, location, and life cycle. Other information that would be helpful would include psychographics (activities, hobbies, interests, and lifestyles) as well as behavior (how often they use a product or how they feel about it). The better you know your ideal customer, the better you can focus on capturing their attention by matching their preferences with your offerings.

Market research also helps you understand who your competitors are and how they serve the target market you want to engage. The more you know about your competition, the easier it will be to determine and differentiate your offerings. Let's dive into how marketers gather all of these data and the value the data provide to entrepreneurs.

Primary Market Research

Primary research entails collecting new data for the purpose of answering a specific question or set of questions. While conducting your own research can be resource intense, it is also the best way to get answers specific to your business and products, especially if you want to penetrate niche markets that have not been studied. It also allows you to get specific. By asking the right questions, you can determine people's feelings and attitudes toward your brand, whether they like your product design, whether they value its proposed benefits, and whether they think it is priced fairly. Figure 8.5 shows the steps common in conducting primary market research.

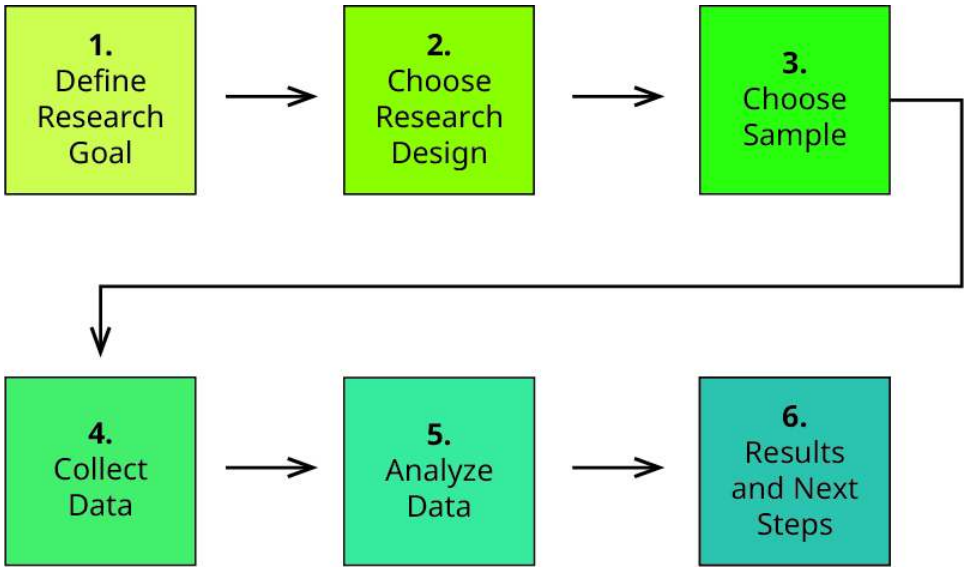


Figure 1.3.1: There are six steps in primary market research. (CC BY 4.0; Rice University & OpenStax)

Define the Research Goal

You should start by defining the goal of your research project. What are you trying to find out? Do you want to know more about your target market, their preferences, lifestyle choices, and culture, or do you want to know more about your competitors and why your target market buys from them? What are your criteria for validation of the research goal or goals?

The more time you take to clarify your research questions, the more likely you will be to achieve your research goals. If you can't figure out exactly what you're looking for, that's okay. Exploratory research using a focus group can help you decide what kind of research questions to ask. A **focus group** is a gathering of people, typically six to twelve participants, who come together to discuss a topic presented by a moderator, who usually poses questions and collects qualitative data that can be used to answer questions or define research further.

For example, a manufacturer of water bottles might know there is a problem with their products as sales have been declining over time. The company doesn't know exactly why or where to start, so it would use a focus group to better define the research goal or problem. Using focus groups, they might find out that they are targeting the wrong segment or that there is a need for better water bottle designs. Talking to the focus group can uncover possible research questions to undertake.

Merkadoteknia Research and Consulting is a Hispanic-owned company that conducts research for different industries that cater to Hispanic consumers. This company helps fast-food companies, retailers, and pharmaceutical companies, among others, conduct focus groups and gather insights about specific groups of people that may have different cultural backgrounds. These companies may not know exactly how to start researching their target market, so they use Merkadoktenia Research and Consulting to learn more through the use of focus groups. This approach helps better define the research goal or problem.

Determine Research Design

The next step is to determine which research techniques will most effectively help you answer your questions. Considering what you want to learn and determining what your budget is will help you decide if qualitative or quantitative research best suits your needs. Well-designed research projects often use some combination of both.

Qualitative research uses open-ended techniques such as observation, focus groups, and interviews to gain an understanding of customers' basic reasons, opinions, and motivations. Simply observing potential customers, whether at a store or in daily activities, and noting their behaviors are a simple, effective form of ethnographic research that can help you better understand the lifestyles and habits of potential customers. **Ethnographic research** includes the personal observations of the subject by being immersed in the subject's environment. Research like this helps companies see how people use their product over the course of a day.

For example, if you manufactured a water bottle and wanted to design a "better" water bottle, you could watch how people use their water bottles while working, exercising, during their commute, and so on to better understand their needs and habits. This "ethnographic" research can often uncover latent, or unstated, needs that you can use to build your concept. Unstated needs refer to

those that are expected from a company, such as a certain level of quality or good customer service. These are default expectations that a customer has based on their experience with products in general.

Employing a mystery shopper, or pretending to be one yourself, is another way to learn how customers and employees act within a specific retail environment. A mystery shopper is a person who has been hired by the company or a third party to pose as a real shopper and has gone undercover with a specific goal of testing certain aspects of a business. This can take the form of purchasing a product, browsing and asking questions of an employee, interacting with other customers, or simply observing what is happening inside the store. After the experience, this person will provide feedback to the company.

Focus groups and one-on-one interviews can be useful to obtain more thoughtful answers and explore debatable topics. Both are good methods for digging deeper into the specific motivations and concerns of people, especially as they pertain to personal, privately held beliefs. This research is useful when trying to develop a more novel product, but you must do your best to eliminate "support bias" in that the panelists might seem favorable to new concepts to please or accommodate the moderator. For one-on-one interviews, it is important to develop a thorough interview or discussion guide, so other team members can also conduct the interviews. By doing this, you will ensure a consistent approach to asking key questions and documenting responses to help guide the next step of the development of your product.

Quantitative research focuses on the generation of numerical data that can be turned into usable statistics. This kind of research most often takes the form of surveys or questionnaires that pose multiple-choice questions with predefined answers. While these surveys do not allow for much free expression on the part of the participant, the focused nature of the answers means marketers can identify trends, such as which social media platforms are preferred by customers or potential customers. For example, the researcher may very well find that Instagram is the most used social media app because of its ease of use and its ability to incite emotional responses to pictures.

Sample survey questions can be anything from "How many times have you gone to the corner store this week?" to "Which age range do you belong in?" This kind of approach is an efficient way to collect a lot of data because once the survey is written, it can be distributed in person or online to as many participants as you like. Typically, the more people you survey, the more accurately your data will reflect the demographic you are examining.

Another way to generate quantitative results is through **causal research** and test marketing. In both cases, you present participants with a cause and record the effect. An example of this might be a taste test in which people's reactions to and preferences for different juice flavors are recorded. Given the limited resources of many start-ups, test marketing is a great way to make sure your product works before you start investing in its distribution.

An even more sophisticated—and expensive—method is **conjoint analysis**, in which respondents must rank, choose, or a rate a number of "conjoint," or linked, features or benefits. This real-life scenario approach will give you very useful results from potential buyers, often with features or benefits ranked relative to perceived value or importance.

For instance, let's say your company is trying to create a reusable water bottle to compete in a crowded marketplace. If you were to use conjoint analysis, you would create a survey that lists the water bottle attributes and prices to show consumers different choices. For example, customers could be given a set of very similar water bottles, each with a set of features the company would like to test. Features can include a locking lid so the water doesn't leak, different bottle shapes for easier hold and water retrieval, and different colors and sizes. Each of the choices could have its own price point and the customer can choose, rank, or rate each of the choices based on those attributes and prices. Each of the choices could be described on a survey with words or pictures, and it would ask customers to choose their favorite or rank all of the choices. After collecting information and data from many consumers, researchers would use statistical analysis by applying linear regression (a predictive tool that measures the causality of one marketing variable on another) or other techniques to determine which attributes of a water bottle are more important to the customer and what price they would be willing to pay. Based on this knowledge, the company would create a product that could possibly beat the competition.

Choose a Sample

Next, researchers need to determine the sampling method. In terms of research, your **sample** refers to who you will survey and how many people you will include. In most cases, you will want a sample that reflects your target market, especially if you are trying to

figure out your ideal customer's interests and how to get them to buy your product. Untargeted samples can be useful when trying to figure out who your target market might be, but they aren't an efficient way to get to know your ideal customer.

Generally speaking, larger samples provide more accurate data, although researchers should not feel like they need to survey everyone in a market. For example, if you have a list of 5,000 contacts, you might choose to contact 500 people who would be representative of the total group of contacts. Surveying all of your population could be time consuming and expensive, so choosing a subset of the right people can yield good results. The sample must be large enough to be statistically significant, meaning that the relationship between variables is not a result of chance. The sample can then show the researcher an accurate depiction of a specific phenomenon.

For example, you can test whether men and women actually have different or similar tastes in water bottle attributes. In this case, the significance rests on the gender of the potential customer. If your sample is large enough (say 500 out of 5,000), and you find that men look for different attributes than women do, it is unlikely that the differences found were by chance. The cause of the differences would be the gender.

Therefore, keep in mind that errors of reliability and validity can arise if your sample is not thoughtfully selected. Statistical significance is then important in measuring reliability because it means that there is an actual difference in what is being measured. If there is a difference between men's and women's responses in our water bottle example, checking the significance will determine whether the differences really matter or if they are due to chance. Significance is measured by looking at the probability value, or *P* value, of the result. If it is 5 percent or less, it is usually considered a significant difference that is not due to chance, and the researcher can determine that the answers are indeed different between the two genders. Validity, on the other hand, means that the item that is being measured is relevant to the research. This means that the questions that are being asked will actually answer your research objective.

While random samples can be useful for some types of research projects, many researchers intentionally choose their sample participants based on economic and ethnographic factors to make sure they accurately reflect the nature of the demographic they seek to understand.

Collect Data

Once you've identified your research goals, chosen your design, and determined your sample, you are ready to start collecting data. The data may be collected through observation and taking notes. For example, if you are trying to figure out if your store layout is yielding the most productive sales, you can observe traffic flow and note what people look at and what they actually purchase. Then, you may change the merchandise layout, or the aisle size or space, to see whether people peruse other merchandise that they hadn't seen before. Based on your observations and sales data, you can determine the best flow for your floor.

Interviews can also help secure open-ended answers. You might interview potential customers on what they think is the best way to communicate with them and what they like about certain competitors' products. This can help you obtain additional options that you may not have thought to add on a survey, which is another way to get aggregate data.

Surveys can be done by hand or through online tools such as Survey Monkey or Qualtrics. Surveys are very helpful because you can ask question to current or potential customers about your product, competitors' products, customer service, and any other information you may seek to create or improve your business. They are an easy way to collect large amounts of data from many customers, and they allow you to calculate responses. Online tools are particularly useful in providing repositories of data that can be later exported to other analytical tools such as Excel or SPSS.

Regardless of what research technique you use, be on the lookout for data collection errors. Recording the wrong answers, failing to convey the right instructions to participants, or having to translate on the fly can all create biases that skew the answers and give you inaccurate results.

Analyze Data

Once you collect your data, the next step is to make sense of it. How you analyze the data depends largely on what you want to get out of it. Typically, you will be looking for patterns and trends among the answers. Data analysis is a field unto itself, and when complex analysis is required, seeking the assistance of experts is often worth the extra cost. You can find experts within research marketing firms that specialize in collecting and analyzing data for businesses, such as Merkadoteknia Research and Consulting. These can be found online or through local business organizations, such as chambers of commerce.

Results and Next Steps

At this stage, the entrepreneur seeks to reconcile the results of his or her examination with the goals of their research. For example, if you were doing exploratory research about a potential product you wanted to bring to market, now would be the time to ask questions such as whether the research suggests market potential. Similarly, if the goal was to figure out what customers like about competing products, now would be the time to list those results and determine whether they are worth incorporating into your product. Regardless, it is important to be open to what the data say, even if they indicates results that are contrary to what you were hoping for. Research should be an opportunity for growth and a roadmap for the refinement of your idea.

Secondary Market Research

Secondary research is research that uses existing data that has been collected by another entity. Oftentimes, these data are collected by governmental agencies to answer a wide range of questions or issues that are common to many organizations and people. Secondary research often answers more general questions that an entrepreneur may have, such as population information, average purchases, or trends. If there is a specific question that cannot be answered, such as how many people would be interested in a new product with certain attributes, then primary research will have to answer that. While some of this kind of research must be purchased, much of it is free to the public and a good option for entrepreneurs with limited financial resources. Some commonly used sources for free data include the US Census Bureau, Fact Finder, Pew Research Center, Current Population Survey, the Small Business Administration (SBA), and the Texas State Data Center.

Other useful resources are trade organizations that provide information about specific industries, as well as newspapers, magazines, journals, chambers of commerce, and other organizations that collect local, state, national, and international data. Resources such as these can provide information about everything from population size to community demographics and spending habits. Table 8.3 lists several free databases that are rich sources of information.

Table 8.2.1: Databases for Secondary Research

Database	Information	URL Address
Census Bureau	Economic, demographic, geographic, and social data	https://www.census.gov/
Fact Finder	Economic, population, and geographic data	https://factfinder.census.gov/
American Community Survey	Updated census data	https://www.census.gov/programs-surveys/acs/
Pew Research Center	Fact tank that surveys trends, issues, attitudes, and demographics	http://www.pewresearch.org
Pew Hispanic Center	Surveys on Hispanic trends, demographics, and issues	http://www.pewhispanic.org/
Current Population Survey	Monthly survey of US households on labor data	http://www.bls.gov/cps/home.htm
Texas State Data Center	State demographic data	http://txsdc.utsa.edu/
IBISWorld	US industry trends	http://www.ibisworld.com
Mergent Online	US businesses data	http://www.mergentonline.com/
Demographics Now	US demographic and business data	http://www.demographicsnow.com/

While free sources can provide a lot of information, their research tends to be less specific than that by sources that charge for their data. Companies such as Nielsen/Arbitron, Simmons, and Geoscape can provide more detailed information about specific behaviors on media use, lifestyle choices, specific product consumption, geographic segmentation data, and others. Table 8.4 lists some sources for this research.

Table 8.2.2: Syndicated Sites for Secondary Research

Site	Information	URL Address
Nielsen PRIZM	Geodemographic segmenting	segmentationsolutionsdev.nie...BCode%2B Lookup
Nielsen TV ratings	TV ratings, media, research	http://www.nielsen.com/us/en/insights.html
Nielsen Audio	Audio ratings, media, and research	http://www.nielsen.com/us/en/solutio...ies/audio.html
Experian Simmons	Consumer research, trends, and insights	http://www.experian.com/
Scarborough	Consumer research, trends, and insights	http://www.scarborough.com/
Geoscape	Multicultural consumer research	geoscape.com/

In the end, there is no perfect way to conduct research. It all depends on what you are trying to find out and what the best approach is to do that. If you are just starting out, you may want to maximize secondary research because it is free. You can also try primary data collection by speaking to friends, family, and others you encounter in your local and online communities. If you are working at a university, you will likely have access to free market research reports (marketresearch.com, Frost & Sullivan, etc.).

ARE YOU READY?

Researching Your Market

Pretend you are an entrepreneur who would like to create a new, educational toy for toddlers to develop their motor skills that uses figures, shapes, or blocks. While in college, you worked in the children's section at a well-known retailer. From this experience, you learned that there might be a need for educational toys within the market that isn't being addressed, but you aren't exactly sure how to exploit it.

- Using the market research process, develop a research plan that will help you determine the viability of your idea.

Market Opportunity Recognition and Validation

One common goal of market research, which has been mentioned earlier in other chapters, especially the Identifying Entrepreneurial Opportunity chapter, is the identification of a **market opportunity**, or an unmet need within a target demographic that might be fulfilled by an existing or new product. Looking for gaps or unmet needs within a marketplace is one way to identify market opportunities for both goods and services. For new products, this entails looking at the needs of a demographic, identifying which of those are not being met, and determining what kind of product could fulfill it. Based on our earlier discussion on secondary research, there are many places where data can be found online or offline to determine these needs.

Similarly, you might identify common local, national, or global problems through observation and directly interacting with potential customers, and try to create services that would solve them. Social, economic, technological, and regulatory changes all have the potential to create market opportunities.

When inventor David Dodgen saw the suffering that Hurricane Katrina had left behind, he saw an unmet need that this event had created. By witnessing the disasters, he realized that when hurricanes or other disastrous events strike, they can contaminate the water supply in a region or city, or prevent access to clean water. As a result, he created the AquaPodkit, a plastic container that can temporarily store fresh water for weeks at a time in the event of an emergency. The Federal Emergency Management Agency (FEMA) recommends that people fill their tub if they feel that there may be a chance that water will be scarce. Oftentimes, tubs can be dirty, and people may not have the time to clean them. With this in mind, Dodgen developed a plastic lining, or bathtub bladder, which is manufactured in the United States and is safe to drink from, together with a pump that helps seal and open the plastic when the water is needed. This kit can hold up to 100 gallons of fresh water in the tub and has proven successful; it has also been featured by CNBC, *Entrepreneur*, and the *New York Times*.

LINK TO LEARNING

View this video about the AquaPodkit to learn more. Dodgen also created smaller bags and pumps that can be stored anywhere, not just in the tub.

WHAT CAN YOU DO?

Climate Change

Background: Earth's climate change is a topic of discussion with great importance these days. For many hundreds of thousands of years, Earth's temperature changes were attributed to tilts on its axis that allowed for more or less energy to enter our atmosphere. Recently, Earth's climate has experienced a dramatic increase in temperature, and most scientists around the world agree that it is attributed to human activities that emit carbon dioxide into the atmosphere.

Greenhouse emissions have increased the temperature of Earth to the point that glaciers in Antarctica and Greenland are now disappearing ten times faster than on a normal ice age recovery session, not to mention the many weather catastrophes that are seen around the world.[9] These changes in temperature have caused ice sheets to melt, snow caps to retreat, oceans to warm and become more acidic, water levels to rise, and severe weather to increase.

As harmful as it sounds, there is still time to change the negative effects of global warming. This can present some opportunities for social entrepreneurs who care about Earth's environment and business.

Your task: As a social entrepreneur, determine one or two opportunities for a business you could develop and test for market validity.

- What kind of opportunities are there to create positive change?
- How can you validate your assumptions?
- How would you test unmet needs?
- What kind of research would you conduct? Why?

Sometimes unmet needs are not uncovered immediately. One way to better understand a market's opportunities is to conduct a **market analysis**, which is an analysis of the overall interest in the product or service within the industry by its target market to determine its viability and profit potential. **Validation**, not to be confused with *validity*, is the act of verifying that a specific product is needed in a target market. This can be done by conducting formal or informal interviews or surveys with potential customers to gather their feedback. Dropbox is an example of a company that conducted validation over and over until they created a product that could work with a mainstream audience (see Launching the Imperfect Business: Lean Startup).

In addition to identifying competition and determining growth and profit potential, a good market analysis will identify the **total available market (TAM)** for a specific product, which is the total perceived demand for a product or service within the marketplace. It will also identify the **serviceable available market (SAM)**, which is the portion of the market that your business can serve based on your products, services, and location (Figure 8.6).

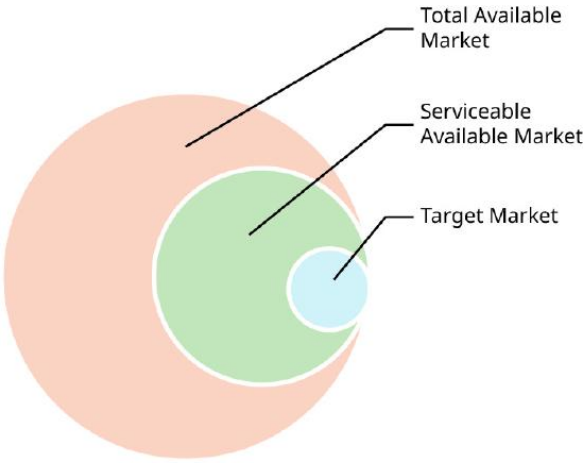


Figure 1.3.2: Entrepreneurs must focus on the target market within the TAM and the SAM and allocate resources to attract customers who can be satisfied by the value proposition. (attribution: Copyright Rice University, OpenStax, under CC BY 4.0 license

To calculate this, let's go to our water bottle example. Let's say that you are trying to figure out what your target market is based on this concept. To calculate the TAM, you would look at the whole industry and determine the total number of customers available for water bottles or total revenue available. To find the number, you can look up the industry numbers for the category on databases such as IBISWorld, mentioned earlier, or any other data available through the World Bank or World Factbook to see the potential number of customers or revenue. This is called the top-down approach, as you are looking at macroeconomic factors to determine an industry's potential.

Another way to calculate the TAM would be by using the bottom-up approach, which involves counting local market sizes and figuring out the competitors' number of customers. After collecting this information, then all the local markets would be added up and multiplied by the average amount they spend on the product per year. Since your company cannot service all markets, the next step is to figure out the SAM. You could estimate the number of customers you can service by splitting the market into those you can service given your product characteristics and geographic, demographic, and cultural factors, among others.

Finally, considering the constraints of the company and strength of the competition, you would determine your focused target market to avoid wasting valuable resources marketing to people who are generally not interested in buying your product.

As an entrepreneur, you want to segment the market and figure out if there are possible pockets of people that you can serve. Segmenting, targeting, and positioning (STP) will help you figure out who is your best customer and will allow you to allocate your resources so that you can more effectively serve that customer. Let's look at these processes now.

Segmenting means that you separate the total population by homogeneous groups of people that have similar tastes, backgrounds, lifestyles, demographics, and even culture. You may segment along lines such as age ranges, gender, ethnicity, line of work, earnings, or activities. There are many ways to separate these groups to choose the right one for your business.

The next step is **targeting**. You select a target based on their ability and willingness to buy. As stated earlier, a target market serves to specify which group of the total market you will serve and how you will position yourself to distinguish your company or product from your competitor.

Positioning (value proposition) is a statement of how you want the customer to perceive your company, good, or service. For example, ModCloth is an online indie retailer that sells vintage, or vintage-looking, trendy, fun clothing that appeals to the global consumer who wants to be stylish. Another example is Wag! which positions itself as the app that lets the pet owner look for a walker on demand. Kind of like the Uber for dogs who want a walk when their owners can't take them!

ENTREPRENEUR IN ACTION

Wag! Dog-Walking App



Figure 1.3.3: The Wag! app allows busy people to choose from prescreened dog walkers so their furry friends will be well-taken care of while they're at work. (credit: modification of "A woman with her dog@Takayama" by JAR/Wikimedia Commons, CC BY 2.0)

As a dog owner, Wag! CEO and co-founder Joshua Viner struggled to find the time to walk his beloved dog after a long day at work. He knew it was unfair to keep her cooped up all day. He even considered finding her a new home. This canine conundrum led him to create Wag! in 2015 as a way to help people like him who loved their dogs but didn't always have the time to make sure they were properly exercised.

To start, Viner got together with Jason Meltzer, who, like himself, had experience creating consumer tech companies. Meltzer was the founder of pet services company Surfdog LA, which already had a proven track record of success. Together, they developed an app and website with the goal of making dog ownership easy and guilt free. Wag! gave customers access to trusted, prescreened walkers who could take their dogs out on short notice without them having to be present. Customers could even see their dog being walked via the app.

Since its inception, Wag! has been growing and entering new markets at a steady pace. After launching its service in Los Angeles and San Francisco in 2015, it continues to add cities across the United States.

Because the app's dog-walkers have access to their client's houses, one of the challenges Wag! faced was making sure customers trusted them and their dog walkers (Figure 8.7). Another challenge was the safety of the dog itself. What happens if a dog gets hurt or lost? It wouldn't take much for issues like these to turn into major problems.

- Describe the target market for this service.
- Are there other potential customers who can be a good target for this service?
- How can Viner position his business to assure pet owners that their dogs will be well taken care of?

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1.4: Marketing Techniques and Tools for Entrepreneurs

Learning Objectives

By the end of this section, you will be able to:

- Describe effective entrepreneurial marketing techniques (guerilla, relationship, expeditionary, real-time, viral, digital, word-of-mouth)
- Discuss the pros and cons of these marketing techniques

One of the hardest facts for entrepreneurs to absorb when starting a new business is that financial and human resources are limited. Fortunately, there are many marketing techniques available to entrepreneurs that require little more than a good dose of "sweat equity."

Guerilla Marketing

Coined by business writer and strategist Jay Conrad Levinson in 1984, **guerrilla marketing** refers to creative approaches to marketing that seek to gain maximum exposure through unconventional means. Guerilla marketing often means staging some sort of event or interaction that is designed to attract attention to a brand or product. The goal is to intrigue consumers by standing out from normal sales messages and the thousands of advertisements they are exposed to every day. These approaches usually have a component that encourages potential customers to interact with a company or product in a fun way.

Dennis Crowley, a serendipitous entrepreneur who taught himself to code and who was laid off by Google while working on his social networking site Dodgeball, was able to create and grow Foursquare through the use of guerrilla marketing techniques. Foursquare, the search and discover nearby businesses app, used this technique at the Austin, Texas-based South by Southwest film and music festival. The idea was to set a real game of foursquare in front of the convention hall that also raised awareness for the app (Figure 8.8). The games were an instant success and attracted thousands of participants who played all day long. If someone didn't know what the game was, a marketing team of 11 people helped them find it on their phones. Their efforts resulted in 100,000 views for the app that that day alone.[10] All of this was achieved for the cost of a box of chalk and two rubber balls. Although the company had plenty of investments to sustain its operations, guerrilla marketing was a clever and helpful way to get users to test it and enjoy it.



Figure 1.4.1: Foursquare's guerilla marketing idea generated 100,000 new views for the app at the South by Southwest film and music festival in Austin, Texas. (credit: work by betsyweber/Flickr, CC BY 2.0)

Another example of guerrilla marketing that has been prominent over the last few years is flash mobs. A flash mob is a gathering of people at a public place to perform an act, be it a dance, entertainment, political stance, or some sort of artistic expression that conveys a message to the public for a brief period of time. This is organized through social media calls or emails to gather enough

people to perform them. Flash mobs have been effectively used by companies to create awareness and reminders about their brands.

LINK TO LEARNING

You can watch videos of some of the best choreographed flash mobs in business.

Relationship Marketing

One of the main differences between start-up companies and established brands is the need for start-ups to nurture and maintain relationships with new customers. One way to accomplish this is through **relationship marketing**, which seeks to create customer loyalty through personal interactions and long-term engagement strategies. A small company can try to have a closer relationship with clients by writing personal notes by hand or sending an email thanking them for their business, by acknowledging their presence by their first or last name when they come into the establishment, by offering beverages, and by offering other personalized services.

An example of successful relationship marketing from a larger company comes from MooseJaw, a retailer specializing in outdoor clothing for hiking and snowboarding. At one point, a MooseJaw customer returned a piece of clothing that he had bought as a gift for his girlfriend. In his explanation for the return, he wrote, “Girlfriend dumped me.” Seeing this as an opportunity to engage with a customer, the company decided to send the man a care package.

A few weeks later, the man received a surprise shipment with a note saying they were sorry his girlfriend broke up with him so they decided to give him a gift. The box contained shirts, stickers, and other goodies. There was also a card with notes from MooseJaw’s employees.[11] MooseJaw’s efforts were rewarded when the situation went viral on social media, which generated more exposure and support for the company.

Another way companies maintain relationships with their customers is through regular email newsletters. By using sales history and other market data, companies are able to customize the content of these usually free newsletters to the needs, concerns, and desires of their target market. This allows them to stay connected to their customers while developing strong connections and brand loyalty. Start-up companies can take advantage of the free and affordable options offered by such newsletter management software companies as MailChimp, Constant Contact, Mad Mimi, Marketo, Insightly, Slack, and Salesforce.

Expeditionary Marketing

One of the toughest aspects of entrepreneurship is to stay in business and grow in a highly competitive landscape. Businesses are born every day with the goal of making a name for themselves by providing better goods and services. One way that companies big and small can stay relevant is through expeditionary marketing.

Expeditionary marketing refers to strategies that are aimed at moving established companies and their products into new markets and territories. As the name implies, there is an element of risk and discovery involved in expeditionary marketing strategies as they help a company grow into new areas. Determining where and how to effectively enter these new markets often begins with an analysis of a company’s current market and its financial and human resources. Entrepreneurs will choose new markets based on where those resources might be able to fulfill an unmet need. Many small businesses need to leverage their gains as they move into new waters and perhaps more competitive landscapes. Having awareness of changes can foster planning and look for new ways to expand.

This type of marketing is very similar to entrepreneurial marketing, and the terms are often used interchangeably, except that expeditionary marketing involves existing companies continuing to innovate whereas entrepreneurial marketing also involves new companies. Companies that have succeeded in taking their businesses into new markets and consistently pivoting to create new products for current and new markets can be thought of as entrepreneurial companies. Big companies such as Apple, Google, and Dropbox Launch for Growth to Success have consistently developed products and entered new markets to keep abreast of the competition. Companies that did this while small like Birchbox (see Introduction) also use this method to grow and fight off competitors.

Real-Time Marketing

Real-time marketing attempts to turn immediately available sales data (often collected from social media, websites, point-of-sale systems, and the like) into actionable and timely strategies that target the shifting landscape of consumer tastes and trends. Some of the tools entrepreneurs can use to secure information include analytics from Facebook, Twitter, and Google, as well as internal sales data. The information can include preferences for one brand over another, lifestyles, behavior, purchase frequency, and dollar amount spent. This helps entrepreneurs set up strategies that focus on providing the customer what it needs in today's instant gratification society.

For example, a company such as Birchbox creates a post on Facebook or Twitter regarding a new promotion. It can then confirm the number of "clicks" the post gets and determine the depth of engagement for each of the posts. Clicks can be likes, shares, comments, and purchases that can be tracked immediately, minute by minute, hour by hour, or day by day, depending on the length of the promotion. Real time allows the marketer to assess the action followers take immediately after this happens. Success will depend on the goal that was set by the company. For example, if for one of their promotions, Birchbox expects 1,000 likes, 100 shares, and 30 conversions or purchases per day, it will be very easy to track whether the company is accomplishing its goal just by looking at the results every hour. This makes it very easy to gauge and to change. If a post is not getting the desired results in likes, shares, comments, or conversions in the desired timeframe, then the company can make changes to the communication sent to provide a different incentive, such as providing a deeper discount, or using different language, a new picture, and a better call to action. In addition, real-time tracking also allows for the company to answer tweets and comments from its followers immediately. This enables direct communication from customer to company without any interference or time constraints.

Viral Marketing

Viral marketing is a technique that uses engaging content in the hopes that viewers will share it on their personal and social media networks. Successful content then spreads like a virus, creating exponential exposure to a company's message.

The most important element of any viral marketing campaign is developing content that is not only engaging but that people also feel must be shared. Generally speaking, viral content is not "salesy" in nature; rather, it tends to be subtle about its presentation of branded items. In this way, the product or brand reaps the indirect exposure that comes with being part of content that people want to consume. A very successful campaign that included viral marketing is the Dove Real Beauty Sketches campaign where a real-life forensic artist sketches women's faces based on their own descriptions and sketches them again through other people's descriptions of their faces. When these sketches were revealed to the women who were asked to participate, they saw how much kinder and more beautiful other people had described them. This video never mentioned any Dove product at all. The result of this campaign was astounding, as it had more than 140 million views worldwide, becoming the best viral video of 2013 by connecting to the customer in an emotional way that was sincere and warm. This campaign also enabled the company to track results in real time and answer comments from viewers in a timely manner, while enhancing brand awareness.[12]

Another example of an effective viral campaign is that of Dollar Shave Club which has garnered more than 26 million views on YouTube in response to the low budget and entertaining video by the owner of the company. Founded in 2011 in California with the goal of providing low-cost razors to men every month through a membership, the company has been so successful that it has since been acquired by Unilever.

The benefit of this kind of marketing is that it can lead to massive exposure for little or no effort or investment once the content is developed. The challenge, though, is that it is difficult to predict what will be successful viral content. Viral marketers often create a lot of content that does not go viral before finding content that does.

Digital Marketing

Digital marketing refers collectively to all digital (online) marketing efforts, which can include social media, email communications, websites, blogs and vlogs, and search engine optimization (SEO). This is an important area for entrepreneurs to explore because learning how to leverage digital channels and online analytics is key to remaining competitive in this technological era.

Digital ad spending has outpaced television ad spending in recent years.[13] Digital ads include display ads, search ads, and social media ads. These can be very successful at targeting specific people in your target market and are usually more affordable than a

TV ad. They are cheaper to make and to place than TV ads, which can cost millions of dollars for production and air time to reach a wide number of people. Digital ads are important for entrepreneurs because they are an effective way to redirect traffic to their websites and gain conversions on a budget. It does not matter how big your budget is. These ads can be strategically bought to be as cost effective as possible. They can range from a few dollars to millions of dollars, depending on your resources. Display ads are those that resemble banners and showcase a product or company on a website in a noticeable way. They come in various sizes, and the entrepreneur may buy them on third-party websites or search engines that provide space for ads. These ads are usually paid using a pay-per-click model, which means that you only pay for the times that someone clicks on your ad, or you can pay for impressions, which means that you only pay for the number of times the ad appears on readers' screens.

Search ads, conversely, are those text ads you see while you are looking for something on a search engine, whether it's on your laptop, tablet, or mobile device. Google, Bing, and Yahoo! are the three biggest search engines in the United States that provide businesses the ability to create targeted ads to reach customers who are looking for something in particular. These ads are created using keywords that are strategically chosen to target people typing those specific words in the search engine and are paid through a bid system that allows the business to specify how much they will pay for an ad to be displayed in a better position on the engine's display pages. Google Ads and Google Analytics are tools that allow a digital marketer to search for popular keywords and create ads based on these terms to target the right consumer. These tools are so well designed and complex that it takes some time to get acquainted with all of their features and capabilities. Their main features, however, are to look for the right keywords, create the ad campaigns, and track their success.

Go to your favorite search engine and try to search for something (Figure 8.9). What kind of ads do you see on your screen? Someone on the other side has created these ads to connect with you. Did they do a good job?

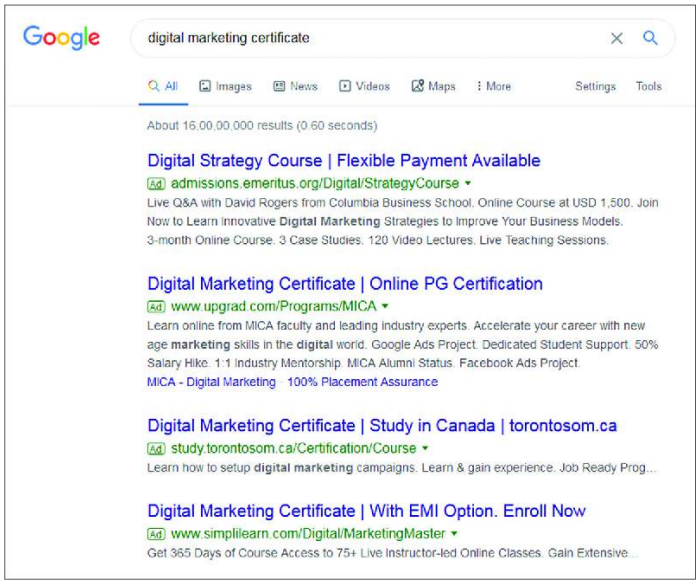


Figure 1.4.2: The Google Ads tool is effective for reaching targeted audiences searching online for specific products.

Social media platforms also have the capability for users to create similar ads on their systems to target people based on their behavior, likes, profiles, and searches for products online. Their popularity has increased as more people join the platforms and more information is gathered from them.

ARE YOU READY?

Solar Panels Are Hot

During the last ten years, solar panels have increased in popularity, as they are a great alternative to fossil fuels. Solar panels enable homes and organizations to transition from electricity generated from fossil fuels to clean energy. Given the current climate state and changes in the energy industry, solar panels have become an excellent way to save money on electricity over the long run, a great way to receive tax credits, an incentive to add equity to homes and buildings, and a help to the environment. The cost of installing such technology has decreased over the years thanks to the new technology available, the

increase in competition, and the overall increase in demand of the product. Consumers can install the cells on their roofs at a more affordable price.

Given the recent trends and interest you have in helping the environment, you've decided to get a part-time job at a new local solar panel company. This company has a very small market share (less than 1 percent), or percentage of customers, compared to the rest of its competitors. Their goal is to increase that percentage to 2 percent of total customers by the end of the year. To reach that, they have hired you as their marketing coordinator.

As part of your job, you decide to create a plan for a promotion to reach a targeted number of people. This promotion must be conducted online and on a budget. On your first few days on the job, you research the various types of ads that could most effectively reach the most people looking for solar panels. Once your research is over, you come back to the owner and help her decide which ads to use. Focus on the following three areas and provide your advice to the owner.

- What are the best types of ads and platforms for this type of company?
- What is the average price per ad clicked or seen?
- What are five to ten common keywords that can be used in the ads?

Blogging has become an important tool for business owners. It allows them to share information about their companies, products, and their experiences in written or video form. Blogging enables entrepreneurs to create a name for themselves, especially when the content is useful and people are interested in what the blogger has to say. Strategies that help entrepreneurs include making the time to blog, having a specific niche, choosing interesting topics that matter to the blogger and the audience, and using other branding and SEO techniques that help the blog become more visible.

Content marketing is an important topic for digital marketing, as content has become more important in recent years. Content can be displayed as a story, a blog, a website, social media posts, a newsletter, an article, videos, or anything else that has the ability to convey a message to the consumer. This is a valuable tool to distribute content that is useful, which can engage the target audience and entice them to take some sort of action. The entrepreneur must take the time to create useful content to connect with current and potential customers online. Entrepreneurs can also tap influencer marketers to disseminate information about their brands. This includes tapping into social media celebrities, who usually have millions of followers on YouTube, Facebook, Instagram, or similar platforms. This has been one of the biggest recent trends in marketing.[14] When working with influencers, it's important that they disclose that they receive compensation for any product or service they are talking about to avoid legal risks.

Email marketing is a form of direct mail that connects to consumers in a personal way. Emails can contain useful content for consumers, promotions, and tips that entice them to try or be aware of a product. Many email marketing platforms offer services at an affordable price, including Constant Contact, Mad Mimi, Mail Chimp, and Drip. All of these platforms allow the entrepreneur to upload a list of customers or potential customers and create email marketing campaigns that are tailored to each target market. These platforms also offer useful metrics, such as open rates, click-through rates, time spent viewing the message, and conversion rates, which can measure the effectiveness of a campaign.

Word-of-Mouth Marketing

Word-of-mouth (WOM) marketing occurs when a satisfied customer tells others about their positive experience with a good or service. Although similar to viral marketing, WOM does not involve active participation from the marketer and almost exclusively involves only customers, whereas viral marketing attempts to build awareness and buzz mostly via videos or email.

When consumers are very happy with their purchases, they will let people know, whether it is in person or on social media. The company has less control over this type of marketing because it happens organically. While effective WOM marketing can have a huge impact on a brand's sales and visibility, creating WOM is tricky—people have to want to talk about your product.

One way to encourage WOM is to ask satisfied customers to help you spread the word by talking to their circle of friends and family, or by sharing comments online on the website, through portals, or through social media. Companies often include call-to-action cards in their shipments that direct customers to post reviews on their website, the website where they purchased the item (Ebay and Amazon), or on public review sites such as Yelp.

Entrepreneurs who do this need to make sure they monitor what is being said about their businesses so that poor reviews don't undermine their marketing efforts. Many of these sites allow businesses to address and resolve bad reviews, which is a good way to

turn a potentially damaging situation into one that creates goodwill and positive brand recognition.

Lululemon is a yoga and athletic wear company that knows well about customer reviews. On its site, customers have the opportunity to leave comments about each of the garments regarding the size, fit, quality, and ease of use. Although the quality of Lululemon garments is high, some customers still have negative experiences and don't hesitate to share their comments on the site. The company responds with an apology for the negative experience and redirects the unsatisfied consumer to an email so they can move the conversation off the site. This allows the company to make amends with the customer and hopefully remove the negative comments if the issue can be resolved.

Table 8.5 summarizes entrepreneurial marketing techniques.

Table 8.3.1: Entrepreneurial Marketing Techniques

Marketing Technique	Description	Example
Guerilla marketing	Aims to gain maximum exposure through unconventional means	Events, such as flash mobs
Relationship marketing	Creates customer loyalty through personal interaction	Personalized communication to individual customer
Expeditionary marketing	Strives to move established companies and products into new markets	Pivots that create new products or attract new markets
Real-time marketing	Seeks to turn immediately available sales data into actionable and timely strategies that target the shifting landscape of consumer tastes and trends	Analyzing clicks or "likes" and modifying posts/offerings in response
Viral marketing	Uses engaging content in the hopes that viewers will share it on personal and social media networks	Subtle branding embedded in stories users want to share
Digital marketing	Uses online marketing strategies	Online ads and use of search engine optimization (SEO)
Word-of-mouth (WOM) marketing	Relies on satisfied customers telling others about their positive experience	Online customer reviews

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1.5: Entrepreneurial Branding

Learning Objectives

By the end of this section, you will be able to:

- Understand the importance of customer-focused branding
- Explain the steps in defining and developing a brand
- Describe the benefits of brand advocacy

In a business context, the word brand has multiple meanings. First, a *brand name* is the name of a product or service offered by a company. For example, Coca-Cola and Goodyear are brand names. But the **brand** also means the image a company promotes and the connotations it fosters of itself and its products. For example, the Coca-Cola brand might be seen as refreshing, youthful, and quintessentially American. The Goodyear tire brand might be seen as performance-driven, affordable, and reliable. A logo, advertising messages, public perception, celebrity endorsements, promotional strategies, and other factors all play a part in promoting a company's particular brand.

Branding is often less about a product's actual benefits or value, and more about how it positions itself within its target market and connects with its loyal customers. Establishing a brand at a company's inception is more challenging than managing a brand that has been present for many years. In the case of a start-up, the initiatives undertaken must be customer centric and should speak directly to the heart of the consumer. These must have a trustworthy and emotional appeal to create a bond with the customer. Let's delve deeper into this.

Customer-Focused Branding

The image a company conveys to its customers is managed through what is called **brand strategy**, which can include advertising, public relations, customer service, and sales promotions.

One common branding strategy is the use of **taglines**, which are short and catchy positioning statements that quickly communicate some core aspect of the brand to the consumer. Taglines can be a powerful tool, and in some cases can become as recognizable as the brand names themselves. Consider the list of taglines from recent start-ups in Table 8.6. Do they do a good job of communicating the key attributes or benefits of the brand name they are linked to?

Table 8.4.1: Taglines of New Companies

New Companies	Tagline
Hello Fresh	Simply Delicious Meals
Airbnb	Belong Anywhere
Uber	Get There
BirchBox	Open to Beautiful
Snapchat	Life Is More Fun When You Live in the Moment
LuminAID	Makers of Brilliant Things
Uptown Cheapskate	Buy. Sell. Trade.

Consider the taglines shown in Table 8.7. They have been around for a long time, and most customers are familiar with them. Why do you think these taglines have endured over time?

Table 8.4.2: Taglines of Established Companies

Mature Companies	Taglines That Have Endured Time
Nike	Just Do It
Apple	Think Different
Subway	Eat Fresh
Walmart	Save Money, Live Better
State Farm	Like a Good Neighbor, State Farm Is There
Master Card	There are some things money can't buy. For everything else, there is Mastercard.
Maybelline	Maybe She's Born With It, Maybe It's Maybelline.
Red Bull	Red Bull Gives You Wings
General Electric	Imagination at Work

Consider, also, how jingles can have a powerful effect on people's recollection of a message. A **jingle** is a very short song or sound that brands a product or company and helps promote it. These tunes are very easy to remember, bold, and fun. Jingles are similar to taglines in that they feature a sound that is catchy and easy to understand by the recipient. Which jingle do you remember off the top of your head?

LINK TO LEARNING

Taglines are not just visual. They can also employ sound. Consider the "Intel Inside" riff or the three notes of NBC's network chime. Sound plays a big role in brand recognition. And jingles are sure bets that entertain as well as forge a connection to a brand. Check out this website for a history lesson in some of the most famous radio and TV commercial jingles of all time.

Other components in a brand include the website, social media, customer service, and packaging. These are important components of a branding strategy that use technology to convey the message. A website allows a company to create an image of its business pages that are linked to each other. These pages convey branding information about a company that sends a message to the consumer through the use of the business logo, colors, copy, ease of use, product information, and e-commerce capabilities. The LuminAID website conveys an image and at the same time has important calls to action and serves as an example of successful branding. This site uses colors, images, and fonts that create a specific image of modern lighting that entices customers to purchase the products and other stakeholders to give light to people who need it.

In addition to the ability of a business's website to convey the company's story, social media platforms reinforce the connection to the consumer. Social media platforms such as Facebook, Twitter, Instagram, and YouTube allow companies to invite customers to join the conversation by posting pictures of their use of products, making recommendations, participating in contests and giveaways, and obtaining coupons and other perks. Entrepreneurs have these tools at their disposal to continue creating the image of the business that perhaps got started as a brick-and-mortar business. Today, tools such as Wix, an easy, online website builder, can be used to develop this branding. Entrepreneurs with larger budgets can hire a website designer to create and help promote the site.

Customer service is another tool that can create a strong company image. Training salespeople and cashiers to be courteous, resourceful, and knowledgeable creates an image in the customer's mind about the product and the business. Wearing uniforms can also create a positive image. Customer service is particularly helpful when dealing with services because it gives some tangibility to the product that the customer cannot see. For example, a hairstylist cannot provide a tangible depiction of how a haircut might look on a customer, but his or her demeanor, attire, and hair, can give the customer clues as to what treatment and results he or she can expect. Packaging is an important component of branding. The design of the package, the color, the information that is conveyed on the package, and the practicality of the package all create an image of what is to be expected from the product.

Method, an environmentally conscious and customer-focused brand of cleaning products, is an example of a company that distinguished itself from the competition by employing effective branding strategies. By using recycled, environmentally friendly packaging and promoting their commitment to using plant-based, nontoxic chemicals, the company was able to attract the attention of, and eventually place their products in, Target stores nationwide.

First, Method convinced Target to use their products to clean their own stores; after a successful test, they convinced the company to carry its line, which includes soaps, detergents, and cleaners (Figure 8.10). Its quirky brand message helped land the account, as Target is a progressive and innovative retailer. The brand message that Method conveyed to them was that everything inside the cleaning bottles was plant-based, and no harsh chemicals were used in creating the product. The products were either as or more effective than leading brands. In this case, the brand message conveyed the mission of the company in all of its products by integrating all the aspects together in a simple manner through the use of clear bottles, quirky fonts, and (nontoxic) colored liquid.



Figure 1.5.1: Method's quirky packaging, design, and plant-based ingredients were all part of its successful brand strategy. (credit: work by Carol Bleistine/Flickr, CC BY 4.0)

The benefits of developing a good brand are several. A brand is the image of a product or service that conveys to customers who when they purchase from a particular brand, they will receive the value (quality, price, and experience) they expect. The next time they see that brand, they will choose it again because their previous expectations were met, simplifying their buying-decision process. New products must also break through crowded marketplaces and be visible to consumers who already have an attachment to other brands.

Trust in a brand can save the consumer time and may create an emotional connection to the company. However, not all benefits work for all brands and all purchase decisions. When a customer is purchasing low-commitment products and services, like cleaning products, the decision process can be quick and heuristic. When purchasing more expensive items such as electronics, vehicles, or vacations, the brand is just one of many attributes the consumer will consider.

Defining and Developing a Brand

A brand should have a clear purpose derived from the company's mission. If the purpose is to provide plant-based cleaners that are not harmful to people, pets, or the environment, as in the case of Method, then the brand must communicate this throughout all of its interactions with its consumers. The unique selling proposition, as described in Identifying Entrepreneurial Opportunity, benefits, qualities, and overall image should be conveyed throughout the marketing mix to tell a story. In addition, the brand should have a well-designed logo, the company/product name, merchandise, promotional items, location of the business (that also provides an image or tells a story), and any other tools that communicate with buyers.

Keep in mind that there are differences in branding regarding business size and type. When starting a business, it is likely that you will brand your entire business with one logo, one name, and matching promotional items, business cards, and product packaging. As your number of products grows, you would likely develop different packaging and different images for other product categories.

Figure 8.11 provides a checklist of items that help develop a brand for your venture.



Figure 1.5.2: When starting a business venture, following a few key steps will help in establishing a strong brand. (CC BY 4.0; Rice University & OpenStax)

Promotion through Brand Advocacy

One way to promote your brand is to identify loyal customers who are willing to share positive feedback about it. A **brand advocate** is someone who is a fan of your products and passes on the word to others. Brand advocacy is a potentially inexpensive means of building a brand and one that entrepreneurs should explore. One simple way to motivate brand advocacy is by asking your best customers and fans to refer other customers to you, leave online reviews, and/or to blog or comment about your company and products online. Companies often offer discounts and promotional codes to encourage brand advocates to spread the word.

The key to effective brand advocacy is to know the goal of your advocacy campaign, look for ambassadors (there are many online and in-person events), ask them to perform a task, and reward them for doing so.

An example of advocacy branding is to create a contest to engage consumers who love your product so they can share pictures on social media. IKEA did this in 2016, when it started a contest to win a personalized wardrobe using the hashtag #JoyOfStorage to entice its most loyal fans to share their IKEA products online. The contest asked customers to post pictures of their IKEA products on Facebook (Figure 8.12). This campaign allowed IKEA to engage and reward loyal customers in a fun way, while also using word-of-mouth marketing to expand their marketing reach.



Figure 1.5.3: The IKEA #JoyofStorage contest engaged loyal fans and rewarded them for being brand advocates. (credit: work by this_could_be_my_house/Flickr, CC BY 2.0)

WORK IT OUT

Forever 21

After living in Los Angeles for a few years, South Korean natives Jin Sook and Do Wong Chang decided to open a clothing store. They named it Fashion 21. The store became a success, bringing in over $700,000 in revenue in 1984. Next, they decided to open new stores twice a year while at the same time changing the name of the store from Fashion 21 to Forever 21, expanding their brand globally. While the stores have historically generated over $3 billion in annual sales, the retailer recently filed for bankruptcy, citing struggles to pay vendors and landlords. The filing comes along with the closing of 178 underperforming US stores and allows Forever 21 to "simplify things so we can get back to doing what we do best."[15]

Bankruptcy aside, Sook and Chang have remained at the helm of the company and their children are also in management, one working in marketing and the other in branding. Branding helps the company remain relevant to its youth segment by positioning itself as trendy, innovative, and particularly adaptive to ever-changing tastes in fashion. The company uses its logo, retail stores, and website to showcase its trendy image.

Forever 21 has been sued several times for copyright infringement, as the essence of the company is to provide fashion looks inspired by runway designs but offered at a lower price point. Forever 21 has a long history of settling copyright suits, including a case involving H&M. It has been in legal battles with Adidas, Puma, and Gucci as well.

- If you were the branding manager, how would you prevent these suits from happening?
- How would you develop a better image of the company?

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1.6: Marketing Strategy and the Marketing Plan

Learning Objectives

By the end of this section, you will be able to:

- Distinguish between a marketing strategy, a marketing plan, and a pitch
- Describe the elements of a marketing plan

Now that you have a better idea of what marketing is, you are ready to start developing a marketing strategy and plan. A **marketing strategy** describes how a company will reach consumers and convert them into paying customers. Having a solid-yet-flexible marketing strategy is a good business practice, no matter what kind of business you are in.

A **marketing plan** is a formal business document that is used as a blueprint or guide for how a company will achieve its marketing goals. A marketing plan differs from a business plan in that it focuses more on market research, attracting customers, and marketing strategies, whereas the business plan covers much more than that, as you will see in Business Model and Plan.

Marketing plans are important tools because they act as roadmaps for everyone involved in an enterprise. Writing a marketing plan forces you to specify goals and develop strategies to reach them, and encourages you to research markets and competition. A strong marketing plan will encourage entrepreneurs to think deeply about their business and profit potential, helping them make better business and marketing decisions. Additionally, a marketing plan can create greater involvement and cohesiveness among employees by clarifying goals and expectations.

A variety of marketing plan templates are available that can be modified to fit your business's product and/or services. One thing to consider is why you are writing your plan and who your audience is. In addition to planning for your venture, will it be used by employees or potential investors? Different audiences will require different kinds of information. If it's an employee, then you must include extra details about the operation of the business. If the plan is geared toward acquiring an investor, be sure to highlight the value that will be gained from investing.

Keep in mind that the various parts of a plan do not need to be written in a certain order. Plans should also be seen as flexible guides rather than absolute rules. All good marketing plans are living, breathing documents that help you measure success while allowing for course corrections when necessary. Table 8.8 provides the standard components of a marketing plan.

Table 8.5.1: Sample Marketing Plan Sample

Marketing Plan Section	Description and Purpose
Executive Summary	Provides a snapshot of the whole plan, including profit potential and major strategic ideas
Situation Analysis	Overviews internal and external environments related to the business and product; internal environments include company background and mission; external environments can include market needs, competition, market research, and an analysis of strengths, weaknesses, opportunities, and threats (SWOT)
Marketing Opportunity (Unmet Need, Proposed Solution, Value Proposition)	Validates the market opportunity being exploited by the business and articulates the potential gain for stakeholders
Business Model	Presents the framework for generation of sales and the business's competitive advantage
Marketing Objectives	Specifies goals for sales (in units or dollars), market share growth, brand awareness, secured distribution channels, inventory, and pricing
Marketing Strategies	Explains target market, projected positioning, and strategies as they relate to the marketing mix (7Ps)
Action Program	Defines who will do what and when
Financials	Discloses sales estimates, projected budgets, and financials that will help readers understand the present and future economic condition of the company
Control Procedures	Describes procedures for measuring results, monitoring goals, and adapting the plan as needed

Executive Summary

The **executive summary** is just that—a clear and concise summary of the major points of your marketing plan. Though it is placed first, it is generally written last because it is based on the information presented in other subsequent sections.

The executive summary is typically one or two pages long and includes key indicators of success for the business and its stakeholders, which may include company owners, managers, consultants, investors, and banks. Your goal is not merely to summarize everything in your plan but to highlight why people should be interested in your venture. Whether the reader is an employee or a potential partner or investor, the executive summary should seek to not only inform but to excite.

Focusing on the opportunity at hand, what makes your business model special, and the potential financial reward is a good way to capture a reader's attention. For example, if your business' strengths include a great marketing team and a significant competitive advantage, you should highlight them as reasons for success. Some readers may only read this section, so make sure you highlight what makes your company special and how you plan on turning that into profit.

Situation Analysis

In many ways, the basis of your marketing plan is found in your **situation analysis**, which is an examination of the internal and external circumstances relevant to your business and product. A good analysis will provide the logical support for the strategies you choose. For example, the research you conduct here explains why you will develop a certain product, how you will price it, and what you will do to reach your target market.

Good situation analyses often include a SWOT analysis, which looks at a company's strengths, weaknesses, opportunities, and threats. They also look at future and current competitors, and include market validation research that has surveyed potential customers. This information is critical because it proves that you have done your due diligence on your product and market.

Marketing Opportunity

Assuming your background research has led you to determine that there is a business opportunity, this is where you explain what and where that opportunity is. For example, if your research led you to discover a gap in the market for educational children's toys, this is where you explain the depth of the opportunity. Here you use your research as evidence to prove to your reader that there is a market gap and that you know how to fill it. If your goal is to get an investor interested, this is where you would let them know what they stand to gain and when they would gain that.

> LINK TO LEARNING
>
> The US Small Business Administration strives to help business owners initiate and succeed in developing enterprises. Their website is loaded with helpful information, classes, and templates that can help the entrepreneur navigate the intricacies of marketing, as well as provides helpful tips on developing a marketing plan.

Business Model

In this section, your job is to marry the opportunity you saw with the solution you have created. Here you articulate how your competitive advantage and points of differentiation (nature of the solution and its key features and benefits) will provide value to customers and earn profits that will sustain your business into the foreseeable future. What will you do to create value that attracts customers? How will you generate sales? Who is your target market? If you were opening a gym, this is where you would lay out how you will capture customers, the value they will receive, what types of membership contracts will be available to them, and so on.

A great tool for capturing this information is the Business Model Canvas (Figure 8.13), which is discussed in Launch for Growth to Success and Business Model and Plan. The nine building blocks of this model will help you to determine the targeted customer segment, value proposition that you will present each of your segments, channels for the distribution of the proposition or touchpoints, type of customer relationship you will build with your target, types of cost structures and revenue streams based on pricing means, and key resources, activities, and partners that will help you to succeed.

The canvas also allows the entrepreneur to innovate and to change if something doesn't work out. The point of this tool is to put the pieces of a plan together.[16]

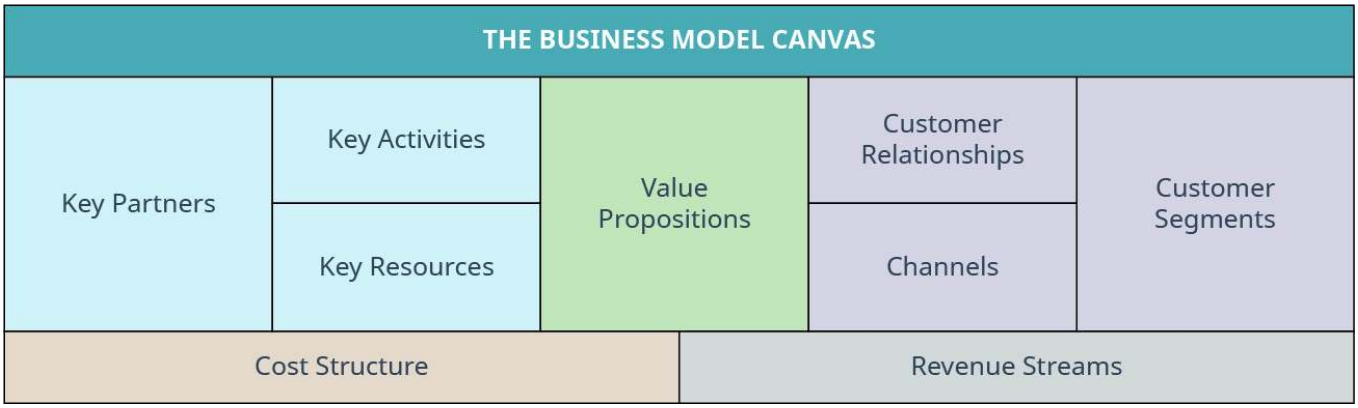


Figure 1.6.1: A business model canvas brings together key strategies about the product being launched. (CC BY 4.0; Rice University & OpenStax)

Marketing Objectives

Here you present your specific goals and their tangible outcomes. It is not enough to say that you will be very successful without defining what exactly success means. The point of this section is to quantify your goals as units sold, sales/revenue, market share, or some other practical metric. Goals can also include creating measurable brand awareness and developing a certain number of distribution channels.

For example, good, measurable goals might be selling 300 units per month, selling $600,000 worth of product in a year, or gaining brand awareness of 10 percent of your target market in three months. Avoid goals that are unmeasurable or vague, as they won't help you now or later.

No matter what your goals are, they should be reasonably achievable and as specific as possible. The reason for this is so that later on, you can determine whether you have been successful. If you haven't, you will know something needs to change.

Marketing Strategies

As mentioned earlier, having a good marketing mix will help your business succeed. As an entrepreneur, you want to segment the market and figure out if there are possible pockets of people whom you can serve. The process of segmenting, targeting, and positioning (STP) will help you figure out who is your best customer and allow you to allocate your resources effectively to serve that market.

After going through this process, you can look at the marketing mix, and depending on whether you have a product, service, or a mixture of both, which is usually the case, you will outline your approach to the 7Ps of the marketing mix.

Action Plan

In the action plan, you detail how things will get done in your business on a day-to-day basis, when they will get done, and who will be doing them. Often, new business owners develop extensive strategies, but they don't have the people power to implement them. Obviously, ensuring that you have the necessary human resources in place to execute your goals is important. This is the section where you make it clear that you do. For example, if you have a marketing team in place, highlighting their ability to execute your plans will help convince potential investors that you can put your plan into action.

Financials

Here you include budgets, forecasts, and any other information that will give readers and potential investors a clear picture of your business's financial situation. Being transparent and truthful will create trust and goodwill between your company and potential investors.

This section is also important because it will help you determine how profitable your business might be. One place to start is by determining your expenses and future profits. Since most entrepreneurs tend to overestimate these numbers, it is best to develop financial projections for best- and worst-case scenarios, as well as a projection for an average case scenario.

Many entrepreneurs develop one-, three-, or five-year projections to get a sense of future profits and to prove that their business model is sustainable over the long run. Figure 8.14 provides an example.

5-Year Financial Projections: Sammy's Grocery Store					
	2018	2019	2020	2021	2022
Sales/Revenue	$100,000	$150,000	$170,000	$190,000	$198,000
Cost of Goods Sold	$ 30,000	$ 50,000	$ 55,000	$ 57,000	$ 60,000
Sales and Administrative Expenses	$ 40,000	$ 55,000	$ 60,000	$ 60,000	$ 70,000
Depreciation	$ 10,000	$ 7,000	$ 8,000	$ 8,000	$ 10,000
Operating Profit	$ 20,000	$ 38,000	$ 47,000	$ 65,000	$ 58,000

Figure 1.6.2: Growth projections appear in the financial section of the marketing plan. (CC BY 4.0; Rice University & OpenStax)

Key Performance Indicators

Finally, you need to determine your key performance indicators, or how you will evaluate the effectiveness of your strategies, by looking at the progress you have made during a specific timeframe. These include the quantitative milestones that will tell you if you are on the right track, help you analyze your decision-making process and focus on specific strategies, and make changes if these don't work.

For example, one of your milestones might be a sales goal of $50,000 within the first six months. If you are not on track by the time you hit this milestone, it can be an indication that you either overestimated your sales or your strategies are not working. In either case, you will need to make actionable steps to revise your projections or find more effective strategies.

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1.7: Sales and Customer Service

Learning Objectives

By the end of this section, you will be able to:

- Explain the importance of sales strategy and provide an example
- Explain the importance of customer service

A **sales strategy** is a plan that the entrepreneur uses to identify and engage a consumer, from prospecting to securing the sale. This strategy should keep in mind the core benefit or competitive advantage that the product or service has and make sure this information filters through the entire sales execution process. The strategy should include a six-step process that is an integrated sales system for how to prospect, pitch, handle rejections, and the like.

Setting objectives is important before reaching out to prospects and current customers because they allow the salesperson to detail the strategy, have an end goal, and measure the results. For example, a salesperson may have a goal of closing one client out of ten prospects he or she sees per week (or through a sales cycle). So the detailed strategy would be:

1. doing research about prospective clients and creating a list,
2. calling them to set up an appointment to talk about your product or service,
3. meeting with them to present a proposal,
4. handling objections,
5. closing the deal, and
6. nurturing the relationship after close.

The end goal would be to gain a prospect as a client and develop a good relationship for future business. And the salesperson would measure the results by looking back at goals and outcomes.

There are many methods, tools, and techniques to sell, and there is no perfect set of strategies for a business. It depends on the goals and resources of the entrepreneur, as well as on the type of product he or she is launching. When selling to customers who are going to be spending a substantial amount on a product or service, like a piece of equipment, a luxury yacht, or an expensive software program, there must be a sales system in place to take consumers from prospects to customers. The preceding six steps are general stages in this system. Let's take a look at each step.

Sample Six-Step Sales Strategy

Figure 8.15 outlines an example of an effective sales system or strategy using a six-step approach.[17]

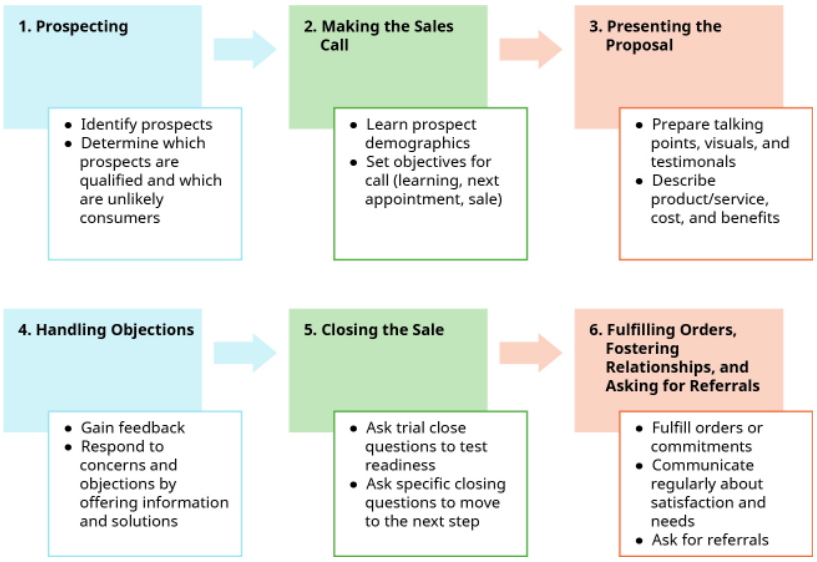


Figure 1.7.1: The six-step sales process does not end with the sale but with a positive customer relationship. (CC BY 4.0; Rice University & OpenStax)

Prospecting and Preparing

Prospecting focuses on finding potential new customers for the product or service. This helps acquire new customers, replace customers lost to attrition, and expand sales from current customers. In essence, prospecting allows salespeople to collect information about potential customers and identify any who are not a good fit for the company. It is important to get as many prospects as possible to secure a few customers, as the pool of prospects diminishes through successive steps of the sales process.

You may need to have a list of twenty prospects to secure one or two customers. Prospecting also tends to be more important in certain industries such as financial advising or business-to-business industries. To determine whether a person or organization is a qualified prospect, the salesperson must consider several issues, such as whether this person/business needs my product or service, and if they can afford it.

Making the Sales Call

The next step of the sales system is to prepare for a sales call, contact, or meeting with a prospect. Effective sales people usually prepare well in advance of contacting a prospect. A salesperson can look for information regarding the company's demographics, its competition, clients, and other companies they purchase from. Information can be gathered from online sources or referrals. It is also helpful to set objectives before contacting the prospect. Some of those objectives can include securing an appointment for a presentation, understanding the prospect better, scheduling a second call/contact, or perhaps starting a sale.

> LINK TO LEARNING
>
> Neil Rackham wrote a book in 1998 called *Spin Selling*. It's a classic in the sales world. In it, he outlined a new way to approach winning big sales deals. SPIN stands for situation, problem, implication, and need payoff. Visit the SPIN site to learn about Rackham's nontraditional approach to sales and the main principles he advocated.

Presenting the Proposal

Once the salesperson has made a connection with a prospect and understands the prospect's needs, the next step is to meet with the prospect for a sales presentation. A presentation is a great way to expand the prospect's understanding about the offering. Strong presentations include good communication skills with strong visuals and testimonials. In this step, the salesperson can make a better case for the value proposition, citing the strengths of the product and how this would help the prospect in his or her life or how it would help a company's objectives. The presentation can also include the cost of the investment and a projection of the return on investment. In the case of a financial advisor, a presentation at a prospect's home would show the potential products that the prospect might invest in, such as a variety of retirement accounts, life insurance, a college savings plan, or long-term care insurance, along with the costs and benefits of each. In the case of a business, the presentation could take place at the prospect's

office, and the meeting could include a slide presentation about a piece of equipment, with video showing how it is used and how it can benefit the company, including cost savings.

Handling Objections

During or after the presentation, a salesperson will likely encounter objections or questions from the prospect. This is a good way for the salesperson to gain feedback and respond to concerns from the prospect. Objections can arise during the appointment setting, during the presentation, or while trying to close the sale. The salesperson must be proficient at dealing with these in a truthful manner so the relationship that is established is based on trust. Some of those objections can include cost concerns, credit capabilities, product benefits, or plain rejection of the product. In this case, the financial advisor could answer questions about the potential benefits of one type of insurance over another, or handle objections on the monthly payment plan. If dealing with a company, these questions can take the form of credit opportunities and amount of cost savings in comparison to a competitor.

Closing the Sale

Once the presentation and objections are handled, the next step is to **close**, or ask for the sale. This is as important as being prepared to present and handle objections because it signals to the prospect that the product is a good fit and the relationship can be created. A good closing includes a trustworthy and logical process. Doing a trial close by asking "How is this so far?" or "Can I answer anything else?" can help the customer feel more at ease with making a decision. The customer will help set the pace for a final closing. Then, the salesperson can set up the next steps or ask the following questions: "Can I place the order for you?" "Can we open the life insurance account for you?" "Can you come see the demonstration at our office?" "Can we meet next week for the financial terms?"

Fulfilling Orders, Fostering Relationships, and Asking for Referrals

Finally, the salesperson must fulfill the order and make sure that the customer is satisfied with the product or service. The salesperson, in the end, is the one who is the main contact for the customer and therefore is responsible for the fulfillment of a correct order. The order needs to be closely monitored in case there are any delays or issues with it, so the customer can be immediately notified. The process of the order fulfillment has to be monitored until it is fulfilled. Software has now made it easier to keep track of these orders, so the salesperson can spend more time selling and less time on the order process. Customer relationship management tools such as Salesforce (www.salesforce.com/crm/) can help a small entrepreneur or a larger business keep track of its customers, their orders, troubleshooting, and strategies for cost effectiveness.

Building a direct relationship with the customer is also important; therefore, calls or emails to check in consistently is important to assess customer satisfaction and t build the relationship bridge to ask for referrals. Customer retention is more important than ever, as even a small percentage of customers can make up the majority of your sales. Wooing new customers is 5 percent more expensive than keeping your current ones, and in the long run, those who are your VIPs will generate most of your sales.[18] Research shows that retaining even 5 percent of your current customers can generate anywhere from 25 percent to 95 percent of your sales.[19]

Customer Service

One of the most important aspects of making the sale, and one that often wins or loses customers, is customer service. If you have ever stepped into a business where you have been greeted with a smile and treated kindly throughout the purchase process, you will probably want to come back and purchase from that store or salesperson again. However, if the sales associate is rude and doesn't help you find what you need, chances are you will not return to the store a second time. For start-ups, customer service can be an advantage, as the business can focus on a few customers at a time in a more personal manner. The bigger a company is, the harder it is to manage many customers and sales associates on a personal level.

According to Hubspot's top statistics on customer service, 70 percent of the customer experience or journey depends on how they are being treated. The majority of customers fall in love with a brand and are willing to pay a premium for amazing customer service, and they feel that great customer service is more important than price. They will also share positive experiences with other people—an average of eleven, according to Hubspot.[20] When a customer has a negative experience, or feels unappreciated, they are more likely to switch brands, and a company has to work harder to counteract a negative experience. It takes twelve positive reviews to counteract just one negative, unresolved customer issue.[21]

As an entrepreneur, focusing on customer service before and after the purchase is an effective reminder that the company is trying to build trust and have a relationship with its customers. This also helps with the process of branding, as you've learned. Even in business-to-business sales transactions, the most important aspect of the sales process is building that trust relationship so the customer purchases from a "friend" again. Often when companies lose accounts, it is due to a change in sales personnel and the loss of the associated relationship.

One effective way to ensure great customer service is to create an operating manual for your employees that includes proper techniques for customer service. These techniques can include how to greet a customer, how to listen and help them get what they need, the philosophy of your company, how far to go when insuring great service, and how to be creative with customer service. Employees can review the manual when they are hired, and every year after that to ensure they continue to follow the procedures. Training programs before starting work and during the year can be facilitated by the entrepreneur or a consultant to sharpen the skills of the employees. These programs are a great way to energize salespeople to be more people oriented and to develop the proper attitude and positive thinking that is required when helping customers. Sales training programs are a great way to learn more about customer service. Zig Ziglar and Dr. Cialdini programs are designed with the salesperson in mind.

Also, when hiring, focus on candidates who already have customer service experience and those who come with good referrals. Incentives for great customer service such as an employee of the month/year award or financial incentives can also encourage employees to provide great service. Finally, the entrepreneur and any administrators are the leaders of a company who must show the same customer service to their employees. Walk the talk! If they realize that they are there to serve their employees and enable them to create a great customer service atmosphere, then the employees will share the same enthusiasm and energy toward their customers. Happy employees turn into profitable customers. Figure 8.16 shows a quick checklist for beginning entrepreneurs.

Customer Service Checklist for Beginning Entrepreneurs

1. Develop guidelines or an operation manual for how to handle customer service.
2. Train employees before and during their employment.
3. Hire employees with great customer service experience or those with the potential to learn.
4. Provide incentives such as awards and prizes.
5. Walk the talk! Provide great customer service to your employees. Your attitude and disposition matter and your employees will follow you if they feel appreciated.

Figure 1.7.2: The quality of customer service can make or break a company. Following a few basic steps can ensure great customer service. (CC BY 4.0; Rice University & OpenStax)

Customer service doesn't happen just in person or on the phone. Technology has enabled people and companies to connect through email and social media, taking the conversation and interaction online. Customers can now talk to the company employees, voice their concerns, and get issues resolve through these avenues. These technological advances have provided a bigger platform for customers to rave about companies or complain about them.[22] This love or dislike can translate into social media posts, tweets, pictures, videos, and reviews for thousands or millions of people to see and can help or tarnish a company.

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CHAPTER OVERVIEW

2: Introducing and Managing the Product

2.1: Defining the Products

2.2: Classifications of product

2.3: Product planning

2.4: Strategy Formulation

2.5: New Product Development Process

2.6: Price defined- three different Perspective

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2.1: Defining the Products

In essence, the term "product" refers to anything offered by a firm to provide customer satisfaction, be it tangible or intangible. It can be a single product, a combination of products, a product-service combination, or several related products and services. It normally has at least a generic name (e.g. banana) and usually a brand name (e.g. Chiquita). Although a product is normally defined from the perspective of the manufacturer, it is also important to note two other points-of-view, those of the consumer and of other relevant publics.

For a manufacturer like Kraft Foods, their macaroni and cheese dinner reflects a food product containing certain ingredients packaged, distributed, priced, and promoted in a unique manner, and requiring a certain return on their investment. For the consumer, the product is a somewhat nutritious food item that it is quick and easy to prepare and is readily consumed by the family, especially the kids. For a particular public, such as the US Food and Drug Administration, this product reflects a set of ingredients that must meet particular minimum standards in terms of food quality, storage, and distribution.

Making this distinction is important in that all three perspectives must be understood and satisfied if any product will survive and succeed. Furthermore, this sensitivity to the needs of all three is the marketing concept in action. For example, a company might design a weight-reduction pill that not only is extremely profitable but also has a wide acceptance by the consumer. Unfortunately, it cannot meet the medical standards established by the US Federal government. Likewise, Bird's Eye Food might improve the overall quality of their frozen vegetables and yet not improve the consumers' tendency to buy that particular brand simply because these improvements were not perceived as either important or noticeable by the consumer. Therefore, an appraisal of a company's product is always contingent upon the needs and wants of the marketer, the consumer, and the relevant publics. We define product as follows: anything, either tangible or intangible, offered by the firm; as a solution to the needs and wants of the consumer; is profitable or potentially profitable; and meets the requirements of the various publics governing or influencing society.

There are four levels of a product: core, tangible, augmented, and promised (see Exhibit 16). We begin with the notion of the core product, which identifies what the consumers feel they are getting when they purchase the product. The core benefits derived when an overweight 45-year-old male purchases a USD 250 ten-speed bicycle is not transportation; it is the hope for better health and improved conditioning. In a similar vein, that same individual may install a USD 16,000 swimming pool in his backyard, not in order to obtain exercise, but to reflect the status he so desperately requires. Both are legitimate product cores. Because the core product is so individualized, and oftentimes vague, a full-time task of the marketer is to accurately identify the core product for a particular target market.

Once the core product has been indicated, the tangible product becomes important. This tangibility is reflected primarily in its quality level, features, brand name, styling, and packaging. Literally every product contains these components to a greater or lesser degree. Unless the product is one-of-a-kind (e.g. oil painting), the consumer will use at least some of these tangible characteristics to evaluate alternatives and make choices. In addition, the importance of each will vary across products, situations, and individuals. For example, for Mr Smith at age 25, the selection of a particular brand of new automobile (core product=transportation) was based on tangible elements such as styling and brand name (choice=Corvette); at age 45, the core product remains the same, while the tangible components such as quality level and features become important (choice=Mercedes).

At the next level lies the augmented product. Every product is backed up by a host of supporting services. Often, the buyer expects these services and would reject the core-tangible product if they were not available. Examples would be restrooms, escalators, and elevators in the case of a department store, and warranties and return policies in the case of a lawn mower. Dow Chemical has earned a reputation as a company that will bend over backwards in order to service an account. It means that a Dow sales representative will visit a troubled farmer after-hours in order to solve a serious problem. This extra service is an integral part of the augmented product and a key to their success. In a world with many strong competitors and few unique products, the role of the augmented product is clearly increasing.

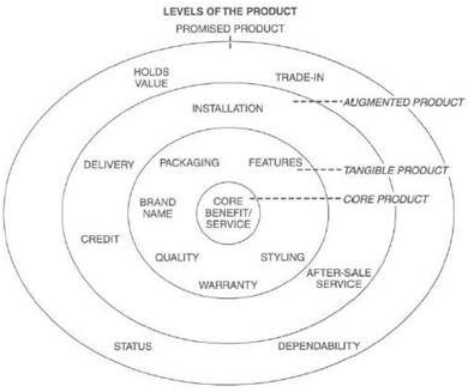


Exhibit 16: Levels of the product.

The outer ring of the product is referred to as the *promised product*. Every product has an implied promise. An implied promise is a characteristic that is attached to the product over time. The car industry rates brands by their trade-in value. There is no definite promise that a Mercedes-Benz holds its value better than a BMW. There will always be exceptions. How many parents have installed a swimming pool based on the implied promise that their two teenagers will stay home more or that they will entertain friends more often?

Having discussed the components of a product, it is now relevant to examine ways of classifying products in order to facilitate the design of appropriate product strategies.

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2.2: Classifications of product

It should be apparent that the process of developing successful marketing programs for individual products is extremely difficult. In response to this difficulty, a variety of classification systems have evolved that, hopefully, suggest appropriate strategies. The two most common classifications are: (a) consumer goods versus industrial goods, and (b) goods products (i.e. durables and nondurables) versus service products.

Consumer goods and industrial goods

The traditional classification of products is to dichotomize all products as being either *consumer goods* or *industrial goods*. When we purchase products for our own consumption or that of our family with no intention of selling these products to others, we are referring to consumer goods. Conversely, industrial goods are purchased by an individual or organization in order to modify them or simply distribute them to the ultimate consumer in order to make a profit or meet some other objective.

Classification of consumer goods

A classification long used in marketing separates products targeted at consumers into three groups: convenience, shopping, and specialty.[1] A *convenience good* is one that requires a minimum amount of effort on the part of the consumer. Extensive distribution is the primary marketing strategy. The product must be available in every conceivable outlet and must be easily accessible in these outlets. Vending machines typically dispense convenience goods, as do automatic teller machines. These products are usually of low unit value, are highly standardized, and frequently are nationally advertised. Yet, the key is to convince resellers, i.e. wholesalers and retailers, to carry the product. If the product is not available when, where, and in a form desirable by the consumer, the convenience product will fail.

From the consumer's perspective, little time, planning, or effort go into buying convenience goods. Consequently, marketers must establish a high level of brand awareness and recognition. This is accomplished through extensive mass advertising, sales promotion devices such as coupons and point-of-purchase displays, and effective packaging. The fact that many of our product purchases are often on impulse is evidence that these strategies work. Availability is also important. Consumers have come to expect a wide spectrum of products to be conveniently located at their local supermarkets, ranging from packaged goods used daily, e.g. bread and soft drinks, to products purchased rarely or in an emergency such as snow shovels, carpet cleaners, and flowers.

In contrast, consumers want to be able to compare products categorized as *shopping goods*. Automobiles, appliances, furniture, and homes are in this group. Shoppers are willing to go to some lengths to compare values, and therefore these goods need not be distributed so widely. Although many shopping goods are nationally advertised, often it is the ability of the retailer to differentiate itself that creates the sale. The differentiation could be equated with a strong brand name, such as Sears Roebuck or Marshall Field; effective merchandising; aggressive personal selling; or the availability of credit. Discounting, or promotional price-cutting, is a characteristic of many shopping goods because of retailers' desire to provide attractive shopping values. In the end, product turnover is slower, and retailers have a great deal of their capital tied-up in inventory. This combined with the necessity to price discount and provide exceptional service means that retailers expect strong support from manufacturers with shopping goods.

Specialty goods represent the third product classification. From the consumer's perspective, these products are so unique that they will go to any lengths to seek out and purchase them. Almost without exception, price is not a principle factor affecting the sales of specialty goods. Although these products may be custom-made (e.g. a hairpiece) or one-of-a-kind (e.g. a statue), it is also possible that the marketer has been very successful in differentiating the product in the mind of the consumer. Crisco brand shortening, popular in the US, may be considered to be a unique product in the mind of a consumer and the consumer would pay any price for it. Such a consumer would not accept a substitute and would be willing to go to another store or put off their pie baking until the product arrives. Another example might be the strong attachment some people feel toward a particular hair stylist or barber. A person may wait a long time for that individual and might even move with that person to another hair salon. It is generally desirable for a marketer to lift her product from the shopping to the specialty class (and keep it there). With the exception of price-cutting, the entire range of marketing activities are required to accomplish this goal.

Classification of industrial goods

Consumer goods are characterized as products that are aimed at and purchased by the ultimate consumer.[2.] Although consumer products are more familiar to most readers, industrial goods represent a very important product category, and in the case of some

manufacturers, they are the only product sold. The methods of industrial marketing are somewhat more specialized, but in general the concepts presented in this text are valid for the industrial marketer as well as for the consumer goods marketer.

Industrial products can either be categorized from the perspective of the producer and how they shop for the product or from the perspective of the manufacturer and how they are produced and how much they cost. The latter criteria offers a more insightful classification for industrial products.

Farms, forests, mines, and quarries provide extractive products to producers. Although there are some farm products that are ready for consumption when they leave the farm, most farm and other extractive products require some processing before purchase by the consumer. A useful way to divide extractive products is into *farm products* and *natural products*, since they are marketed in slightly different ways.

Manufactured products are those that have undergone some processing. The demands for manufactured industrial goods are usually derived from the demands for ultimate consumer goods. There are a number of specific types of manufactured industrial goods.

Semi-manufactured goods are raw materials that have received some processing but require some more before they are useful to the purchaser. Lumber and crude oil are examples of these types of products. Since these products tend to be standardized, there is a strong emphasis on price and vendor reliability.

Parts are manufactured items that are ready to be incorporated into other products. For instance, the motors that go into lawn mowers and steering wheels on new cars are carefully assembled when they arrive at the manufacturing plant. Since products such as these are usually ordered well in advance and in large quantities, price and service are the two most important marketing considerations.

Process machinery (sometimes called "installations") refers to major pieces of equipment used in the manufacture of other goods. This category would include physical plant (boilers, lathes, blast furnaces, elevators, and conveyor systems). The marketing process would incorporate the efforts of a professional sales force, supported by engineers, technicians, and a tremendous amount of personalized service.

Equipment is made up of portable factory equipment (e.g. fork lift trucks, fire extinguisher) and office equipment (e.g. computers, copier machines). Although these products do not contribute directly to the physical product, they do aid in the production process. These products may be sold directly from the manufacturer to the user, or a middleman can be used in geographically dispersed markets. The marketing strategy employs a wide range of activities, including product quality and features, price, service vendor deals, and promotion,

Supplies and service do not enter the finished product at all but are never the less consumed in conjunction with making the product. Supplies would include paper, pencils, fuel, oil, brooms, soap, and so forth. These products are normally purchased as convenience products with a minimum of effort and evaluation. Business services include maintenance (e.g. office cleaning), repairs (e.g. plumbing), and advisory (e.g. legal). Because the need for services tends to be unpredictable, they are often contracted for a relatively long period of time.

Goods versus services

Suggesting that there are substantial differences between goods, products, and service products has been the source of great debate in marketing. Opponents of the division propose that "products are products", and just because there are some characteristics associated with service products and not goods products and vice-versa, does not mean customized strategies are generally necessary for each. Advocates provide evidence that these differences are significant. It is the position in this book that service products are different than goods products, and that service products represent an immense market sector.

Service products are reflected by a wide variety of industries: utilities, barbers, travel agencies, health spas, consulting firms, medical care, and banking, to name but a few, and they account for nearly 50 per cent of the average consumer's total expenditures, 70 per cent of the jobs, and two-thirds of the US Gross National Product (GNP). Clearly, the service sector is large and is growing. While all products share certain common facets, service products tend to differ from goods products in a number of ways.

Characteristics of service products

Like goods products, service products are quite heterogeneous. Nevertheless, there are several characteristics that are generalized to service products.

Intangible

As noted by Berry: "a good is an object, a device, a thing; a service is a deed, a performance, an effort." With the purchase of a good, you have something that can be seen, touched, tasted, worn or displayed; this is not true with a service.

Although you pay your money and consume the service, there is nothing tangible to show for it. For example, if you attend a professional football game, you spend USD 19.50 for a ticket and spend nearly three hours taking in the entertainment.

Simultaneous production and consumption

Service products are characterized as those that are being consumed at the same time they are being produced. The tourist attraction is producing entertainment or pleasure at the same time it is being consumed. In contrast, goods products are produced, stored, and then consumed. A result of this characteristic is that the provider of the service is often present when consumption takes place. Dentists, doctors, hair stylists, and ballet dancers are all present when the product is used.



AD 1: Shoes are a traditional good products

Little standardization

Because service products are so closely related to the people providing the service, ensuring the same level of satisfaction from time to time is quite difficult. Dentists have their bad days, not every baseball game is exciting, and the second vacation to Walt Disney World Resort may not be as wonderful as the first.

High buyer involvement

With many service products, the purchaser may provide a great deal of input into the final form of the product. For example, if you wanted to take a Caribbean cruise, a good travel agent would give you a large selection of brochures and pamphlets describing the various cruise locations, options provided in terms of cabin location and size, islands visited, food, entertainment, prices, and whether they set up for children. Although the task may be quite arduous, an individual can literally design every moment of the vacation.

It should be noted that these four characteristics associated with service products vary in intensity from product to product. In fact, service products are best viewed as being on a continuum in respect to these four characteristics. (See Exhibit 17)

The point of this disclaimer is to suggest: (a) that service products on the right side of the continuum (e.g. high intangibility) are different from good products on the left side of the continuum, (b) that most marketing has traditionally taken place on the left side, and (c) service products tend to require certain adjustments in their marketing strategy because of these differences.

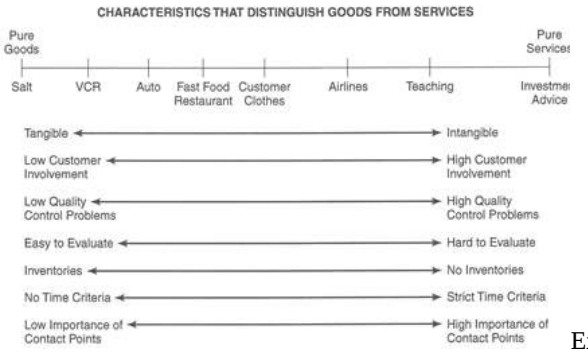


Exhibit 17: Characteristics that distinguish goods from services.

While this discussion implies that service products are marketed differently than goods products, it is important to remember that all pr0ducts whether they are goods, services, blankets, diapers, or plate glass, possess peculiarities that require adjustments in the marketing effort. However, "pure" goods products and "pure" service products (i.e. those on the extreme ends of the continuum) tend to reflect characteristics and responses from customers that suggest opposite marketing strategies. Admittedly, offering an exceptional product at the right price, through the most accessible channels, promoted extensively and accurately, should work for any type of product. The goods/services classification provides the same useful insights provided by the consumer/industrial classification discussed earlier.

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2.3: Product planning

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2.4: Strategy Formulation

Strategies for developing new products

For several decades, business has come increasingly to the realization that new and improved products may hold the key to their survival and ultimate success. Consequently, professional management has become an integral part of this process. As a result, many firms develop new products based on an orderly procedure, employing comprehensive and relevant data. and intelligent decision making.[9.]

Capsule 14: Review

1. A product is anything, either tangible or intangible, offered by the firm as a solution to the needs and wants of the consumer, that is profitable or potentially profitable and meets the requirements of the various publics, governing, or influencing society. There is a core product, a tangible product, an augmented product, and a promised product.
2. Consumer goods are purchased for personal consumption.
3. Industrial goods are modified or distributed for resale.
4. Service products, in contrast to goods products are characterized as being intangible and having simultaneous production/consumption, little standardization, and high buyer involvement.
5. The product plan process includes the following:
a. determination of product objectives,
b. development of product plans to reach objectives,
c. and development of appropriate strategies.

Integrated marketing

Putting Levi's back in the saddle

Levi Strauss & Company is opting for a new marketing direction. The situation is reflected by Maressa Emmar, high school sophomore from Setaukat, NY, and her friends, who won't wear anything from Levi's. "It doesn't make the styles we want," says Emmar, who prefers baggy pants from JNCO and Kikwear. "Levi's styles are too tight and for the older generation, like middle-aged people."

After three years of tumbling sales, layoffs, plant closing, and a failed effort to woo kids online, Levi's is gearing up for several product launches. Notes new chief executive Philip Martineau, "Levi's is a mythical brand, but our performance has been poor. We need to turn our attention back to customers and have more relevant products and marketing."

In coming months, Levi's will unveil a slew of youth oriented fashions, ranging from oddly cut jeans to nylon pants that unzip into shorts. But Martineau is not giving up on the geezers. He wants to broaden Levi's appeal to grown-ups by extending the Dockers and Slates casual pants brands. Martineau also needs to smooth out kinks in manufacturing and shipping that prevent Levi's from rushing new products into stores. How do you sell the idea that you're hip while not turning off the oldsters? New ads will showcase the products themselves rather than relentlessly trying to convey "attitude". A television campaign for frayed cutoff shorts shows a young woman throwing her jeans in front of an oncoming train, which slices them to cutoffs. Print will support its Lot 53 fashion forward Levi's Engineered jeans. This new style has curved bottom hems, slanted back pockets and a larger watch pocket to hold pagers and other electronic items.

As Levi's try to rise like a phoenix from the ashes, one of the greatest American brand icons is passing into a new era in its history. Classic Levi's Jeans may find its greatest influence, much like the American cowboy, is more myth than reality.[1]

Defining the "new" in a new product

The determination of what constitutes a "new" product remains one of the most difficult questions faced by the marketer. Does the most recent TV model introduced by Sony represent a new product even though 95 per cent of the product remains the same as last year's model? Are packaged salads a new product, or is the package the only part that is really new?

Indeed, companies have often been guilty of using the word "new" in conjunction with some questionable products. For example, older products have simply been marketed in new packages or containers but have been identified as new products by the manufacturer. Flip-top cans, plastic bottles, and screw-on caps have all been used to create this image of newness. Industrial companies have been guilty of similar actions. Computer manufacturers, for instance, have slightly modified some of the basic

hardware or developed some software for a particular customer (banks, churches), and have felt free to claim newness. Finally, manufacturers may add an existing product to their product line and call it new, even though it is not new to the consumer.

Does technology make a product new, or features, or even the price? It is important to understand the concept of "new" in a new product, since there is sufficient evidence that suggests that each separate category of "newness" may require a different marketing strategy.

Perhaps the best way to approach this problem is to view it from two perspectives; that of the consumer and that of the manufacturer.

The consumer's viewpoint

There are a variety of ways that products can be classified as new from the perspective of the consumer. Degree of consumption modification and task experience serve as two bases for classification. Robertson provides an insightful model when he suggests that new products may be classified according to how much behavioral change or new learning is required by the consumer in order to use the product.[10]

The continuum proposed by Robertson and shown in Exhibit 19 depicts the three primary categories based on the disrupting influence the use of the product has on established consumption patterns. It is evident that most new products would be considered continuous innovations. Annual model changes in automobiles, appliances, and sewing machines are examples. Portable hair dryers, diet soda, and aerobic dance CDs reflect products in the middle category. True innovations are rare.

Although conceptualizing new products in terms of how they modify consumer consumption patterns is useful, there is another basis for classification. New task experience can also be a criteria. An individual may live in a house for several years without ever having to repair a broken window. One day a mishap occurs, and Mr. Smith is forced to go to the hardware store to buy the necessary supplies required to install a new window pane. As he has no experience at all with this task, all those products are new to Mr Smith. The glazing compound, the new glass and molding, and metal tacks, as well as the appropriate tools, are as new to Mr Smith as a home computer. Using the model proposed by Robertson, products can also be placed on a continuum according to degree of task experience. Clearly, a product that has existed for a great many years, such as a carpenter's level, may be perceived as totally new by the person attempting to build a straight wall. In this case, newness is in the eye of the beholder.

The obvious difficulty with this classification is that it tends to be person-specific. Just because replacing a new washer in your bathroom faucet constitutes a new product for you does not mean it is a new product for me. However, it is conceivable that marketing research would show that for certain types of products, large groups of people have very limited experience. Consequently, the marketing strategy for such products might include very detailed instructions, extra educational materials, and sensitivity on the part of the sales clerk to the ignorance of the customer.

Another possible facet of a new task experience is to be familiar with a particular product but not familiar with all of its functions. For example, a homemaker may have a microwave oven which she uses primarily for reheating food items and making breakfast foods. Suppose that one afternoon her conventional oven breaks and she must deliver several cakes she has donated to a church bazaar. Unfortunately, she has not baked them yet and is forced to use her microwave, a brand-new task.



Exhibit 19:Continuum for classifying new products.

The firm's viewpoint

Classifying products in terms of their newness from the perspective of the manufacturer is also important. There are several levels of possible newness that can be derived through changes either in production, marketing, or some combination of both.

Based on a schema developed by Eberhard Scheuing, new products, from the perspective of the business, can take the following forms:[11]

• *Changing the marketing mix:* one can argue that whenever some element of the marketing mix (product planning, pricing, branding, channels of distribution, advertising, etc.) is modified, a new product emerges.

• *Modification:* certain features (normally product design) of an existing product are altered, and may include external changes, technological improvements, or new areas of applicability.

• *Differentiation:* within one product line, variations of the existing products are added.

• *Diversification:* the addition of new product lines for other applications.

A final consideration in defining "new" is the legal ruling provided by the Federal Trade Commission. Since the term is so prevalent in product promotion, the FTC felt obliged to limit the use of "new" to products that are entirely new or changed in a functionally significant or substantial respect. Moreover, the term can be used for a six-month period of time. Given the limited uniqueness of most new products, this ruling appears reasonable.

Strategies for acquiring new products

Most large and medium-sized firms are diversified, operating in different business fields. It would be unrealistic to assume that the individual firm is either capable or willing to develop all new products internally. In fact, most companies simultaneously employ both internal and external sources for new products. Both are important to the success of a business.[12]

Internal sources

Most major corporations conduct research and development (R&D) to some extent. However, very few companies make exclusive use of their own internal R&D. On the contrary, many companies make excellent use of specialists to supplement their own capabilities. Still, to depend extensively upon outside agencies for success is to run a business on the blink of peril. Ideally, the closer the relationship between the new business and existing product lines, the better the utilization of R&D will be. The US National Science Foundation (NSF) (1957-77) divides R&D into three parts:

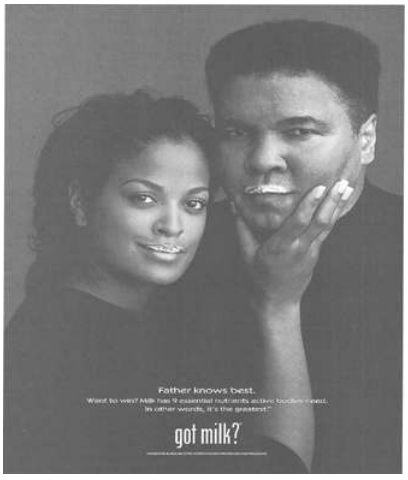
• *Basic research*: original investigations for the advancement of scientific knowledge that do not have specific commercial objectives, although they may be in fields of present or potential interest to the reporting company.

• *Applied research*: directed toward practical applications of knowledge, specific ends concerning products and processes.

• *Development*: the systematic use of scientific knowledge directed toward the production of useful materials, devices, systems, or methods, including design and development of prototypes and processes.

External sources

External approaches to new product development range from the acquisition of entire businesses to the acquisition of a single component needed for the internal new product development effort of the firm. The following external sources for new products are available to most firms.



• *Mergers and acquisitions.* Acquiring another company already successful in a field a company wishes to enter is an effective way of introducing products while still diversifying. Research suggests that mergers and acquisitions can take place between companies of various sizes and backgrounds and that first experiences with this process tend to be less than satisfactory. Even large marketers such as General Motors engage in acquisitions.

• *Licenses and patents*. A patent and the related license arise from legal efforts to protect property rights of investors or of those who own inventions. A patent is acquired from the US Patent Office and provides legal coverage for a period of seventeen years, which means all other manufacturers are excluded from making or marketing the product. However, there are no foolproof ways to prevent competition. There are two main types of patents: those for products and those for processes. The first covers only the product's physical attributes while the latter covers only a phase of a production procedure, not the product. The patent holder has the right to its assignment or license. An assignment is any outright sale, with the transfer of all rights of ownership conveyed to the assignee. A license is a right to use the patent for certain considerations in accordance with specific terms, but legal title to the patent remains with the licensor.

• *Joint ventures*. When two or more companies create a third organization to conduct a new business, a joint venture exists. This organization structure emerges, primarily, when either the risk or capital requirements are too great for any single firm to bear. Lack of technical expertise, limited distribution networks, and unfamiliarity with certain markets are other possible reasons. Joint ventures are common in industries such as oil and gas, real estate, and chemicals, or between foreign and domestic partners. Joint ventures have obvious application to product development. For example, small firms with technological resources are afforded an opportunity to acquire capital or marketing expertise provided by a larger firm.

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1. [1]Sources: Michael McCarthy and Emily Fromm, "An American Icon Fades Away," Adweek, April 26, 1999, pp. 28-35; Alice Z. Cuneo, "Levi's Makes Move to Drop All the Hype and Push Products," Advertising Age. April 17,2000, pp. 4, 69; Louis Lee, "Can Levi's Be Cool Again?" Business Week. March 13, 2000, pp.144-145; Diane Brady. "Customizing for the Masses." Business Week. March 20, 2000. pp. 130-131.

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2.5: New Product Development Process

Evidence suggests that there may be as many varieties of new product development systems as there are kinds of companies. For the most part, most companies do have a formal comprehensive new product development system, and the evolution of such systems were not necessarily the result of systematic planning. The list of activities suggested in Exhibit 20 illustrates the extensiveness of this process. Because of the complexity of the process, it is important that the general guidelines of effective management be applied to new product development.13

Before starting our discussion of the eight-step process of new product development, a necessary caveat should be considered: a great many new products fail. Depending on definitions used for products actually introduced, failure rates range between 20 per cent and 30 per cent, but have been as high as 80 per cent. Of more concern than the level of failure are the reasons for failure. Possibilities include: technical problems, bad timing, misunderstanding the consumer, actions by competitors, and misunderstanding the environment.

Step 1: generating new product ideas

Generating new product ideas is a creative task that requires a specific way of thinking. Gathering ideas is easy, but generating good ideas is another story. Examples of internal sources are:

• *Basic research*: many companies, such as DuPont, have several scientists who are assigned the task of developing new product ideas and related technology.

• *Manufacturing*: people who manufacture products often have ideas about modifications and improvements, as well as completely new concepts.

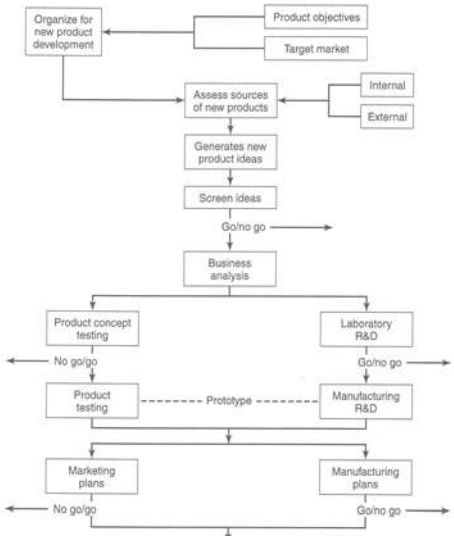


Exhibit 20: The new product development process.

• *Salesperson*: company salespeople and representatives can be a most helpful source of ideas, since they not only know the customer best, but they also know the competition and the relative strengths and weaknesses of existing products.

• *Top management:* the good top executive knows the company's needs and resources, and is a keen observer of technological trends and 0f competitive activity.

External sources of new product ideas are almost too numerous to mention. A few of the more useful are:

• *Secondary sources of information:* there are published lists of new products, available licenses, and ideas for new product ventures.

• *Competitors:* good inferences about competitive product development can be made on the basis of indirect evidence gained from salespeople and from other external sources, including suppliers, resellers, and customers.

• *Customers:* frequently customers generate new product ideas or at least relay information regarding their problems that new and improved products would help to solve.

• *Resellers:* a number of firms use "councils", or committees made up of representative resellers to assist in solving various problems, including product development.

• *Foreign markets:* many companies look toward foreign markets, especially western Europe, because they have been so active in product development.

There are probably as many approaches to collecting new product ideas as there are sources. For most companies, taking a number of approaches is preferable to a single approach. Still, coming up with viable new product ideas is rare (see Newsline).

Step 2: screening product development ideas

The second step in the product development process is screening. It is a critical part of the development activity. Product ideas that do not meet the organization's objectives should be rejected. If a poor product idea is allowed to pass the screening state, it wastes effort and money in subsequent stages until it is later abandoned. Even more serious is the possibility of screening out a worthwhile idea.

Newsline: New ideas are rare

New product ideas can come from anywhere and everywhere. It is exciting when a new product idea comes from out of the blue, prototypes test well among consumers, and purchase interest scores are off the charts. But relying on the "anywhere and everywhere" approach will not do in the long run. What is required for product development are methodologies that enable us to systematically discover new product opportunities.

One such method is the category appraisal, which points to new product opportunities within an existing category and sometimes to opportunities in a new, adjacent category. The objective of the category appraisal study is to this what makes the category "tick". Questions to ask include:

What drives consumer acceptability?

What are the strengths and weaknesses of each product in the category?

What are the opportunities to outperform existing products?

To what extent does brand equity play a role in product acceptability?

Does collected data point to unexplored regions of the category "space" that new products can successfully fill?

An example from the confectionery industry illustrates this technique. The mission was to identify the properties of a new candy item for consumers who buy candy in supermarkets, convenience stores, and movie theaters. A database of in-depth sensory profile of a wide range of candy products and "liking scores" of each of those products was created. The researchers shopped 'till they dropped. They thoroughly filled a sensory space in terms of texture, flavor, size, and appearance with 25-30 products.

A questionnaire was developed that required quantitative ratings (such as 100 per cent scale rating) of product attributes that were unique to some products. There were questions about hardness, chewiness, crispness, flavor intensity, degree of fruit flavor, sweetness, tartness, color, and many more. Overall liking for each product was also measured.

How well each product and brand performed—the overall liking score for each product—was not an objective of the study. The point was to discover the most generalized drivers of consumer acceptability in the confectionery category. Products were ranked by their performance and key sensory properties. Close study of the data revealed that these consumers were not the least bit influenced by brand. Overall taste was the dominant factor. Second, a new chocolate product held the most promise. Of all flavors explored, chocolate captivated consumers most. In fact, the ideal product is chocolate-filled chocolates with chocolate dipping sauce.[1]

There are two common techniques for screening new product ideas; both involve the comparison of a potential product idea against criteria of acceptable new products. The first technique is a simple checklist. For example, new product ideas can be rated on a scale ranging from very good to poor, in respect to criteria such as: value added, sales volume, patent protection, affect on present products, and so forth. Unfortunately, it is quite difficult for raters to define what is fair or poor. Also, it does not address the issue of the time and expense associated with each idea, nor does it instruct with regard to the scores. A second technique goes beyond the first: the criteria are assigned importance weights and then the products are rated on a point scale measuring product compatibility. These scores are then multiplied by their respective weights and added to yield a total score for the new product idea. Table 7 provides an example of both these techniques for screening new product ideas.

Step 3: business analysis

After the various product ideas survive their initial screen, very few viable proposals will remain. Before the development of prototypes can be decided upon, however, a further evaluation will be conducted to gather additional information on these remaining ideas in order to justify the enormous costs required. The focus of the business analysis is primarily on profits, but other considerations such as social responsibilities may also be involved.

The first step in the business analysis is to examine the projected demand. This would include two major sources of revenue: the sales of the product and the sales or license of the technology developed for or generated as a by-product of the given product.

Table 7: Screening product ideas

Rating						
	Weight	**Very good (5) (4)**	**Fair (3)**	**Poor (2) (1)**	**Unweighted Value**	**Weighted Value**
Customer utilities						
-amusement	.1	X			5	0.5
-comfort	.1		X		3	.3
-convenience	.2	X			4	.8
-satisfaction	.3	X			4	1.2
-easy to use	.1		X		3	.3
Ability to create effective sales appeals	.3	X			4	1.2
Price	.1			X	2	.2
Product quality	.2		X		3	.6
Product profitability	.2		X		3	.6
Attractiveness of product to customers	.1	X			4	.4
Ability to produce product in large volumes	.3	X			5	1.5
Ability of new product in helping sale of other products	.1			X	1	.1
Requires low capital investment	.3	X			4	1.2
Product can be produced through existing advertising	.2	X			3	.6
Product can be produced in existing facilities	.3	X			4	1.2
Product can be distributed through existing channels	.3			X	3	.9
Strength of competition	.2			X	3	.6
Patent situation	.1			X	2	.2
Total score					60	12.4

A complete cost appraisal is also necessary as part of the business analysis. It is difficult to anticipate all the costs that will be involved in product development, but the following cost items are typical:

• expected development cost, including both technical and marketing R&D;

• expected set-up costs (production, equipment, distribution);

• operating costs that account for possible economies of scale and learning curves;

• marketing costs, especially promotion and distribution;

• and management cost.

Step 4: technical and marketing development

A product that has passed the screen and business analysis stages is ready for technical and marketing development. Technical development involves two steps. The first is the applied laboratory research required to develop exact product specifications. The goal of this research is to construct a prototype model of the product that can be subjected to further study. Once the prototype has been created, manufacturing-methods research can be undertaken to plan the best way of making the product in commercial quantities under normal manufacturing conditions. This is an extremely important step, because there is a significant distinction between what an engineer can assemble in a laboratory and what a factory worker can produce.

While the laboratory technicians are working on the prototype, the marketing department is responsible for testing the new product with its intended consumers and developing the other elements of the marketing mix. The testing process usually begins with the concept test. The *product concept* is a synthesis or a description of a product idea that reflects the core element of the proposed product. For example, a consumer group might be assembled and the interview session might begin with the question: "How about something that would do this?"

The second aspect of market development involves consumer testing 0f the product idea. This activity must usually await the construction of tile prototype or, preferably, limited production models. Various kinds of consumer preference can be conducted. The product itself can be exposed to consumer taste or use tests. Packaging, labeling, and other elements in the mix can be similarly studied. Comparison tests are also used.

Step 5: manufacturing planning

Assuming that the product has cleared the technical and marketing development stage, the manufacturing department is asked to prepare plans for producing it. The plan begins with an appraisal of the existing production plant and the necessary tooling required to achieve the most economical production. Fancy designs and material might be hard if not impossible to accommodate on existing production equipment; new machinery is often time consuming and costly to obtain. Compromise between attractiveness and economy is often necessary.

Finally, manufacturing planning must consider the other areas of the organization and what is required of each. More specifically, they should determine how to secure the availability of required funds, facilities, and personnel at the intended time, as well as the methods of coordinating this effort.

Step 6: marketing planning

It is at this point that the marketing department moves into action again. The product planner must prepare a complete marketing plan—one that starts with a statement of objectives and ends with the fusion of product distribution, promotion, and pricing into an integrated program of marketing action.

Step 7: test marketing

Test marketing is the final step before commercialization; the objective is to test all the variabilities in the marketing plan including elements of the product. Test marketing represents an actual launching of the total marketing program. However, it is done on a limited basis.

Integrated marketing

Trickier than you think

Everyone knows the fastest way to get rich is to start a dot-com business. According to the US Commerce Department, traffic on the Internet doubles every 100 days. To acquire an audience of 50 million, it took radio 30 years, television 13 years, personal computers 16 years, and the Internet *four years*.

Still, marketers who go online expecting to make an "overnight killing" are in for a bruising lesson. Getting on the Web takes an investment, and once there, you have to build your Web presence and brand. And there are still technical and logistical hurdles to clear. Just ask Julie Wainwright, who got a firsthand look at the new math after the pet-products website she heads, Pet.com, went public in 2000. After making its debut at USD 11 a share, the San Francisco-based Internet company's stock rose to USD 14 and then promptly dropped below USD 3.

Volatility in the Internet business has produced a new industry—Internet consultants. As a result, a plethora of recommendations have emerged for entering an Internet business. Here are some of the suggestions:

(a) Keep it simple—focus on providing compelling information.
(b) Put customers first—understand them and meet their needs.
(c) Make your site Web-friendly—do not assume everyone is technically competent.
(d) Spread the word—publicize your Web address, offline as well as on the Net, by putting it everywhere you do business.
(e) Be ready for success—a Web site can give you more business than you can handle.
(f) Although e-business moves fast: managers shouldn't move carelessly—do not take risks that jeopardize reaching your goals.
(g) Cash-flow problems are common with Internet start ups—project the amount of cash needed, then double it.
(h) Creating a true brand is specially difficult with Internet start-ups—excellent customer service, not advertising, is likely the answer.
(i) Deliver the goods—getting goods delivered to a customer's doorstep in a timely manner is much more complicated for Internet businesses.
(j) Actively monitor the customer—this ongoing dialogue leads to a deeper understanding of a customer's preferences and shopping habits, and that, in turn, leads to more personalized offerings and services..

Do not assume that the Web will solve all your problems or substitute for sound business judgment. "It is not some sort of get-rich-quick scheme," says Mark Weaver, professor of entrepreneurship at the University of Alabama. "You have to be even more a perfectionist, more meticulous, and more prepared to adjust to the changing rules of business online."[2]

Three general questions can be answered through test marketing. First, the overall workability of the marketing plan can be assessed. Second, alternative allocations of the budget can be evaluated. Third, determining whether a new product introduction is inspiring users to switch from their previous brands to the new one and holding them there through subsequent repeat purchases is determined. In the end, the test market should include an estimate of sales, market share, and financial performance over the life of the product.

Initial product testing and test marketing are not the same. Product testing is totally initiated by the producer: he or she selects the sample of people, provides the consumer with the test product, and offers the consumer some sort of incentive to participate.

Test marketing, on the other hand, is distinguished by the fact that the test cities represent the national market, the consumer must make the decision herself, must pay him or her money, and the test product must compete with the existing products in the actual marketing environment. For these and other reasons a market test is an accurate simulation of the national market and serves as a method for reducing risk. It should enhance the new product's probability of success and allow for final adjustment in the marketing mix before the product is introduced on a large scale.

However, running test marketing is not without inherent risks. First, there are substantial costs in buying the necessary plant and machinery needed to manufacture the product or locating manufacturers willing to make limited runs. There are also promotional costs, particularly advertising, and personal selling. Although not always easy to identify, there are indirect costs as well. For example, the money used to test market could be used for other activities. The risk of losing consumer goodwill through the testing of an inferior product is also very real. Finally, engaging in a test-market might allow competitors to become aware of the new product and quickly copy it.

Because of the special expertise needed to conduct test markets and the associated expenses, most manufacturers employ independent marketing research agencies with highly trained project directors, statisticians, psychologists, and field supervisors. Such a firm would assist the product manager in marketing the remaining test market decisions.

• *Duration of testing*: the product should be tested long enough to account for market factors to even out, allow for repeat purchases, and account for deficiencies in any other elements in the new product (three to six months of testing may be sufficient for a frequently purchased and rapidly consumed convenience item).

• *Selection of test market cities*: the test market cities should reflect the norms for the new product in such areas as advertising, competition, distribution system, and product usage.

• *Number of test cities*: sh0uld be based on the number of variations considered (i.e. vary price, package, or promotion), representativeness, and cost.

• *Sample size determination*: the number of stores used should be adequate to represent the total market.

Even after all the test results are in, adjustments in the product are still made. Additional testing may be required, or the product may be deleted.

Step 8: commercialization

At last the product is ready to go. It has survived the development process and it is now on the way to commercial success. How can it be guided to that marketing success? It is the purpose of the lifecycle marketing plan to answer this question. Such a complete marketing program will, of course, involve additional decisions about distribution, promotion, and pricing.

Capsule 15: Review

• New product strategies begin by putting "new" on a continuum.
• There are both internal and external sources for acquiring new products.
• The new product development process includes the following steps:
1. generate new product ideas
2. screen ideas
3. perform a business analysis
4. technical and marketing development
5. manufacturing planning
6. marketing planning
7. test marketing
8. commercialization

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In practice
Organizations must introduce new products and manage existing products successfully to remain competitive in today's marketplace. Products are planned, and the product strategy aims to ensure that product objectives are achieved.
Unprecedented advancements in technology render shorter product life cycles. As a result, product plans must provide competitive distinctiveness.
The Interactive Journal examines product development for large and small organizations in Marketplace. Under the Marketplace heading, click on Small Business. This section provides articles targeted toward small and emerging businesses.
Special reports on small and emerging businesses can be found in the Breakaway section, also under Small Business.
Here you will find more in-depth analysis about small business. The Interactive Journal also sponsors several online discussions. Click on one of the links to join an online discussion.
Return to the Marketplace home page and click on the Business Focus link on the left menu. This link directs you to articles discussing general business developments taking place in various companies.
Return to the Front Section and select Starting a Business under Resources in the left menu. This link sends you to the Startup Journal, a site designed to provide new business with a variety of tools. Navigate the bar at the top of the site for information about franchising, financing, and running a business.
Additional sites
Check out www.adweek.com for industry articles about advertising and brand development. The Brandweek link on the site provides weekly excerpts of headlines from the print edition.
Advertising Age is another resource for information about product strategies. Check out www.adage.com.
Business Week magazine's Web site www.businessweek.com is a comprehensive site. Daily briefings cover a wide range of topics.
Deliverable
Use the Interactive Journal and Additional Sites listed here to find three articles about product development. Read each article and compare the strategies employed by the companies profiled. Why are the products successful, or why did they fail? Write a one-page brief supporting your conclusions.

1. [1] *Sources*: Jeff Braun, "Overcoming the Odds." *Marketing News*, March 29,1999. pp. 15-16: David Fishben, "Sweet Success: Category Appraisal is Proven Source of New Ideas," *Marketing News*. March 29, 1999, pp. 15-16; Tomina "On Your Mark," *Entrepreneur*, April 1999, pp. 161-162; Laurie Freeman, "Brach's Fruit Snacks Shapes," *Advertising Age*. June 28, 1999,pp. 5-7.

2. [2]*Sources*: Sreenath Sreenivasan, "Wrestling with the Web," *Business Week*, May 24, 1999, pp. FI6-- Peggy Pulliam, "To Web or Not to Web," *Internet Marketing*, June 2000, pp. 37-41; Kara Swisher, "Reality Check," *The Wall Street Journal*, April 17,2000,p. R19; Erin Strout, "Launching an E-Business," *Sales & Marketing Management*, July 2000, pp. 89-91.

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2.6: Price defined- three different Perspective

Price determination decisions can be based on a number of factors, including cost, demand, competition, value, or some combination of factors. However, while many marketers are aware that they should consider these factors, pricing remains somewhat of an art. For purposes of discussion, we categorize the alternative approaches to determining price as follows: (a) cost-oriented pricing; (b) demand-oriented pricing; and (c) value-based approaches.

Cost-oriented pricing: cost-plus and mark-ups

The *cost-plus* method, sometimes called *gross margin pricing*, is perhaps most widely used by marketers to set price. The manager selects as a goal a particular gross margin that will produce a desirable profit level. Gross margin is the difference between how much the goods cost and the actual price for which it sells. This gross margin is designated by a per cent of net sales. The per cent selected varies among types of merchandise. That means that one product may have a goal of 48 per cent gross margin while another has a target of 33.5 per cent or 2 per cent.

A primary reason that the cost-plus method is attractive to marketers is that they do not have to forecast general business conditions or customer demand. If sales volume projections are reasonably accurate, profits will be on target. Consumers may also view this method as fair, since the price they pay is related to the cost of producing the item. Likewise, the marketer is sure that costs are covered.

A major disadvantage of cost-plus pricing is its inherent inflexibility. For example, department stores have often found difficulty in meeting competition from discount stores, catalog retailers, or furniture warehouses because of their commitment to cost-plus pricing. Another disadvantage is that it does not take into account consumers' perceptions of a product's value. Finally, a company's costs may fluctuate so constant price changing is not a viable strategy.

When middlemen use the term *mark-up*, they are referring to the difference between the average cost and price of all merchandise in stock, for a particular department, or for an individual item. The difference may be expressed in dollars or as a percentage. For example, a man's tie costs USD 4.60 and is sold for USD 8. The dollar mark-up is USD 3.40. The mark-up may be designated as a per cent of selling price 0r as a per cent of cost of the merchandise. In this example, the mark-up is 74 per cent of cost (USD 3.40/USD 4.60) or 42.5 per cent of the retail price (USD 3.40/USD 8).

There are several reasons why expressing mark-up as a percentage of selling price is preferred to expressing it as a percentage of cost. One is that many other ratios are expressed as a percentage of sales. For instance, selling expenses are expressed as a percentage of sales. If selling costs are 8 per cent, this means that for each USD 100,000 in net sales, the cost of selling the merchandise is USD 8,000. Advertising expenses, operating expenses, and other types of expenses are quoted in the same way. Thus, there is a consistency when making comparisons in expressing all expenses and costs, including mark-up, as a percentage of sales (selling price).

Middlemen receive merchandise daily and make sales daily. As new shipments are received, the goods are marked and put into stock. *Cumulative mark-up* is the term applied to the difference between total dollar delivered cost of all merchandise and the total dollar price of the goods put into stock for a specified period of time. The original mark-up at which individual items are put into stock is referred to as the *initial mark-up*.

Maintained mark-up is another important concept. The maintained mark-up percentage is an essential figure in estimating operating profits. It also provides an indication of efficiency. Maintained mark-up, sometimes called *gross cost of goods*, is the difference between the actual price for which all of the merchandise is sold and the total dollar delivered cost of the goods exclusive of deductions. The maintained mark-up is typically less than the initial mark-up due to mark-downs and stock shrinkages from theft, breakage, and the like. Maintained mark-up is particularly important for seasonal merchandise that will likely be marked-down substantially at the end of the season.

Although this pricing approach may seem overly simplified, it has definite merit. The problem facing managers of certain types of businesses such as retail food stores is that they must price a very large number of items and change many of those prices frequently. The standard mark-up usually reflects historically profitable margins and provides a good guideline for pricing.

To illustrate this cost-based process of pricing, look at the case of Johnnie Walker Black Label Scotch Whiskey. This product sells for about USD 30 in most liquor stores. How was this price derived?

USD 5.00 production, distillation, maturation + USD 2.50 advertising + USD 3.11 distribution

+ USD 4.39 taxes + USD 7.50 mark-up (retailer) + USD 7.50 net margin (manufacturer)

Certainly costs are an important component of pricing. No firm can make a profit until it covers its costs. However, the process of determining costs and then setting a price based on costs does not take into consideration what the customer is willing to pay at the marketplace. As a result, many companies that have set out to develop a product have fallen victim to the desire to continuously add features to the product, thus adding cost. When the product is finished, these companies add some percentage to the cost and expect customers to pay the resulting price. These companies are often disappointed, as customers are not willing to pay this cost-based price.

Break-even analysis

A somewhat more sophisticated approach to cost-based pricing is the break-even analysis. The information required for the formula for break-even analysis is available from the accounting records in most firms. The break-even price is the price that will produce enough revenue to cover all costs at a given level of production. Total cost can be divided into fixed and variable (total cost = fixed cost + variable cost). Recall that fixed cost does not change as the level of production goes up or down. The rent paid for the building to house the operation might be an example. No cost is fixed in the long run, but in the short run, many expenses cannot realistically be changed. *Variable cost* does change as production is increased or decreased. For example, the cost of raw material to make the product will vary with production.

A second shortcoming of break-even analysis is it assumes that variable costs are constant. However, wages will increase with overtime and shipping discounts will be obtained. Third, break-even assumes that all costs can be neatly categorized as fixed or variable. Where advertising expenses are entered, break-even analysis will have a significant impact on the resulting break-even price and volume.

Target rates of return

Break-even pricing is a reasonable approach when there is a limit on the quantity which a firm can provide and particularly when a target return objective is sought. Assume, for example, that the firm with the costs illustrated in the previous example determines that it can provide no more than 10,000 units of the product in the next period of operation. Furthermore, the firm has set a target for profit of 20 per cent above total costs. Referring again to internal accounting records and the changing cost of production at near capacity levels, a new total cost curve is calculated. From the cost curve profile, management sets the desirable level of production at 80 per cent of capacity or 8,000 units. From the total cost curve, it is determined that the cost for producing 8,000 units is USD 18,000. 20 per cent of USD 18,000 is USD 3,600. Adding this to the total cost at 8,000 units yields the point at that quantity through which the total revenue curve must pass. Finally, USD 21,600 divided by 8,000 units yields the price of USD 2.70 per unit; here the USD 3,600 in profit would be realized. The obvious shortcoming of the target return approach to pricing is the absence of any information concerning the demand for the product at the desired price. It is assumed that all of the units will be sold at the price which provides the desired return.

It would be necessary, therefore, to determine whether the desired price is in fact attractive to potential customers in the marketplace. If break-even pricing is to be used, it should be supplemented by additional information concerning customer perceptions of the relevant range of prices for the product. The source of this information would most commonly be survey research, as well as a thorough review of pricing practices by competitors in the industry. In spite of their shortcomings, break-even pricing and target return pricing are very common business practices.

Demand-oriented pricing

Demand-oriented pricing focuses on the nature of the demand curve for the product or service being priced. The nature of the demand curve is influenced largely by the structure of the industry in which a firm competes. That is, if a firm operates in an industry that is extremely competitive, price may be used to some strategic advantage in acquiring and maintaining market share. On the other hand, if the firm operates in an environment with a few dominant players, the range in which price can vary may be minimal.

Value-based pricing

If we consider the three approaches to setting price, cost-based is focused entirely on the perspective of the company with very little concern for the customer; demand-based is focused on the customer, but only as a predictor of sales; and value-based pricing focuses entirely on the customer as a determinant of the total price/value package. Marketers who employ value-based pricing might use the following definition: "It is what you think your product is worth to that customer at that time." Moreover, it acknowledges several marketing/price truths:

• To the customer, price is the only unpleasant part of buying.

• Price is the easiest marketing tool to copy.

• Price represents everything about the product.

Still, value-based pricing is not altruistic. It asks and answers two questions : (a) what is the highest price I can charge and still make the sale? and (b) am I willing to sell at that price? The first question must take two primary factors into account: customers and competitors. The second question is influenced by two more: costs and constraints. Let us discuss each briefly.

Many customer-related factors are important in value-based pricing. For example, it is critical to understand the *customer buying process*. How important is price? When is it considered? How is it used? Another factor is the *cost of switching*. Have you ever watched the television program "The Price is Right"? If you have, you know that most consumers have poor price knowledge. Moreover, their knowledge of comparable prices within a product category—e.g. ketchup—is typically worse. So *price knowledge* is a relevant factor. Finally, the marketer must assess the customers' *price expectations*. How much do you expect to pay for a large pizza? Color TV? DVD? Newspaper? Swimming pool? These expectations create a phenomenon called "sticker shock" as exhibited by gasoline, automobiles, and ATM fees.

A second factor influencing value-based pricing is *competitors*. As noted in earlier chapters, defining competition is not always easy. Of course there are like-category competitors such as Toyota and Nissan. We have already discussed the notion of pricing above, below, and at the same level of these direct competitors. However, there are also indirect competitors that consumers may use to base price comparisons. For instance, we may use the price of a vacation as a basis for buying vacation clothes. The cost of eating out is compared to the cost of groceries. There are also instances when a competitor, especially a market leader, dictates the price for everyone else. Weyerhauser determines the price for lumber. Kellogg establishes the price for cereal.

If you are building a picnic table, it is fairly easy to add up your receipts and calculate costs. For a global corporation, determining costs is a great deal more complex. For example, calculating *incremental* costs and identifying *avoidable* costs are valuable tasks. Incremental cost is the cost of producing each additional unit. If the incremental cost begins to exceed the incremental revenue, it is a clear sign to quit producing. Avoidable costs are those that are unnecessary or can be passed onto some other institution in the marketing channel. Adding costly features to a product that the customer cannot use is an example of the former. As to the latter, the banking industry has been passing certain costs onto customers.

Another consideration is *opportunity costs*. Because the company spent money on store remodeling, they are not able to take advantage of a discounted product purchase. Finally, costs vary from market-to-market as well as quantities sold. Research should be conducted to assess these differences.

Although it would be nice to assume that a business has the freedom to set any price it chooses, this is not always the case. There are a variety of *constraints* that prohibit such freedom. Some constraints are formal, such as government restrictions in respect to strategies like collusion and price-fixing. This occurs when two or more companies agree to charge the same or very similar prices. Other constraints tend to be informal. Examples include matching the price of competitors, a traditional price charged for a particular product, and charging a price that covers expected costs.

Ultimately, value-based pricing offers the following three tactical recommendations:

• Employ a segmented approach toward price, based on such criteria as customer type, location, and order size.

• Establish highest possible price level and justify it with comparable value.

• Use price as a basis for establishing strong customer relationships[4].

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CHAPTER OVERVIEW

3: Market Research

Learning Objectives

In this chapter, you will learn:

- Key concepts in conducting market research.
- Several methods for conducting online research, including surveys, online focus groups and data sentiment analysis.
- Possible problems and pitfalls to look out for when researching online.

3.1: The importance of market research

3.2: Key concepts in market research

3.3: Online research methodologies

3.4: Justifying the cost of research

3.5: Adantages and challenges

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3.1: The importance of market research

The modern world can feel unpredictable. It is increasingly difficult to keep up with trends, customer needs, popular opinions and competitors. So, how can you keep your brand and products relevant to ensure you are meeting your customers' needs?

The answer is to conduct market research. Market research helps you make informed business decisions. It involves systematically gathering, recording and analysing data about customers, competitors and the market, and turning this data into insight that can drive marketing strategies, product design and positioning and communications strategies.

Online market research is the process of using digital tools, data and connections to glean valuable insights about a brand's target audience. In other words, it's the process of learning about your audience by engaging and observing them online. Technology plays a key role in gathering data and connecting with research participants, and can make the whole process quicker and easier to manage than traditional offline research methods.

Traditional and online market research have the same goals and underlying principles, but online market research has the benefit of using digital technology, which provides a range of benefits.

- The Internet is always on, meaning that data is readily available at any time.
- Many of the processes for finding, gathering and storing data can be automated. For example, you can get an automatic email alert if someone mentions your brand, or you can set up self-administered digital surveys.
- You have access to a large number of participants around the world at the click of a button. A lot of the information you will use is already being automatically collected such as web analytics and social media data all you need to do is access it.

> **Note**
>
> Remember that comments made on social networks cannot represent the views of your entire target market. The validity of any data must be considered in light of your research design.

People are often happy to share their own research, insights and methodologies online, so you can access this trove of resources to inform your own research.

Online market research can be much more cost effective and quick to set up than traditional research techniques.

There are many reasons why you should conduct regular market research:

- To gain insights into your consumers, this can include:
  - What customers want and need from your brand
  - What customers like and dislike about the brand
  - Why customers buy the brand's products or services
  - Why potential customers might choose your brand over another
  - Why (or why not) customers make repeat purchases
- Understand the changes in your industry and business
- Discover new market trends on which you can capitalise
- Find new potential sales avenues, customers, products and more
- Find and engage new audiences
- Allow customers to help steer your business.

If you are able to understand your customers and the greater business context, you will be able to market more effectively, meet their needs better, and drive more positive sentiment around your brand. All of this adds up to happier customers and, ultimately, a healthier bottom line.

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3.2: Key concepts in market research

While the research field can be full of complex terminology, there are four key concepts to understand before conducting your own research:

1. Research methodology
2. Qualitative and quantitative data
3. Primary and secondary research
4. Sampling.

Research methodology

Research methodology refers to the process followed in order to conduct accurate and valuable research. The research process should involve certain steps.

1. Establish the goals of the project
2. Determine your sample
3. Choose a data collection method
4. Collect data
5. Analyse the results
6. Formulate conclusions and actionable insights (for example, producing reports)

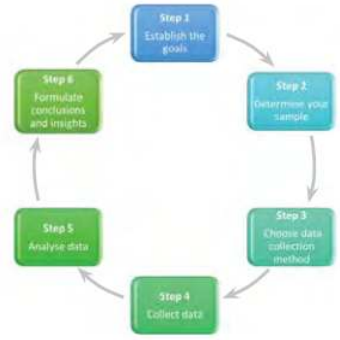


Figure 3.2.1: The steps in research methodology process

Most often, market research is focused around specific issues unique to a business or brand. It is therefore not always possible to freely obtain comparable information to aid decision making. This is why it can be useful to start from a specific research problem or hypothesis when kicking off a research project. Your research question should guide your entire process, and will determine your choice of data collection method. We will discuss more on those later.

Another approach involves ongoing data collection. As discussed in the Data driven decision making chapter, unbiased decision making is far more accurately driven when aided by market insight. Many have argued that less expensive, ongoing data collection is increasingly a route proven to be useful to organisations.

Primary and secondary research

Research can be based on primary data or secondary data. Primary research is conducted when new data is gathered for a particular product or hypothesis. This is where information does not exist already or is not accessible, and therefore needs to be specifically collected from consumers or businesses. Surveys, focus groups, research panels and research communities can all be used when conducting primary market research.

Secondary research uses existing, published data as a source of information. It can be more cost-effective than conducting primary research. The Internet opens up a wealth of resources for conducting this research. The data could have originally been collected for solving problems other than the one at hand, so they may not be sufficiently specific. Secondary research can be useful for identifying problems to be investigated through primary research.

The Internet is a useful tool when conducting both primary and secondary research. Not only are there a number of free tools available when it comes to calculating things such as sample size and confidence levels (see section 4.7 on Tools of the trade for some examples), but it is also an ideal medium to reach large numbers of people at a relatively low cost.

The Internet and secondary research

Research based on secondary data should precede primary data research. It can be used in establishing the context and parameters for primary research.

Secondary data can:

- provide enough information to solve the problem at hand, thereby negating the need for further research.
- provide sources for hypotheses that can be explored through primary research.
- provide information to inform primary research, such as sample sizes and audience.
- used as a reference base to measure the accuracy of primary research.

Companies with online properties have access to an abundance of web analytics data that are recorded digitally. These data can then be mined for insights. It's worth remembering, though, that it's usually impossible for you to access the web analytics data of competitors so this method will give you information only about your own customers.

Customer communications are also a source of data that can be used, particularly communications with the customer service department. Committed customers who complain, comment or compliment are providing information that can form the foundation for researching customer satisfaction.

Social networks, blogs and other forms of social media have emerged as forums where consumers discuss their likes and dislikes. Customers can be particularly vocal about companies and products. This data can, and should, be tracked and monitored to establish consumer sentiment. If a community is established for research purposes, the resulting feedback is considered primary data, but using social media to research existing sentiments is considered secondary research. The Internet is an ideal starting point for conducting secondary research based on published data and findings. With so much information out there, it can be a daunting task to find reliable resources.

The first point of call for research online is usually a search engine, such as www.google.com or www.yahoo.com. Search engines usually have an array of advanced features, which can aid online research. For example, Google offers:

- Advanced search: (http://www.google.co.za/advanced_search?hl=en)
- Google Scholar: (http://scholar.google.co.za/schhp?hl=en)
- Google Book Search: (http://www.google.co.za/books?hl=en)
- Google News Archive: (http://news.google.com/newspapers)

Many research publications are available online, some for free and some at a cost. Many of the top research companies feature analyst blogs, which provide some industry data and analysis free of charge.

Some notable resources are:

www.experian.com/hitwise

www.pewinternet.org (US data)

www.nielsen.com

The Internet and primary research

Primary research involves gathering data for a specific research task. It is based on data that has not been gathered beforehand. Primary research can be either qualitative or quantitative.

Primary research can be used to explore a market and can help to develop the hypotheses or research questions that must be answered by further research.

Generally, qualitative data is gathered at this stage. For example, online research communities can be used to identify consumer needs that are not being met and to brainstorm possible solutions. Further quantitative research can investigate what proportion of consumers share these problems and which potential solutions best meet those needs.

Quantitative and qualitative data

> **Note**
>
> With larger sample sizes, qualitative data can be analysed quantitatively.

Data can be classified as **qualitative** or **quantitative**. Qualitative research is exploratory and seeks to find out what potential consumers think and feel about a given subject. Qualitative research aids in identifying potential hypotheses, whereas quantitative research puts hard numbers behind these hypotheses. Quantitative research relies on numerical data to demonstrate statistically significant outcomes.

The Internet can be used to gather both qualitative and quantitative data. In fact, the communities on the web can be viewed as large focus groups, regularly and willingly sharing their opinions about products, markets and companies.

In robust research studies, both qualitative and quantitative research can be applied at different stages of the study.

The main differences between quantitative and qualitative research are represented in Table 2 below.

Table 4.4.1

	Quantitative	Qualitative
Data gathered	Numbers, figures, statistics objective data	Opinions, feelings, motivations, subjective data
Question answered	What?	Why?
Group size	Large	Small
Data sources	Surveys, web analytics data	Focus groups, social media
Purpose	Tests known issues or hypotheses. Seeks consensus, the norm Generalises data	Generates ideas and concepts – leads to issues or hypotheses to be tested. Seeks complexity Puts data in context
Advantages	Statistically reliable results to determine if one option is better than the alternatives.	Looks at the context of issues and aims to understand perspectives.
Challenges	Issues can be measured only if they are known prior to starting. Sample size must be sufficient for predicting the population	Shouldn't be used to evaluate pre-existing ideas. Results are not predictors of the population.

Both quantitative and qualitative research can be conducted online.

Web analytics packages are a prime source of data. Using data such as search terms, referral URLs and internal search data can lead to qualitative information about the consumers visiting a website. However, when data is measurable and specific, such as impressions and clickthrough rates, it leads to quantitative research.

> **Note**
>
> Read more about this in the Data analytics chapter.

Sampling

Qualitative research is usually conducted with a small number of respondents in order to explore and generate ideas and concepts. Quantitative research is conducted with far larger numbers, enough to be able to predict how the total population would respond.

You should ensure the sample is representative of the population you are targeting as a whole. If your business transacts both online and offline, be aware that using only online channels for market research might not represent your true target market. However, if your business transacts only online, offline channels for your market research are less necessary.

Because quantitative research aims to produce predictors for the total population, sample size is very important. The sample size needs to be sufficient in order to make statistically accurate observations about the population.

For example, if you have 4 000 registered users of your website, you don't need to survey all of them in order to understand how the entire population behaves. You need to survey only 351 users to get a sample size that gives you a 95% confidence level with a ±5% confidence interval. This means that you can be 95% sure your results are accurate within ±5%.

There are several sample size calculators mentioned in section 4.7 on Tools of the trade.

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3.3: Online research methodologies

There are many online market research methodologies. This chapter touches on three of the most popular and useful ones: surveys, online focus groups and social media monitoring.

Which methodology should you choose?

That all depends on a variety of factors, from your research question and purpose to your budget and time. Here are some general pointers:

- **Surveys:** Ideal for collecting large amounts of quantitative data, and some qualitative data. They are quick and easy to set up, and can run automatically.
- **Online focus groups:** Ideal for engaging consumers and collecting qualitative data such as opinions, ideas and feelings about the brand. They require a larger time investment and a willing group of participants.
- **Online monitoring:** Ideal for collecting qualitative data on brand sentiment, and can also provide some quantitative data around volume of interest in the brand. This data can be collected passively, and there are several tools that can automate this.

Surveys

Surveys are questionnaires that contain a series of questions around a specific topic. Their purpose is to gather large volumes of quantitative data easily, though they can also collect some qualitative data.

Conducting surveys online allows for data to be captured immediately, and data analysis can be performed easily and quickly. By using email or the Internet for conducting surveys, geographical limitations for collecting data can be overcome cost effectively.

Technology allows you to compile sophisticated and user-friendly surveys. For example, as opposed to indicating impressions on a sliding scale, respondents can indicate emotional response. Or the survey can be tailored depending on previous answers, such as questions being skipped if they are not relevant to the respondent.

You can run ongoing online surveys at minimal cost. Simple polls can be used in forums and on blogs to generate regular feedback. Website satisfaction surveys are also an easy way to determine the effectiveness of a website or marketing campaign.

One application of surveys is allows for instant feedback on questions or ideas from an existing community, such as a trusted group of thought leaders, your brand's social media fans, or a pre-created research community. Examples include Facebook polling apps and real-time mobile survey platforms.

Designing surveys

How you design a survey and its questions will directly impact on your success. A survey can include any number and type of questions, and more complicated questions should appear only once users are comfortable with the survey. Be careful that you do not introduce bias when creating questions by asking leading questions.

Example 3.3.1

Incorrect: We have recently introduced new features on the website to become a first class web destination. What are your thoughts on the new site?

Solution

Replace with: What are your thoughts on the changes to the website? In general, you will also find that you get more accurate answers when phrasing questions in the past tense than in the continuous tense.

Example 3.3.2

Incorrect: How many times a week do you buy take-away food?

Solution

Replace with: In the past month, how many times did you buy take-away food? Questions in the survey should be brief, easy to understand, unambiguous and easy to answer.

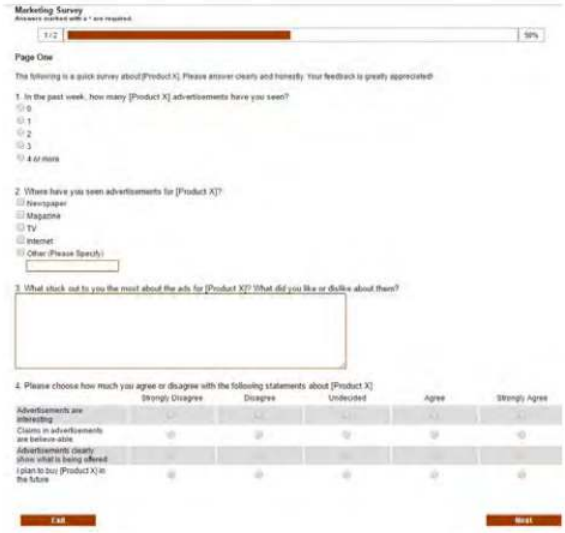


Figure 3.3.1: An example of an online survey with different question types. *Adapted From Screenshot*

Types of survey questions

1. Open-ended

Open-ended questions allow respondents to answer in their own words. This usually results in qualitative data.

Example 3.3.3

What features would you like to see on the website for the digital marketing textbook (https://www.redandyellow.co.za/cours...tbook-digital/)?

2. Closed

Closed questions give respondents specific responses from which to choose. These are typically multiple-choice questions with either one or multiple possible answers. This results in quantitative data.

Example 3.3.4

Do you use the digital marketing textbook website?

a. Yes
b. No

or:

What features of the digital marketing textbook website do you use? Tick all that apply.

a. Blog
b. Case studies
c. Free downloads
d. Additional resources

3. Ranked or ordinal

These questions ask respondents to rank items in order of preference or relevance. Respondents are given a numeric scale to indicate order. This results in quantitative data.

Example 3.3.5

Rate the features of the digital marketing textbook website, where 1 is the most useful and 4 is the least useful.

- Blog
- Case studies
- Free downloads
- Additional resources

4. Matrix and rating

These types of questions can be used to quantify qualitative data. Respondents are asked to rank behaviour or attitude.

Example 3.3.6

Rate the features of the digital marketing textbook website according to the following scale:

1 = love it, 2 = like it, 3 = no opinion, 4 = dislike it.

- Blog
- Case studies
- Free downloads
- Additional resources

Focus groups

Online focus groups involve respondents gathering online and reacting to a particular topic. Respondents can be sourced from all over the world and react in real time, arguably being freer with their responses since they can be anonymous in an electronic environment.

Online focus groups are ideal for having frank, detailed conversations with people who have an interest in your brand. This means they result in primary, qualitative data. This information can then be used to create quantitative research questions.

Online focus groups can be conducted using a range of technologies. The simplest is to use a text-based messaging program or online forum and there are many options available. More sophisticated tools allow for voice or video conferencing, and can make it easier for the researcher to pick up clues from the respondent's voice and facial expressions. Some tools allow the researcher to share their desktop screen with respondents in order to illustrate a concept or question.

Good options for conducting online focus groups include:

Google Hangouts: www.google.com/+/learnmore/hangouts

Skype: www.skype.com/en

GoToMeeting: www.gotomeeting.com/fec



Figure 3.3.2: An example of a Google Hangout in progress. *Adapted From Cnet, 2017.*

Focus groups are less formal than surveys meaning the researcher will have specific questions to ask, but the conversation usually grows and develops organically as participants discuss their impressions. Usually running for between one and two hours, focus groups are used to get consumer views on:

- New products or marketing campaigns
- Existing products and campaigns, and how they can be improved
- Sentiment around the brand
- Views on a brand's new direction or visual style
- Ideas for how the brand could improve its position or branding.

Online focus groups are excellent for collecting a lot of qualitative data quickly. When setting up the group, try to include enough participants to keep the conversation alive, but not too many so that some get drowned out by others, eight to ten is a good range. Also consider that you may run into technical troubles if people are connecting from different locations and Internet connections so be prepared to do some basic troubleshooting if this happens.

There are a number of different ways that you can recruit participants for an online focus group. This could include inviting people from your existing customer database, going through a traditional market research recruiting agent, or putting a call out on your website or social media communities. It is common practice to offer a small incentive to people who participate in a focus group, as it is a fairly time-intensive activity.

Sentiment analysis

Finding out if people are talking about you is quite difficult in the offline world, but almost effortless online. Rather than having to conduct real-world surveys and interviews, in the digital world you can simply 'listen' to the conversation happening about you.

Keywords – the foundation to categorising and indexing the web – make it simple to track conversations taking place online. Customers don't always use channels designated by a company to talk about that organisation, but the good news is that the Internet makes it easy for a company to identify and use the channels that customers have selected.

Online tools allow a company to track mentions of itself, its staff, its products, its industry and its competitors or anything else that is relevant. This is called online monitoring, online listening, or data sentiment analysis. It involves using digital tools to find and tap in to existing conversations. The tool then gathers and collates all the mentions it finds, so that you can analyse the data for insights.



Figure 3.3.3: A sentiment analysis report *Adapted From Manufacturing control tower, 2017.*

Typically, searches include the following main focus areas:

- Company
- Brand name
- Key products
- Key personnel (names, job titles, etc.)
- Key campaigns and activities
- Industry
- Conferences

- Patents
- News
- Competitors
- Brand names
- Product launches
- Website updates
- Job vacancies
- Key people.

There are four different types of searches you can perform to track relevant brand keywords. Each modifies the specific type of data collected and aims to improve the quality and depth of the data you gather.

The four operators are:

1. **Broad match** – for example, Apple Computers. This is when any of or all words must be found in the mention.
2. **Direct match** – for example, “Apple Computers”. This is denoted by quotation marks and dictates that the tool should find mentions only where the phrase appears complete and in order in the content.
3. **Inclusive match** – for example, Apple +computers. This is denoted by a plus sign directly before a word or phrase. This will direct the tool to search for any mention that contains both Apple AND computers, although not necessarily in that order.
4. **Exclusive match** – for example, Apple –fruit. This is denoted by a minus sign directly before a word or phrase. This will instruct the tool to include only mentions that contain the first word or phrase but not when the second word is also in the same mention.

Combinations of these four types of searches (operators) can be used to improve accuracy.

Example 3.3.7

“Apple Computers” +”steve jobs” –fruit.

Applying this theory to the groupings above, some keywords used for Apple might be:

Company

- “Apple computers”
- “www.apple.com”
- Apple +Macbook, “iPod Nano”, “Macbook Air”, “iTunes” +music –radio
- “Steve Jobs”

Industry

- “Consumer Electronics Show” +“Las Vegas”
- “CEBIT”

Competitors

- Microsoft
- www.microsoft.com

It is also important to track common misspellings and typos, all related companies and all related websites.

Tracking the names of people key to a company can highlight potential brand attacks, or can demonstrate new areas of outreach for a company.

Brand names, employee names, product names and even competitor names are not unique. To save yourself from monitoring too much, identify keywords that will indicate that a post has nothing to do with your company, and exclude those in your searches.

For example, “apple” could refer to a consumer electronics company, or it could appear in a post about the health benefits of fruit. Finding keywords that will indicate context can help to save time. So, you could exclusive-match words such as “fruit”, “tasty” and

“granny smith”.

Tools for data sentiment analysis

Thankfully, online listening does not entail hourly searches on your favourite search engine to see what conversations are taking place online. There are many different tools that monitor the web, and supply the results via email alerts or a web dashboard.

> **Note**
>
> The ideal gas law is easy to remember and apply in solving problems, as long as you get the **proper values a**

Google has several bespoke search services, and periodically adds more to the list.

- **Google Alerts**: www.google.com/alerts. Google Alerts will send an email when the keyword is used in either a credible news item or a blog post.
- **Google News**: news.google.com. Google News searches all news items for mentions of a keyword.
- **Google Patent Search**: https://www.google.com/advanced_patent_search. Google Patent Search allows you to keep track of all filings related to an industry, and searches can be done to see if there are patent filings which might infringe on other patents.
- **Google Video Search**: https://www.google.com/videohp?hl=En. Video Search relies on the data that have been added to describe a video, and will return results based on keyword matches.

In addition to these mostly free tools, there are also a number of premium paid tools available to make the process easier and more robust. See section 4.7 on Tools of the trade for more suggestions.

Other avenues for online research

Personal interviews

There are various tools available to the online researcher for conducting personal interviews, such as private chat rooms or video calling. The Internet can connect a researcher with many people around the world and make it possible to conduct interviews with more anonymity, should respondents require it.

Observation/Online ethnography

Taking its cue from offline ethnography, online ethnography requires researchers to immerse themselves in a particular environment. In this way insights can be gathered that might not have been attainable from a direct interview. However, they do depend more heavily on the ethnographer’s interpretation, and are therefore subjective.

Online research communities

Although online communities are a valuable resource for secondary research, communities can also provide primary data. BeautyTalk is an example of an online research community that helps gather research data. The community platform can be used as a means to elicit feedback about products and can generate ideas for new products. This is qualitative data that can aid the company in exploring their research problem further. In many cases, social media can be used to gather insight about a brand or customer experience. It is important to remember, however, that a representative sample is necessary for making solid conclusions.



Figure 3.3.4: The BeautyTalk online community *Adpated From Ecoconsultancy, 2017.*

Listening labs

When developing websites and online applications, usability testing is a vital process that will ensure the website or application is able to meet consumers' needs. Listening labs involve setting up a testing environment where a consumer is observed using a website or application.

Conversion optimisation

Conversion optimisation aims to determine the factors of an advert, website or web page that can be improved in order to convert customers more effectively. From search adverts to email subject lines and shopping cart design, tests can be set up to determine what variables are affecting the conversion rate.

The Conversion optimisation chapter covers tools for running tests, such as A/B split testing and multivariate testing.

How to get responses: Incentives and assurances

As the researcher, you know what's in it for you when sending out a survey. You will receive valuable insights that will aid in making business decisions. But what is in it for the respondents?

Response rates can be improved by offering respondents incentives for participating in the research, such as a chance to win a grand prize, a discount or special offer for every respondent, or even the knowledge that they are improving a product or service that they care about.

Some researchers feel that monetary incentives are not always a good thing. Some respondents may feel that they need to give 'good' or 'correct' answers that may bias results. Alternatively, you may attract respondents who are in it just for the reward. One approach could be to run the survey with no incentive, with the option of offering one if responses are limited.

Designing the survey to assure respondents that a minimal time commitment is required and their privacy is assured can also help to increase responses.

Room for error

With all research there is a given amount of error to deal with. Bias may arise during surveys and focus groups, for example, interviewers leading the respondents. Or bias may be present in the design and wording of the questions themselves. There could be sample errors or respondent errors. Using the Internet to administer surveys removes the bias that may arise from an interviewer. However, with no interviewer to explain questions, there is potential for greater respondent error. This is why survey design is so important, and why it is crucial to test and run pilots of surveys before going live.

Respondent errors also arise when respondents become too familiar with the survey process. The general industry standard is to limit respondents to being interviewed once every six months.

Sample error is a fact of market research. Some people are just not interested, nor will they ever be interested, in taking part in research. Are these people fundamentally different from those who do? Is there a way of finding out? To some extent, web analytics, which track the behaviour of all visitors to your website, can be useful in determining this.

When conducting online research, it is crucial to understand who is in the target market, and what the best way to reach that target market is. Web surveys can exclude groups of people due to access or ability. It is vital to determine if is this is acceptable to the survey, and to use other means of capturing data if not.

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3.4: Justifying the cost of research

Regular research is an important part of any business' growth strategy, but it can be tough to justify the budget necessary for research without knowing the benefit. Conducting research can cost little more than an employee's work hours, depending on his or her skills, or it can be an expensive exercise involving external experts. Deciding where your business needs are on the investment scale depends on the depth of the research required, and what the expected growth will be for the business. When embarking on a research initiative, the cost to benefit ratio should be determined.

Testing should be an ongoing feature of any digital marketing activity. Tracking is a characteristic of most digital marketing, which allows for constant testing of the most basic hypothesis: Is this campaign successful in reaching the goals of the business?

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3.5: Adantages and challenges

Market researchers are increasingly turning to online tools in their research processes. The Internet allows for research at a far lower cost; it can also more easily cross geographic boundaries and can speed up the research process.

This is not to say there are not downsides. While the Internet makes it possible to reach a far larger group of people without the cost of facilitators, this does come with some challenges. For example, you cannot control the environments in which information is being gathered. For an online sample, it's important to focus on getting the correct number of people to make your study statistically viable. If your questions are not carefully drafted, confusing questions could lead to answers that are flawed or not relevant. Additionally, online incentives could lead to answers that are not truthful, meaning that the value of the data could be questionable. Certain target groups are not accessible via the Internet, and so it's important that you carefully consider who you are trying to reach.

The value of Internet research should by no means be discounted, but it is important to consider the nature of the study carefully, and interrogate the validity and legitimacy of the data as a valid representation. Data is meaningful only if it is representative, so be sure to establish goals and realistic expectations for your research.

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SECTION OVERVIEW

4.1: Strategy and Context

Learning Objectives

In this chapter, you will learn:

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

4.1.1: What is strategy?

4.1.2: What is digital marketing?

4.1.3: Understanding marketing strategy

4.1.4: The Building Blocks of Marketing Strategy

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4.1.1: What is strategy?

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 the early days of TV, when the medium was new and not 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 has happened with digital. Digital thinking should be incorporated into marketing strategy from day one. This chapter considers digital strategy separately in order to highlight some ways in which digital has affected our strategic approach to reaching customers and solving marketing problems.

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4.1.2: What is digital marketing?

How does digital marketing fit into this definition? There is, in fact, no difference between ‘traditional’ marketing and digital marketing. They are one and the same, apart from digital being specific to a medium.

Ultimately, the aim of any type of marketing is to keep and grow a customer base and stimulate sales in the future. Digital communication tools contribute towards connecting and building long-term relationships with customers.

What is digital? Bud Caddell defines ‘digital’ as “A participatory layer of all media that allows users to self-select their own experiences, and affords marketers the ability to bridge media, gain feedback, iterate their message, and collect relationships” (Caddell, 2013). In other words, digital is a way of exploring content and ideas (for users) and connecting with and understanding customers (for marketers).

Digital marketing is powerful in two fundamental ways. First, the audience can be segmented very precisely, even down to factors like current location and recent brand interactions, which means that messages can (and must) be personalised and tailored specially for them.

Second, the digital sphere is almost completely measurable. Every minute and every click by a customer can be accounted for. In digital you can see exactly how various campaigns are performing, which channels bring the most benefit, and where your efforts are best focused. Cumulatively, access to data that measures the whole customer experience should lead to data driven decision making.

> **Note**
>
> Learn more about this in the Data driven decision making chapter.

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 constantly have new ways of selling, new products and services to sell, and new markets to which they can sell.

Digital marketing helps to create consumer demand by using the power of the interconnected, interactive web. It enables the exchange of currency but more than that, it enables the exchange of attention for value.

An exchange of value

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.

A brand 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, education and utility. Brands build loyalty among users who love their products or services and must align with users’ values and aspirations. Users fall in love with products and services when their experience is tailored to their needs, and not the needs of the brand.

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4.1.3: Understanding marketing strategy

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?” and, “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, what the business’ purpose is and what value the business adds to people’s lives.

The AMA defines a brand as, “A name, term, design, symbol, or any other feature that identifies one seller’s good or service as distinct from those of other sellers. The usual expression of a brand is its trademark. A brand may identify one item, a family of items, or all items of that seller” (N.A., 2011). To quote Cheryl Burgess, a brand presents, “A reason to choose” one product or service over another.

The value of the brand is measured in terms of its brand equity i.e. 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 answers to these questions, you can formulate a marketing strategy to address the challenge or objective you’ve discovered.

Marketing strategy

The purpose of a marketing strategy is to determine what the business is about, and to then address the 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 market and differentiate itself from competitors. Whether their product is a domestic or international service; whether its target market is budget travellers or international and business travellers; and whether the channel is 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, asking, “What are the factors that affect the business?” This means conducting a situational analysis that looks at the following 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.

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 with which you are working. 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?



Figure 4.1.3.1: Understanding the business' brand *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 can make your product or service better than the competition's. Ask yourself, "What unique value does it have? Does it solve a problem that no other product does?"

Understanding customers

To understand your customers, you need to conduct market research. 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 and a data driven business will help you to 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 which is 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.

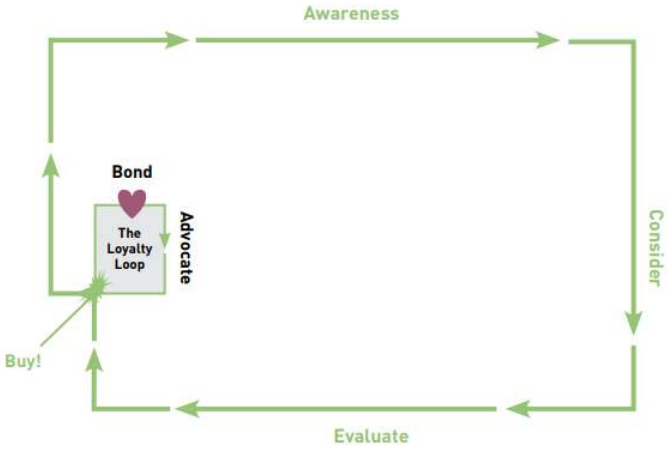


Figure 4.1.3.2: The customer journey is cyclical *Adapted from Brilliant Noise, 2012.*

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. Many competitors target the same needs in a given customer, sometimes through very similar products. Positioning places your brand in a unique place in people's minds. It is impossible to create a strong value proposition or USP without knowing your competitors' positioning strategy.

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 300 hours of video are uploaded to YouTube every minute (YouTube, 2017) – 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.

Digital marketing strategy

Once you have a clear sense of what the business challenge or objective is, you can define how your marketing strategy will leverage digital channels to fulfil it.

As discussed in the introduction, digital should not be considered as separate from your core strategy. Digital marketing builds on and adapts the principles of traditional marketing using the opportunities and challenges offered by the digital medium.

A marketing strategy should be constantly iterating and evolving. Since the Internet allows for near-instantaneous feedback and data gathering, 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 marketing strategy. The marketing strategist of today is offered not only a plethora of tactical possibilities, but also unprecedented ways of measuring the effectiveness of chosen strategies and tactics. Digital 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. Insight tools can even be used to track the sentiment of users towards certain elements online. This means that the digital marketing strategist should be constantly measuring and adapting to ensure the highest ROI. 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 was acquisition of new clients, a possible digital marketing objective might be building brand awareness online.

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4.1.4: 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.

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 countless choices for customers. This makes it important to consider new factors when devising a marketing strategy.

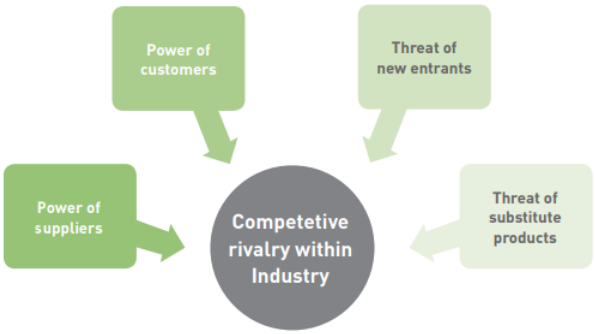


Figure 4.1.4.1: Porter's Five Forces

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 businesses to sell a huge range of products, from fast-moving consumer goods and digital products such as software, to services such as consultancy. In fact, the Internet has in some cases made it possible for a product or service to exist. Consider Uber and Airbnb. Online, the experience the user has in discovering and purchasing can be considered part of the product the brand provides, or be the product itself.

The Internet has enabled hyper-personalisation. 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, 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). The internet allows for personalised and flexible pricing strategies to a level that traditional retailers would find almost impossible to achieve.

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. By simply 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.

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.

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.

Note

Many additional Ps have been suggested and debated over time. We've restricted our discussion to the four listed here, but you should do some research and join the debate with your own point of view.

SWOT analysis

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



Figure 4.1.4.2: 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 and 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. Be mindful of the fact that weaknesses can be opportunities and strengths threats, especially in the world of digital disruption.

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4.1.5: 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 so each business must create its own roadmap. However, there are questions you can use to guide this process.

A strategy needs to cover the questions of who you are and who you are not. It should also include 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 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. 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 valueadds 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. Gathering the right data can help you evolve this value exchange over time.

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?

Sometimes, words like 'objective' can be used in different situations with slightly different meanings. Remember, the objective of a website or online campaign is aligned with the strategic outcomes of the business. The objective of a campaign may be to create awareness for a new business or increase sales of a product. The objective answers the question, "What do we want to achieve with this marketing campaign?" For example, an objective might be to increase the sales of a product, grow brand awareness or increase website traffic. A business objective (something that your business will either do or not do) and a marketing objective (a change in customer behaviour that your business wants to achieve) are not the same thing!

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.

Goals

The goal of a website or campaign in web analytics refers to an action that a user takes on a website or a type of user behaviour. This action could be making a purchase, signing up for a newsletter, or viewing a certain number of pages in a visit. A completed goal is called a conversion. Goals are derived from objectives and answer the question, "What do we need users to do in order to achieve our objective?"

> **Note**
>
> Goals related to visitor behaviour, such as time spent on site or pageviews per visit, are referred to as engagement goals.

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)

Key performance indicators or KPIs are metrics that are used to indicate whether tactics are performing well and meeting your objectives. There are many metrics to be analysed, and determining which are important will help to focus on what really matters to a particular campaign. KPIs relate closely to goals, and answer the question, "What data do we need to look at to see if goals are being completed?" For example, if your objective is to increase website traffic, you may look at the number of website visitors, the percentage of new visitors, and how long users stay on the site.

KPIs are determined per tactic, with an eye on the overall objective. The diagram below shows how a number of KPIs can feed into one goal, and a number of goals can in turn feed into one objective. A single objective can have a number of goals, each with their own number of KPIs, to ensure it is achieved.

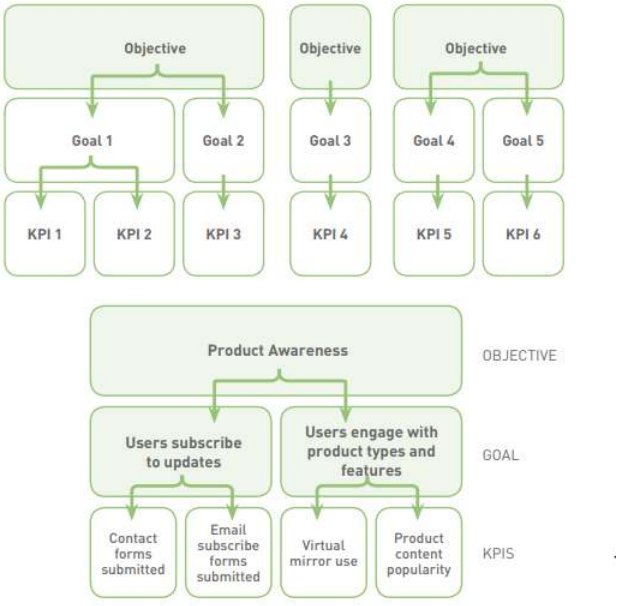


Figure 4.1.5.1: Objectives, goals and KPIs. *Adapted from Kaushik, 2010.*

Targets

Finally, targets are the specific values that are set for your KPIs to reach within a specific time period. That is, they are the actual target values that KPIs need to meet in order for the campaign to be declared a success. Sportspeople need to reach targets to advance their careers, for example, come in the top ten to qualify for the final, or run 10 km 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). If one KPI is 'newsletter subscriptions', then a target might be '100 subscriptions every month' so if one month falls short at 70, this will quickly reveal that a fix is required.

When setting objectives and targets for any campaign, remember to think about overlaps in customer behaviour that might impact how you measure your success. People might click on an ad and visit your website to buy something, but they could also browse and then go and buy something in the brick-and-mortar store. The total economic value of online activities needs to account for this so that you can get an idea of the true contribution digital is making.

Example 4.1.5.1

Here is an example:

SMART objective:

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

Tactics:

- Search advertising
- Social media marketing using the 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 campaignspecific 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.

Table 1.7.1: Marketing tactics.

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 items. 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 online advertising is to raise brand awareness online. It can 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 be wither 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 is media in the form of text, visuals and audio, that can be shared online. 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 and its story, and encouraging the customer to become involved with the brand. The shareable and accessible nature of social media platforms allows brands to communicate and engage directly with their customers. Social media also offers brands a way to interact with their customers, instead of just broadcasting to them.
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	Email marketing is a tool for building relationships with potential and existing customers through valuable content and promotional

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.	messages. It should maximise the retention and value of these customers, ultimately leading to greater profitability for the organisation 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 result.

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.

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. The data collected around success of your marketing strategy should feed into a larger pool of information used to drive business decisions.

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4.1.E: Digital Marketing Strategy(Exercises)

Case Study Questions

1. What was Vets now's new brand strategy?
2. Why was it necessary for Vets now to do such extensive customer research?
3. Could it be argued that this case study covers a business strategy rather than a marketing strategy?

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? Justify your answer.

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 copies.

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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SECTION OVERVIEW

4.2: Understanding Customer Behaviour

Learning Objectives

In this chapter, you will learn:

- Conceptual tools for understanding your customer.
- Key concepts for thinking about your target audience.
- Some Behavioural economic theories.
- How digital has affected customer behaviour

4.2.1: The Role of Marketing

4.2.2: Understanding customer behaviour

4.2.3: Key digital concepts influencing customer behaviour

4.2.4: Tools for understanding your customer

4.2.5: Measuring success

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4.2.1: The Role of Marketing

Although marketing is a business function, it is primarily an exercise in applied human psychology. The role of marketing is to address customer needs and provide value. In either case, success requires a nuanced understanding of how people think, process and choose within their environment.

To achieve this, one must strike a balance between awareness of global shifts and impacts on people's behaviour and the fiercely intimate motivations that determine where individuals spend their time and money. This chapter outlines an approach for understanding customer behaviour and introduces some conceptual tools used to frame and focus how you apply that understanding to your marketing efforts.

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4.2.2: Understanding customer behaviour

The study of consumer behaviour draws on many different disciplines, from psychology and economics to anthropology, sociology and marketing. Understanding why people make the decisions they do forms part of a complex ongoing investigation.

Marketing and product design efforts are increasingly focusing on a customercentric view. Rather than making people want stuff, successful organisations are focused on making stuff people want. Given the plethora of options, product or service attributes, pricing options and payment choices available to the connected consumer today, competition is fierce, and only the considered brand will succeed. Understanding the consumers' behaviour lies at the heart of offering them value.

Consider that no point of engagement with your brand occurs in isolation for your customer. Their life events, social pressures and motivations impact on their experience with your brand. Something happened before and after they bought that box of cereal, and their experience with it does not start or end at the point of sale.

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4.2.3: Key digital concepts influencing customer behaviour

The impact of digital

Digital disruption, which is discussed throughout this book, can appear in many small and large ways. If there's one thing the past 10 years has taught us, it's that there is constant disruption and upheaval in the digital world. How we communicate with one another, how we shop, how we consume entertainment, and ultimately how we see ourselves in the world, has all changed because of digital. And these changes are continuing, even accelerating.

One of the results of digital tools and media is a destabilising of the status quo. All industries are vulnerable to change when a product or service comes along that meets user needs in an unprecedented way. Netflix has disrupted the media industry, Airbnb has changed travel, and Uber has dramatically impacted what individuals can expect from transport options.

Consider that people born after 1985, more than half the world's population, have no idea what a world without the Internet is like. They only know a rapid pace of advancement and some tools that serve them better than others.

The Internet seeks no middlemen. Established industries or organisations can be bypassed completely when people are placed in control. Your customers can find another option with one click, and are increasingly impatient. They are not concerned with the complexity of the back end. If Uber can offer them personalised cash-free transportation, why can't your product offer something comparable? People will use the service that best serves them, not what best serves an industry or existing regulations.

The global citizens and their tribe

Coupled with these empowered digital consumers, who are changing digital and driving disruption as much as digital is changing them, is the contradiction evident in the relationship between a global citizen and increasingly fragmented and differentiated tribes built around interests. National identity, given global migration and connectivity, has shifted as the world has gotten smaller. On the other hand, the Internet has created space for people to create, form, support and evolve their own niche communities. This duality forces marketers to keep cognisant of global shifts while tracking and focusing on niche communities and specific segments within their market.

The attention economy

The attention economy is a term used to describe the large number of things competing for customer attention. Media forms and the mediums through which they can be consumed have exploded over the last decade, and it's increasingly difficult to get the attention of those you are trying to reach. Your customer is distracted and has many different things vying for their attention.

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4.2.4: Tools for understanding your customer

Despite the complexity of the customer landscape, various tools and frameworks are available to consider your customer. The goal with many of these is to inform your decision making and help you think from the perspective of your customer.

Developing user personas

To understand all your customers, you must have an idea of who they are. While it's impossible to know everyone who engages with your brand, you can develop representative personas that help you focus on motivations rather than stereotypes.

A user persona is a description of a brand-specific cluster of users who exhibit similar behavioural patterns in, for example, their purchasing decisions, use technology or products, customer service preferences and lifestyle choices. We revisit the user persona at multiple points during this course, as it shouldn't be seen as an end in itself.

A user persona is a consensus-driving tool and a catalyst that can be applied when you try to understand your entire customer experience, or when you decide on the implementation of specific tactics. Every organisation should have four to five user personas to help strategists target their efforts.

To create a user persona and inform decisions with your customers point of one must prioritise real information over your team's assumptions and gut feelings.

Desktop research, drawn from sources such as existing reports and benchmarking studies, help you to frame the questions you need to ask when delving deeper into the data available to you elsewhere through online platforms like your website or social media presence. The Internet provides an increasing number of viable alternatives to offline primary research.

> **Note**
>
> Market research methodologies are explored in more detail in the Market research chapter.

A combination of habits and specific needs are combined into a usable overall picture A key feature of the user persona below is how it accounts for customer motivation Summer is driven by emotion rich storytelling and social belonging. This knowledge should drive how the brand communicates how the brand experience is tailored to make her feel tike part of a community.

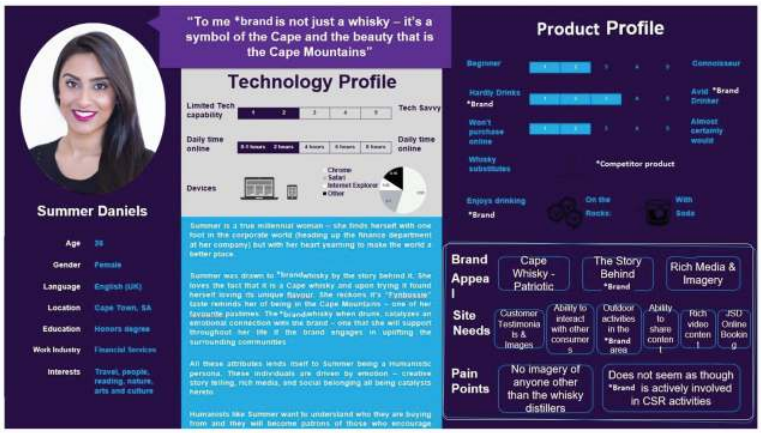


Figure 4.2.4.1: User personas are a consensus-driving tool *Permission from Mirum*

To build a robust user persona, you should consider the demographics, psychographics, and motivators for your customers.

Demographics and psychographics

Understanding customers can involve two facets:

1. Understanding the physical facts, context and income of their 'outer world" i.e. their demographics. These include their culture, sub cultures, class and the class structures in which they operate, among other factors.
2. Understanding the motives, desires, fears and other intangible characteristics of their 'inner world' i.e. their psychographics. Here we can consider their motives, how they learn and their attitudes.

Both facets above are important, though some factors may be more or less prominent depending on the product or service in question. For example, a women's clothing retailer needs to consider gender and income as well as feelings about fashion and trends equally, while a B2B company typically focuses on psychographic factors, as their customers are linked by a job function rather than shared demographics.

Demographics can be laborious to acquire but are generally objective and unambiguous data points that change within well-understood and measurable parameters, for example, people get older, incomes increase or decrease, people get married or have children. Data sources like censuses, surveys, customer registration forms and social media accounts are just a few places where demographic data can be gathered either in aggregate or individually.

Psychographics, on the other hand, are fluid, complex and deeply personal because, after all, they relate to the human mind. This information is very hard to define, but when complementary fields work together, it's possible for marketers to uncover a goldmine of insight.

Understanding motivation

People make hundreds of decisions every day, and are rarely aware of all of the factors that they subconsciously consider in this process. That's because these factors are a complex web of personal motivating factors that can be intrinsic or extrinsic, and positive or negative.



Figure 4.2.4.2: Extrinsic and intrinsic motivators

Extrinsic motivators

Extrinsic factors are external, often tangible, pressures, rewards, threats or incentives that motivate us to take action even if we don't necessarily want to. For example, a worker in a boring or stressful job may be motivated to keep going by their pay check, and drivers are motivated to obey traffic rules by the threat of getting a fine or hurting someone.

Marketing often uses extrinsic motivators to provide a tangible reward for taking a desired action. Some examples include:

- **Limited-time specials and discounts**, where the customer is motivated by a perceived cost saving and the urgency of acting before the offer is revoked.
- **Scarcity**, where the limited availability of a product or service is used to encourage immediate action.
- **Loyalty programmes**, which typically offer extrinsic rewards like coupons, exclusive access or free gifts in exchange for people performing desired behaviours.
- **Ancillary benefits**, such as free parking at the shopping centre if you spend over a certain amount at a specific store.
- **Free content or downloads in exchange for contact details**, often used for subsequent marketing activities.

For example, Booking.com uses a range of extrinsic motivators to encourage customers to book quickly, including a price discount exclusive to their site and urgency through the use of the words "High demand", "Only three rooms left" and, "There are two other people looking at this hotel". All of these factors nudge the customer to book quickly to avoid missing out on what is framed as a limited-time opportunity.



Figure 4.2.4.3: A screenshot of Booking.com using extrinsic motivators *Screenshot, Bookings.com 2016*

The problem with extrinsic motivation is that a customer can often perform the desired action to get the reward or avoid the threat without fully internalising the meaning or marketing message behind the gesture. Or worse, the required action becomes 'work' which diminishes the enjoyment of the task and the reward.

For example, some people will swipe in at the gym with their membership card to avoid losing their access, but won't actually exercise. Some might log in to a website every day to accumulate points without actually looking at the specials on offer.

Kohn (1993) summarised the three risks of extrinsic rewards as:

1. "First, rewards encourage people to focus narrowly on a task, to do it as quickly as possible and to take few risks.
2. Second, people come to see themselves as being controlled by the reward. They feel less autonomous, and this may interfere with performance.
3. Finally, extrinsic rewards can erode intrinsic interest. People who see themselves as working for money, approval or competitive success find their tasks less pleasurable, and therefore do not do them as well."

Intrinsic motivators

Somebody who is intrinsically motivated performs an action for an intangible benefit simply because they want to, or for the pleasure, fun or happiness of it. Intrinsic motivators are much subtler and more difficult to quantify, but are also more powerful and longer-lasting drivers of human behaviour.

Some common forms of intrinsic motivation include:

- **Love** – not just romantic love, but also the love of an activity or outcome.
- **Enjoyment and fun** – few intrinsic motivators are as powerful as the desire to have a good time.
- **Self-expression** – some people act in a certain way because of what they feel the action says about them.
- **Personal values** – values instilled through cultural, religious, social or other means can be powerful motivators.
- **Achievement or competence** – when people challenge themselves, take a meaningful personal risk, or attain a long-desired goal, they are acting because of an intrinsic motivation.
- **Negative intrinsic motivators** – fear, embarrassment and inertia are some powerful drivers that rely on negative emotions.

Finding the right motivators

Many brands develop elaborate marketing campaigns with gimmicks and rewards, but find that these fall flat. Often this is because of a misunderstanding of the motivators that drive customers to take action in the first place. Marketers tend to overvalue how much people like, understand and care about brands, which can lead to a disconnection from the audience.

The most important factor to consider in choosing a customer motivator is relevance to the customer, to the brand and to the campaign. Ask yourself, "Is the incentive you are offering truly relevant and useful?"

Most complex human actions involve a combination of factors. For example, we work because of the external pressure to earn money, and some also get an intrinsic reward in the form of achievement, self-expression or making a difference in the world. Both factors are important, and if one is missing, the other needs to compensate strongly for this. For example, interns working for free to get ahead quickly in their careers; people being paid more to stay in a difficult or unfulfilling job.

The success of your customer persona will depend on how carefully you interrogate assumptions about your customer, how carefully you draw on research, and how you prioritise understanding their motivations and the way decisions are made.

Decision making and behavioural economics

One significant shift in understanding customers over the past few years has come from the fields of psychology and economics. This area of inquiry, behavioural economics, looks at what assumptions or behaviours drive decision making. An understanding of individual motivations and interactions between customers and your brand can help you cater to what your market really wants or needs.

As an example, industrial designer Yogita Agrawal designed an innovative and much-needed human-powered light for people in rural India. Although the product ingeniously took advantage of the locals' mobile lifestyle – the battery is charged through the action of walking – and the idea was well received, initially no one actually used the product. Agrawal eventually discovered the simple reason for this, the device had a plain, ugly casing that did not match at all with the vibrant and colourful local dress. When she added a colourful and personalisable covering to the device, usage shot up dramatically. Although she had found the big insight, that walking can generate energy to power lights in areas not served by the electrical grid, it took a further understanding of regional customs to truly make the device appealing.

If marketers can apply this insight to their strategies and campaigns, it means that they may be able to get more customers to take desired actions more often, for less cost and effort. This is the ideal scenario for any business.

Biases

Cognitive biases

Cognitive biases are our own personal prejudices and preferences, as well as common ways of thinking that are inherently flawed. A classic example is confirmation bias, where we take note of information that confirms our beliefs or world view, but discount or ignore information that doesn't.

Try it for yourself! The next time you are driving or commuting, pay attention to all the red cars on the road. Does it begin to seem like there are more red cars than usual?

Below are some of the most important biases that marketers should be aware of taken from Psychology Today (2013).

Table 2.5.1

Category:	Bias:	Elaboration:
Information	Knee-jerk bias	Making a quick decision in a circumstance where slower, more precise decision-making is needed.
	Occam's razor	Assuming that an obvious choice is the best choice.
	Silo effect	Using a narrow approach to form a decision.
	Confirmation bias	Only focusing on the information that confirms your beliefs (and ignoring disconfirming information).
	Inertia bias	Thinking and acting in a way that is familiar or comfortable.
	Myopia bias	Interpreting the world around you in a way that is purely based on your own experiences and beliefs
Ego	Loss aversion bias	Tending to favour choices that avoid losses, at the risk of potential gains.
	Shock-and-awe bias	Believing that our own intelligence is all we need to make a difficult decision.
	Overconfidence effect	Having too much confidence in our own beliefs, knowledge and abilities.
	Optimism bias	Being overly optimistic and underestimating negative outcomes.
	Force field bias	Making decisions that will aid in reducing perceived fear or threats.
	Planning fallacy	Incorrectly judging the time and costs involved in completing a task.

Pricing bias

There is also a lot of bias around the price of an item. Generally, we perceive more expensive to be better, and we can actually derive more psychological pleasure from them, even if the cheaper alternative is objectively just as good.

A classic example of this is wine-tasting, where in repeated experiments participants agree that the more expensive wine tastes better where, in fact, all the wines were identical. Taken even further, however, researchers discovered that people tasting the more expensive wines actually had a heightened pleasure response in their brains, showing that researchers could generate more enjoyment simply by telling them they were drinking an expensive wine (Ward, 2015).

Loss aversion

One of the most powerful psychological effects is the feeling of loss, when something we possess is diminished or taken away. The negative feeling associated with loss is far stronger than the positive feeling of gaining the equivalent thing. In other words, we feel the pain of losing $200 more acutely that the joy of gaining $200.

Marketers can use loss aversion very effectively in the way they frame and execute marketing campaigns. Here is an example:Giving a customer a free trial version of a service for long enough that it becomes useful or important to them at which

point they would be happy to pay to avoid losing it. On-demand TV service Netflix uses this to great effect with its 30-day free trial, especially since they ask for credit card details upfront so that shifting over to the paid version is seamless.

Heuristics

A heuristic is essentially a decision-making shortcut or mental model that helps us to make sense of a difficult decision-making process or to estimate an answer to a complex problem.

Some classic examples include:

- **The availability heuristic** – we overemphasise the likelihood or frequency of things that have occurred recently because they come to mind more easily.
- **The representativeness heuristic** – we consider a sample to represent the whole for example, in cultural stereotypes.
- **The price-quality heuristic** – more expensive things are considered to be better quality. A higher price leads to a higher expectation, so this can work both to the advantage and disadvantage of marketers. For products where quality is measurable and linear, the price needs to correlate, and a higher price needs to be justified tangibly. For products or services where quality is less tangible or more subjective such as food, drinks, experiences and education, in many ways the price can heighten the perceived quality and experience even on a neurological level.
- **Anchoring and adjustment heuristic** – we make decisions based on relative and recent information rather than broad, objective fact. In marketing, this can be used to steer customers to the package or offer that the brand most wants them to take.

Choice

How do people choose? This is a difficult question to answer because people decide based on irrational, personal factors and motivators, objective needs and their immediate circumstances.

Word of mouth or peer suggestions

We are very susceptible to the opinions of other people, and tend to trust the opinions of friends, family, trusted experts and ‘people like us’ over companies or brands. We are also much more likely to join in on an activity like buying a specific product if we see others like us doing it first. This is the notion of social proof. Human beings generally rely on early adopters to lead the way, with the vast majority waiting for a new product or service to be tested before jumping on board.

This is why many brands use spokespeople or testimonials. They act as a reassurance to the potential customer that other normal people actually experienced the benefits that were promised. This also highlights the importance of positive online word of mouth. As you will learn when we discuss the Zero Moment of Truth, people do extensive research online before important purchases and can have their minds swayed by the reviews, experiences and opinions of others who are often strangers.

Personal preferences and history

Some of our decisions are based on very personal factors, such as a favourite colour, a positive past experience or a historical or familial association. For example, some people may choose to buy the same brand of breakfast cereal that they remembered eating as a child, regardless of the price or nutritional benefits. For them the total experience and good feelings form part of the overall value they derive. This is why many brands place emphasis on their long and prestigious histories.

Habits

In other cases, we buy the same thing because we’ve always bought it, and it’s simply the easiest option.

Habits are typically triggered by an outside or environmental factor (the cue), which then causes us to act out our habit (the action) after which we receive a positive boost (the reward). This sequence is referred to as the habit loop.

In marketing, the goal is to get a customer to form a habit loop around purchasing or using the brand’s offering. For example, many snack brands try to associate the environmental cues of hunger or boredom with their products such as Kit Kat’s “Have a break” or Snickers’ “You’re not you when you’re hungry” campaigns.

Loyalty programmes can play a key role in helping customers solidify a habit. For example, given the choice of two similar coffee shops on the morning commute to work, a person may be more inclined to visit the one offering a free coffee once they’ve

collected a card full of stamps (even if that means going out of their way or paying a bit more for what is essentially a small discount). Eventually, the routine becomes set and it becomes easier to stick to the safe, familiar option.

Here are some examples from brands that encourage habit formation.

Table 2.5.2

Brand	Cue	Routine	Reward
Starbucks	Walking to work in the morning	Get my regular coffee order	A caffeine hit and a friendly interaction with the barista
Nike	Mobile app reminder to go for a run	Put on Nike shoes, go to the gym	Endorphins, satisfaction at living a healthy aspirational lifestyle
Movie theatre	Smell of popcorn	Buy a snack set from the counter	Tasty snack, experiencing the 'full' movie-going experience

How do habits form? To create a habit, you need to perform a repeated action many times in a row. The harder the action such as going for a jog each morning, the longer and more consistently you need to practice the behaviour. Once the habit sets, it becomes a mental 'shortcut' that will take conscious effort to override in future.

Decision load

Making decisions is hard even if the decision is a low-stakes, low-impact one. Generally, psychologists agree that we have a certain quota of decisions that we can make every day, after which subsequent decisions become harder and more taxing, and often result in poorer outcomes called 'decision fatigue'. This is why leading thinkers try to cut out as many trivial decisions as possible. Steve Jobs of Apple famously wore the same blue-jeans-and-turtleneck outfit every day to save himself making that one extra decision every morning.

This is also why we tend to subconsciously eliminate unnecessary decisions and stick to reliable, tested habits. This is especially true for the fast moving consumer goods (FMCG) sector. Consider your habits when buying toothpaste. Typically, you will purchase the same brand you always do without really thinking about it. Unless you had a terrible experience with the product, one toothpaste seems as good as the other and there's no incentive to switch. You certainly won't pause for five minutes in front of the shelf each time to carefully study each option before making your decision. It doesn't matter enough to get the best one.

Now imagine that your usual brand is out of stock. Suddenly, instead of relying on the existing habit, you are forced to make the decision from scratch at which point marketing factors and price can play an important role. But, crucially, it is the experience that the new product delivers that will be the deciding factor. If the new toothpaste is similar or inferior to the usual brand, there's no incentive to change the buying habit.

Defaults

Providing a 'default option' can be a powerful decision-making shortcut, because it removes the need to make an active decision. Defaults work for a number of reasons.

- **They offer a path of least resistance.** The default setting is perceived to be the one that is good enough for most people, and requires the least amount of thought and customisation. This is ideal for reducing effort.
- **They serve as a social signal.** The default is seen as the socially approved option, as the presumption is that the majority will choose this and there is safety in aligning with the majority.
- **They offer assurance.** Similarly, we also presume that the default choice has been selected by an expert because of its merit to the end user.
- **They take advantage of loss aversion.** When it comes to sales and marketing, effective default packages typically include more products or services that are strictly needed to increase the value and therefore the price. This is done simply because opting for a more basic version involves the customer taking elements away, and therefore suffering a loss. Once the default price has been anchored in the customer's mind, there is less incentive to remove unwanted elements, even if the price gets

reduced. For example, when buying a new laptop, the customer may be offered a package deal that includes antivirus software, a laptop bag, a wireless mouse and other related accessories.

Choice architecture

You can simplify your customers' decision-making processes by cleverly designing the choices you offer. This is called choice architecture.

While the following are guidelines only, and should be tested thoroughly based on your own individual context, brand and customers, generally speaking a good choice architecture has the following characteristics:

- **A small number of choices, usually not more than five, though ideally three.** The smaller the number of options to choose from, the easier it is for the customer to distinguish the differences between the options, and to avoid a feeling of missing out.
- **A recommended or default option.** Because people consider expert advice and social preferences when choosing, highlighting one option as 'the most popular choice' or 'our top-selling package' can direct people to the option you most want them to take.
- **A visual design hierarchy, typically using colour and size.** To make your preferred option stand out, one easy trick is to make it bigger and brighter than the options around it.

Mixpanel strongly emphasises its Business plan as the ideal choice, not only is it highly emphasised compared to the surrounding options, it includes a 'best value' assurance.

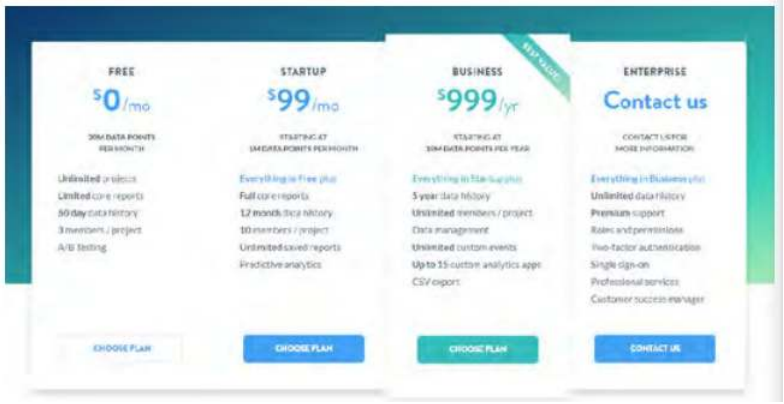


Figure 4.2.4.4: Mixpanel highlighting their Business option as the ideal choice *Screenshot, Mixpanel 2017*

Customer experience mapping

Once you have carefully crafted personas to guide you around who your customer groups are, you need to understand how and where they are engaging with your brand. This is where customer experience mapping comes into play.

A Customer Experience map visually identifies and organises every encounter a customer has (or could have) with your company and brand. These interactions are commonly referred to as "touchpoints". (Kramp 2011)

You can use it as a tool to map your entire customer experience, or to drill down into detail for particular parts of that experience. Examples include in-store purchasing or someone trying to buy something on your website.

The map should detail how customers are feeling at various points in their interaction with you, and also highlight any pain points that they may be experiencing. Identifying these problems or dips in their experience presents opportunities for engagement, and also helps to explain your customer behaviour in context.



Figure 4.2.4.5: An experience map highlights opportunities for improving your customer experience *Permission from Mirum*

Customer experience maps should vary from business to business, so one shouldn't just follow a blueprint. Consider the customer journey introduced in Strategy and context, taking someone from consideration through to purchase and hopefully loyalty. The experience map looks at the progression from consideration through to post purchase in great detail and visually synthesises your customer's behaviour and motivations at every point of contact with your brand. Look at the example above, which includes some key sections:

- **Phase** – Where is your customer in their interaction with your brand?
- **Doing, thinking, feeling** – How does what they are feeling and doing vary from stage to stage?
- **Channels** – What channels or contact points are involved in facilitating this stage of their journey?
- **Opportunities** – What opportunities exist to solve pain points for your brand?

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4.2.5: Measuring success

The ultimate test of how well you understand your customers is evident in the success of your product or service. Targeted and relevant communications can only drive the sales of a relevant and well-positioned product.

Data on the success of your campaigns, from social media analytics through to site visits and customer service feedback, should both act as measures of success and feed into course correcting your marketing efforts or, where relevant, the nature of your actual product or service.

Every measure and data source discussed throughout the rest of this book should feed into your evolving picture of your customer. Personas and user experience maps should be living documents and tools

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SECTION OVERVIEW

4.3: Data driven decision making

Learning Objectives

In this chapter, you will learn:

- The importance of data in our data-driven world.
- What data you should be collecting.
- How data is used to improve the user experience and increase conversions.
- How knowing your customers is integral to improving their experience with your brand.

4.3.1: The Role of Data

4.3.2: Understanding data

4.3.3: Approaching data

4.3.4: Working with data

4.3.5: Becoming a data led organisation

4.3.6: Advantages and challenges

4.3.7: Measuring success

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4.3.1: The Role of Data

The strength of the decisions you make depends on the quality and completeness of the information that informs these decisions. This chapter will examine the role of data in delivering meaningful insights into connected, evolving consumers. Data can be used to change and adapt marketing strategies to better meet changing consumer needs. A dynamic view of data is necessary to create an extremely detailed, regularly updated picture of your consumers. This means that you need to be collecting data all the time, at every stage of the marketing process, to ensure that your view of the customer does not become obsolete.

Definition: The evolving consumer

'The evolving consumer' refers to the fact that people are constantly changing. People change on an individual level and are influenced by technology, the macroeconomic climate, financial stability, and a host of other factors that are always in flux.

A current, accurate view of the customer is essential for marketers because consumers expect to be addressed as individuals. You want to deliver targeted communication that reaches the right audience, at the right time, when they are displaying the right intent, to lead them to purchase your product. Data helps make this happen by providing an individual view of each consumer and helping with segmentation and targeting. Data will also show how well your campaigns are performing, enabling you to improve them and make them more effective. In short, data is used to make logical decisions based on real information to create a customer-driven, data-led business. It must be considered not only at the beginning of your engagement with marketing and digital, but throughout.

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4.3.2: Understanding data

Consumers, technology and data

To understand data and its role in a business, you need to understand consumers and their relationship to technology. Many people believe that technology changes and consumers adapt in response. Really, consumers are leading the change themselves through the technological choices they make. They decide which technology to embrace, usually favouring whatever facilitates speed and ownership of their own experience. This is particularly true on mobile.

Brands need to meet consumers in the technological spaces they have chosen. The consumer relationship with technology is about accessibility, theirs to brands and products, and brands' to theirs. This has shifted a large deal of power to the consumer.

This connection to technology offers many opportunities for marketers. Every new technology embraced by a consumer offers brands new ways to collect information about them. This leads to more granular segmentation and more targeted marketing messages.

The Internet of me

Consider the Internet of Things, which is the idea that more and more everyday objects are technologically enabled to send and receive data via the Internet. The information these objects transmit is, for the most part, related to the consumer using the objects rather than about the objects themselves. Consumers use this connected technology to communicate, create content such as social media posts, and consume and share products.

More than an Internet of Things, you can think of this as an Internet of 'Me'. 'Me' is the consumer, and the technology-enabled connection between objects and the consumer allows brands to access reams of data about consumers that they could never have considered a few years ago.

What is data?

Put simply, data is all the available information about your business. It includes information about your consumers, your products and their performance, your owned digital properties, and any other information that exists that might affect your business. The mountains of data that your business has access to is good for one thing: it helps you create a strong, data-driven business strategy that lets you connect with consumers and, ultimately, sell more products.

> Remember the difference between owned, earned, and paid coverage in the digital sphere? Your owned properties cover your websites, social media profiles, and anything else your brand controls. Read more about this in the Social media and strategy chapter.

The intention behind the collection and careful use of data is to create more value for your customers. Value can be defined as any means through which the brand delivers on its purpose. Whatever that value is, it needs to be something that customers actually want and that is relevant to them. Data can help you identify what is relevant and useful and what really works.

Forms of data

There are four main forms of data relevant to brands:

1. **Algorithmic intelligence –** the algorithmic methods used by companies such as Google and Netflix to help drive revenue. In the case of Google, to assess what people want to read, and in the case of Netflix, to assess what they want to watch.
2. **BI: Business intelligence –** the technology-driven process for analysing an organisation's raw data, about profits and performance, and presenting that information to help brands make better informed business decisions.
3. **CI: Customer intelligence –** information derived from customer data, that comes from internal and external sources, to build better customer relationships and make stronger strategic decisions.
4. **SI: Software intelligence –** software tools and techniques used to mine data for useful and meaningful information, the result of which is similar to BI.

By combining all four forms of data, you could say that you are using data intelligence (DI), and this can easily make you the most powerful brand in your field.

Sources of data

Data can come from any number of sources, particularly thanks to the Internet of Things. You don't need to restrict yourself to website-based analytics. To get a full picture of audience insights, try to gather as wide a variety of information as you can. Some places to look:

Note

Take a look at this video on the Internet of Things , how it works, and what we can do with the data: https:// www.youtube.com/ watch?v=QSIPNhOiMoE.

- **Online data –** everywhere your audience interacts with you online, such as social media, email, forums and more. Most of these will have their own datagathering tools. For example, look at Facebook Insights or your email service provider's send logs.
- **Databases –** look at any databases that store relevant customer information, like your contact database, CRM information or loyalty programs. These can often supplement anonymous data with some tangible demographic insights.
- **Software data –** data might also be gathered by certain kinds of software, for example, some web browsers gather information on user habits, crashes and problems. If you produce software, consider adding a data-gathering feature (with the user's permission, of course) that captures usage information that you can use for future updates.
- **App store data –** app store analytics allows companies to monitor and analyse the way customers download, pay for and use their apps. Marketplaces like the Google Play and Apple App stores should provide some useful data here.
- **Offline data –** in-store experience data, customer service logs, in-person surveys, in-store foot traffic, and much more.

You should consider looking for data in unusual places or consuming data in an unconventional way.

Example 4.3.2.1

Amazon Dash is an excellent example. Amazon Dash is a Wi-Fi-connected service that reorders products with the press of a button. It consists of three components.

1. A scanning device used to inventory consumer goods in a house.
2. The Amazon Dash Button, which can be placed anywhere in a house and programmed to order products of the consumer's choosing.
3. The Amazon Dash Replenishment Service, which allows manufacturers to add a button or auto-detection capability to their devices.



Figure 4.3.2.1: Amazon Dash *Adapted From Wnep, 2015.*

Consumers see this as a brilliant innovation that gets them the product they want, when they want it. They see it as being about convenience, and it is! As an example of incremental innovation, it stands out, and convenience will drive the use of the product. It is also an excellent data collection tool that helps to gather data for granular segmentation. This is good for both the customer and the brand.

Lagging, current, and leading indicators

Your data-driven, customer-first strategy should be built around three data indicators.

1. **Lagging indicators** are past data such as financial results, sales history and past campaign results. Profits can be seen as a result of your marketing efforts and how you responded to the competition. These indicators are important because they show your past performance, but they are only one part of the whole.
2. **Current indicators** are pieces of information from right now. For example, you can use website analytics to see what customers are doing on your site and which pages they visit. You can use this data to segment around that. The immediate environment is also a current indicator, for example, the #deleteuber hashtag was a huge current indicator for the Uber group about how their customers were reacting to their political actions. Current indicators can encourage you to think about what you can do to be agile in response to them.
3. **Leading** or **future indicators** help you think about where the company might be headed. Your brand can make a strategic decision about where you're going to be in the future. Look at other brands that are already established in that area, and examine what people search for in that space. What words do they use in their searches? What ideas are they looking for? What kind of innovations are coming out now that may affect the way your brand does business in the future? Is there any economic or environmental data that could affect how your brand performs? Future indicators help you define your strategy for moving the business forward.

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4.3.3: Approaching data

Enabling dynamic data

Consumers today expect increasingly personalised communication from brands. Personalisation is all about relevance. You can only successfully communicate with and add value to a customer if you understand who they really are. The only way you can do this is through dynamic data.

Many businesses make the mistake of not collecting and storing their data in a single place that can be accessed by everyone. For example, the sales department might have a list of qualified leads, the marketing department might have customer reactions to marketing material, and the CRM department might have access to customer complaints. Multiple data sets within a business pose a risk to customer communication, especially where they lead to irrelevant or outdated information being shared with customers.

Businesses should aim for a single view of customer (SVOC). This is when businesses have one view of customer data, which is all collected in one place and can be accessed by different departments. However, SVOC on its own is insufficient in today's data-rich environment. A SVOC is important as a starting point for storing clean data, but because it is collected at a single point in time, it doesn't account for customer change.

Note

Read more about the importance of database hygiene (keeping data fresh) in the Customer relationship management and Direct marketing: Email and mobile chapters.

Because customers are evolving in the way that they use technology and how they consume products, businesses need to evolve their approach to data to keep up. What is relevant to a customer today might be completely different to what was relevant yesterday. For example, customers listed on the database as married may now be divorced, and customers listed with certain political or product preferences may well change these preferences over time. Businesses need to move away from master data focused on a SVOC and toward dynamic data that keeps this evolution in mind.



Figure 4.3.3.1: Customer experience and data work hand in hand *Adapted From Unknown, n.d.*

As an example, consider a student living away from home, who is provided with a credit card by her father. A SVOC would result in sending marketing material to the father who signed up for the card, when a more dynamic view would take into account who is actually doing the shopping and send the material to her instead.

Data and customer strategy

A data-driven view of the customer allows a business to move from organisationcentric to customer-centric thinking.



Figure 4.3.3.2: The difference between thinking like a shareholder and thinking like a consumer

A customer-centric brand will use these five principles in their customer strategy:

1. **You are not the customer.** No members of staff should presume to know what customers will like or want. No one person's hunches or intuition will be as accurate as a large data set. Use research and data to understand what your customers will like and how they will act accordingly.
2. **Your brand does not know the customers as well as they know themselves.** The brand should understand their customers, realise that the customers are changing, and be willing and able to use data to track and respond to that change.
3. **Customers are all different:** broad segmentation is the same as generalisation. With the amount of data available, brands are capable of very granular segmentation so instead of talking about "All women between 18 and 30 who use makeup", they can narrow it down to "Women between 18 and 30 who use makeup, are interested in X and Y, who like to consume Z, and who are friends with A and B."
4. **Customers are constantly changing.** Dynamic data is essential to ensuring your view of your customer is accurate and relevant.
5. **Data drives the customer-centric view.** You cannot give your customers what they want unless you know what that is and who they are.

> When thinking about different customers using the same type of product, consider makeup brands like MAC and Rimmel. Both brands would target women aged 18–30 years old who wear makeup. However, these brands differ in what their respective customers want from their makeup, what they are willing to pay, what skincare benefits they expect, where they socialise, and what jobs they may have. The more detail you have about your customers, the more you are able to set your brand apart and create marketing messages that speak to individuals.

In a customer-first strategy, dynamic data means creating that never-ending feedback loop we've looked at, of experience out and data in. Everything you do should push out an experience for the customer, and your customer expects that experience to be relevant, personalised, and built for them but in a way that's not too obvious. Larger, established companies may find it difficult to carry out this major shift in thinking to a customer-first approach, which puts new businesses at an advantage.

Data and trust

Consumers are increasingly concerned about privacy. To comfortably share with you the data you need, consumers must believe you will treat that data responsibly and respectfully. Any brand collecting data about its consumers, which should be every brand, needs to work on establishing and maintaining this trust. Trust has three components:

1. **Security:** You need to make sure that you can protect customer data from being hacked or stolen.
2. **Privacy:** You need to ensure that your brand is compliant with legal requirements regarding what data it is and is not allowed to be collected and what it is allowed to do with that data. You should have a privacy policy outline that is easily accessible to the consumer.

3. **Transparency:** Give consumers insight into how their data is being used. Demonstrate how providing access to their data is contributing towards improving their experience.

Once you establish trust with a consumer, that trust can become a bond that leads to a relationship. The more trust you have, the better the relationship will be. However, if you break the trust by overstepping your bounds in personalisation, spamming the customer, or not keeping their data safe, they will go elsewhere

> Different countries will have different legislation around what brands need to do to protect consumer information, such as the European Union Data Protection Directives of 1995, South Africa's POPI (Protection of Personal Information Act) of 2013, or Canada's Personal Information Protection and Electronic Documents Act (PIPEDA). Make sure you are compliant with the laws of the country in which you operate.

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4.3.4: Working with data

Reporting

The process of becoming a customer-centric organisation does not end with gathering data. You need to report on that data to the people who will act on it, in a format that will actually be consumed. For example, if you give everyone a 27-page financial report filled with spreadsheets and nothing else, very few people will read or try to interpret it.

You need to consider your audience: who is going to receive your data, and what format works best for them? The marketing team would receive different data to the managerial team, who would receive different data to the sales team, and so on. Make the data available, but communicate only what is relevant to that audience to facilitate their path to taking action.

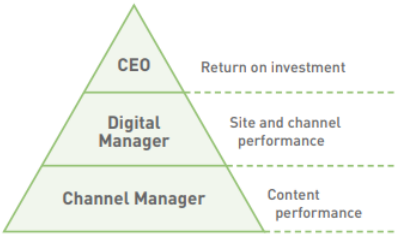


Figure 4.3.4.1: The reporting pyramid. Examples of who needs to see what aspect of website analytics data

Ideally, and while acting within the bounds of legal requirements, your organisation should place no restrictions on who can or cannot see existing data. Everyone in the company should have access in order to facilitate improvements. Make the data available to customer-facing staff as well as product designers, for example.

Why is this so important? Why does every part of the organisation need access to the data you are giving them? Data takes the emotion out of decisions, moving the organisation toward a customer-centric viewpoint. Managers can no longer say, “I’m experienced in this field, so I know what to expect” because opinion no longer matters. Instead, look at what the data is saying to drive your personalisation strategy and deliver relevant customer experiences.

Analysing data

The data feedback loop should never stop after a report. If you want to be agile, you need to consume, interpret, and understand data and turn it into an effect that will result in an immediate reaction.

You can read more about analysing data in the Data analytics chapter. For now, remember that the goal of analysing your data is to look for patterns such as similarities, trends, deviations, and any other relationship, and thinking about what those mean. This process can help you solve problems both on a small scale, at the level of websites and campaigns, and on a larger business-wide scale that you may not have realised you had.

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4.3.5: Becoming a data led organisation

The journey to becoming a data-led organisation is not an easy one, particularly for an already established business. Where would this change happen in how data, and its impact on the customer, is viewed?

A data-driven business needs to involve people who obsess about data and cultivate an organisational culture that puts data and the customer first. The organisational design that enables this data-first approach would look something like this:



Figure 4.3.5.1: A variation of the organisational design required to combine a focus on data and customer to build a relevant customer experience

The journey should follow certain steps. These steps don't all have to happen in the same order, but they do tend to focus on three different areas.

Internal preparation

First, you will need to internally prepare your organisation for a data-first, customerdriven view. The very first thing your organisation needs to do is understand and **validate the financial and emotional investment** the company must make to deliver this new approach (investment in technology, hardware, people, and change management). Then, you will have to:

- **Gather and analyse collective data** to discover how and where your customers are connected (what channels and with what devices).
- **Appoint a cross-functional team** to champion the Customer Experience strategy. This requires customer officers to evaluate customer experience and data officers who can assess your current back-end architecture and data storage. Remember, you need the right infrastructure to support dynamic data storage and use.
- **Architect the best toolset** that supports your existing platforms to drive and support the changing customer experience. Remember to consider the kind of reporting you'll need to do.
- Consider the three **components of trust** – security, privacy, and transparency – and put people and processes in place to monitor this.

Customer focus

Second, your organisation will need to start moving toward actually analysing the customer and making their experience with your brand a better one. This means you need to:

- Identify **granular segments** within your user base.
- Update your **consumer engagement processes** and governance strategy accordingly.
- Shift toward a world where **every customer has a unique view of your product**.
- Start **mapping relevant user journeys** that leverage new channels of access to the consumer.
- Use the collective data to map the journey.
- Consider customer touchpoints and feedback loops.

- Use the data in part of the feedback loop to **map the change** in the customer journey.

External evaluation

Finally, you need to keep an eye on what is happening outside your business that could have an impact on it. This means you should:

- **Evaluate competitors** for their use of data influencing their personalisation strategies.
- Identify **emerging technologies** that could drive your incremental/disruptive innovation strategy.

A focus on data will impact and improve every aspect of your organisation, not only your marketing efforts, so start your journey now.

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4.3.6: Advantages and challenges

The advantages of a data-driven organisation are enormous. It:

- Drives a customer-centric focus
- Enables innovation in highly competitive markets
- Improves ROI on campaigns and other marketing efforts
- Allows for tactical decisions
- Means no opinions are involved as it is evidence-based decision making.

However, one cannot simply decide to be data-driven and have everything work out immediately. To be data-driven you:

- Have to be data-driven in **everything**, no picking and choosing.
- Have to persuade the entire organisation to adopt this mindset.
- Need to set up an organisational structure that will enable data to flow easily.
- Have to invest in the cycle and you need to invest in data to apply the insights that will help you get more data.
- Need to keep in mind that the huge amount of data available can make finding meaningful patterns tricky.

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4.3.7: Measuring success

Success should primarily be measured against your objectives. Gathering an idea of the total economic value of your online efforts can be difficult, but you can do it by examining the following, among others:

Site measures

- Audience behaviour statistics (measuring new against returning customers)
- Audience (unique users, page impressions, bounce rates, and visit duration)
- Frequency and engagement
- Conversions across all channels.

Sales

- Net sales
- Average order value
- Gross or median order value
- Customer acquisition rate
- Customer retention rate (remember, a retained customer is worth three to five times more than a once-off customer, and it is cheaper to retain existing customers than to acquire new ones)
- Offline sales as a result of online drivers (if someone visits the website or sees an ad online and then walks into the physical store, think about how you can measure this).

Services

- Retention
- Acquisitions.

Technical performance

Measuring your technical performance is important to ensure that your customer has a good experience on your online properties and will return. You should always have goals for how you want the user to experience the website, considering elements such as:

- Site maintenance, speed and performance
  - Time per page load (average should be 3 seconds)
- Capacity and reach
- IT services support
- SEO.

Remember, your user will give you three to four seconds of engagement time on a landing page and seven seconds on a homepage before they leave if you haven't answered their question, so make sure you know what the user wants and how to give it to them.

Operations

- Order processing time (an improvement on this based on digital technology is a contribution of online to the business, and it should be counted as a success)
- Fulfilment rates
- Substitution (if a product isn't available, how successful are you at substituting a different one?).

Marketing

- Campaign results against set objectives
- Customer loyalty NPS.
- Channel optimisation
- Customer surveys.

The idea of benchmarking can cause some confusion for brands wanting to measure their success. While industry benchmarks for things like marketing campaigns can be useful for seeing your standing in your industry, you should really be benchmarking against

your own previous performance to ensure that you are always improving as a brand.

On the other hand, harder, more technical aspects of your digital performance should absolutely be measured against universal standards. Page load times have a measurable effect on SEO and customer engagement, so although decreasing your time from twelve to eight seconds is a good effort, you would still be well above the expected three seconds, and this will impact your site's overall performance in multiple areas (Hobo, 2017).

Note

Uncertain how to measure customer loyalty? Take a look at this article on the net promoter score (NPS), which is the KPI used to measure this: blog. emolytics.com/kpi/ net-promoter-scorecustomer-loyalty.

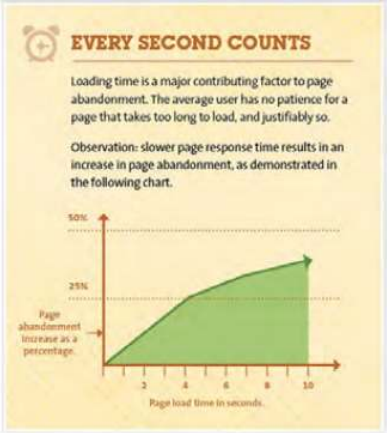


Figure 4.3.7.1: Longer load times increase page abandonment *Adapted from Hobo, 2017.*

The time you take to respond to consumers or to make a sale should be measured against universal benchmarks for similar reasons. That is, consumers have come to expect a certain standard in some areas, and anything not meeting this standard will result in a negative customer experience.

Each chapter in this book will give you an indication of the kind of metrics you should look at to determine success in particular areas.

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CHAPTER OVERVIEW

5: Entrepreneurial Selling

5.1: The Power of Entrepreneurship
5.2: Selling Yourself and Your Idea

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5.1: The Power of Entrepreneurship

Learning Objectives

- Understand the entrepreneurial spirit and what it takes to be an entrepreneur.
- Discuss the role of entrepreneurial businesses in the economy.

Her owners couldn't imagine putting their beloved Zoe, a seventeen-year-old Jack Russell terrier, in the dark belly of the cargo hold of a jetliner when they moved from California's Bay Area to Delray Beach, Florida, in 2005. Although most commercial airlines have been working on policies and procedures to make pets more comfortable when traveling, and give their owners more peace of mind, husband-and-wife team Alysa Binder and Dan Wiesel just didn't feel that options like Delta's Pet First and Continental's PetSafe really filled the bill. So on July 14, 2009, they launched Pet Airways, the first airline dedicated exclusively to transporting animals in a safe and comfortable environment. The airline includes nineteen turboprop Beech 1900 planes that have been converted to comfortably carry up to fifty live animal crates and one certified pet attendant. Pet "passengers" can fly one way for $149 and round trip for $250 to or from any of five major airport locations.Dan Reed, "For Passengers of New Airline, When the Fur Flies, It's in Style," *USA Today*, June 19, 2009, B1. Who else but entrepreneurs would conceive a business idea like this?

It All Starts with an Idea

Entrepreneurs have started all different kinds of businesses from overnight shipping to electronics, music, skin-care products, to retail stores, because each saw an unmet need in the market. Fred Smith started FedEx in 1971 based on a paper he wrote for a Yale University economics class and used his $4 million to start the company.Funding Universe, http://www.fundinguniverse.com/company-histories/FedEx-Corporation-Company-History.html (accessed September 21, 2009). Sam Walton founded Wal-Mart in 1962 because he was convinced that Americans wanted a new type of store, a discount store, so he and his wife put up 95 percent of the money to build the first Wal-Mart store in Rodgers, Arizona.Wal-Mart Stores, Inc., About Us, http://walmartstores.com/AboutUs/297.aspx (accessed September 21, 2009). In 1930, Colonel Harland Sanders started cooking for weary travelers who stopped by his gas station; they ate at his own dining table because he didn't have a restaurant."Colonel Harland Sanders: From Young Cook to KFC's Famous Colonel," KFC.com, www.kfc.com/about/colonel.asp (accessed January 3, 2010). William Hewlett and David Packard decided to start a business and "make a run for it themselves" in 1939; their first product was an audio oscillator, an electronic instrument used to test sound equipment. They decided the name of their company on the toss of a coin.HP, "HP Timeline—1930s," www.hp.com/hpinfo/abouthp/histnfacts/timeline/hist_30s.html (accessed September 21, 2009). Jay-Z saw hip-hop music as a way to get out of the projects in Brooklyn and parlayed his passion and business prowess into a net worth of over $350 million. He is CEO of Def Jam Recordings and Roc-a-Fella Records, part-owner of the New Jersey Nets, and co-owner of the 40/40 Club, among other things.Black Entrepreneur Profile, "Shawn 'Jay Z' Carter," www.blackentrepreneurprofile.com/profile-full/article/shawn-jay-z-carter/ (accessed September 21, 2009). Estée Lauder started selling creams that were created by her uncle and founded Estée Lauder in 1946 "with four products and the belief that every woman can be beautiful.""Famous Women Entrepreneurs," About.com, http://entrepreneurs.about.com/ (accessed September 21, 2009).'Estée Lauder, "About Estée Lauder," www.esteelauder.com/about/index.tmpl (accessed September 21, 2009). Walt Disney, a cartoonist, saw the opportunity to entertain as his driving force when he founded Walt Disney Company in 1923.The Walt Disney Company, "Corporate Information," http://corporate.disney.go.com/corporate/overview.html (accessed September 21, 2009). His passion for his craft led to the creation of the company when he said, "I am interested in entertaining people, in bringing pleasure, particularly laughter, to others, rather than being concerned with 'expressing' myself with obscure creative impressions.""Quotes," JustDisney.com, http://www.justdisney.com/walt_disney/quotes/quotes01.html (accessed September 21, 2009).

Entrepreneurship is about helping people see the benefit of a new way of doing things; it's about having an idea and having the passion and perseverance to make it come alive. What sets an entrepreneur apart from any other businessperson is that fact that she is willing to assume risk to make a profit."What Is an Entrepreneur?" ZeroMillion.com, www.zeromillion.com/business/starting/entrepreneur.html (accessed September 21, 2009). An entrepreneur is not only open to new ways of thinking and of doing things, but he also has the vision, drive, energy, and optimism to bring an idea from concept to reality. Generally, an entrepreneur is someone who says, "There's a better way, and I will find it." Entrepreneurs are willing to take

risks to make things better.Federal Reserve Bank of Dallas, “Everyday Economics,” www.dallasfed.org/educate/everyday/ev3.html (accessed September 19, 2009).

Why Become an Entrepreneur?

(click to see video)

David Fox, founder and CEO of Brave Spirits, talks about why someone should consider being an entrepreneur. It might surprise you to hear what he says about being your own boss.

Guy Kawasaki, famous entrepreneur, venture capitalist, speaker, and author of several books on entrepreneurialism including *The Art of the Start: The Time-Tested, Battle-Hardened Guide for Anyone Starting Anything*, provides a holistic way of viewing entrepreneurship.

Making Meaning

(click to see video)

The idea of starting, restarting, or growing something—whether a business or a nonprofit organization—is grounded in “making meaning,” which is the cornerstone of Guy Kawasaki’s concept of entrepreneurship as shown in this video.Guy Kawasaki, “The Art of the Start,” video, April 29, 2006, http://www.youtube.com/watch?v=L3xaeVXTSBg (accessed September 28, 2009).

Entrepreneurialism and the Economy

Imagine that in 1899, the director of the United States Patent Office made the proclamation that everything that could be invented had already been invented. He certainly underestimated the power of the American entrepreneur. Everything from airplanes to telephones, computers to the Internet, not to mention the iPod and even skateboards, have all been products developed and marketed by entrepreneurs over the past 110 years.Guy Kawasaki, “The Art of the Start,” video, April 29, 2006, http://www.youtube.com/watch?v=L3xaeVXTSBg (accessed September 28, 2009).

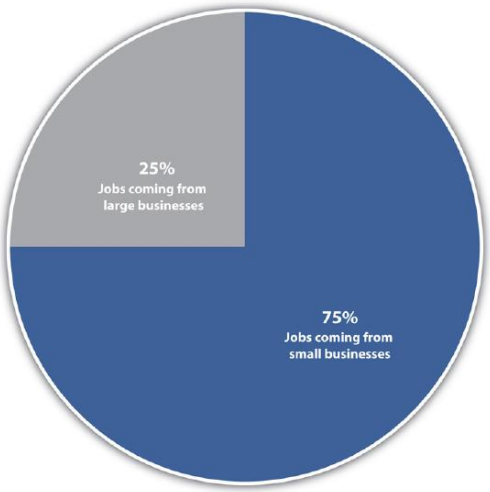


Figure 5.1.1: Approximately 75 percent of new jobs added in America are from small businesses according to the U.S. Department of State.*U.S. Department of State’s Bureau of International Information Programs, “Entrepreneurship Aids the Economy: Most Economists Agree that Entrepreneurship Is Essential to Any Economy,” May 12, 2008, www.america.gov/st/business-english/2008/May/20080603233010eaifas0.8230554.html (accessed September 19, 2009).*

Today, entrepreneurs literally power the country. There are twenty-seven million businesses in the United States; 99.7 percent of them are considered small businesses, according to David C. Dickson, district director for the Small Business Administration. That means that only 80,000 businesses are considered large businesses; the other 26.9 million are small businesses.District Director David C. Dickson, Philadelphia, Small Business Association, SCORE Open House, September 22, 2009, Valley Forge, PA. Small businesses provide approximately 75 percent of the new jobs added to the American economy every year.

Besides providing jobs, entrepreneurial businesses are more likely to provide specialty and custom goods and services to consumers and businesses. In fact, small businesses produce nearly thirteen times more **patents** (rights of exclusivity to make and market the product or service granted by the United States government) per employee than large firms.United States Patent and

Trademark Office, “What Is a Patent?” www.uspto.gov/go/pac/doc/general/#patent (accessed September 28, 2009).ʼU.S. Department of State’s Bureau of International Information Programs, “Entrepreneurship Aids the Economy: Most Economists Agree that Entrepreneurship Is Essential to Any Economy,” May 12, 2008, www.america.gov/st/business-english/2008/May/20080603233010eaifas0.8230554.html (accessed September 19, 2009). Small businesses represent one-third of all companies that have fifteen or more patents.U.S. Department of State’s Bureau of International Information Programs, “Entrepreneurship Aids the Economy: Most Economists Agree that Entrepreneurship Is Essential to Any Economy,” May 12, 2008, www.america.gov/st/business-english/2008/May/20080603233010eaifas0.8230554.html (accessed September 19, 2009).

Entrepreneurialism is critical not only for the growth of the economy in the United States but also globally. The Kauffman Foundation, in conjunction with researchers from Babson College and the London School of Business, found that the disparity in entrepreneurial activity in some countries is contributing to a gap in economic growth. “The Global Entrepreneurship Monitor (GEM) report provides conclusive evidence that promoting entrepreneurship and enhancing the entrepreneurial dynamic of a country should be an integral element of any government’s commitment to boosting economic well-being,” according to Paul Reynolds, GEM project coordinator at both Babson College and the London Business School.Small Business, “Entrepreneurs Add Vitality to the Economy,” http://www.smallbusinessnotes.com/aboutsb/vitality.html (accessed September 19, 2009). According to the study, Canada, Israel, and the United States are those countries that are experiencing the highest level of activity, while Denmark, Finland, France, Germany, and Japan have the lowest levels of activity. The GEM constructed a framework for countries to work within to encourage entrepreneurial activity that includes raising the participation level to those outside the core age group of twenty-five to forty-four and increasing the participation of women in the entrepreneurial process.Small Business, “Entrepreneurs Add Vitality to the Economy,” http://www.smallbusinessnotes.com/aboutsb/vitality.html (accessed September 19, 2009).

Entrepreneurship is rewarded in the United States because the economy is based on a **free market system**—one in which an individual’s success is dictated by demand on the part of the consumer, not by the government.Federal Reserve Bank of Dallas, “Everyday Economics,” www.dallasfed.org/educate/everyday/ev3.html (accessed September 19, 2009). Because entrepreneurial businesses are so important to the economy, free market governments not only support them, but they often encourage entrepreneurial business ventures. According to Harvard Business School professor Josh Lerner, the United States government played a key role in the early development of Silicon Valley. The government has also provided support for the growth of innovation in places such as Tel Aviv and Singapore.Sean Silverthorne, “Government’s Positive Role in Kick-Starting Entrepreneurship,” HBS Working Knowledge, December 7, 2009, http://hbswk.hbs.edu/item/6318.html (accessed January 3, 2010).

While statistics are no guarantee of success for the future, especially in today’s tough economy, you might find it interesting to know that small businesses employ a little more than half of all private sector workers, pay 44 percent of all private sector payroll, and have generated 64 percent of new jobs over the past fifteen years. In 2008, approximately 530,000 new businesses were created every month, which was a slight increase over 2007.Laura Petrecca, “Tough Times Drive Start-Ups,” *USA Today*, September 14, 2009, B2.

These facts reflect the importance of creativity, ideas, passion, drive, independence, and risk taking in the economy. Entrepreneurialism isn’t limited to a specific type of organization or business; it’s a state of mind, a way of thinking and behaving, a way of pushing for something better than the status quo. Entrepreneurs can be found in large multinational corporations as well as nonprofit organizations, and new business start-ups. Every large business or organization had to start small but think differently.

Power Selling: Lessons in Selling from Successful Companies

An Entrepreneur Searching for Entrepreneurs

Imagine auditioning your product idea in front of a panel of judges. The reward for the winner? A television commercial for your product sponsored by Telebrands, the company that advertises “As Seen on TV,” quirky, practical products on television and in their retail stores. CEO A. J. Khubani goes on the hunt regularly for new and unique products. Would-be entrepreneurs demonstrate and sell their products in front of a panel that includes Khubani, his wife, and other executives of the company. He looks for products with “mass appeal, inexpensive production costs, and good demonstrability in ads.”Theresa Howard, “Investors Seek Pot of Gold on TV,” *USA Today*, June 25, 2009, B1, 2.

Getting Started

Being an entrepreneur can be exciting and invigorating. Having the vision to create products and services that can meet and exceed customers' needs and imaginations and the passion to bring them to market can be exhilarating. Imagine having a hobby in college that turns into a multibillion-dollar business. That's how Mark Zuckerberg created Facebook and Michael Dell created Dell. Both had a unique idea and vision and were willing to take the risk to make it a reality.

Power Player: Lessons in Selling from Successful Salespeople

Meet the Chef

It started when formally trained chef Kimberly Davis Cuthbert's infant son refused to eat the sweet potato puree she made for him. Although her bakery, Sweet Jazmines, used the puree for some recipes, she was determined never to waste sweet potato puree again. Her famous Sweet Potato Muffins were born and have been a signature treat at her successful bakery ever since. Read more about Chef Kim's passion for baking, commitment to baking from scratch, and her sweet taste of success at sweetjazmines.com/index.html.

Where does it all start? The entrepreneurial drive starts early for most who have it. Think about when you were young. If you were the one in the neighborhood who set up a lemonade stand, went door-to-door selling products, or set up a lawn-mowing service in the neighborhood (and hired your friends), you may have the makings of an entrepreneur. While you and many of your friends (and perhaps your siblings) participated in activities like this when you were young, not everyone will grow up to be an entrepreneur. A recent study, which focused on the behaviors of identical twins, has found evidence that entrepreneurialism may be based on genetics, not environment.Nicos Nicolaou, Scott Shane, Lyn Cherkas, Janice Hunkin, and Tim D. Spector, "Is the Tendency to Engage in Entrepreneurship Genetic?" *Management Science* 54, no. 1 (January 2008): 167–79, mansci.journal.informs.org/cgi/content/abstract/54/1/167 (accessed September 21, 2009). In fact, the study found that a connection between different genes causing someone to be extroverted is important to salesmanship, which is also a strong trait in many entrepreneurs.Jim Hopkins, "Starting a Business: What It Takes," *USA Today*, October 25, 2006, www.usatoday.com/money/smAllBusiness/2006-07-30-starting-your-business_x.htm (accessed September 19, 2009).

Video Clip

A Virtual Idea

Listen to Philip Rosedale, the CEO of the virtual world Second Life, talk about how he conceived the concept when he was young and how he created and has grown the business.

cmypitch.com/entrepreneur-tv/show/95/philip_rosedale_created_the_virtual_world_known_as_second_life

Genetics or not, the current state of the economy has forced many who are out of work to consider owning their own business. "These are people that two years ago did not aspire to own a business, but circumstances have dictated that they look at freelance opportunities," says Ken Yancey, CEO of nonprofit entrepreneur-mentoring group Service Corps of Retired Executives (SCORE). In fact, Internal Revenue Service (IRS) data confirm that the number of nonemployer firms (those that have paid employees) is up 8.1 percent from 2007 to 2008.Laura Petrecca, "Tough Times Drive Start-Ups," *USA Today*, September 14, 2009, B1. These "accidental entrepreneurs" have come of age due to a variety of circumstances. Some, like Maureen Rothman, president of Rothman Associates, started her business when her employer went out of business. Although she had over fifteen years of selling and sales management experience, when people encouraged her to start her own business her first thought was, "I'm not an entrepreneur." After developing a business plan and getting input and direction from resources such as SCORE, she said that everyone told her to "just do it." "On 09.06.05 [September 6, 2005]," as she likes to say, "I did it!" and launched Rothman Associates, a manufacturers' representative for hospitality seating products.Maureen Rothman, SCORE Open House, September 22, 2009, Valley Forge, PA.

Entrepreneurial at Any Age

Whether it's the challenging economy or the idea of controlling your destiny, entrepreneurs begin their journey at different ages.

Tech-savvy teenagers are starting online businesses since the Internet has lowered the barriers to entry and provided anonymity from their age. Challenges in finding part-time work also drive teens to start traditional businesses such as yard work, party planning, and tutoring.Eilene Zimmerman, "Teenagers Are Building Their Own Job Engine," *New York Times*, June 28, 2009, B10.

At the other end of the spectrum, many baby boomers who are reaching retirement age are now asking themselves if retirement is "when you stop working completely or retire from one job and begin another." Independence, passion, flexibility, and additional income are significant motivators to "mid-life entrepreneurs." In fact, boomers compose nearly half of the nation's self-employed workers.Susan L. Reid, "Take Control of Your Retirement: Become a Midlife Entrepreneur," American Express, August 25, 2009, www.openforum.com/idea-hub/topics/innovation/article/take-control-of-your-retirement-become-a-midlife-entrepreneur-susan-l-reid (accessed September 28, 2009).

Leaving corporate life behind for a chance to build a business and chase a dream is a trend that is occurring across the country in industries of all kinds from technology to personal services. Ali Galgano recently traded in her high-powered job as corporate recruiter doing work for firms such as Goldman Sachs for her own jewelry company, Charm & Chain. Brent Bouchez, David Page, and Nancy McNally gave up their glitzy, perk-filled jobs at an advertising agency on Madison Avenue in New York to start their own marketing firm named Five-0, which is focused on marketing to baby boomers. Kelly Elvin gave up a lucrative career as a lawyer to become a dog trainer. All have learned that life as an entrepreneur is very different from life in the corporate world. The thrill of running your own show and making your dream come alive is a learning process. There are no bosses, no corporate initiatives, no departmental deadlines, and no performance reviews. Everything is all you, all the time. Skills such as time management, understanding financial statements, building a good support system, and overcoming the isolation of working alone are all challenges in the entrepreneurial world. "Entrepreneurs have to be willing to listen and learn and make judgments and be adaptive," according to Monica Doss, director of the Kauffman Foundation's FastTrac entrepreneur training programs.Laura Petrecca, "From Corporation to Start-up: Who Is Going to Fix the Printer?" *USA Today*, September 21, 2009, www.usatoday.com/money/smallbusiness/startup/week2-corporation-to-startup.htm (accessed September 21, 2009). As for the issue of timing, some ideas might not work in the current economic environment. Entrepreneurs have to understand when it's no longer feasible to keep a business running.Laura Petrecca, "Leaving Corporate Life Behind," *USA Today*, September 21, 2009, B1, 2.

Who's the Boss?

Ali Galgano, CEO of Charm & Chain, realized that working on her own without a boss had its strong points and challenges. Galgano formed an "advisory board of people who are smarter and more accomplished than I am." She has monthly meetings with the advisory board to help her formulate strategies and make good business decisions. The group includes her father who is an investment banker. Read about her perceptions of life as an entrepreneur in this article that appeared in *USA Today* at www.usatoday.com/money/smAllBusiness/startup/week2-corporation-to-startup.htm?loc=interstitialskip.Laura Petrecca, "Leaving Corporate Life Behind," *USA Today*, September 21, 2009, B1, 2. Check out the Web site for Ali's company at http://www.charmandchain.com.

What Does It Take?

Entrepreneurialism is based on dreams and risk. Not every idea is commercially viable or economically feasible, and not every dream comes true. But there are some common ingredients that are part of being an entrepreneur.

Video Clip

Do You Have What It Takes?

Hear from some of the best entrepreneurs from around the world about what it takes to be an entrepreneur.

www.ey.com/GL/en/Issues/Driving-growth/WEOY-2009---What-does-it-take-to-be-an-entrepreneur

What's the Big Idea?

Every business starts with an idea—that unique product or service that will serve customers better than any other. "Entrepreneurs are often so passionate about their ideas, they can lose objectivity," according to Nancy A. Shenker, president of theONswitch LLC. "Rather than taking the time to thoroughly plan and research, they sometimes plow ahead with execution, only to spend valuable dollars on unfocused or untargeted activities," she adds.Karen E. Spaeder, "How to Research Your Business Idea," *Entrepreneur*, http://www.entrepreneur.com/article/printthis/70518.html (accessed September 19, 2009). That's why it's important to research the viability of a business idea starting with the size of the market and if the idea will be compelling enough to meet an unmet need in the marketplace. Checking out the competition can be extremely educational. You might be surprised about what you learn by visiting your competitors and asking questions to their customers.Karen E. Spaeder, "How to Research Your Business Idea" *Entrepreneur*, http://www.entrepreneur.com/article/printthis/70518.html (accessed September 19, 2009). The bottom line is that there has to be some recognition by the customer that there is a need for the product or service you want to bring to market. Without demand, it will be virtually impossible to have a successful business.

You might be wondering if there's more to being an entrepreneur than simply selling a product or service for a profit. **Social entrepreneurialism** uses the concepts of entrepreneurship to bring about social change. While some social entrepreneurial efforts are nonprofit organizations, others are for-profit companies that focus on adding value to society. For example, City Year is a nonprofit organization that provides full-time year of service for young people from the United States and South Africa with the objective that they will go on to use their skills to better the world. Social entrepreneurialism is recognized and supported by several mainstream organizations.

Link

Best Social Entrepreneurs

View the *Fast Company* magazine annual list of "The Best Social Entrepreneurs."Ilya Bodner, "Social Entrepreneurship," *Fast Company*, June 2, 2009, www.fastcompany.com/blog/ilya-bodner/true-business-credit-card/social-entrepreneurship (accessed September 21, 2009).

www.fastcompany.com/social/2008/index.html

Link

Most Promising Social Entrepreneurs

BusinessWeek published its inaugural list of "The Most Promising Social Entrepreneurs" in May 2009.

http://www.businessweek.com/smallbiz/content/may2009/sb2009051_730988.htm

The Difference Is in the Questions

No one plans to bring a mediocre product or service to market, but the best way to avoid that fate (and ultimately failure) is to ask yourself the right questions before you start your business. For example, can you really answer the question "What sets your product or service apart from what the competitors offer?" A claim like "the best burger in Seattle" doesn't offer any real point of difference to the customer. Asking the right questions helps identify important opportunities or explain the lack of them.Max Chafkin, "The Wexley Way: How to Think Creatively in 8 Easy Steps," *Inc.*, February 19, 2009, www.inc.com/articles/2009/02/wexley.html (accessed September 19, 2009). A good start is to ask yourself these three questions:

1. What are you selling?
2. To whom are you selling it?
3. Why would they buy it from you?

If answered honestly and specifically, these questions help identify the validity of a new business idea.Ridgely Evers, "The Three Toughest Questions," *Inc.*, April 1, 2008, www.inc.com/resources/startup/articles/20080401/revers.html (accessed September 19, 2009).

Hard Work, Long Hours

You might consider the concept of being your own boss to be a good deal. After all, you can do what you want, when you want, and work as hard as you want on what you want do to because you're the boss. Well, that's not really completely true. The challenge of bringing an idea to life is hard work and there's no guarantee of success. According to the U.S. Census Bureau, only 48.8 percent of the new businesses that were started in 1977 were still around in 2000.Scott A. Shane, "Failure Is a Constant in Entrepreneurship," *New York Times*, July 17, 2009, boss.blogs.nytimes.com/2009/07/15/failure-is-a-constant-in-entrepreneurship (accessed January 3, 2010). Being an entrepreneur is hard work. Think about Melissa Carter, the owner of San Diego's first CiCi's Pizza. She works about seventy hours a week and put in even more hours before the grand opening in August 2009.Laura Petrecca, "Leaving Corporate Life Behind," *USA Today*, September 21, 2009, B1, 2. Dan Sanker, president and founder of CaseStack, a logistics outsourcing company, admits that he really doesn't take any time off, despite his good intentions. Sanker strongly encourages people to follow their dreams and do something entrepreneurial as he has done. But he also reminds the aspiring entrepreneur to keep in mind that business ownership does not provide complete freedom and flexibility because you will ultimately "be beholden to investors, clients, and employees.""Interview with an Entrepreneur—Dan Sanker of CaseStack," E-Shadow.com, www.e-shadow.com/interview-with-an-entrepreneur-dan-sanker-of-casestack (accessed September 19, 2009). Vinny Lingham, founder of do-it-yourself Web site building company Yola, who recently secured $20 million in investor funding and was featured on the cover of the July 2009 issue of *Entrepreneur* magazine, says, "Success may look like it happened overnight but that's rarely the case in reality. You have to be prepared to put in long hours, take risks, and make personal sacrifices." But he goes on to say, "And ideally the best time to make them is when you're young, which is why I encourage young entrepreneurs to go for it."Juliette Pitman, "Persistence Pays: Vinny Lingham," *Entrepreneur*, July 2009, www.entrepreneurmag.co.za/article/h/?a=1516&z=161&title=Persistence+Pays:+Vinny+Lingham (accessed May 16, 2010). Read the entire article about Vinny Lingham's entrepreneurial journey and success at www.vinnylingham.com/cover-story-entrepreneur-magazine-july-2009.html.

The Best and the Worst

(click to see video)

Listen to David Fox, founder and CEO of Brave Spirits, share his thoughts about the best and the worst of being an entrepreneur.

Get Rich Quick? Probably Not

Entrepreneurs are motivated by discovery, creativity, and innovation. While almost three-quarters of current business owners surveyed by the Kauffman Foundation said that "building wealth" is the reason they became an entrepreneur, it may take a long time to realize the financial benefit of entrepreneurship.Laura Petrecca, "Leaving Corporate Life Behind," *USA Today*, September 21, 2009, B2. For example, a **franchise**, a form of business organization in which a person, or **franchisee**, pays a company to use its name and market its products, can cost hundreds of thousands of dollars in up-front fees."Franchise," InvestorWords.com, www.investorwords.com/2078/franchise.html (accessed September 28, 2009). A Subway franchise can cost as much as $250,000, not including any royalty fees, rent, product, or labor costs."Subway Franchise for Sale," Docstoc, http://www.docstoc.com/docs/2418199/Subway-Franchise-for-Sale (accessed September 28, 2009)."2009 Franchise 500 Rankings," *Entepreneur*, http://www.entrepreneur.com/franchises/rankings/franchise500-115608/2009,.html (accessed September 28, 2009). Meanwhile, businesses that require inventory, such as retail stores or restaurants, require an investment in inventory, real estate, or even technology before the doors even open. But if the franchise or business idea is right, and the business is well run, the payback can be significant financially and personally.

Interestingly, it's more than money that motivates many entrepreneurs. It's more than "riches" according to Scott Laughlin, director of the University of Maryland's Tech Entrepreneurship Program. Entrepreneurs are more interested in "wealth"; he points to two of the most famous entrepreneurs, Bill Gates from Microsoft and Warren Buffet from Berkshire Hathaway, who have pooled their resources into the $60 billion philanthropy called the Bill & Melinda Gates Foundation. "Wealth is broader, encompassing less tangible rewards such as respect and independence," says Laughlin.Jim Hopkins, "Starting a Business: What It Takes," *USA Today*,

October 25, 2006, www.usatoday.com/money/smAllBusiness/2006-07-30-starting-your-business_x.htm (accessed September 19, 2009).

Top Ten Franchise Opportunities

View *Entrepreneur* magazine's list in slide show format including number of franchises in operation, start-up costs, and other statistics.

www.entrepreneur.com/slideshow/199084.html

Key Takeaways

- **Entrepreneurship** is the practice of selling ideas and having the passion and perseverance to make it become a reality. **Entrepreneurs** are willing to take risks to bring a product or service to market.
- Some of the world's largest companies were started by **entrepreneurs**.
- **Entrepreneurs** have a significant impact on the economy of the United States and the world.
- **Entrepreneurs** protect their ideas by applying for a **patent** from the United States government.
- **Entrepreneurs** flourish in a **free market system**, one in which an individual's success is dictated by demand on the part of the consumer, not the government.
- Being an **entrepreneur** requires a unique idea, passion, and hard work to bring it to fruition.
- **Social entrepreneurship** includes nonprofit organizations as well as for-profit companies that focus on impacting society in a positive way.
- An **entrepreneur** may start a business based on a new idea or expand an existing brand by buying a **franchise**.

Exercise 5.1.1

1. Watch this video interview with Joe Kennedy, CEO of Pandora (the online personalized music Web site), to see how the company started and evolved: http://www.entrepreneur.com/video/index.html. Identify three key lessons that he talked about that brought the company to where it is today.
2. Review the list of *Entrepreneur* magazine's fastest-growing franchises: http://www.entrepreneur.com/franchises/rankings/fastestgrowing-115162/2009,.html. Visit the Web sites of at least three of the franchises and answer these three key questions about their business: What do they sell? To whom do they sell it? Why do people want to buy it from them?
3. Visit the Web site of *Entrepreneur* magazine: http://www.entrepreneur.com. Read a current article about an entrepreneur and discuss his or her unique idea.

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5.2: Selling Yourself and Your Idea

Learning Objectives

- Understand how entrepreneurs sell themselves and their business ideas to secure funding to grow their businesses.

So you have a unique idea, the passion and perseverance to bring it to market, and the willingness to take the risk. Now what?

Being an entrepreneur in some ways is like being a student: you have to do your homework. In the business setting, that means creating a **business plan**: a road map of the who, what, when, where, why, and how of your business. A business plan is a document that details everything about the business from the product position in the marketplace to the financial information for the next three years. But a business plan is not simply like a term paper—a project that's completed and then put on the shelf. A business plan is a dynamic document and should serve four purposes:

1. **Sell you on the business**. While this might sound like a no-brainer, the business plan development process includes rigorous research that can be a good eye-opener about the feasibility of your idea. Ideally, your business plan helps put your idea and its potential into perspective and gives you the details you need to move from concept to reality. However, even if you determine that your idea doesn't have as much potential as you thought or might cost more than you anticipated, the process of creating a business plan helped you reach that conclusion.
2. **Sell others on the business**. In many cases, a business needs some kind of support—financial, consultative, or other resources. In this case, the business plan plays the role of the selling and marketing materials for your idea. How you make your idea come alive and support it with the necessary research and financial data can be the difference between someone becoming a stakeholder in your new venture or taking a pass.
3. **Give you confidence**. Having a great idea is one thing, doing the research to understand exactly what it will take to make the idea real is quite another. Having a better understanding of what it takes to launch and manage the business puts you in control to solicit investors and other supporters and start your journey.
4. **Improve your chances of success**. A business plan is a lot of planning and work, but it's worth it. According to a study conducted by AT&T, 42 percent of entrepreneurs who had written a business plan rated themselves as more successful than the 58 percent who hadn't written one.David E. Gumpert, "The Basics of Business Plans: Sell, Sell, Sell," *Inc.*, October 24, 2000, www.inc.com/articles/2000/10/14871.html (accessed September 19, 2009).

Writing Your Business Plan

Every business or organization is different, but a business plan is a common method of planning the launch and management of the business.SCORE, "Business Plan for a Startup Business," www.score.org/resources/business-plan-startup-business (accessed September 29, 2009). While there is no single business plan format, the elements of a business plan are standard. The following business plan outline serves as a guide to developing a business plan. Keep in mind that the order in which you write your business plan should not necessarily follow the order in which you present your plan.

Business Plan Outline

1. **Table of contents**. Page numbers for each section.
2. **Executive summary**. Write this section after the plan is completed; this should be a compelling summary of the plan and how it will work.
3. **General company description**. A high-level description of the product, service, or organization and the unmet need it meets.
4. **Products and services**. A detailed description of the product, service, or organization; how it works; manufacturing costs; and so on.
5. **Marketing plan**. A detailed description of the current state of the market, including competition, your positioning, target audience, and how customers will learn about your product, service, or organization and the cost to get the word out.
6. **Operational plan**. A detailed description of how you will run the day-to-day operations, including product costs, real estate, inventory levels, labor, credit, and so on.

7. **Management and organization**. A detailed description of the principals of the company, including bios, board of directors, advisory board, banker, attorney, insurance agent, mentors, and so on.
8. **Personal financial statement**. A personal financial statement for each partner in the business. This is important as business owners often provide capital to start up or support the business; investors want to see the financial standing of the principal individuals.
9. **Start-up expenses and capitalization**. Accurate accounting of the expenses that are required to get the business started.
10. **Financial plan**. A twelve-month profit and loss statement, three-year financial projection, projected cash flow, and opening day balance sheet.
11. **Appendices**. Supporting information such as brochures and advertising, blueprints, leases, equipment, list of assets available, letters of recommendation, and any information that will help support your plan.

Link

Business Plan Template

A complete template with detailed descriptions for each section is available at the SCORE Web site.

http://www.score.org/resources/score-business-plan-template

Presenting Your Business Plan

Once you have identified your breakthrough idea (think iPod as the standard for a breakthrough idea), conducted your research, and written your business plan, it's time to put everything to use. Whether you plan to fund the business yourself or find an investor to provide some capital (money), you will need your business plan to secure resources from your bank, insurance company, lawyer, attorney, and other support areas. Your business plan is the universal document for discussions with each of these people. In fact, you should first present your business plan to family, friends, and mentors to get some feedback before you take it out "on the road."

Types of Investors

When it comes to **investors**, people who are willing to invest financial support based on the potential for the success of your business, there are several different types. Here is a summary of the types of investors:

- **Banks**. Banks are a common source of lending, and most offer several different types of business loans, including **Small Business Administration (SBA)** guaranteed loans. (The SBA does not actually provide loans; they simply guarantee them to banks that make the loans.) Banks are the most regulated form of lending; ratios must meet their requirements, and all paperwork must be in order."Small Business Loan Sources, Take Aim," Business Plan Master, www.businessplanmaster.com/small-business-loan-sources.html (accessed September 28, 2009).
- **Private investors (or angel investors)**. These are people who are willing to invest money or resources to seed the business or get it up and running. Private investors can include anyone from your uncle who invests $5,000 to a friend of the family who lets you use their second home for office space. Private investors may want to have a say in major business decisions."How to Get Funding from Angel Investors," *Wall Street Journal*, guides.wsj.com/small-business/funding/how-to-get-funding-from-angel-investors (accessed September 19, 2009). Each deal is negotiated separately; be sure to agree to terms with a contract. This is the least regulated area so it's best to be informed about your angel's background."Small Business Loan Sources, Take Aim," Business Plan Master, www.businessplanmaster.com/small-business-loan-sources.html (accessed September 28, 2009).
- **Venture capital firms** (also referred to as **VCs**). VCs usually specialize in investments of $1 million and above, although there are no hard-and-fast rules. They are looking for a fast return on their investment, especially with the opportunity for an **initial public offering (IPO)** to take the company public. VCs look for a strong management team and an idea with market potential. Most want a return within three to five years and want to have a say in major decisions that impact the company."Small Business Loan Sources, Take Aim," Business Plan Master, www.businessplanmaster.com/small-business-loan-sources.html (accessed September 28, 2009).
- **Equipment leasing companies**. If you business requires equipment, leasing can be an option that frees up cash and provides an option to buy at the end of the lease."Small Business Loan Sources, Take Aim," Business Plan Master, www.businessplanmaster.com/small-business-loan-sources.html (accessed September 28, 2009).

- **Government programs**. There are many programs at the local, state, and national level designed to support the growth of small businesses. The SBA is only one of the many programs available. Many programs offer opportunities for minorities, business loans, tax incentives, and grants, just to name a few. Research is key to find the program that can potentially support your business; they are not all listed in one place.“Small Business Loan Sources, Take Aim,” Business Plan Master, www.businessplanmaster.com/small-business-loan-sources.html (accessed September 28, 2009).

A complete summary of types of investors is available at www.businessplanmaster.com/small-business-loan-sources.html.

✔ Video Clip

The Best Partner Is No Partner

Investors aren’t for everyone. Bob Parsons, founder and CEO of GoDaddy.com, the world’s largest domain-name registrar, founded his company with his own money and runs it his way. “Nobody’s going to do things like I do,” says Parsons. Everything to support his business is done in-house from the computer software and award-winning customer service to the radio and video recording studios where Parsons records his frequent video blogs and hosts his weekly radio show.Wilson Harrell, “The Way I Work: Bob Parsons, Go Daddy,” *Inc.*, January 1, 2009, www.inc.com/magazine/20090101/the-way-i-work-bob-parsons-go-daddy.html (accessed September 19, 2009).

Watch Bob’s video blog titled “5 Things I Wish I Learned in Business School.”

http://www.bobparsons.me/index.php?ci=13338&id=-1

Selling Your Business Plan—and Yourself

When you present your business plan to anyone—a banker, a lawyer, an accountant, you are asking her to make a commitment to support your business idea. While the contents and details of your business plan are critical to gaining support, you are selling more than your business idea—you are selling yourself. How you communicate your vision and supporting details in a clear, concise, and confident manner can make the difference between getting financial or other support or walking away empty handed.

All the concepts that you have learned in the *Selling U* section of each chapter apply when you are selling your business plan. Thinking about yourself and your business idea as a brand is where it all starts. Remember from Chapter 1 that a brand is unique, consistent, and relevant and has an emotional connection with its customers. Your personal brand and your business brand need to accomplish the same goal. *Fast Company* magazine identifies personal marketing as one of the first steps for Gen Y entrepreneurs to start their own business: “One of the most important requirements of entrepreneurship is the ability to sell yourself and your ideas.”Lindsey Pollak, “Gen Y Entrepreneurs: Here Are the First Steps to Starting Your Own Business,” *Fast Company*, March 15, 2009, www.fastcompany.com/blog/lindsey-pollak/next-generation-career-advice/are-you-gen-y-considering-entrepreneurship-first-s (accessed September 28, 2009).

Evolution of a Business Plan

(click to see video)

Listen to David Fox, founder and CEO of Brave Spirits, discuss the role and evolution of his company’s business plan.

Just as you use your résumé to tell “stories” about your three brand positioning points for your personal brand, your business plan pitch should be equally concise and powerful. Although you have worked for hours (probably months, if not years) on your business plan, your presentation or pitch should focus on the key points and demonstrate not only that it is a potentially profitable business idea (or nonprofit organization that can achieve its goals) but also that you are the right person to make the concept come alive.

✔ Gen Y Entrepreneurs: Get Ready to Sell…Yourself

Fast Company magazine suggests Gen Yers start marketing themselves as a brand even before they start their business. Here are some things you can do now:

- Join professional organizations and become visible, especially to high-profile people in the industry.

- Volunteer at a nonprofit organization that is related to the business you want to start. Demonstrate the quality of your work by working on a committee or major project that is important to moving the organization forward.
- Get a mentor who will give you personal guidance and advice on your career, business idea, and resources.
- Write a blog, post entries to Twitter, share your observations and theories, and get feedback.
- Read everything you can about the industry you want to enter.Lindsey Pollak, “Gen Y Entrepreneurs: Here Are the First Steps to Starting Your Own Business,” *Fast Company*, March 15, 2009, www.fastcompany.com/blog/lindsey-pollak/next-generation-career-advice/are-you-gen-y-considering-entrepreneurship-first-s (accessed September 28, 2009).

Key Takeaways

- A **business plan** is a road map for your business and a tool to present your business idea to potential resources and investors.
- A **business plan** has certain key elements, including a statement of purpose and marketing, operational, and financial plans.
- An **investor** is a person or organization that provides financial or other support to your business.
- Types of **investors** include banks, **private investors**, **venture capitalists**, equipment-leasing companies, and government programs.
- When you present your **business plan** to prospective **investors**, you are selling more than your idea; you are selling yourself.

? Exercise 5.2.1

1. Assume you are starting an online business called FitMePerfect.com, a Web site where customers can order jeans made to their exact body measurements. What kind of information would you include in the marketing plan section of your business plan?
2. Contact a local bank and talk to the commercial lending officer to find out the process for applying for a business loan.
3. Discuss three things you can do now to prepare for a career as an entrepreneur.

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SECTION OVERVIEW

6.1: Social media advertising

Learning Objectives

In this chapter, you will learn:

- How to use social media advertising as part of your complete paid, earned and owned strategy.
- How to create and place effective social media ads for a number of platforms.
- How to use the available targeting options to reach consumers at the right time and in the right place.
- How to approach measuring the effectiveness of social media advertising.

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6.1.1: Introduction

Social media first became a choice for marketers back in 2005, when Facebook launched its first advertising option. The medium has advanced in leaps and bounds since then, offering a reasonably low cost ad option to marketers, as well as the opportunity to reach a wide audience for little money as long as the ads are engaging enough.

Social media ads can be recognised by labels such as ‘suggested post’, ‘promoted pin’ and so on, depending on the platform. The ad formats available are continuously evolving, which means that marketers need to keep up with what’s available to them, and that there are ever-increasing opportunities to reach your consumers on a platform and in a format that suits them.

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6.1.2: Understanding social media advertising

Social media advertising should be considered as part of an overall social media effort. While brands can start a Facebook page and share engaging posts, those posts would be seen only by a fraction of the possible audience. Even if they have already liked your page. Paying to promote your posts is necessary to ensure that you reach a much larger percentage of your target audience.

Social media advertising is a form of online advertising that takes place on social media networks. Many platforms offer extraordinarily detailed targeting options that match users whom advertisers have identified as belonging to specific purchasing groups, making it a great way to reach exactly the right group of users with your ads.

While more traditional forms of advertising are arguably somewhat inefficient, the targeting offered by social media platforms make it stand out even from other forms of online advertising, such as search or display ads. Social also tends to have higher clickthrough and engagement rates at a lower cost (Hootsuite, 2015).

While it is possible to use social media advertising without considering any other aspect of your digital marketing strategy, it should be considered holistically. The Social media strategy chapter discusses how social media in general can fit into other channels. Social media advertising can be used to:

- Draw attention to products and drive sales
- Drive traffic to websites and other online properties
- Encourage foot traffic
- Encourage other activities offline.

Used well, given the targeting options and access to consumers it offers, social media should be an essential part of any paid media campaign.

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6.1.3: Core principles

Social media consists of a vast number of different platforms, most of which have different rules for what will and will not work well as an advertisement. However, there are some general principles that govern social media advertising as a whole.

General guidelines

First, remember that 80% of social media time takes place on mobile devices (comScore, 2016). This means that any ad you create for social media is highly likely to be viewed on mobile so you need to make sure that it will look good on that device. Test your posts on mobile devices before you pay to promote them. Consider:

- Images should be clear and convey meaning even when small.
- Text should be brief enough to minimise the need for scrolling.
- The point of the ad should come across immediately with a clear CTA.
- Any links in the ad should lead to mobile-optimised landing pages.

Second, most content on social media is user-generated so if you're creating paid ads, you need to match the rules of the platform you're on and generate content that fits what users of that platform will expect. Make sure you understand the platform before you start advertising on it.

Example 6.1.3.1

As an example of matching content to platform, take a look at Denny's, an American restaurant chain, on Tumblr.



Figure 6.1.3.1: Denny's Tumblr account matches the light, quirky tone preferred by Tumblr users *Adapted From Content Marketing Institute, 2016*

Compare their tone on Tumblr to their tone on Facebook, which, while still informal and friendly, is much more in line with the slightly more professional feel expected by users of that platform.



Figure 6.1.3.2: Denny's Facebook posts, note how good these would look on mobile! *Adapted From Screenshot, Facebook, 2017*

Similarly, compare Wendy's, an American fast-food chain, tone on Twitter to their tone on Facebook.



Figure 6.1.3.3: Wendy's tone responding to customers on Twitter compared to Facebook *Adapted From Screenshots, Facebook and Twitter, 2017*

While promoted ads aren't the same thing as responding to customers, the same principle applies: fit your tone and content to the platform. On Facebook, because reading the audience can be a little difficult, because their audience is so broad, a more neutral, but still brand-relevant, tone is best. On other platforms, because you can see more about the users you are speaking to, it can be easier to adapt your tone to them. Remember, though, that your tone should also be informed by your brand identity and overarching strategy.

Third, use your regular, unpaid posts to test out your paid ads. Make sure that you use effective social media copy in every post. Keep your copy short and to the point, with a clear call to action that tells the reader exactly what to do next, and give them a reason to click or carry out the CTA. Then, track which posts are being liked, shared, or commented on, those should be your first choice for paid promotion. The feedback you get on posts is often near-instantaneous, so this will allow you to respond quickly to whichever posts are doing well and which are doing badly. Facebook Ads Manager can help you do A/B testing by putting equal funds behind two different posts. The one that gets a better initial response gets the rest of the funds.

Fourth, rotate ads often. Social media users expect fresh content; they should not be seeing the same ad multiple times over multiple days, so rotate ads every three to five days (Hootsuite, 2016a). The general rule is that a user should see an ad a maximum of four times.

Payment models

> **Note**
>
> Read more about payment models in the Online advertising chapter.

You should be familiar with the various payment models available from the Online advertising chapter.

The most likely payment models you will encounter on social media include:

- CPC (Cost per click, pay only when the ad is clicked on)
- CPE (Cost per engagement, pay only for demonstrated engagement with the ad)

> **Note**
>
> You can learn more about Facebook's oCPM bidding here: blog. adstage.io/2014/06/16/ learn-about-facebookocpm-bidding.

- CPM (Cost per thousand impressions)
- oCPM (Optimised cost per mille, Facebook's flexible ad bid type, where bids can be adjusted based on the goals the advertiser hopes to achieve).

Other payment models will be encountered on other platforms, for example, Pinterest uses an auction bid model for its CPM. Users set a maximum price, but are only charged the amount needed to top the second-highest bidder. They are then charged per thousand views. As another example, a lot of specialised paid media on Twitter is done via third parties like Ad Dynamo and can require high budgets and one-off costs rather than being cost per view or engagement.

Platforms

One of the core principles to keep in mind when choosing a social media platform on which to advertise is that you need to go where your audience is. Be sure to choose a platform that fits your needs as a business as well. Let's take a look at a few of the most popular platforms to see what they can offer and why you might want to focus your attention on them. Note that the demographic statistics given are for the US. As you read, keep in mind that for most networks, the number of older users is increasing which can lead to changes in the behaviour of younger users on the platform or even drive them off entirely.

> **Note**
>
> Learn more about the popular platforms in the Social media platforms chapter.

Facebook

What they offer: Facebook offers a wide array of targeting options and the biggest social media audience in the world, with 1.79 billion users as of the third quarter of 2016 (Statista, 2016). Ad formats are based on desired objectives (which we will discuss in the next section). Their pricing can vary significantly based on a number of factors, but their ad platform is fairly intuitive, and Facebook Analytics gives you a lot of information you can use to optimise ad performance.

You will have access to Facebook Ads Manager, which allows you to manage campaigns, ad sets, and individual ads. This is also available as an app.

Who uses it: 83% of female-identified and 75% of male-identified Internet users use Facebook. The demographics are skewed toward the youth market, with 88% of 18 to 29-year-olds, 84% of 30 to 49-year-olds, and 62% of online users aged 65 and up using the platform 82% of users have some form of higher education (Sprout Social, 2017).



Figure 6.1.3.4: Facebook user demographics *Adapted From Sprout social, 2017*

Best suited to: Every business should have a Facebook page, as it is the bare minimum of what users expect. Your business should be on Facebook even if it is just listed with an address, website, and other basic details. Whether a business should use paid advertising to promote posts depends on what it wants to achieve, but if you plan to use social media advertising at all, you should consider starting on Facebook.

Instagram

What they offer: Instagram offers photo, video and carousel ads in a number of formats. Because it is owned by Facebook, it has many of the same features, including analytics (through Facebook Ads Manager), good targeting options, and various objectives to drive campaigns. Instagram stories is also a powerful feature, which is mentioned in the Social media platforms chapter. Finally, Instagram is potentially the best platform at the moment to work with influencers. It has a very tight community culture with a focus on quality, unique content and creativity.

Who uses it: More women use Instagram than men, and more people in urban areas use it than in rural areas. Income is split fairly evenly among various income brackets, with 38% of users earning more than US $75 000 annually active on the platform. The important thing to note for Instagram is age, 59% of users between 18 and 29 use Instagram, compared to only 8% above 65 (Sprout Social, 2017).

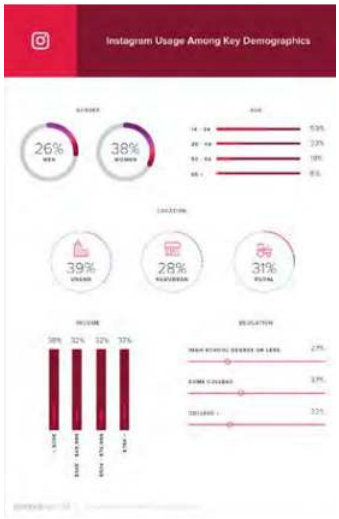


Figure 6.1.3.5: Instagram user demographics *Adapted From Sprout social, 2017*

Best suited to: In theory, any business can use Instagram. The key attraction for Instagram is visually attractive pictures and videos, so businesses that lend themselves to visuals like this, such as food, decoration, or travel-related brands, will have an advantage, but any business that wants to capture that all-important 18−24 year-old demographic should be active here.

Twitter

What they offer: Twitter offers ad campaigns based on objectives, much like Facebook and Instagram, and the kind of targeting you would expect from a major social media platform. Many marketers point out that advertising on Twitter is a problem because the ads are expensive, the targeting is not as good as Facebook's, and user growth has stalled, but pay-per-click (PPC) on Twitter can be cheaper than other options.

> **Note**
>
> Read more about payment models such as PPC in the Online advertising and Search advertising chapters.

Followers earned from a Twitter campaign tend to be fairly qualified prospects. They will have been chosen to see your tweets based on how well they fit your targeting profile, and they then choose to follow you based on how well your tweet speaks to their needs.

Who uses it: Twitters users are also skewed towards the youth market, 36% of adults aged 18 to 29, but only 10% of adults over 65, use it. And there is an equal percentage of men and women active on the platform. For location, 77% of Twitter accounts are from outside the US, with a fairly even distribution across urban, suburban and rural areas. Like Facebook, college graduates make up the largest audience for Twitter, 54% have some tertiary education or have graduated college. The income demographics are very similar to Instagram, with 30% of adults who earn more than US $75 000 a year using Twitter (Sprout Social, 2017).



Figure 6.1.3.6: Twitter user demographics *Adapted From Sprout social, 2017*

Best suited to: Any business that wants to reach an audience like the one described. Twitter audiences are used to instant gratification, Twitter feuds (check out the hashtag #cuteanimaltweetoff for a good example of this), and snappy comebacks. Twitter is a highly politicised space, so any slip-ups or faux pas on the part of your brand will be quickly picked up.

LinkedIn

What they offer: Most social media sites offer good targeting options, but in keeping with its position as a social network for business professionals, LinkedIn's targeting options involve someone's professional abilities. It also tends to convert well on gated content that requires users to enter an email address or other information to download something.

Who uses it: Until 2017, LinkedIn was one of the few social networks that didn't skew toward 18−29 year olds, however this shifted in 2017.

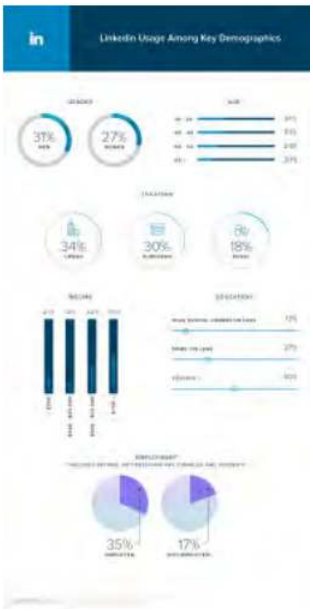


Figure 6.1.3.7: LinkedIn user demographics *Adapted From Sprout social, 2017*

LinkedIn is used by:

- 34% of adults 18−29
- 33% of adults 30−49
- 24% of adults 50−64
- 21% of adults over 65.

More men than women use LinkedIn, 31% to 27%. On the LinkedIn press page, you can see a map of all their users.

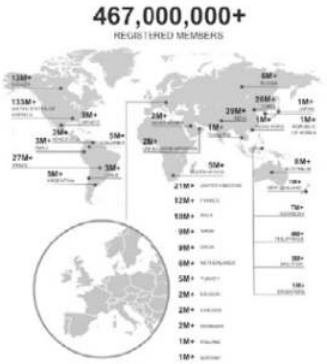


Figure 6.1.3.8: LinkedIn's user locations *Adapted From Sprout social, 2017*

LinkedIn is even more focused on users with some tertiary experience, 50% of adult college graduates and 27% of adults with some college experience use it. Higher levels of users are high earners, with 45% of adults making over US $75 000 using the platform (Sprout Social, 2017).

Best suited to: B2B marketers who want to target business professionals should start with LinkedIn, and companies that hire a lot of people.

Pinterest

What they offer: Pinterest doesn't offer as many targeting options as some other social media platforms, but it still has basic location, device, gender, and language targeting. Users often visit Pinterest specifically to gather information about and plan potential purchases, and those who view ads on Pinterest tend to have greater awareness and purchase intent than those who do not.

Who uses it: Pinterest is a great platform for targeting women. 45% of women use it, while only 17% of men do. It is again skewed toward the younger market, with 36% of adults 18−29 using it, dropping steadily as age increases. Only 16% of adults aged

65+ use the platform. Pinterest is most popular in suburban areas, 34% of people living in suburban areas use it, while 30% of urban users are active. Like many social media platforms, its users tend to have at least some tertiary education (Sprout Social, 2017).



Figure 6.1.3.9: Pinterest user demographics *Adapted From Sprout social, 2017*

Best suited to: Retailers tend to make the most use of this platform, though other businesses can create successful accounts as well. The key is to create beautiful, useful boards that people want to look at, and use advertising to capitalise on that.

Snapchat

What they offer: Snapchat is one of the newer major social networks, but it has come a long way since its origin as a niche platform mostly used by teenagers. It still has a lot of pull with young demographics, and it encourages real-time content creation and consumption, with users paying more attention to content. Most video snaps are watched with audio on, which differs greatly from Facebook, and Snapchat has an engagement rate five times higher than the average clickthrough rate for other platforms (Wallaroo Media, 2017). Facebook, Instagram and WhatsApp have been fairly blatant about stealing Snapchat's features, including Stories and Filters, which could mean a drop-off in users over time. However, Snapchat is fighting back with new offerings such as Lenses.

Who uses it: Snapchat is dominated by younger users, with 60% of users under 25. About 23% of users haven't yet graduated from high school. Only about 12% of users are aged 35 to 54, with a mere 2% of users aged 65+. However, this is changing, more than half of new users signing up to Snapchat are over 25. Snapchat doesn't publish gender information for its users, but in 2013, about 70% of users were women, and a survey from 2015 showed that more women than men use the platform (Hootsuite, 2016b). The highest penetration rate for Snapchat is in Ireland, then Saudi Arabia and Sweden. College students are more likely to have Snapchat accounts than other demographic groups.

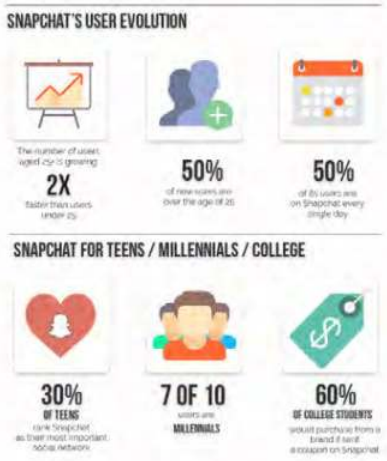


Figure 6.1.3.10: Some Snapchat user statistics *Adapted From Mediakix, 2016*

Best suited to: Snapchat has fewer options for small businesses than most other social media platforms simply because their options are expensive. Prices have come down, however, with cheapest option, the Sponsored Local Geofilters ad, coming in at as little as US $5. This means that, while the bigger options are still only available to big businesses, other options are available to almost anyone. This means that Snapchat is suited to any business that wants to find a particularly young audience.

Yelp

What they offer: Yelp is a review site that helps users select a business that suits their needs. There are many sites similar to Yelp, so keep in mind that you may want to choose a different option that is more active in your area. Tracking leads generated by Yelp can be difficult, but it does provide some metrics like page views and ad clicks. With users relying more and more on reviews and review sites when choosing where to buy, platforms like Yelp are increasingly attractive.

Who uses it: Men use Yelp more than women, and women are 50% less likely to leave a review if they use the site regularly. People in urban areas are twice as likely as those in rural or suburban areas to use Yelp to choose a business. Yelp users are active on mobile, with 71% of searches on the platform originating from mobile devices worldwide. The largest age demographic for Yelp users is 18−34, which accounts for almost 42% of Yelp users. Most users, 60%, have at least some college education, and 38% of users have an annual household income of at least US $100 000 (Gaille, 2015).

Best suited to: Yelp works best for location-based businesses. That said, many advertisers argue that advertising on Yelp may not be worth the money compared to a free profile so weigh your options carefully.

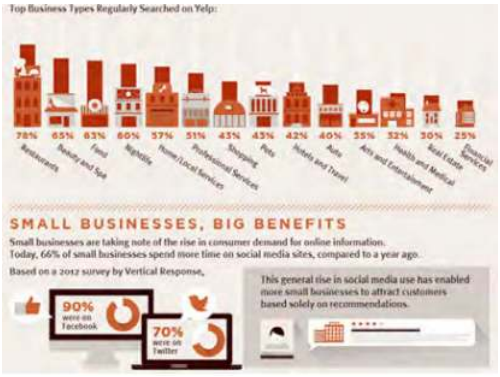


Figure 6.1.3.11: Excerpt from "How Yelp Can Help", an infographic from Merchant Warehouse *Adapted From Brandon [Gaille], 2015*

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6.1.4: Implementing social media advertising

Each platform has its own objectives, ad types, and targeting options. In this section, we will examine a few of the most popular ones.

Facebook

We have already looked at what kind of audience can be found on Facebook and the broad strokes of what they offer.

Objectives

Facebook offers several paid-for advertising solutions based on the action the advertiser wants the audience to take, the purpose of the ads. The core objectives are awareness, consideration, or conversions, which Facebook has broken down further into more specific objectives on which you can base your ad creation.

- **Awareness**
  - Brand awareness
  - Local awareness (promoting to users nearby)
  - Reach (show your ad to the maximum possible number of users).
- **Consideration**
  - Traffic (sending users to your website or app)
  - App installs
  - Engagement (encourage comments, page likes, shares, event responses, and offer claims)
  - Video views
  - Lead generation (collect lead information from interested parties).
- **Conversion**
  - Conversions (encourage valuable actions on your website or app)
  - Product catalogue sales (create ads that automatically show products from your catalogue based on your target audience)
  - Store visits (promote multiple business locations to users nearby) (Facebook, 2017).

The ad format you choose will match your advertising objective.

Ad types

Once you have chosen an objective, Facebook offers a set number of ad formats to choose from that will help you meet that objective. Those formats are:

- Single image
- Single Video
- Carousel
- Slideshow (video-like ads)
- Dynamic ads
- Lead ads
- Boosted posts and promoted posts
- Collection
- Messenger ads
- Canvas (an ad type that offers different components in various configurations to tell a brand story).

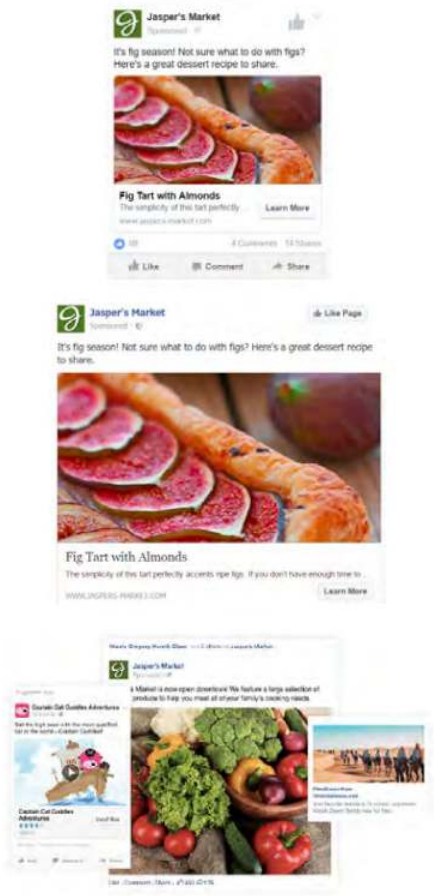


Figure 6.1.4.1: Facebook ad examples for mobile and desktop feeds *Adapted From Blue face media, 2017*

These ads have several options for placement in your users' feed. They can appear RHS (right hand side) desktop, in the news feed on desktop, or in the news feed on mobile. Because Facebook owns Instagram, you also have the option of showing certain ad types there. The vast majority of Facebook's revenue comes from mobile, so they are very focused on a good mobile experience for their users. Find out more about their ads here: https://www.facebook.com/business/ads-guide You can also find a very useful infographic summarising the various options here: wersm.com/the-complete-guide-to-facebook-ad-specs/#prettyPhoto/0/.



Figure 6.1.4.2: Facebook ad placement options *Adapted From Facebook, 2017*

Targeting options

Once you have chosen an objective and ad type, you will need to look at Facebook's targeting options, which gathers user data from Instagram and WhatsApp as well. They offer three audience options to choose from:

> **Note**
>
> Facebook advertising information can be found at: www.facebook.com/ business/products/ads.

1. Core audiences, where you select your audience manually based on demographics like age and location.
2. Custom audiences, where you upload a contact list to connect with customers on Facebook.
3. Lookalike audiences, where you use customer information to find people similar to them on Facebook.



Figure 6.1.4.3: Facebook audience options *Adapted From Facebook, 2017*

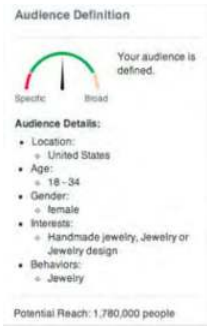


Figure 6.1.4.4: A defined audience on Facebook *Adapted From Screenshot, Facebook, 2017*

Core audience (manual) selection allows many detailed targeting options:

1. **Location:** Where the users are located, city, region etc. Allows exclusion of locations.
2. **Demographics:** Age, gender, languages, relationships status, type of work, education, and more.
3. **Interests:** Interests, hobbies, and Pages they like on Facebook.



Figure 6.1.4.5: Interests targeting on Facebook *Adapted From Screenshot, Facebook, 2017*

4. **Behaviours:** Activities users do on or off Facebook that give information on which device they use, their purchase behaviours or intent, travel preferences, and more.
5. **Detailed targeting:** Offers the option to include or exclude users who meet at least one parameter (not all of them). This can include whether people have a connection to you on Facebook (or have friends who do).

For a full list of Facebook targeting options, look at this infographic: i.marketingprofs. com/assets/images/daily-chirp/170213-infographic-complete-guide-to-facebookad-targeting-full.jpg

If you select multiple options from within an ad targeting category, you'll reach users who meet any of the options you've selected. For example, if you choose multiple **Locations** like the **United States** and **Canada**, you'll target anyone who lives in either the United States OR Canada, not both.

Another example might be choosing multiple options from the **Interests** targeting category. If you choose interests like **Golf** and **Tennis**, you'll target anyone who likes golf OR tennis, not just users who like both golf and tennis. Keep in mind that it's not possible to target ad sets only to the users who fall into all of the selected categories. Custom audience selection has several benefits, including:

- Powerful exact targeting
- No wastage
- Cap bidding and frequency
- Data is encrypted and secure.

Using these selectors, you can create a list of who you want to reach using their email addresses. Facebook matches the email addresses and allows exact targeting of those users through their ads. Custom audiences are extremely powerful; if you have users' email addresses, you can target individuals. This is useful for any brand that uses newsletters or gathers email addresses elsewhere.

Lookalike Audiences is useful because it helps you find a similar audience to your existing fans and gives more accurate targeting. This makes it easy to find more users on Facebook who are like the people you know. You can build a Lookalike Audience based on:

- People who like your Page
- Custom Audiences that you've created with emails, phone numbers, or website or app data.

It's an effective way to reach even more potential customers because you can target your Lookalike Audience with the adverts you create.

The Facebook Pixel

The Pixel is a piece of code you can build into your website to help you track user actions and remarket to them on Facebook. Your conversions can be tracked across mobile phones, tablets and desktops, you can optimise your bids for website conversions and ensure that your ads will be shown only to the users most likely to convert, and you can remarket to or reach users on Facebook who have visited your website. You can learn more about the pixel and get started with it here: www.facebook.com/business/a/facebook-pixel.

Facebook advertising tips

As you dip your toes into Facebook advertising, remember:

- Ads can be unpublished posts targeted at a specific audience.
- Multiple ads can run at the same time.
- Targeting should not be too granular, unless the audience is highly qualified.
- With awareness-based advertising, keep your reach and frequency as high as possible.
- Check your ads in Facebook's Ads Manager (or, for more advanced advertisers with multiple campaigns and ad sets, the Power Editor).

> **Note**
>
> Facebook will suggest a bid to help make sure that your ad will reach a significant portion of your audience.

Instagram

Instagram is a very large mobile platform with an engaged mobile audience, making it a good option for some businesses.

> **Note**
>
> You can do Facebook's own training course, Facebook Blueprint, for free to learn every aspect of its offering: www.facebook.com/blueprint

Objectives

Instagram offers three ad types driven by the objectives you want to achieve, which are not surprisingly, similar to Facebook ad objectives:

- Brand awareness
- Reach
- Traffic
- App installs
- Engagement
- Video views
- Lead generation

- Conversions

Ad types offered

Not every ad type is available for every objective. Once you choose an objective, you will be shown the ad types you can use. The three ad types offered by Instagram are:

1. **Single image ads**, which are exactly what they sound like.
2. **Video ads**, which can share videos up to 60 seconds long.
3. **Carousel ads**, which are similar to single image ads but include multiple images that users can swipe to see.
4. **Slideshow ads**, which are like Carousel ads, except the images scroll on their own with music creating a mini video.
5. **Instagram Stories Ads**, which include single image and single video ad formats that are placed within Instagram Stories (ShorterURLs, 2017).



Figure 6.1.4.6: A Carousel ad on Instagram *Adapted From Adweek, 2017*

Some companies can expand the types of Twitter advertising available, For example, Ad Dynamo (www.addynamo.com/new), which is focused on Africa, offers a range of ad types that are not available through self-service. Blue Robot (www.bluerobot.com/index.jsp#about) is another company that allows you to automate Twitter in a number of ways, such as automatically responding to Tweets with live data or building automated responses based on Tweets from various locations.

Targeting options

Instagram has many of the same targeting options as Facebook. They include:

- Custom audiences (target audiences of users you already know, which includes lookalike audiences)
- Location, age, gender, language targeting
- Detailed targeting (include or exclude users based on demographics, interests and/or behaviours)
- Connections (include or exclude users based on connections to your page, apps, or events).

You can also save an audience to use it for future ad sets.

Instagram advertising tips

- Remember, Instagram shares targeting options with Facebook so make use of them, but don't go too granular.
- Don't make your post look like an ad, it should be visually arresting and enjoyable first, advertising second. It should blend in with organic content rather than stand out as an ad.
- Include a hashtag so that users can find your posts/ads more easily. Bigger brands can create their own hashtags.

Note

You can find out more about advertising on Instagram at: https:// business.instagram. com/advertising or at blog. hootsuite.com/howto-use-instagram-forbusiness/

- Try to tell a brand story and think carefully about how details will affect what audiences take from your images.

Twitter

Twitter offers a self-service ad platform with several options and allows a degree of specific targeting. The service does still tend to change frequently, and not all options may be available to all regions or user accounts. Objectives Like Facebook, this is mobile first and the ad formats match the actions you want users to take. The basic objectives are:

1. **Promote your brand**

- Website clicks or conversions
- Increase followers
- Awareness
- Tweet engagements

2. **Promote your video**

- Video views

3. **Drive conversions**

- App installs or re-engagements.

Learn more about Twitter campaign types (which are slightly different from ad objectives) here: business.twitter.com/en/advertising/campaign-types.html

Ad types offered

- **Plain text tweet** are tweets that appear at the very top of a user's timeline, or in Twitter mobile apps. There is no minimum spend, and advertisers pay when users retweet, @reply to, favourite, or click on a promoted tweet.



Figure 6.1.4.7: A plain text tweet promoting a brand with a downloadable coupon *Adapted From Twitter, 2017*

- **Single image card**, is a tweet with a single image.
- **Multi-image card** includes up to 4 images that users can click on each image to enlarge.



Figure 6.1.4.8: A Multi-Image card on Twitter *Adapted From Adparlor, 2016*

- **Promoted video**, a tweet that includes a single video.
- **Basic App card and Image app card**, a tweet that includes a call to action button that installs the app, or directs users to their App store.
- **Video app card**, an app install tweet that includes a video.
- **Website card**, a tweet that includes a button that takes the user to the website.
- **Lead Generation Card**, a tweet card that enables a user's details to be autofilled in and sent to the brand with the simple click of a button.



Figure 6.1.4.9: A Lead generation card *Adapted From Adparlor, 2016*

- **Conversational ads**, are ads that enables brands to engage directly with users, and that users can share with their followers.

These are the most popular options available, but there are others. You can find a full list of Twitter cards here; they change fairly frequently, so make sure to check in often: dev.twitter.com/cards/types

Targeting options

Twitter targeting options are nearly as detailed as Facebook. You can choose an audience based on:

- Location (country, state, region, metro area, or postal codes)
- Gender
- Language
- Device, platform, and carrier
- Keywords
- Followers
- Interests
- Tailored audiences (you can upload a list of emails or Twitter IDs, or you can put a code snipped on your website to collect visitors, purchasers, or downloaders and then target them)
- TV targeting (to target users who engage with television programs in a specific market, or by show)
- Behaviours
- Events (users interested in global or regional events).

Twitter advertising tips

- Use your own campaign, specific hashtags rather than using generic ones
- Use multiple tweets per campaign, test your options
- Include a deadline
- Monitor influencers, what works for others could work for you
- Make sure your ads contain content worth sharing.

LinkedIn

LinkedIn ads allows you to create and place adverts on prominent pages on the LinkedIn website, including a user's home page, search results pages, groups and more. It has both self-service and premium options, and offer 'sponsored updates' as a self-service option. There is a minimum budget requirement of US $10 a day, though no minimum spend, that is, you have to budget at least US $10 a day, but you don't actually have to spend any of it. Ads can be served on a CPM or CPC basis.

Objectives

LinkedIn offers 3 main objectives:

1. Reach LinkedIn members in their LinkedIn feed and beyond.
2. Drive targeted ads across multiple LinkedIn pages.
3. Send targeted messages directly to those who matter the most to your business.

Ad types offered

LinkedIn offers five types of ad:

- Sponsored content
- Sponsored InMail (reaching your audience through their LinkedIn inbox)
- Dynamic Ads
- Display Ads
- Text ads.



Figure 6.1.4.10: LinkedIn ad types. (Source: LinkedIn)

Sponsored stories are when content posted on a brand's profile is promoted through display ads or into the feeds of users across the LinkedIn network, according to your targeting preferences. Text ads can be shown on the right-hand side across desktop, mobile, and tablet.



Figure 6.1.4.11: LinkedIn ads *Adapted From Screenshot, LinkedIn, 2017*

Targeting options

LinkedIn offers many targeting options, including:

- Job title
- Job function
- Seniority
- Industry
- Skills
- Degrees
- Geography
- Age
- Gender
- Company name
- Company size
- LinkedIn group.

LinkedIn advertising tips

- Test variations of your ads to see which is the most successful. The text ad option allows you to create up to 15 variations of a single ad.

> **Note**
>
> You can find more information about LinkedIn advertising at: business.linkedin.com/.

- Consider your budget carefully. Sponsored InMail ensures you'll at least be seen by your target, and display ads are a good way to stay top of mind, but both can be quite expensive.
- Make sure you use all the allotted characters for ad copy to describe your service.
- Use images with the correct ratio so that they look good, both on desktop and mobile.

Pinterest

Pinterest advertising is still relatively new and has limited availability worldwide. A business account is necessary to advertise on this platform.

Objectives

When creating a Pinterest Promoted Pin, you will be asked to choose a goal for your campaign. Your options are:

Traffic campaign: To draw users to your website

Engagement campaign: To encourage close ups, repins and clicks on your Pin

Awareness campaign: To reach a wide audience.

Ad types offered

The only ad type on Pinterest is Promoted Pin. Here, you select an already existing Pin to use. When you choose a Pin while setting up an ad, you have the option to filter your Pins to see which are your best-performing (most clicked and most repinned) Pins from the last 30 days.

Targeting options

Targeting options for Pinterest are:

- Interests and Keywords: You have 420 interests to choose from, and you can manually add keywords, import an existing list of keywords, or use the keywords that Pinterest recommends for you. Choose carefully, and try not to use all 150 keywords that the platform allows you to add, be focused.
- Specific audience: Users who have visited your site or app, engaged with Pins that link to your site, or – similar to Facebook's 'lookalike' audience – an 'actalike' audience that is similar to users who are already engaging with you.
- Location
- Language
- Device
- Gender.

Pinterest advertising tips

- Make sure that the ads you select reflect your brand promise. Misleading or exaggerated claims are more than a bad idea; Pinterest prohibits them.

> **Note**
>
> Read more about advertising with Pinterest at: https://ads.pinterest.com.

- Use vertical images. This isn't required, but users prefer it.
- Optimise your pins for mobile viewing.
- Research Pinterest trends so that you can keep your campaigns relevant.

Snapchat

Snapchat's paid advertising options are relatively young, but they have grown almost as rapidly as the app itself. There are a variety of ways that brands can advertise on Snapchat.

1. Lenses and geo-filters
2. Discover channels
3. Live channels
4. With influencers
5. Takeover
6. Promotion
7. Unboxing

8. Product placements.

Objectives

Snapchat does not require you to select an objective to create an ad, but it can help you reach the usual objectives, such as:

- Visit a mobile website
- Install an app
- Watch a long-form video
- View an article.

Ad types offered

Snapchat offers a few unusual ways to reach your audience:

- **Snap Ads:** Mobile video ads that can be up to ten seconds long and will be vertical and full screen. Users can swipe up and reveal extended content, which could be an article, app install, long-form video, or mobile website.



Figure 6.1.4.12: Snap Ads for Suicide squad, Mike & Ike and Lipton *Adapted From Curalate, 2016*

- **Sponsored Geofilters:** A small piece of art or writing that covers part of the snap. A business chooses a location (or more than one), and when Snapchatters in that location take a Snap, the sponsored Geofilter appears as a filter option that can help users explain the context of that snap. This is great for local targeting and can cover a specific location, event, or theme (for examples, coffee shops across Florida). Sponsored Geofilters should be fun and attractive, provide context to the Snap, and encourage users to share them.



Figure 6.1.4.13: A sponsored Geofilter *Adapted From Snapchat, 2017*

> **Note**
>
> Take a look at the first campaign to use limited-time Geofilters, where McDonald's achieved 12 million filter snaps, 308 million filter views, and 400 million filter impressions: http:// shortyawards.com/8th/ mcdonalds-geofilters

- **Sponsored Lenses:** An interactive ad. The brand creates an interactive filter that can be added to a Snap, an animation can be added, and the Lens can be shared or posted to users' own Snap Stories. They are a lot more complex to develop, and thus are a very costly and labour intensive option. Many movie franchises have found great success in raising awareness for new releases.



Figure 6.1.4.14: A sponsored Lens advertising the Alien Covenant movie *Adapted From Adespresso, 2017.*

Targeting options

Snapchat includes a variety of targeting options:

- **Snapchat Audience Match:** Brands can anonymously match data from an existing list of email addresses and mobile device IDs to Snapchat's consumer data. Users can opt out of being included.
- **Snapchat Lifestyle Categories:** Brands can target users who view certain types of videos, such as pets or cooking.
- **Lookalikes:** Like the Facebook option, brands can target users with characteristics similar to their existing customers.

Snapchat is also aiming to up their targeting game by enabling marketers to use data from offline purchases to target users with relevant ads.

Snapchat advertising tips

- As always, make sure your content fits the platform: Snapchat is informal and natural, using fun filters and add-ons, rather than the more posed images you might see on Instagram.

> **Note**
>
> Read more about Snapchat advertising at www.snapchat.com/ads.

- Tell a story: Test your content to see what works best.
- Use influencers: This is a great way to reach even more users.

Other platforms

Of course, this is by no means an exhaustive examination of available platforms for social media advertising. For example, some marketers still like Google+, and YouTube is a huge platform for marketers. YouTube offers a wide range of advertising formats and options for businesses. These are covered in detail in the chapter on video marketing.

> **Note**
>
> Read more about this in the Video marketing chapter

Different countries have different preferred platforms. For example, Weibo and WeChat are very big in China. Check out a case study focusing on Russian audiences here: www.digitaltrainingacademy.com/casestudies/2017/01/social_media_case_study_asos_reaches_russian_audience_through_vk_and_yandex.php#more

Make sure you do your research so that you know which platforms your audience is active on and where you might want to advertise. For example, Reddit (www. reddit.com), along with similar content curation platforms, is great for sharing good content, but the community is very advertising-savvy and does not welcome overt ads that do not provide value to the user.

You may also want to keep an eye on up-and-coming platforms, such as Wanelo (wanelo.com).

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6.1.5: Advantages and challenges

Some of the difficulties of advertising on social media are the same as the difficulties of being on social media in general. They include:

- Promoted posts all need to work hard to make an authentic connection with the audience.
- You need to consistently promote good content.
- There is always the chance that your audience will respond negatively to a post, which can escalate quickly.
- Choosing the right platform to advertise on can be a challenge.
- Tying ad spend on social media to revenue increases can be difficult, since the benefits of advertising on these platforms are often indirect. Take a look at Sprout Social's Ultimate Guide to Measuring Social Media ROI for some tips: sproutsocial.com/insights/social-media-roi-guide.

It is important to clarify with whomever you are reporting to that ROI on social media is not an exact science. Far more data is available than on traditional media, but it has its limits. So rather than drawing a clear line from social media advertising to sales, look at encouraging behaviours that lead to sales, such as convincing users to sign up for a test drive rather than attempting to sell a car. You can easily calculate ROI if you know how many signups for test drives you get from Facebook, and how many test drives result in sales.

Despite its challenges, advertising on social media cannot be avoided. If you want to reach the maximum possible number of users with granular targeting that ensures you're reaching exactly the right users at the right time, social media advertising is the way to go. It is also the only way to ensure that a significant portion of your audience per platform will see your posts.

Like social media in general, advertising on this channel can:

- Increase brand recognition
- Improve brand loyalty.

It is:

- Fairly low cost
- Easy to share, and
- Allows for real-time analysis of your campaigns and audience.

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6.1.6: The bigger picture

Social media advertising ties in with any number of other marketing channels. You can use it to push content marketing to an audience that will appreciate it and encourage shares and earned media coverage, to drive traffic to your website, to push offline campaigns and encourage chatter about them, and much more. Any marketing campaign should keep social media advertising in mind as a potential way to increase reach and engagement.

The incredible targeting opportunities offered by social media advertising allow content to reach exactly the right audience at the right time to encourage interaction or conversions, and paid promotion is the best way to boost the reach of any post.

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6.1.7: Measuring success

Measuring the success of your social media advertising activities can be tricky. As mentioned, ROI can be difficult to establish, but it can be done!

> **Note**
>
> Not only is 'number of followers' a vanity metric, too many followers who are not quality followers can actually harm you. Remember, only a tiny percentage of your total audience will see your content organically, so you want them to be engaged.

First, you want to identify your KPIs. Note the difference between vanity metrics and those metrics that will actually be useful. The number of fans on Facebook, for example, is a vanity metric. It doesn't mean much on its own. Instead, you would want to look at percentage increase in number of fans, or the engagement rate of the fans that you have, to see whether you are doing well.

The KPIs you identify as important will depend on the goals of any campaign you run. For example:

- If you want to drive revenue, your important KPIs will be sales related such as product purchases, signups for trials, or traffic to your website (which could then turn into a conversion).
- If your goal is awareness, your most important KPI might be reach.
- If your goal is building customer relationships, you would want to look at engagement numbers and sentiment.

If you want to attach actual monetary value to your KPIs, you need to decide what method you want to use. Do you want to look at average sales, the lifetime value of a customer, or how much similar reach would cost you if you used different methods of advertising?

To measure your KPIs, you'll need to use the analytics tool of the platform you're advertising on (see below). You can use Google Analytics to see whether social drives traffic to your website, to which specific posts you can attribute revenue, to find out how visitors from social consume your content, and to discover how social impacts conversions. Find out more about how to do this here: www.socialmediaexaminer. com/how-to-measure-social-media-using-google-analytics-reports and here: blog.hootsuite.com/tracking-social-media-in-google-analytics.

You may also consider social media dashboards like Hootsuite, which help you monitor campaigns across platforms.

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SECTION OVERVIEW

6.2: Online advertising

Learning Objectives

In this chapter, you will learn:

- The various business objectives you can meet with online advertising.
- All about the various ad formats, payment models and ad types available.
- How and where to publish your adverts.
- How to run an online advertising campaign step by step.

6.2.1: Introduction

6.2.2: Objectives

6.2.3: The key differentiator

6.2.4: Types of display adverts

6.2.5: Payment Models for Display Advertising

6.2.6: Implementing online advertising

6.2.7: The future of online advertising

6.2.8: Advantages and challenges

6.2.9: Measuring success

6.2.10: Getting your ads online

6.2.11: Targeting and optimising

6.2.12: Tracking

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6.2.1: Introduction

Digital advertising, simply put, is advertising on the Internet. It can be found anywhere you access the web; the majority of this form of advertising is now found on mobile. Also known as online advertising, this is an integrated approach to advertising, focusing on desktop, tablet, and mobile devices. This includes display adverts found on websites, adverts on search engine results pages (covered in the chapter on Search advertising), adverts placed in emails and on social networks, video and content advertising, and other ways in which advertisers use the Internet.

> **Note**
>
> Read more about this in the Search advertising chapter.

The terms ’digital advertising’ and ‘online advertising’ will be used interchangeably in this chapter.

The main objectives of online advertising are to increase sales, improve brand awareness, engage customers, and raise share of voice in the marketplace. It is based on the simple economics of demand and supply. Advertisers aim to stimulate a consumer need (demand) and then satisfy that need (supply).

Online advertising follows web user behaviour. Advertisers want to place their adverts where potential customers will see them. Digital advertising is not limited to one specific medium or location; it can be placed almost anywhere on the web and can consist of images, text, videos, interactive elements, and even games.

Although the Internet provides new scope for creative approaches to advertising, we see its true advantages when we realise how trackable, and therefore measurable, Internet advertising is. It is possible to track all interactions with the advert itself: the number of impressions served, how many clicks it received, post-click AdView data, and how many unique users were reached. This leads to valuable data that can be used to make sensible, effective business decisions.

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6.2.2: Objectives

Advertising online has a number of objectives; let's explore these.

Building brand awareness

Making users aware of a brand or product is an important long-term goal for any marketer. Once customers know about it, they are more likely to trust the brand.

The more frequently a brand message is seen, the higher the recall on the brand, advert or tag line. The better known a brand is, the more business it can do; brand awareness drives recall at the point of purchase or when considering a brand to use. Its ultimate goal is to sell more of the product or service.

> **Note**
>
> Brand awareness is essential for launching a new brand or product or approaching a new audience.

It is worth noting that despite low clickthrough rates, online advertising does drive awareness because the ad is seen even if it isn't clicked. This is highly relevant when using programmatic engines to drive affiliate-based marketing tactics. This moves away from the 'old school' CPM buy. Refer to the section on Advertising exchanges and programmatic buying for more context.

Digital advertising is largely visual, making it an ideal channel for promoting brand imagery and making users familiar with its colours, logo and overall feel.



Figure 6.2.2.1: Banner ads that raise awareness *Adapted From Screenshot, Ster Kinekor Banner Ad, 2017*

Creating demand

Creating customer demand is a three-step process: inform, persuade and remind. Consumers can't want what they don't know about. Advertising needs to convince them that they want something and let them know why they should want it. Online advertising provides a great way to communicate the unique selling points (USPs) of a product, helping to stimulate demand and reminding consumers about the product and why they want it.



Figure 6.2.2.2: A banner ad that creates demand for a new product *Adapted From Screenshot, Apple iPhone x Ad, 2017*

Satisfying demand

Once consumers want a product, they need to find out how to satisfy that desire. At this point it is important for the marketer to show the consumer how a particular brand or product will best meet that need. Search ads are usually most useful for this (see the Search advertising chapter for more information).

Note

Read more about this in the Search advertising chapter



Figure 6.2.2.3: A search ad that meets the customer's need to save money *Adapted From Screenshot, Google, 2017*

Driving direct response and sales

All forms of digital marketing need to drive traffic and sales in the long term.

However, the immediacy of online advertising also drives traffic and sales in the short and medium terms. Unlike traditional media advertising, online advertising can turn the potential customer into an actual customer right there and then. What's more, it is possible to measure accurately how effective the online advertising campaign has been in this regard.

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6.2.3: The key differentiator

Online advertising is able to drive instant sales and conversions. Unlike other advertising mediums, the consumer can go from advert to merchant in one easy click. Because of the connected nature of the Internet, online activities are highly trackable and measurable, which makes it possible to target adverts and to track and gauge the efficacy of the advertising accurately. Each advert can be tracked for success.

The long tail of successful tracking also ensures that the user is tracked from the start of their journey to their final purchase, which might not be in the traditional ‘awareness to sale’ funnel. Google has called this principle ‘attribution modelling’, and it is based on the premise that a certain digital channel might be better at assisting in purchase than another, at a certain time, in a certain chain of interactions with the brand.

For example, a user might see a display ad for the VW Golf at the beginning of the month, but not click on it. Later in the month, they receive a raise, so they decide to purchase a new car, and the VW Golf comes to mind. They search for it, and click on a Google search ad to see the vehicle on the website and evaluate costs. Then they visit a number of other vehicle websites. A week later, they see an ad on Facebook for the VW Golf on a 2% below prime sale, so they click on it and fill out the lead form for the dealer to call them. This demonstrates how different media played a part in bringing the sale or last click attribution.

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6.2.4: Types of display adverts

There are many different ways to display adverts in digital. Here are some of the most common options.

Banner adverts

A banner advert is a graphic image or animation displayed on a website for advertising purposes. Static banners are in GIF or JPEG format, but banners can also employ rich media such as video, JavaScript, HTML5 and other interactive technologies; these allow the viewer to interact and transact with the banner. Banners are not limited to the space that they occupy; some banners expand on mouse-over or when clicked. Some can capture data within the banner.

> **Note**
>
> Google AdWords offers a rich media banner advert builder. You can find it in the 'Ads' tab in the AdWords account interface.

Standard banner sizes

There are standard sizes (measured in pixels) for static, animated and rich media banner adverts. Creating banners in these sizes means the ads can be placed on many websites; advertisers sell space in these sizes as well. And here, size (both dimensions and file size) does matter, you can expect varying rates of clickthroughs and conversions across the range of sizes. Bigger is usually better, but if you want to know what works best for your brand, test.

> **Note**
>
> Start with the most common banner size.

Banner sizes available on the Google Display Network include (all sizes are in pixels, Width × Height):

- Banner (468 × 60)
- Mobile leaderboard (300 × 50)
- Leaderboard (728 × 90)
- Small square (200 × 200)
- Skyscraper (120 × 600)
- Wide skyscraper (160 × 600)
- Square (250 × 250)
- Medium rectangle (300 × 250)
- Large rectangle (336 × 280).

Banners may be animated, static or Flash, but must be under 150k in file size.

All adverts need to be supplied with a destination URL. Some rich media adverts allow for multiple destination URLs.

Interstitial banners

Interstitial banners are banners shown between pages on a website or, more often, between screens on an app. As you click from one page to another, you are shown this advert before the next page is displayed. Sometimes the advert can be closed.

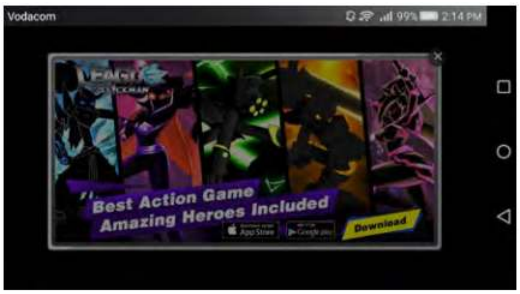


Figure 6.2.4.1: Interstitial ad between screens on a mobile app *Adapted From Screenshot, App ad, 2017*

As of 10 January 2017, Google may rank sites lower if they use pop-ups and interstitial ads, since users tend to dislike those ads. This should reduce the number of advertisers using these ad types over time.

Pop-ups and pop-unders

As the name suggests, these are adverts that pop up, or under, the web page being viewed. They open in a new, smaller window. You will see a pop-up straight away, but will probably become aware of a pop-under only after you close your browser window.

These were very prominent in the early days of online advertising, but audience annoyance means that there are now 'pop-up blockers' built into most good web browsers. This can be problematic as sometimes a website will legitimately use a pop-up to display information to the user. Pop-ups still occur now and then on mobile phones or when visiting somewhat unethical sites.

Floating adverts

This advert appears in a layer over the content, but is not in a separate window. Usually, the user can close this advert. In fact, best practice dictates that a prominent close button should be included on the advert, usually in the top right hand corner. Floating adverts are created with DHTML or Flash, and float in a layer above a site's content for a few seconds. Often, the animation ends by disappearing into a banner advert on the page. Many sites these days are using pop-ups to encourage newsletter signups or social media likes rather than to advertise products.

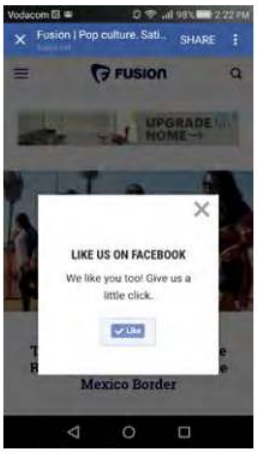


Figure 6.2.4.2:A floating ad on Fusion.net mobile *Adapted From Screenshot, Fusion mobile pop up ad, 2017*

Note

Remember: your goal is to inform and motivate customers, not annoy them. Floating ads should be engaging and easy to close.

Wallpaper adverts

This advert changes the background of the web page being viewed. It is sometimes possible to click on an advert of this type, but not always. The effect of these adverts is difficult to measure as there is often no clickthrough, and its chief purpose is branding.

Map adverts

This is advertising placed on an online map, such as Google Maps. This type of advert is ideal for local businesses and is usually based on keyword searches for the brand's offering.

Video adverts

This is a video advert in one of the formats shown above. It starts to play on mouse over, or on arriving at a site.

Native content

Native content advertising is the online version of Advertorials. This is where the advertiser produces content that is in line with the editorial style of the site, but is sponsored or in some way product endorsed by the brand; video is an increasingly popular method

of native advertising. Great examples of this exist on Buzzfeed.com. More on this later in the Native advertising section.



Figure 6.2.4.3: Native content from McDonald's *Adapted From Screenshot, McDonalds native ad on Fusion, 2017*

Sponsored Content

Sponsored content advertising exists at the bottom of articles you read online. This is where the 'suggested articles' posts appear and in most cases, this is paid-for promotion. Advertisers pay to have their content promoted under certain categories of sites or articles.

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6.2.5: Payment Models for Display Advertising

As well as a variety of mediums and formats, there are also a number of different payment models for display advertising.

CPM

CPM stands for cost per thousand impressions (M is the Roman numeral for a thousand). This means the advertiser pays for every thousand times the advert loads on the publisher's page. This is how a campaign is normally priced when brand awareness or exposure is the primary goal.

CPM rates for rich media adverts are usually higher than for standard media adverts. This is often based on file size.

CPC

CPC stands for cost per click. This means that the advertiser pays only when their advert is clicked on, regardless of how many times it has been viewed. CPC advertising is normally associated with search advertising, although it has become very popular in display advertising too, especially when using ad networks. Banners can be priced this way when the aim is to drive traffic and conversions. It is also a payment method sometimes used in affiliate marketing, when the aim is to drive traffic to a new website.

> **Note**
>
> Read more about this in the Search advertising chapter.

CPA

CPA refers to cost per acquisition. Using this model means that the advertiser pays only when an advert delivers an acquisition after the user clicks on the advert.

Definitions of acquisitions vary depending on the site and campaign. It may be a user filling in a form, downloading a file or buying a product.

CPA is often the best option for advertisers because they pay only when the advertising has met its goal. For this reason, it is also the worst type for the publisher, as they are rewarded only if the advertising is successful. The publisher has to rely on the conversion rate of the advertiser's website, something that the publisher cannot control. The CPA model is not commonly used for banner advertising and is generally associated with affiliate marketing.

Flat rate or sponsorships

Sometimes, owners of lower-traffic sites choose to sell banner space at a flat rate, in other words, at a fixed cost per month, regardless of the amount of traffic or impressions. This would appeal to a media buyer who may be testing an online campaign that targets niche markets. A popular way that this is employed is via a homepage or section takeover, in which a brand can buy a home page takeover on a news portal on the day of a big news event such as a big sports day or an election.

There are several variations to what a sponsorship on a website entails. Examples include exclusive adverts on all the pages and slots on a specific page, newsletter or section, and sponsoring content. Sponsorship means that no other advertiser will appear in that section. Sponsorships are often difficult to measure and are mostly used to raise brand awareness. These can be very effective when launching a new brand.

CPE

With the cost per engagement (CPE) model, advertisers pay for interactions with adverts, normally placed in videos or applications, such as Facebook applications. An interaction, referred to as an engagement, usually starts with a rollover, or mouse-over that expands the ad. An engagement can also be a like, comment, share or other platform-relevant social action.

Once expanded, an advert may contain a video, game, form, or other interactive content. The ad doesn't take the user away from the web page, and marketers pay only when a user completes an action.

What payment model can you expect?

The advertiser rarely has a say over the payment model used. This comes down to the website owner or publisher, advertising type and other factors, such as the popularity of the site. CPM favours the publisher, while CPA favours the advertiser. Sometimes, a hybrid of the two payment models is pursued.

High-traffic, broad-audience websites, often referred to as ‘premium’ or booked media, will typically offer CPM advertising. Examples include web portals such as www.yahoo.com or news sites such as www.cnn.com.

Niche websites with a targeted audience are more likely to offer CPC or CPA advertising to advertisers with an appropriate product. These can also fall under the umbrella of affiliate marketing.

As programmatic ad exchanges (a way to purchase digital advertising inventory, see below) take over more of the digital inventory, the CPM and sponsorship buying models are starting to wane in popularity for both advertiser and publisher. The accuracy and cost efficiency with which programmatic uses remnant advertising inventory from sites that sell majority CPM inventory make it a popular way to target and buy going forward. This style of buying also allows much better targeting of the advertising over time, a big plus for advertisers. This will soon overtake the traditional CPM buy in 100% of cases.

Types of advertising can be seen on a scale from more intrusive (and thus potentially annoying to the consumer) to less intrusive. In the same way, payment models can be scaled from those that favour the publisher to those that favour the advertiser.

When planning a campaign, it is important to know how the advertising will be paid for and what kinds of advertising are offered by publishers. A lot of this can be solved by using a company that specialises in advert serving, media planning and media buying.

> Which is the best payment model for you? This will depend on the purpose of your ads and the return you expect on your investment. Each payment model can be effective and lucrative if used appropriately.

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6.2.6: Implementing online advertising

Knowing the various types of display options and payment models available is all very well, but you may be wondering how to put this all together as you plan your campaign. Here is a step-by-step guide that you can follow to ensure that you run effective adverts.

> Don’t forget to keep an eye on any non-digital advertising that the brand is doing. This could have a significant effect on your results, and you want to ensure that you are communicating the same message.

Step 1. Determine the goal of your campaign

Are you embarking on a branding campaign, or is your primary focus direct response? Keep your overall channel and brand objectives in mind when planning your digital campaign.

Step 2. Identify your key performance indicators (KPIs)

Which figures will let you know if you are succeeding? This should tie in closely to your goal.

Step 3. Investigate your target audience

What websites are they likely to be visiting? The type of creative you use and the payment model you follow will largely be determined by the websites on which you advertise.

Online advertising is an acquisition and awareness channel. It does not require users to seek an interaction actively, as search advertising and email marketing do. So it is crucial that the adverts are placed in front of the audience that is most likely to convert. Sites such as Effective Measure can help give this type of insight (http://www.effectivemeasure.com/).

Step 4. Research potential publishers to host your adverts

Niche websites with a smaller, more targeted audience will most likely charge a flat rate for display advertising, or a CPA rate. They could be flexible in display options that they offer, but you will need to take into account their bandwidth costs if they serve the adverts.

High-traffic websites with a broad audience will usually charge on a CPM basis. They will broker their advertising inventory through an advertising network, or even a number of advertising networks.

Step 5. Set a budget

Most advertising platforms will let you set and dynamically manage your budget. Decide how much you are willing to pay per click, impression, action or engagement, and set your total budget in line with this.

Step 6. Create your adverts

Now, you will need to brief your creative team to ensure that you have the optimum banners for your campaign. Your online adverts will need to:

- Attract attention
- Convey a message
- Entice action.

Animation attracts attention, but be wary of being one of several animated banners on a website. Banners should not be considered in isolation, but rather in the context of the website on which they will appear.

Web users respond well to being told what to do, and the content of an online advert should be concise and directional. Examples of these CTAs include:

- ’Click for a quote.’
- ’Click here for the full video and win.’
- ’Donate now.’

Step 7. Choose or create a landing page

All advertising needs an appropriate landing page or destination URL. Whether this involves creating a microsite, or merely leading users to an existing page on the website, ensure that clickthroughs are not being wasted. Generally, sending advertising traffic to your home page is not a good idea as it leaves the user confused about where to go next.

Step 8. Run your adverts

Now that you're all set up, you can let your ads go live! Keep a close eye on your spending to ensure that you're getting a decent return for your money, and that nothing unusual is occurring.

> **Note**
>
> If a problem comes up, you can simply stop your campaign, change the creative elements or modify your approach. The beauty of online advertising is that it can be revised almost instantly.

Step 9. Track, measure, optimise

As with all online marketing tactics, you need to track what your ads are doing and the results they are generating, measure your returns and successes, and then optimise your online advertising campaigns to get even better returns in future.

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6.2.7: The future of online advertising

On the web, the convergence of digital devices and channels is leading to new avenues for online advertising. Digital advertising can reach customers anywhere where they can access the web.

While we have become used to the Internet as a free medium where we can read and interact with any content we want, it is the fact that it is an advertisers' medium that keeps it free. And that means that as technologies evolve and the way we interact with content changes, so advertising follows.

Previously the level of interaction a web user had with a website could be measured by the number of pages of that website the user viewed. Now, technology such as AJAX and rich media such as video mean that the time spent on a web page can be more meaningful than the number of pages viewed. The key word here is 'engagement', and technology and data analysis is working towards being able to determine how websites can quantify the level of engagement with a viewer.

A little online research will reveal plenty of commentary declaring the decline of display advertising. Increasingly, consumers are becoming both weary and wary of advertising. Already low clickthrough rates on banners are dropping, so the effectiveness of display advertising is being questioned by some. However, there is a counterargument to be made here using different types of online advertising. Native advertising, for example, has a fairly good engagement rate. With the focus in digital marketing on tracking and measuring response and engagement, should a company spend money on less measurable activities such as 'brand building', where they are paying on a CPM basis?

> **Note**
>
> View-through conversions are important to look at as well, especially if your campaign is focused on raising awareness

Using third-party ad servers and post-impression tracking, the effects of different advertising and marketing channels on each other can be observed. Banner advertising can see an increase in search volume, for example.

What does this tell us? Measurement should take place across all channels, and no channel should be utilised in isolation. The best results will be gained through an integrated and holistic approach to digital marketing.

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6.2.8: Advantages and challenges

Advantages of online advertising

Banner advertising goes a long way towards bridging the advertising divide. These adverts have a set size, they can look very similar to print adverts, and they occupy a particular bit of real estate in a publication with a particular number of views. It's easy to understand, and it does the things with which buyers are familiar.

Online advertising can take advantage of the emotive qualities of images, videos and animations. Some campaigns are better suited to images than plain text.

Since banners can contain rich media, they offer levels of interactivity that other forms of advertising cannot achieve. This allows your target market not only to see your banner, but also to play with it. Interaction builds a bond and improves the chances of the consumer remembering your brand tomorrow. Cognitive learning is a powerful outcome of interactive display advertising.

Modern online advertising is able to bring together a number of other online marketing tactics such as animations, games, video and Flash.

Banner ads, like all digital marketing tactics, are measurable. Track clickthrough rates and you get an idea of exactly how many users are responding to your call to action. Some publishers even have the ability to do post-click tracking, which means that you can track the user all the way to a sale if that is the purpose of the advert.

Challenges of online advertising

A lot of display advertising is intrusive, so popup blockers can often prevent adverts from being served as they were intended by the advertisers. There are also extensions available for web browsers, such as AdBlock Plus, that will block advertising on web pages. Technologically savvy consumers are increasingly using these methods to limit the advertising that they see.

> **Note**
>
> Advertising is not a problem that's unique to the web, for example, TV viewers are increasingly skipping ads or watching episodes through online streaming services.

Bandwidth can also be an issue, although this is a shrinking problem. However, campaigns should be planned according to demographics in determining the richness (and investment) of interaction.

Consumers are suffering from advertising fatigue, so while new technologies can provide great results, as soon as the market moves mainstream it can get saturated. Consumers are increasingly ignoring adverts.

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6.2.9: Measuring success

How you measure the success of an online advertising campaign will depend heavily on the objectives you set for that campaign. For this reason, it is important to set those objectives before the campaign begins. The objective you have in mind will inform the goals you monitor (where “goal” is a specific user action), and that in turn will inform the KPIs you track. You will also want to measure events, or steps in the conversion process.

As an example, if your objective is awareness, you may want to look into the following KPIs, among others:

- Number of visits to your website
- Amount of user engagement (measured by time on site, comments on or shares of a social ad)
- Number of product views
- Number of brochure downloads.

Remember, KPIs are going to differ based on your objectives, so always keep that in mind!

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6.2.10: Getting your ads online

To get your ads to appear online, you need to find and pay for the space where they will appear. There are several options for doing this:

- Premium booked media
- Advertising networks
- Advertising exchanges and programmatic buying
- Social media advertising placement (see more in the Social media advertising chapter)
- Native advertising
- Mobile advertising
- Ad servers.

Premium booked media

Premium booked media works very much in the traditional way of booking advertising; the advertiser contacts the premium media provider (usually a single group that oversees a key, high-profile online space) and discusses options for placing an advert. This will involve negotiating on targeting and pricing for the space desired, and is usually a costly but high-profile option.

Advertising networks

An advertising network is a group of websites on which adverts can be purchased through a single sales entity. It could be a collection of sites owned by the same publisher, for example, New Line Cinema, Time Inc. and HBO are all owned by Time Warner Inc., or it could be an affiliation of sites that share a representative.

The Google Display Network is one of the largest advertising networks in the world.



Figure 6.2.10.1: Ad formats available on the Google Display Network (not including rich media ads) *Adapted From Blu Mint Digital, 2017*

The advertising network acts as an intermediary between advertisers and publishers, and provides a technology solution to both. As well as providing a centralised ad server that can serve adverts to a number of websites, the networks offer tracking and reporting, as well as targeting.

Advertising networks can categorise the sites by factors such as demographics, topic, or area of interest. Audience targeting is a particularly useful option, in which an ad can be targeted according to remarketing lists, custom lists, or interest categories. Advertisers pay to advertise in specific channels, and not in individual sites. Usually, the campaign will then be optimised based on the best converting sites or on the objectives of the campaign. Rates are often negotiated with the network, and placements are booked over a period of time.

Advertising exchanges and programmatic buying

Advertising exchanges, on the other hand, are where unsold advertising space, called inventory is placed by publishers for bidding. The inventory is sold to the highest bidding advertiser. Giving advertisers far more control, this type of advertising mimics the PPC model of search advertising (GSP auction) but bids are for audience profiles and space rather than for keywords. It allows publishers to fill unsold inventory at the highest available price, and can give smaller advertisers access to this inventory.

Programmatic buying is the automated purchasing of digital advertising space using software. This is much more efficient than the old process of human ad buyers and salespeople, and thus it is also cheaper. Programmatic buying can happen in advance from specific publisher sites, or in real time bidding. Real time bidding is one kind of programmatic ad buying in which ads are bought on a per-impression basis through real time instantaneous auctions.

Programmatic is exciting because it makes targeting much easier. It uses small predictive analysis to present your ads to the most likely optimal target market, and then evolves from there based on what is working best. This frees marketers up to focus on KPIs, creative, strategy, and other aspects.

Social media advertising

> **Note**
>
> Read more about this in the Social media advertising chapter.

Many social media platforms offer an advertising option, as this is their primary source of revenue. Social media can be an excellent place to reach prospects because you can usually target very accurately based on user-provided demographic information.

Native advertising

Native advertising is presenting advertising in a way that matches the platform on which it is presented and that meets audience expectations for that platform. It is an indirect promotion of the brand or product in that it is primarily focused on providing value to a specific readership, but it differs from content marketing in that it is paid. Essentially, it is paid advertising that works very hard not to disrupt the user experience. In its ideal form, this means the user is presented with useful, engaging content, which in turn is much more engaging than a banner ad.

It can look like paid search ads on a search engine, sponsored content like on LinkedIn or Facebook, or promoted listings, like on Twitter. However, it looks much more like content than advertising.

Mobile advertising

Mobile advertising is no longer something that should be considered in isolation. While there are still mobile-online networks, online advertising is moving toward real time buying and networks, and so device is becoming just another targeting option. All of the ad options already discussed are also available on mobile.

Blind networks

These networks target a large number of independent mobile publishers, and generally allow you to target by country or type of content, but not by specific websites. Payment tends to be on a CPC basis, which can vary. An example of this kind of network is mob ads (www.mobads.com). Very few low-cost blind networks exist these days, as they have all been bought up by programmatic engines.

Premium blind networks

Advertising on premium blind networks tends to be more expensive but allow the advertiser to target better-known brands and high-traffic sites. Broadcasters or operator portals fall under this category. Payment here is often on a CPM basis. Millennial Media (www.millennialmedia.com) is an example premium blind network. While targeting options are available, different networks can work in different ways, with varying levels of support.

Premium networks

These networks often offer sales as a direct extension of the big brands that they offer. More detailed targeting and sales support is available, but they also charge higher rates. They also offer different ad bidding options such as CPC and CPView for video ads. An example of this kind of network is Widespace (www.widespace.com).

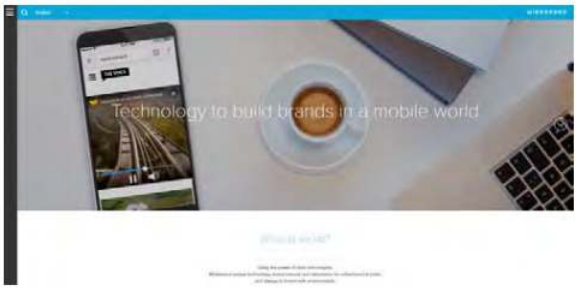


Figure 6.2.10.2: Widespace is an example of a premium mobile ad network *Adapted From Screenshot, Widespace, 2017*

Gaming console advertising

> **Note**
>
> The IAB has some guidelines for responsive creative that you can find at https://www.iab.com/ newadportfolio/

Of course, a phone isn't the only kind of mobile device. Internet-connected game consoles are also classified as mobile devices, and they also allow for advertising. Consoles like the Xbox One can replace a cable box, DVD player, stereo, and older gaming consoles, so users of all ages and demographics could find them appealing.

Ad servers

Ad servers are servers that store advertisements and serve them to web pages. Ad servers can be local, run by a publisher to serve adverts to websites on the publisher's domain, or they can be third-party ad servers, which serve adverts to web pages on any domain. Ad servers facilitate advert trafficking and provide reports on advert performance. They have two functions: to help publishers manage their ad inventory, and to help advertisers monitor and optimise their campaigns.

The benefits of ad servers

Rather than distribute copies of each piece of creative advertising to each publisher or media buyer, you can send out a line of code that calls up an advertisement directly from the ad server each time an advert is scheduled to run. The agency loads the creative to the server once and can modify rotations or add new units on the fly without needing to re-contact the vendors. This is referred to as third-party ad serving.

The ad servers provide a wealth of data, including impressions served, adverts clicked, CTR and CPC. While publishers have their own ad servers, most of the third-party ad servers also have the ability to provide performance against postclick activities such as sales, leads, downloads, or any other site-based action the advertiser may want to measure.

Ad servers provide a consistent counting methodology across the entire campaign enabling the advertiser to gain an 'apples to apples' comparison of performance across the entire media schedule, which includes multiple websites. This ensures that the advertiser gets what they are paying for, and avoids fraudulent activities, such as click fraud, as a good third-party ad server should be audited.

The ad server also allows sophisticated targeting of display advertising. Examples of third-party ad servers include Google DoubleClick and Sizmek. It is generally accepted practice to run one of these ad servers, but they all cost a percentage of the CPM rates.

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6.2.11: Targeting and optimising

Ad servers serve adverts across a number of websites, and can track a user visiting websites using cookies or IP addresses. This means that ad servers can offer advertisers:

- **Frequency capping:** This limits the number of times a specific user sees the same advert in a set time period.
- **Sequencing:** This ensures that a user sees adverts in a particular order.
- **Exclusivity:** This ensures that adverts from direct competitors are not shown on the same page.
- **Roadblocks:** This allows an advertiser to own 100% of the advertising inventory on a page.

The ad server can also target adverts based on the business rules of the advertiser or the profiles of the users:

- **Geo-targeting:** Online advertising has the ability to target markets by country, province or city, and can even drill them down to something as specific as their IP address. This is also known as IP targeting. Network or browser type; in this case markets can further be targeted via networks or browser types such as Mozilla Firefox, Internet Explorer, Chrome and Safari.

> **Note**
>
> Location targeting can be very cost-effective for physical events and regional offers.

- **Connection type:** Users can be segmented and targeted according to their Internet connection type, for example, whether they use broadband or dialup connections.
- **Day and time:** Advertisers can choose the time of day or day of the week when their adverts are shown. Advertisers can specify when their campaign should flight, down to the minute. This usually depends on the client's objective for the campaign or the product itself.
- **Social serving:** Websites gather demographic data about users and then serve each user targeted and relevant advertising. For example, Facebook will allow advertisers to select specific characteristics of users who will be shown an advert.
- **Audience targeting:** The ad server uses the profile of a user, built up over websites visited previously, to determine which adverts to show during a given visit. Ad servers can base this profile on cookies or on IP addresses. For example, the ad server may choose to show adverts for pet insurance on a news page to a user who has visited the pets and animals section of a general media site previously.

Remarketing is another form of audience targeting. This allows the ad server to display ads to users after they have interacted with a website in a certain way, for example, by adding an item to their cart on an eCommerce page but not checking out. The user may then see an ad for the product they have in their cart, to encourage them to go back and make a purchase. This can be done through various engines, the most popular of which is DoubleClick Digital Marketing (DDM) from Google.

> **Note**
>
> You can find out more about DoubleClick Marketing at: https:// www.thinkwithgoogle. com/intl/en-154/ products/doubleclick

Another approach to audience targeting is to set up parameters to determine when a certain advert needs to be shown. For example, if the user has clicked on a banner advertising a test drive, and the user has actually booked the test drive, the next time they see an advert from the advertiser, a different advert will be shown because the user has already responded to the first one.

- **Contextual advertising**: The ad server deduces the optimum adverts to serve based on the content of the page. For example, on an article about mountain bike holidays in Europe, the ad server would show adverts for new mountain bikes, or adverts from travel companies offering flights to Europe, or perhaps adverts for adventure travel insurance.

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6.2.12: Tracking

The trackability of online advertising is what makes it so superior to conventional advertising. Not only can an advertiser tell how many times an advert has been seen (impressions), but also how many times the advert has been successful in sending visitors to the advertised website (clicks). As discussed in the chapter on conversion optimisation, the tracking needs to continue on the website to determine how successful the advert has been in creating more revenue for the website (conversions).

> **Note**
>
> Read more about this in the Conversion optimisation chapter.

As well as tracking adverts, advertising networks can also provide information about the users who saw the advert, as well as those who acted on it, including:

- Connection type
- Browser
- Operating system
- Time of day
- Internet service provider.

Many third-party ad servers will set a cookie on impression of an advert, not only on clickthrough, so it is possible to track conversions that happen indirectly (called view-through conversions). Simply put, third-party ad servers can track not only the post click data, but also the post view data; when a user sees an advert, does not click on it, but goes to the website after viewing the advert either by typing in the URL, or by searching for the site.

Using this information, the ad server can target the adverts displayed, helping advertisers to optimise campaigns and get the most from their budgets.

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SECTION OVERVIEW

6.3: Search advertising

Learning Objectives

In this chapter, you will learn:

- How to put together a search advert.
- How to target your search ad at relevant users.
- The process of bidding on key phrases and how this affects your ranking.
- How to plan, set up and run your own search advertising campaign.

6.3.1: Defining search advertising

6.3.2: The elements of a search ad

6.3.3: Targeting options

6.3.4: Bidding and ranking for search ads

6.3.5: Measuring success

6.3.6: Tracking

6.3.7: Implementing a search advertising campaign

6.3.8: Advantages and challenges

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6.3.1: Defining search advertising

As discussed, search advertising involves placing online advertisements on search engine results pages to connect your product with consumers who are likely to be in the buying phase of the customer lifecycle.

Search engines display results to search queries based on proprietary algorithms. Each major search engine uses its own formula to determine what results to display for any term. The vast majority of searchers don't click through to the second page of results (less than 10% of people do), which means they are likely to find what they're looking for on the first page (Sharp, 2014). With search engines getting so much traffic, and delivering so much value, they need to find a way of generating revenue.

With so many search engines out there, which platform should you choose?

There are some small differences from platform to platform in terms of editorial policy, and each system has a different user interface. There is some theory that different platforms are better for different industries, for example, that Yahoo! fares better than Google on travel advertising. However, this is subjective, and most large advertisers will run PPC campaigns on a number of platforms. As with most things in digital marketing, it is all about testing.

Google AdWords is the best known and is considered the industry standard; it allows users to transact in the currency of their choice, is tied to a comprehensive analytics tool, and offers training programmes and certifications. Google AdWords also currently has the best contextual and geographical targeting worldwide, although geo-targeting is also offered by Bing Ads, Facebook Ads, LinkedIn Ads and YouTube video ads (which is closely linked to AdWords).

Structuring your search advertising campaign

When you start running search advertising, you shouldn't just create a whole stream of ads, you need to have a plan.

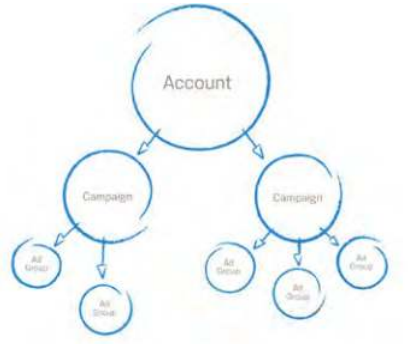


Figure 6.3.1.1: The main constituents of an AdWords campaign *Adapted From Stokes, 2013*

Your AdWords account is your home for all the ads you are currently running, and it should be structured to reflect your business and marketing strategy. Within your account, organise your search adverts in groupings, called campaigns, according to your strategy and the ads you are running. Within each campaign, you should have ad groups; these are sets of ads that have a common characteristic or focus. For example, if you are selling books online, you may have ad groups focused around a specific genre, author, event and special offer, as well as some ad groups around general themes such as promoting local stores, or making online sales.

> **Note**
>
> Many search advertisers create ad groups for branded terms, competitor terms and generic key phrases related to the industry.

Structuring your account in this way will help you to easily oversee your advertising spend, determine the effectiveness of your ads, manage your ads and bids, and switch off any ads that aren't working effectively.

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https://biz.libretexts.org/@go/page/148037

6.3.2: The elements of a search ad

As of October 2016, Google phased out their basic text ads and replaced them with expanded text ads to reflect their more mobile friendly approach. These ads have the following format:

Heading 1 – Heading 2

- One expanded line of descriptive advert copy, sometimes breaking over two lines depending on device size.
- www.DisplayURL.com
- Ad extension.

As you can see, these ads consist of several elements; the key is to make these work together harmoniously to get searchers to click through to your website. The three main components are:

- Keyword optimised ad text
- The link to your owned property (website, social media platform, content)
- Ad extensions.

Ad text

The ad text is the main component of a search ad. Search engines limit the characters in each line, though expanded text ads double that character limit in most cases. Google can sometimes show the headline and the first line of ad text in the same line, followed by the display URL and then the second line of ad text. There are also restrictions on what you are allowed to write in an advert. Here are some of the editorial guidelines from Google AdWords:

Expanded text ad character limits:

- **Headline part 1:** maximum of 30 characters
- **Headline part 2:** maximum of 30 characters (This will be shown after the first headline, usually separated by a hyphen, and may wrap around to the second line for mobile)
- **Single description line:** maximum of 80 characters
- **Display URL:** domain name automatically extracted from your final URL (URL path can be customised using two field options with a 15 character limit each).

General guidelines:

- No repeated exclamation marks.

> **Note**
>
> These character limits and guidelines are very strict. If you fail to adhere to them, Google simply won't publish the ad.

- No word may be written in capitals only.
- No nonsense words may be used.
- No claims of 'best', 'number one' or superlatives may be used unless they can be verified by a reliable third-party source.
- Product numbers may be used.
- No phone numbers allowed in the copy.

Writing effective copy

or most PPC ads, the ad copy is the only tool available to attract attention, convey a message and entice action. This is why writing effective ad copy is such an important skill for search advertising.

Users who are searching for something usually have a specific intent; they are looking for information, guidance, comparisons, tools, or solutions to their problems. It's important to understand why users would look for your brand or product and what keywords they would use to find it when crafting your search ads. Look at the considerations for choosing keywords that are covered in the Search engine optimisation chapter as these often overlap.

Note

Read more about this in the Search engine optimisation chapter.

Use compelling and well-crafted calls to action so that users know what to do and what to expect: ‘try now’, ‘sign up now’, ‘buy now’.

Note

Read more about this in the Digital copywriting chapter.

Many advertisers test offers in the advert copy, such as a discount or limited time voucher. Product or service benefits make for good advert copy, such as free shipping, secure shopping or fast delivery.

If you are running many ads at once, it can be quite a lot of work to create unique copy for each one. Dynamic keyword insertion (inserting the search keyword dynamically into the advert copy that appears) or using the keyword in the advert copy can help. Dynamic keyword insertion takes the keyword in your campaign that matches with the user search query and inserts it into the ad automatically. This way, your ad looks more relevant to the user than a generic ad. The search engine will mark words that match the search term in bold, making the advert stand out a little bit more.

The downside of using dynamic keyword insertion is that you have less control over when an ad is shown to a user, and the results may not be as good as with a standard SEM campaign. The goal is to generate as many clicks as possible, but sometimes the advertiser is better off with fewer, high-quality clicks that are more likely to generate actual sales.

The long tail

Internet Live Stats asserts that 16−20% of search queries on the web have never been asked before (Internet Live Stats, 2016). This means that the sum of searches that are unique is higher than the sum of non-unique searches. Looking a little more closely at search terms will show a small number of high-volume searches, and then a large number of lower volume searches stretching out to those unique searches.

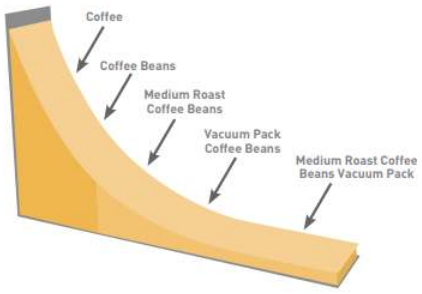


Figure 6.3.2.1: An example of long tail keywords *Adapted From Stokes, 2013*

Note

What’s more important to your brand, a high volume of traffic, or a smaller number of qualified leads? Consider your strategy when deciding whether to use short- or long-tail keywords.

This is sometimes referred to as the long tail of search. Discovering these lowvolume, niche search terms can do wonders for a search advertising campaign.

Generally there is not much competition for these search terms, and the search term itself is very much targeted, so it will likely be cheaper to bid on and may yield a high conversion rate. While long-tail phrases are generally cheaper and lead to a higher rate of conversions, you will need to use a much larger number of them to make up for the lower traffic volume that they generate.

Also consider that search engine users may be at various stages of the buying cycle, and it could be worthwhile to craft a long-tail keyword strategy targeting those who are at the end of the buying cycle and know specifically what they are looking for.

For example, if you sell cameras, targeting the term ‘camera’ may not bring in much targeted traffic (since users searching for ‘camera’ may be looking for information, pictures, price comparisons, or even something completely unrelated). But users looking for ‘buy Canon DSLR camera in London’ has a clear intention in mind and could be a great target for advertising.

Display URL

Search ads allow you to include a display URL. The URL shown is not necessarily the URL that the user will click through to; the display URL (what is shown on the advert) actually directs to the destination URL (what the actual URL of the page is). The display URL is sometimes also called a vanity URL.

Note

The display URL should be short, clear and meaningful to the viewer. It should indicate what type of page the user will be taken to when they click.



Figure 6.3.2.2: A Google search advert with a clear display URL *Adapted From Screenshot, Google, 2017*

The display URL must be the same domain as the destination URL and Google pulls this out automatically. Google will show only one advert per domain.

The page that the user is taken to is called the landing page, which can be any page on your website, not necessarily the home page. The aim should be to send users to a web page that is as specific to their search, and the PPC advert, as possible. This is known as deep-linking.

Landing pages

Search advertising is not just about creating adverts and bidding for keywords. The process continues once a user has clicked on your advert. The page that the user reaches by clicking on an advert is called a landing page and is either an existing page on your website, or a new custom-built page for the campaign at hand (useful if you are running a competition or special offer).

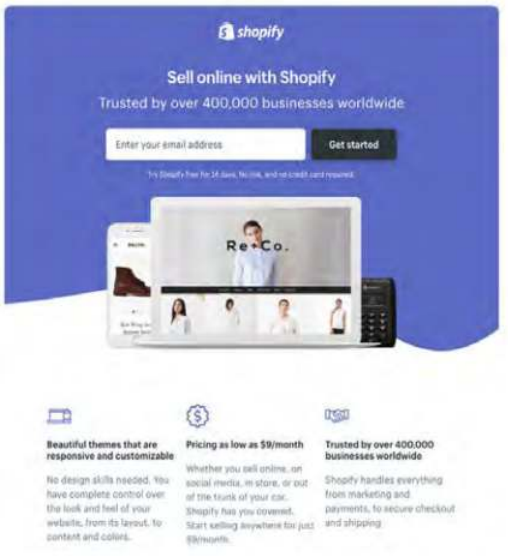


Figure 6.3.2.3: The Shopify landing page *Adapted From Screenshot, Shopify, 2017*

Landing pages can make or break an advertising campaign. Poorly executed PPC campaigns will send all users to the home page of a website. Campaigns that convert will make sure that users land on a page that is relevant to their search with a very visible call to

action. The aim is to keep the user as focused on the goal, conversion, as possible. Sending users to the home page gives them too many other options to choose from.

> For example, if users searched for 'Canon EOS 1300D', a poorly run campaign would send them to www.canon.co.uk. A better campaign would have the user clicking through to www.canon.co.uk/for_home/product_finder/cameras/digital_slr/eos_1300d/.

Landing pages also indicate relevance to the search engine, which can increase the Quality Score of the advert, and in turn lower the cost per click (CPC) of the keyword. Adding keyword-rich pages to the website can also have SEO benefits. PPC campaigns often have thousands of keywords, which can mean that you will have a lot of landing pages to build. Creating dynamic landing pages means that with a simple script, unique keyword-rich landing pages can be created for every search. The script will take the keyword that the searcher has used, and insert it in predefined places on the landing page. The user will then be landing on a page that is highly relevant to their search.

> **Note**
>
> Read more about this in the Search engine optimisation chapter.

Ad extensions

> **Note**
>
> Google is constantly testing and adding new ad extensions so check in often to see what's new.

Google offers several ways to add value or information to search adverts. These are referred to as ad extensions. For a search advertiser, the ad extensions offer a way to get additional information into a search advert without affecting standard advert copy limits.

AdWords currently offers six manual extensions and four automated extensions, for a total of ten. Some of these will be more useful for mobile, such as the locationspecific ones. The manual extensions are as follows:

1. Location extensions

Location extensions allow you to add location information and maps to your advert (you can add map pins, navigation assistance, and a call option). To use the extensions, you can either insert your address manually or link your AdWords account to your Google+ Local (www.google.com/local) account.



Figure 6.3.2.4: A location extension *Adapted From Screenshot, Google, 2017*

2. Call extensions

The call extension allows you to display a local phone number in a line below the standard text advert. This is particularly effective in mobile ads, where the user can click and call directly from their phone.



Figure 6.3.2.5: A call extension *Adapted From Screenshot, Google, 2017*

3. App extensions

The app extension adds a link below your ad that sends users to the app store or begins a download of your app.

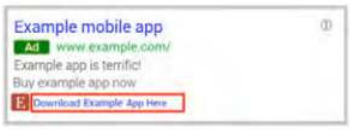


Figure 6.3.2.6: An app extension *Adapted From Screenshot, Google, 2017*

4. Review Extensions

This shows positive third party reviews, generally from trustworthy sources.



Figure 6.3.2.7: A review extension *Adapted From Screenshot, Google, 2017*

5. Sitelink extensions

Sitelinks add up to six extra links to pages on your site that might help users find what they're looking for. Sitelinks are limited to 25 characters for most languages. Sitelinks allow you to direct users to more relevant areas of your website, all from one advert. They are suitable for advertising on more general or branded keywords.



Figure 6.3.2.8: Sitelink extensions *Adapted From Screenshot, Google, 2017*

6. Callout extensions

These allow you to include additional text with your search ads, such as more information about your business, products, and services.



Figure 6.3.2.9: Callout extensions *Adapted From Screenshot, Google, 2017*

The automated extensions are as follows:

7. Consumer ratings

This shows your best ratings below your search ads, with a link to more ratings; this is useful if you have very high ratings!



Figure 6.3.2.10: A consumer rating *Adapted From Screenshot, Google, 2017*

8. Previous visits

These let users know whether they've visited your site before, and when. These are useful if users are trying to find their way back to your website or to encourage one-time customers to return.



Figure 6.3.2.11: A previous visit extension *Adapted From Screenshot, Google, 2017*

9. Dynamic structured snippets

Dynamic structured snippets automatically show additional landing page details, which helps searchers to determine whether your site contains the kind of information they're looking for. This information comes from content on your site.



Figure 6.3.2.12: A dynamic structured snippet *Adapted From Screenshot, Google, 2017*

10. Seller ratings

These show online business ratings with your ad, showing what kind of reputation you have for good service. The seller ratings come from reputable sources that compile a number of business reviews to help users make more informed decisions and to help your ad perform better.



Figure 6.3.2.13: Seller ratings *Adapted From Screenshot, Google, 2017*

Message extensions

At the end of October 2016, Google announced message extensions, which give users the change to click to text a business straight from the search engine results page. Advertisers can include a pre-written text message to make things easier for mobile users. Tests on these extensions have shown that they significantly improve mobile clickthrough rates but they cannot currently be tracked as conversions in AdWords.

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6.3.3: Targeting options

Search adverts are targeted in a variety of ways, depending on how you want to reach your intended audience. Targeting your adverts means you know that the traffic you are getting is relevant to your product.

Keywords and match types

It's not enough to simply pick the right keywords; you need to know about the different ways in which the search engine interprets and matches the search term to your chosen keyword.

Most search engines require the advertiser to provide the search keywords for which their advert should appear. Considering the massive volume of searches conducted every day, it would be impossible to determine all the possible terms potential customers might use to find you. That is why there are different keyword match types for search advertising.

Google AdWords using the following match types:

- Broad match
- Broad match modifier
- Phrase match
- Exact match
- Negative match.

Broad match means that your advert will appear for the keywords you have entered, as well as search terms that contain your keywords and any other words in any order, as well as some variations of your keywords such as misspellings and synonyms.

The broad match modifier is an additional targeting option that gives you tighter control than broad match by excluding synonyms but including other versions of the word, such as plurals. It's implemented with a + before the keyword.

Phrase match, which is denoted with quotation marks around the keywords; 'phrase match' means that your advert will appear only for search terms that have your keywords in them, in the same order, though other words may also be in the search term.

Exact match, denoted by square brackets [exact match] means that the advert will appear for search terms only exactly the same as the keywords selected.

Negative match, denoted by using a dash in front of the keywords; –negative means that your advert will not appear in searches using that word, no matter what other words are used.

Advertisers can assign as many keywords as they want to an advert, but only one advert for each URL will be shown. If two advertisers are bidding to show adverts for the same domain, only one will be shown. Which advert will be shown is based on the bids being placed and on the quality of the adverts (more on that later).

Language and location targeting

Search engines have versions customised for specific regions and languages, based on the user's settings and where in the world they are searching from. As a search marketer, you can choose the language and the location of the search engine to target. This is known as geo-targeting.

For example, you may want your advert to show only to English searches in Asia, or to French searches in Johannesburg. Targeting your advert means that your ads won't be seen by users outside your target area, and you won't pay for traffic that you cannot convert into customers.

Behavioural and demographic targeting

Search advertising can also be targeted based on personal behaviour. Using AdWords, you can re-target visitors who came to your site via an AdWords advert based on actions that they took. This means that if users came to your site, but did not complete a purchase, you can target adverts to them in the SERPs or through other online advertising channels, such as the Google Display Network. This is called re-marketing or re-targeting, and can be very effective for remaining top of mind until the user is ready to convert. It is usually advisable to cap the number of times a re-marketing ad is shown to an individual to avoid annoying them.

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6.3.4: Bidding and ranking for search ads

As you know, search adverts are charged on a per-click basis. The cost that you pay for every click is determined by a variety of factors, and is based on a bidding system.

The different advertising platforms offer advanced bidding options, all aimed at helping you to run your advertising campaign better. You can bid for placement on the SERP, or you can bid based on how much you are willing to pay per click. You are also able to tailor your approach to, for example, bidding for adverts during certain times of the day only.

Search advertising is usually run as a Vickrey auction model, so advertisers place bids to appear based on certain criteria. The advertising platform determines when adverts are eligible to appear and serves them as is appropriate. The advertiser then pays the advertising platform when their advert is clicked on.

Advertiser	Bid price	CPC
A2	$3.00	$2.51
A1	$2.50	$2.36
A3	$2.35	$2.06

Figure 6.3.4.1: Three advertisers bidding on the same key phrase *Adapted From Stokes, 2013*

With search advertising, the advertiser:

- Creates the copy for an advertisement.
- Determines the landing page for the advert.
- Selects the keywords or criteria for which that advertisement should appear.
- Chooses the maximum amount, the cost per click (CPC), that they are willing to pay for a click on the advert.

The advertising platform:

- Checks the advert for compliance with editorial guidelines.
- Displays the advert for relevant search queries or other criteria.
- Determines the rank of the advert based on the advertiser's maximum bid and the relevance of the advert (which includes factors such as clickthrough rate, ad copy, keyword and landing page relevance).

In Google AdWords, as well as deciding on your CPC bids for your keywords, you are able to set budgets for your campaign. You can set daily budgets, monthly budgets, or no budget. Once your total is reached, your adverts no longer run, so you can be sure that you never overspend. If you are concerned about overspending, you can set a daily budget. However, this can mean that your adverts do not run as often as you may like them to.

Conversion and clickthrough rates

Search engines look at factors such as relevancy to try to ensure that it is not just advertisers with deep pockets that can land the top ad listing. Search engines need to ensure that users find the adverts relevant, otherwise they'll be less likely to click on them, and no click means no revenue for the search engine.

Studies repeatedly show that those adverts nearer the top of the page attract the highest clickthrough rates (CTRs) (Smart Insights, 2016). Competition for these top spots can be fierce and the cost per click can be very high.

Ads at the top of a page generally have the following qualities:

- They are very relevant to a user's search query.
- They consistently perform well, with high CTRs over time.
- The CPC bid is competitive and outbids other ads of the same quality. (Google AdWords, n.d.)

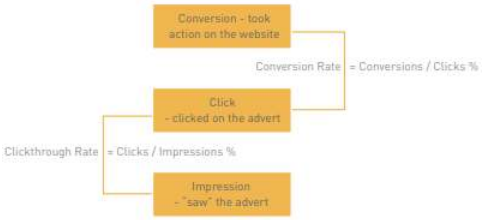


Figure 6.3.4.2: An image illustrating clickthrough and conversion rates *Adapted From Stokes, 2013*

The bidding process

Advertisers need to determine the maximum they are willing to pay for a click on their advert, and they need to decide this for each keyword they enter for an advert.

This bid is the maximum cost per click (max CPC).

However, this will not necessarily be the CPC that the advertiser must pay for a click. Every time a search query is entered, the search engine runs an auction to determine the placement of the adverts where advertisers have bid on that search term. This auction is known as a generalised second price (GSP) auction, which is a variation on the Vickrey auction.

In the GSP auction, each advertiser will pay the bid of the advertiser below him, plus a standard increment (typically US $0.01), for a click on their advert.

Say three advertisers, A1, A2 and A3, bid US $2.50, US $3.00 and US $2.35 respectively on the same keyword. The search engine has set a minimum price of US $2.05 on that same keyword. Here is how the adverts would be positioned, and what they would each pay for a click:

Advertiser	Bid price	CPC
A2	$3.00	$2.51
A1	$2.50	$2.36
A3	$2.35	$2.06

Figure 6.3.4.3: GSP payments per click *Adapted From Stokes, 2013*

AdWords Quality Score

When it comes to ranking, of course, it's not quite as simple as that (it rarely is!).

As well as the bid an advertiser places on a keyword, the search engine will take a number of other factors into account. In the case of Google AdWords, this is known as Quality Score. Quality Score is applied on keyword, ad group and account level. It is important that your entire account has a good Quality Score, as it affects ranking and the cost per click.

The Quality Score is determined by, among other factors:

- The relevance of the keyword to the search term
- The relevance of the advert copy to the search term
- The relevance of the landing page to the search term
- The historic CTR of that advert.

Quality Score is ranked as follows:

Great (8, 9, 10): Keyword is very relevant and QS needs no improvement.

OK (5, 6, 7): Keyword is relevant, but can still benefit from a higher QS.

Poor (1, 2, 3, 4): This keyword isn't very relevant and QS needs improvement.

Another way to think of the Quality Score is as a discount that is applied to your campaign. For instance, an advert with a great Quality Score can achieve a top position at a lower bid than a competing ad with a poor Quality Score. For example, an advertiser with a Quality Score of 5 will have to pay twice as much for a certain position as an advertiser with a Quality Score of 10.

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6.3.5: Measuring success

How do you know if a campaign is performing well? You may think that more clicks are better, but is this necessarily the case? Being in the top position means that you may pay more per click. When your advertising budget is limited, it is often more cost effective not to bid too much for your keywords and to occupy the lower ad positions. Because you'll pay less per click, you can achieve more clicks, and potential customers, for your limited search advertising budget.

Advertisers need to consider what users do after clicking through to the advertiser's website from the search engine. When planning a search advertising campaign, it is crucial to set the goals of the campaign upfront, and make sure that these are attainable. With a goal set up, the advertiser can track how many of the users that clickthrough to the website follow through to that goal. This is called a conversion.

Goals could be:

- Buying a product
- Filling in a form or quote
- Downloading a white paper
- Sending an enquiry
- Booking a flight.

We know that the CTR of an advert is the number of clicks out of the total impressions. The conversion rate of an advert is conversions divided by clicks. The cost per action, or the cost per each conversion, is the total cost of the campaign, divided by the number of conversions. The average cost per click is the total cost of the campaign divided by the number of clicks.

As the advertiser, you also need to know the value of each conversion. If the value of a conversion is less than the cost of achieving it, you effectively lose money with every conversion. Knowing the value to your business of a conversion will enable you to run search advertising campaigns profitably.

	Impressions	Clicks	CPC	Total Cost	CTR	Conversions	Conversion Rate	CPA
A	1134	55	$ 0.89	$ 48.95	5%	5	9%	$ 9.79
B	1134	123	$ 1.36	$ 167.28	11%	11	9%	$ 15.21
C	2256	225	$ 0.89	$ 200.25	10%	11	5%	$ 18.20

Figure 6.3.5.1: Adjusting bidding strategies based on business principles *Adapted From Stokes, 2013*

You also want to look at your share of voice, which is your brand's share of the total advertising exposures for that sector or product type. This helps you measure how visible you are during your campaign.

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6.3.6: Tracking

In order to report on campaigns all the way through to conversion, you need to use appropriate conversion tracking. Conversion tracking is usually accomplished with a small tracking pixel that is placed on the conversion confirmation page of the website.

Google AdWords offers conversion tracking tags, which will allow you to report on AdWords campaigns from impression through to conversion. The AdWords interface provides a wide range of useful reports.

In order to track many other networks, however, third-party tracking needs to be used. Most ad serving technology will also enable pay-per-click tracking, usually at a nominal additional cost per click. If you are running display campaigns through these networks as well, this has the benefit of reporting on how the campaigns might influence each other.

If you are sending traffic to a website that uses Google Analytics, you can use campaign tracking to track and report on campaigns that are driving traffic to the site. You can link your AdWords and Analytics accounts to share information across these platforms, such as the cost paid per click in Google Analytics and some basic analytics information in AdWords.

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6.3.7: Implementing a search advertising campaign

Do your homework

For a successful campaign, you need a full online and offline analysis of the business, customer demographics, industry and competitors. While it is relatively quick to set up a campaign, pre-planning will show dividends later. You need a brand, an identity and a clear, unique selling point. You get only three lines to advertise, so you need to make sure you know what must be included and how to make the most impact.

Define your goals

You need to know what you want to achieve with your search advertising campaign.

Branding campaigns, for example, are very different from campaigns to increase sales. What do you want users to do once they click on your advert?

Budget, cost per action (CPA) and targets

Determine how much you are willing to spend to achieve your goal, your target CPA. Decide how much budget you are going to allocate to your search advertising campaign. If your goal is to increase revenue, your budget may be unlimited as long as revenue is increasing and you are within your target CPA.

Keyword research

You need to determine what keywords potential customers are likely to use when searching for the service that you offer. Along with that, you need to know:

- What common misspellings or typos a customer might use.
- What words would show that they are not likely to purchase from you, such as ‘free’ and ‘cheap’.
- As part of your keyword research, you need to look at expected volumes for your keywords, so that you know how to bid. There are also tools that will show you similar or related keywords, so you can expand your keyword list even further. See the Tools of the trade section (below) for some suggestions.

Write the adverts

Using your keyword research, write compelling adverts to promote your products. Adverts can be unique to one keyword, or you can group them and have a number of keywords for one advert.

Make sure you use an appropriate display URL, and that you target the landing page for each advert.

Place your bids

Based on your goals and keyword research, set the maximum bids for your keywords. Don’t set these too high at this stage as you’ll tweak the bids as you test your campaign. That being said, don’t make them too low either, or you won’t get much traffic, and it could affect your Quality Score. Test your ad to find the right balance in line with your goals. AdWords also provides tools that can help to guide your decisions.

Tracking

Get your tracking tags in place, especially any conversion tracking tags.

Measure, analyse, test, optimise!

With tracking in place, you can analyse your ROI down to a keyword level, and then focus your campaign and budget on the keywords that are converting best.

Consider how changing the text, image or video of your advert could increase the CTR, or your conversion rate. Test different landing pages to see what converts better.

Test the networks too. Your Bing campaign may perform better than Google, or your Facebook account may drive cheaper traffic. Always keep your goals in mind and work, work, work to achieve them.

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6.3.8: Advantages and challenges

There are many reasons why search advertising can be an excellent addition to any digital marketing strategy.

- **No to low cost barrier**

You pay only for traffic, there are usually no setup fees involved, and all the tools you need to start out with can be accessed for free.

- **Tracking every cent**

Search advertising allows you to track your advertising spend down to a keyword level, so you can learn what works and what doesn't on a micro scale.

- **Targeted advert placement**

You can make your advertising relevant by using filters, targeting your ads to specific users, or even in the way you use keywords and match types.

- **You're giving your customers what they want**

Search advertising lets you put your advert in front of users who are searching for your product. It lets you provide a solution, as opposed to creating an interruption.

Search advertising campaigns are quick to set up, can provide high volumes of traffic, and are highly trackable. But there are some pitfalls that you should be aware of.

Click fraud

Click fraud occurs when your advert is clicked on by users who are not legitimate potential customers. Because an advertiser has to pay for every click, sometimes unscrupulous competitors can click on the advert to force the payment. There are even automated bots that can click on adverts, costing advertisers millions.

Search engines have taken measures to combat this and click fraud is no longer widely prevalent. Advertisers can report suspected click fraud, and the search engines will refund invalid or fraudulent clicks after investigation.

What can you do? Keep an eye on your campaign. Any sudden leap in CTR should be investigated, and you should pay particular attention to see if the conversion rate drops, which would indicate potential fraud. Pause the campaign if you suspect fraud, and alert the search engine.

Bidding wars and climbing CPCs

High-traffic keywords are expensive, and the battle to stay on top means that the CPC of these keywords is escalating. Convincing yourself that it's number one or nothing can result in burning through your campaign budget quickly with nothing to show for it.

Keep focused on your campaign goals and ROI, and keep investigating to find less expensive niche keywords that work for you.

Keeping an eye on things

Search advertising campaigns require a lot of monitoring and the bigger your campaign gets the more time this takes. Search advertising can provide a fantastic ROI, but you need to check in and tweak regularly to make sure that it continues to perform for you.

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SECTION OVERVIEW

7.1: Direct marketing (email and mobile)

Learning Objectives

In this chapter, you will learn:

- The basics of email strategy.
- How to structure and design an effective marketing email.
- How to plan and execute a successful direct marketing campaign using email.
- Techniques for measuring and optimising your email campaigns.
- How mobile can tie into and enhance your direct marketing campaigns.

7.1.1: Introduction

7.1.2: Direct marketing strategy and planning

7.1.3: Step-by-step direct marketing process

7.1.4: Measuring success

7.1.5: Advantages and challenges

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7.1.1: Introduction

Direct marketing is all about communicating directly to customers rather than indirectly, via ads or billboards. Direct marketing via digital generally involves email, and to some extent, mobile channels.

At its core, email marketing is a tool for customer relationship management (CRM). Used effectively, this extension of permission-based marketing can deliver one of the highest returns on investment (ROI) of any digital marketing activity (the principles covered in this chapter can apply to any kind of permission marketing). Simply put, email marketing is a form of direct marketing that uses electronic means to deliver commercial messages to an audience. It is one of the oldest and yet most powerful of all digital marketing tactics. The power comes from the fact that it is:

- Extremely cost effective due to a low cost per contact
- Highly targeted
- Customisable on a mass scale
- Completely measurable.

Furthermore, email marketing's main strength is that it takes advantage of a customer's most prolific touchpoint with the Internet, their inbox.

In January of 2015, the number of emails opened on mobile phones overtook the number of emails opened via desktop. A large number of users first read their emails on mobile, according to Litmus, Desktop represents 19% of email opens, webmail represents 26%, and mobile represents 55% (eMailMonday, 2016). Depending on the market you're targeting, and lower-end markets are fast catching up, if you send an email, it will at some point be opened on a mobile phone.

In other words, you cannot think about email without thinking about mobile at the same time.

Like mobile-specific channels, email marketing is a tool for building relationships with both existing and potential customers. It should maximise the retention and value of these customers, which should ultimately lead to a greater return on investment.

> Some people consider email marketing to be old fashioned, arguments about its demise have been going on for years, but it can be one of the most powerful tools in your digital arsenal.

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7.1.2: Direct marketing strategy and planning

The first part of any digital direct marketing campaign should involve planning for the goals you need to achieve. Email and mobile marketing can be used as a tool to help you achieve your business and website goals. As with all tactics, direct marketing should be considered in line with your overall business, marketing and digital strategy.

As discussed in the chapters on analytics and conversion optimisation, you will decide on the key performance indicators (KPIs) for your campaign. KPIs are the metrics that indicate how well you are performing.

> **Note**
>
> Read more about this in the Conversion optimisation, and Data Analytics chapters.

You have a few options for digital direct marketing:

- Promotional emails
- Newsletters
- Transactional emails
- SMS marketing.

Promotional emails will usually have an immediate goal:

- Users make a purchase
- Users download some content
- Users request further information.



Figure 7.1.2.1: An example of a promotional email from Joss & Main *Adapted From Screenshots, 2016*

Newsletters tend to focus on longer-term goals and are usually geared at creating and retaining a long-term relationship with the reader so your KPIs are more important here.



Figure 7.1.2.2: An example of a retention-based newsletter from MarketingSherpa *Adapted From Screenshots, 2016*

Transactional emails are generally automated emails that inform customers of payments, subscriptions, or changes to their account. This category can also include confirmation email or reminders.

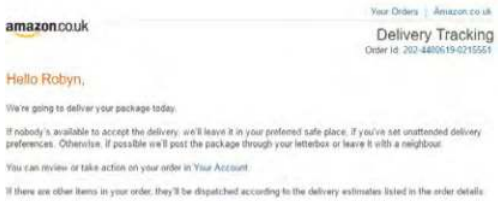


Figure 7.1.2.3: An example of a transactional email from Amazon UK *Adapted From Screenshots, 2016*

An SMS can be used in much the same way as a promotional or transactional email; to let the customer know about products or specials, deliver coupons, or send transactional reminders.

> **Note**
>
> Read more about SMS in the Mobile channels and apps chapter.

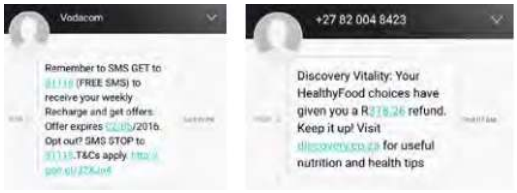


Figure 7.1.2.4: Left: A promotional SMS from Vodacom. Right: A transactional SMS from Discovery *Adapted From Screenshots, 2016*

Email service providers

An email service provider (ESP) is a partner who can help manage your email design and send. For bigger organisations, it often makes sense to purchase your own software and server, or partner with an ESP. This is especially true if you are sending more than 50 emails at a time. Most ESPs are do-it-yourself services that do not manage or strategise your campaign, but give you the tools you need to manage it yourself.

> **Note**
>
> We have listed some ESPs in the Tools of the trade, section 18.6, at the end of this chapter

There are some important questions to ask when choosing an email service provider.

- How easy is it to use? This is important if you are managing the campaigns yourself.
- Can you upload and migrate the contact list? It's important that you own your lists.
- Is the process self-service or managed?
- How does the reporting work?
- What is their deliverability like?
- Are they endorsed by email and deliverability authorities, such as Return Path or Trust-e?
- Do they adhere to best practices for direct marketing?
- How is the data stored, processed and secured? Who owns it?

Using mobile for direct marketing

You will remember from the Mobile channels and apps chapter that users see their mobile as a personal device and can resent intrusions on it. This means that there are certain principles you'll need to keep in mind if you plan to use mobile for direct marketing purposes.

Privacy and permission

One of the most important principles for mobile is privacy. Users see their mobile as a very personal device; they do not respond well to unsolicited marketing messages invading that privacy. The location-based nature of mobile also presents some challenges to user privacy. No one wants their location published without their permission, and users need to be able to control notifications.

For a business to avoid damaging its brand by coming across as invasive, marketers using mobile need to use permission marketing and make it clear that they will value and respect users' privacy. Users need to opt in to marketing messages, and should be able to opt out at will. A strong database of preference profiles and constant maintenance of consent can drastically reduce the risks and make users feel more in control of their marketing experience

> **Note**
>
> Remember that many countries have legislation governing the collection, storage and use of personal data. Make sure that you follow the laws of your country!

Take a look at how Hindustan Unilever targeted low-income consumers to build a permission database in an area with vast basic mobile penetration but relatively little smartphone presence: http://www.digitaltrainingacademy.com/casestudies/2016/03/mobile_case_study_coffee_giant_wins_loyalty_with_ mobile_airtime_rewards.php#more

Value and reciprocity

The best way to avoid coming across as invasive and intrusive for mobile users is to ensure that every message you send them on this personal device is valuable to them. Push notifications from apps, for example, have a high engagement rate, but users won't opt in unless you are offering clear value and have taken the time to build up some trust. Digital consumers have far too many distractions vying for their attention to pay attention to an unsolicited marketing message that gives them nothing.

Offering value to mobile users does two things: It helps to build up relationships, and as a result, loyalty, and, it uses the principle of reciprocity. If you give consumers something, they are more likely to be willing to give something back.

For this reason, any messages you send directly to users should be helpful and set the customer up to remember you in a positive light. For example, a hotel could send a confirmation SMS, a reminder or a way to shorten the check-in process, or a query about whether the guest needs anything upon arrival. None of these would be seen as intrusive.

Offering real value to your consumer won't amount to much if they're not reading the messages you send, which they won't if they don't trust you. To build up that trust, you need to consistently invest in a value exchange; their attention for your message.

Relationships

If you practice permission marketing and offer value to your mobile audience, you will ultimately build a stronger relationship with your customers. These relationships can result in a higher customer lifetime value as well as positive sentiment, which can be spread by your audience and result in more converts to your brand.

Because mobile's ability to connect you to your customer at their moment of need is unparalleled, so is its ability to help you build a connection with your brand's followers. When used well, mobile devices offer an effective way to build strong relationships, and those relationships should be your primary focus.

Choosing an SMS/MMS service provider

There are some important factors to consider when choosing an SMS/MMS provider. Here are some key questions to ask about any potential service provider:

- Can you pre-check cell numbers with networks and carriers to find out which numbers are MMS-enabled?
- How does the reporting work? What can you measure?
- Do they optimise the MMS for the screen size of the phone?
- How good are their creative services? Make sure you see some examples of previous work to assess their skills.
- Do they provide and manage an opt-out service?
- What are the personalisation options?

Email on mobile

You now know that most email is opened first on a mobile device. Users expect an engaging, attractive experience across devices, so an email that isn't formatted for a mobile device isn't going to get a good response and many users will simply delete the email

or even opt out rather than opening it again on desktop.

This presents a challenge for email design. The mobile screen is obviously much smaller than a desktop screen, so the way an email is displayed differs as well. Not only that, but different mobile devices have different screen sizes, and they make use of different mobile operating systems. This means that each one has different standards and default settings and renders emails in a unique way.

To make things even more difficult, very few users view an email on only one device. They may switch from their smartphone to their laptop to their tablet and back to their mobile phone during the course of a day. This means that, although sending two versions of your email is an option, one for mobile, one for desktop; it's probably not the best solution. You want an email that displays well across as many different clients and operating systems as possible. One way to achieve this is through responsive email design.

> **Note**
>
> Read more about this in the Web development and design chapter.



Figure 7.1.2.5: The Marketing Charts email template responds to the screen size of the device on which it is viewed *Adapted From Screenshots, 2016*

Some smartphones do render HTML emails and can auto-fit them to fit the mobile screen, but this can still affect the way the email displays.

The most important things to keep in mind when designing an email for mobile are:

> **Note**
>
> Don't worry if some of this sounds a bit too technical. Your web developer will understand and be able to advise you.

- The screen is a lot smaller
- Inputs can vary, with touchscreens being the most common.

So, your content must be easy to skim, with clear calls to action.

Here are some common best practices to follow when designing your emails, to ensure optimal rendering on mobile devices:

- Generally, most emails are designed to be 600px wide to display well in an email preview pane and this scales well on typical mobile screen sizes. On a 320px screen, an email can be zoomed out to 50% and display perfectly; similarly, on a 480px screen it can display at 75%.
- Host your email newsletters online and link to them from your preheader. That way, anyone who opens your email on a mobile can click straight through to an HTML version of your newsletter.
- Design your email in a grid system. This means your content needs to be laid out in vertically and horizontally aligned blocks, with gaps in between. Doing this will make it easier for various operating systems and email clients to scale your email down to fit a mobile screen. This is not a guarantee that the email will display properly in mobile, but it should solve the problem for most mobile devices, such as iPhone and BlackBerry, which auto-fit HTML emails.
- Make sure that you include alt text for your images! Your email needs to convey its message with or without images.
- Mobile devices that don't automatically scale your email down will display the content on the left of your email first. Make sure that your most important content is placed here.

- Button links need to be at least 44px to render well on mobile phones. Smashing Magazine recommends 72px so that users can easily tap buttons with their thumbs and see visual feedback that the button has been pushed.

Something important to remember: design for touch.

Many mobile devices have touchscreens. This means that, instead of clicking on your links with a mouse, users will be tapping your links with their fingers. If your links are placed too close together, it will be difficult for users to click on one link without accidentally also tapping the other. To make the user experience easier, make sure your links are placed in a 30–45px area, with a margin of at least 15px around them. By spacing links like this, it will be easier for touchscreen users to follow through on your call to action.

Rules and regulations

There are a number of laws across the world to protect users from unsolicited emails and SMSs and stop businesses from abusing these communication channels. While they vary in severity according to the country and we recommend that you do some research into your local legislation, it's important to acknowledge two very important rules.

First, you cannot send communications to someone without their permission. Second, if someone requests to be unsubscribed from your communication, you have to meet their request or face penalties in many jurisdictions. This means including an unsubscribe option for emails and an "SMS 'stop' to opt out" option for SMS.

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7.1.3: Step-by-step direct marketing process

Growing a database

Running a successful direct marketing campaign requires a business to have a genuine opt-in database. This database, or, list of subscribers who have agreed to allow a company to send them emails or SMSs with marketing messages, is the most valuable asset of a direct marketing campaign.

Permission must be explicitly given by all users to whom messages are sent. Companies that abuse this can put their reputation in jeopardy, and in many countries, legal action can be taken against companies that send unsolicited bulk messages also known as spam.

It is important to track the permissions that are generated for each user. A time stamp is a key part of the data capture and opt-in process and helps to protect you against spam complaints and potential legal action.

Spam is unsolicited bulk email or SMS messages. It means that the recipient has not given permission to be sent that message. While estimates of spam differ, Statista (2016) shows that the amount of email spam has dropped from over 70% in 2014 to around 55% in 2016. SMS Promotions (2016) indicates that the amount of SMS spam differs according to region, from around 1% of total messages in North America to around 30% in Asia.

Growing this database while keeping it targeted is a key factor in any direct marketing campaign. The database need have only one entry, the prospect's email or phone number, but the following should also be considered:

- Name, surname and title
- Date permission granted
- Source of permission
- Gender
- Country
- Date of birth
- Phone number or email (depending on which you already have)
- Frequency (how often they'd like to hear from you).

Fields such as name, surname and title should be separated in your database. You should also gather date of birth as opposed to a prospect's age as it ensures that your database can stay up to date.

Don't be tempted to ask for more information than required. The more information a marketer can gather, the better he or she can customise marketing messages. However, the more information a prospect is required to give, the less likely they are to sign up. Further information can be requested over time.

> **Note**
>
> As always, the best long-term strategy for growing your database is to create valuable, shareable content that users want to read.

There are many ways to attract prospects to opt in to a database. An email sign up form on a company website is vital. Visitors to a website have already expressed an interest in a company by clicking through and this is an opportunity to develop that interest further. Following the same principle, any other properties where newsletter or SMS sign up can be promoted should be taken advantage of.

Consider having a sign-up form on your company blog, email signatures, Facebook page, and mobi site, or perhaps mention it during presentations you deliver. And don't forget other offline marketing channels that you're already using, such as flyers, posters or in-store displays. Many brands use competitions to encourage opt-ins as well. Remember, users are more likely to opt in with an email address than a mobile phone number on most channels.



Figure 7.1.3.1: An email newsletter sign-up all to action *Adapted From Screenshots, 2016*

Here are some best practice tips for sign-up forms:

- Put the sign-up form where it can be seen, above the fold and on every page.
- State your anti-spam stance explicitly, and be clear that you value subscribers' privacy.
- Clearly state what the subscriber's information will be used for.
- Use a clear call to action.
- Include a benefit statement. Tell subscribers what they will get, and how often they will get it.
- Ensure the email address or phone number is correct by checking the syntax.
- Test to see what works best!

Every interaction can be used to ask permission to send marketing material, though some work better for email than mobile.

- Offer something valuable, and ask them to sign up to your email newsletter at the same time, for example, white paper, gift voucher, music track.
- Add a newsletter subscribe box to the checkout process of your retail site.
- Use interactions at trade shows to ask for email addresses and possibly phone numbers.
- Ask for email addresses or phone numbers in-store.
- Call out your email campaign on your social networks, and link through to your subscription form.
- Users will often submit their phone number and email address to enter a competition.

Designing an email

Emails should be created and viewed as HTML for desktop and most mobile devices. Simpler phones require basic text emails. Be sure to check your audience's preferred devices carefully, as cheaper smartphones are becoming available, which increases their penetration into lower-income areas.

Text emails are the small, plain ones; text only, as the name suggests. If you use a Windows Operating System, and you open Notepad and type there, you will be creating a text file. As these are text only, the copy really counts here.

HTML emails are the emails with more complex design. These emails can contain images, different fonts and hyperlinks. They're probably what you've had in mind throughout this chapter when we referred to email marketing.

Parts of an email

> **Note**
>
> Refer to the images of the full newsletter later in this chapter to see how these elements look in context.

Sender information

This includes the 'to', 'from' and 'reply to' fields. These are opportunities to build a relationship through creating a perception of familiarity. In other words, the reader needs to perceive that the newsletter is somewhat unique and sent personally by the publisher. Using a personalised company email address, for example, trevor@ company.com, for the 'reply' field creates familiarity and builds trust with the reader provided the name is recognisable. Otherwise, using the brand name is fine. The 'from' address should also include the organisation's name. A meaningless 'from' address that the reader cannot identify serves only to confuse the origin of the newsletter.

Subject line



Figure 7.1.3.2: Sender information and a subject line on an email *Adapted From Screenshots, 2016*

The subject line may be the most important part of an email! Subject lines help the reader to identify the email and entice them to open it. The subject line is also scrutinised by spam filters, so you should avoid using unusual characters, for example, '#2$%&^^%###' or '!!!!!'. Emojis such as smiley faces or hearts can sometimes work, you'd need to test to see what works for you.

Consistent subject lines using the name of the company and the newsletter edition can build familiarity and help readers to sort their inbox. Subject lines should also reflect the content of the email. As with everything online, testing different subject lines will lead marketers to the formula that works for them. Some brands have found that using emojis can improve open rates, while others have had no success with them, for example.

Preheader

The preheader is a line or two of text displayed above your email header. Most commonly, it's the line of text that will redirect you to 'View online'. Where possible, try including your call to action in the preheader. This could be difficult, given the limited space but it does ensure that every recipient, even those who don't necessarily open the email, but who view only the preheader within the preview pane or inbox, will still be exposed to it.



Figure 7.1.3.3: An email preheader *Adapted From Screenshots, 2016*

Header

The header is the colourful banner or image that is included in many emails. This often contains the logo, which is important for branding, as well as a CTA or image to catch the recipient's attention. Not every email will have a header, but these do provide added impact.



Figure \(\PageIndex{4}: An email header *Adapted From Screenshots, 2016*

Personalised greeting

With a database that has the capability to store readers' names, it is possible to personalise the greeting of the email. "Hi, Kim Morgan" can elicit far better responses than "Dear Valued Customer", but it is possible to create a greeting with personality without personalising it. Occasionally, the subject line can be personalised as well to boost responses.



Figure 7.1.3.5: A personalised email greeting *Adapted From Screenshots, 2016*

Body

This is where the content of the email goes. Don't be tempted to use too many images; they can increase the size of the email, and obscure text when images do not load. Be sure that text can be read without an image being loaded. The structure must allow readers to scan and navigate the email easily. Short paragraphs, emphasis through bolding and colours, as well as sectioning information with bullets and borders all contribute to a well-structured email.

Footer

A standard footer for emails helps to build consistency, and is the customary place to keep the contact details of the company sending the email. At the very least, this should include the name, physical address and contact email of the company. It can also include the privacy policy of the sender or even extra copy to reinforce branding. One way to grow the email list is to add a 'forward to a friend' link in the footer or, more commonly, social media buttons. The most important part of the footer is a clear unsubscribe link.



Figure 7.1.3.6: An email footer with an unsubscribe link and social sharing buttons *Adapted From Screenshots, 2016*

Unsubscribe link

In many countries, it is mandatory to have an unsubscribe link on all commercial emails. In best practice terms, you should also include a link for managing subscription preferences – this lets the receiver decide exactly which emails they receive from you, rather than opting them out from all of your email marketing.

Working with templates

> **Note**
>
> Read more about this in the User experience design chapter.

An email template is a predesigned structure you can use for each email you send; you just need to slot content into the appropriate sections. Some email service providers offer ready-made templates for you to use. As with website templates, paid-for email templates come with some benefits and disadvantages. While they are often cheaper than commissioning a custom template, they can be inflexible and generic, meaning that they will not uniquely represent your brand. If you are choosing a template to buy, consider picking the plainest one, so that you can adapt it to your brand as needed.

> **Note**
>
> Take a look here for some free email templates as a place to get started: https:// www.campaignmonitor. com/email-templates/

A custom-designed email template will allow you to plan your own content structure and ensure it displays well across many email readers and devices.

When having your template designed, it's important to test it with a number of email readers, browsers and mobile devices so that you can ensure that it displays correctly. This can become challenging as some users still use preview panes to read their email.

Design considerations

How an email looks is integral to how well it is received by your database. Design also refers to how it is built, which can impact whether the email is delivered and how likely users are to interact with it. Some design considerations are included below. A few of these are a little more technical, so make sure that your email partner has these covered for you.

The look and feel

Studies have found that users read or scan emails following an F-shape (Nielsen, 2006). A follow-up study by the German Research Center for Artificial Intelligence looked at how users read text on smartphones, testing different layouts and paragraph lengths, and found that the F-shape still applies (Biedert, Dengel, Buscher, and Vartan, 2012). So, plan your important information to follow this flow.



Figure 7.1.3.7: Online, users tend to read in an F-shape *Adapted From Nielsen, 2006*

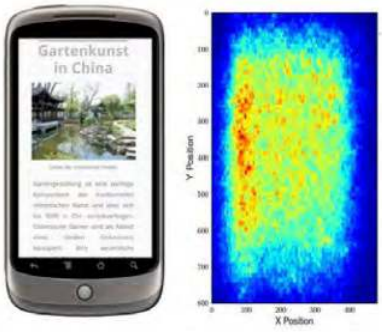


Figure 7.1.3.8: The F-shape still applies on smartphones, with the left-hand side of the screen dominating patterns *Adapted From Write Clearly, 2016*

Cluttered inboxes and busy subscribers mean an email that's lengthy and difficult to get through probably won't be read. Help your subscribers by structuring your email content into segments, making use of borders or colour blocks to accentuate and divide content. It's important to balance image and text in your emails. Make a point of placing images next to the relevant text.

General design guidelines

> **Note**
>
> Read more about this in the Web development and design chapter.

HTML and CSS design principles differ for web and email. Here are a few things to keep in mind when designing your email:

- Don't make use of external or embedded style sheets and avoid unnecessary embedded rows and columns.
- Make use of table nesting as far as possible, as this is generally considered to render the best results with difficult email clients. Email designers tend to make use of tables to design their email layout, using inline styles within these tables.
- Set a fixed width for your email by specifying the width and spacing of each cell rather than the entire table. When these specifics are not declared, email clients tend to render the email according to their own defaults and can break the design.

> **Note**
>
> Naturally, your email design should echo your overall corporate identity and personality

- If you are using a block background colour, be sure to include a 100% width table to cover the entire email.
- Keep fonts in your email design larger than 16px. Anything below that becomes difficult to view in mobile. Also bear in mind that, while coloured text (or light-on-dark text) may look visually impressive, it can be difficult to read an entire email like this and may strain your subscribers' eyes. Rather limit such visual tricks to smaller sections of your email, or to emails that contain less written content. • Make use of inline CSS. Some email clients strip the CSS from the head and body of the email.
- Test your emails in a variety of email clients before you send.
- Use responsive design!

Designing for the preview pane

Many email users still use desktop clients to manage their email. Given the number of emails users receive on a daily basis, many still prefer to view emails in their preview panes rather than opening them. This has added another challenge for designers who

want to ensure that their emails display properly.

Images and layout should consider the preview pane and be tested for rendering. Preview panes can be vertical or horizontal.

Tips for designing for the preview pane:

- There is no set width, and we reiterate that testing is the way to go. A width of 600px works best for preview pane display (HubSpot, 2016).
- Ensure that plain, email-friendly fonts are used toward the top of your email in order to ensure that the first text encountered is properly displayed.
- Consider carefully what images you display in the top section of your email, and test displays accordingly.
- Placing your logo prominently in the top left of your email can ensure optimal brand recognition and exposure.
- Try to include your call to action in the area displayed in the preview pane. That way, even if subscribers choose not to read your email, they'll still see your primary message.
- Some successful email templates use the area likely to be seen in the preview pane to provide a table of contents for the email. Users know what they can look forward to when opening the email.

Email and images

Avoid using images to convey important content. Make sure that there is alt text for all images used in the email. This ensures that the message of the image will still be communicated even if the image itself is not seen. Even though most email clients display images by default, some users may still not see them. Your email should make sense whether or not the user can see images.

> **Note**
>
> The images you use in the email should support the overall message, rather than convey it directly. If the image doesn't appear, the message should still be clear.

Tips for using images in email design:

- In the past, background images did not render well in emails, but this is changing. A block background colour tends to display well across most email clients. Some email clients, like Outlook, still do not display background images.
- When including images in your HTML, be sure to declare the height and width for each image to ensure consistent rendering across most email clients.

Emails that make sense without images and render correctly across all platforms are more likely to persuade a reader to open the email and click through to the website.



Figure 7.1.3.9: Good use of clear image alt tags in an email newsletter *Adapted From Screenshot, 2016*

The call to action

Email design should support the calls to action. For your campaign to be effective, your goals and KPIs should be supported by the email layout and design. Calls to action can be hyperlinked text (also called text links), or can be images which look like buttons. Don't forget though, that if images are blocked, your buttons will be blocked too.

Note

Check out this article for examples of good email CTAs. www. campaignmonitor. com/blog/emailmarketing/2016/03/75- call-to-actions-to-usein-email-marketingcampaigns

Generally, both text links and CTA buttons are effective for generating clickthroughs, though some studies find that buttons perform better. While you should use buttons for links that support your CTA, for example, ‘make a booking’, ‘check availability’, your email shouldn’t be littered with them, and hyperlinks should be used for additional links. You should test them to see what kinds of CTAs perform best for you.

The copy of the CTA is exceptionally important: a well-crafted and enticingly written CTA makes a big difference to the performance of your campaign. Again, test variations to determine what drives the highest clickthrough and conversion rates on your campaigns.

Testing

The design should be tested to ensure that it renders clearly in as many clients as possible. Make sure that images line up, that copy is clear and that all the links work.

SMS best practice

Structuring an SMS involves considerably fewer considerations than writing an email. Keep in mind:

- The core concern for SMS writing is that they are limited to 160 characters, which means the hardest part of writing one is finding a way to convey your core message with very limited space.
- Part of your SMS needs to be dedicated to offering an opt-out option so that users feel in control of the communications.
- Because the mobile phone is so personal, sending relevant, targeted SMS messages is imperative. Make sure that your mobile opt-in database is very carefully segmented; 200 subscribers who actually want to hear from you are far more valuable than 2 000 who feel annoyed or harassed by your messages.
- Think about when you send your messages, are they being sent at a time that is relevant to your customer? If you are sending a sales promotion message, are you sending it at 6 a.m. in the middle of the month, or at 10 a.m. on a weekend after payday?
- Make sure that if your SMS includes a next step such as clicking through to a website, the landing page is mobile-optimised.

SMS is often best used for customer relationship management, but you can also use it to send promotions targeted to a time of day when your customers are likely to be out shopping or aimed at specific demographics or geographic areas. Just remember, as with all direct marketing, these messages need to be relevant and valuable to your customer.

Creating content

Content that is relevant and valuable to readers is vital to ensuring the success of a direct marketing campaign. Valuable content is informative and should address the problems and needs of readers. It is important to realise that the reader determines the value of the content, not the publisher. Newsletters can offer:

- Humour
- Research
- Information
- Promotions
- Exclusive content.

SMS messages can offer:

- Special offers and discounts
- Information
- Time-dependent discounts
- Celebrations
- Contests
- Trivia or voting

- Reminders.

Determining the content of your direct marketing messages is an important element of your overall brand content strategy.

> **Note**
>
> Read more about this in the Content marketing strategy chapter

Any copy written for your brand should follow a predetermined brand voice guide. Consistency is important and will dictate how your customers trust and build a relationship with your brand.

The principles of writing good online copy apply. You should start with the most important information first, and make sure that your language is scannable, meaning that it makes use of the appropriate formatting, such as bolding and bulleted lists.

It may be helpful to review the Digital copywriting chapter at this stage, but there are two elements that are important to highlight now with respect to writing for direct marketing.

> **Note**
>
> Read more about this in the Digital copywriting chapter.

1. The first is in-message links. It's important to consider that any links you include in your email copy will lead readers away from your email. You'll want to keep these to a minimum, and include a link only when it is a call to action, a legal requirement or a service feature. Links in SMS messages should be shortened with a URL shortener like Bitly and should lead to a mobileoptimised page.
2. The second element is, for email, the all-important subject line. Many users decide whether or not to open an email based on their first point of contact: the subject line.

For an email newsletter, it's useful to put together a recurring content structure. The example shown here depicts a consistent content structure with repeating elements.



Figure 7.1.3.10: Two editions of a newsletter, showing a similar structure *Adapted From Screenshot, 2016*

Note

Note how the same elements recur for every newsletter, creating consistency and delivering on reader expectations.

If your newsletter contains a lot of content, you can use enticing snippets with a link to the full article displayed elsewhere, such as in your company blog. Sending out too much long content in your newsletter can be daunting for time-starved readers and they may not make it all the way through your newsletter.

However, if your newsletter consists of only one article, it may help to publish it in full.

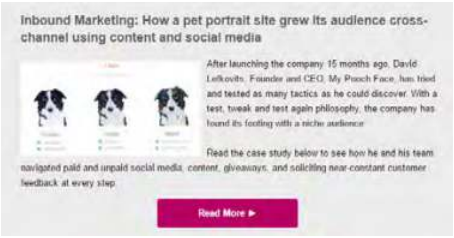


Figure 7.1.3.11: An article snippet in an email newsletter *Adapted From Screenshot, 2016*

Content in an SMS obviously needs to be more concise. You should get to the point as fast as possible, which can mean including price points so that users know immediately if they are interested. Remember to include an opt-out option.



Figure 7.1.3.12: SMS marketing examples *Adapted From Screenshot, 2016*

Segmenting your database

The technology of direct marketing allows for mass customisation; it is one-to-one marketing on a macro scale. Even simple personalisation can see improved results.

Customisation covers everything from using the recipient's name, to sending the correct email version to their device, to sophisticated measurement of a recipient's preferences and tailoring content to suit them. This is even more important for SMS marketing, where content that doesn't interest the reader can actively damage their relationship with your brand.

Segmenting a database can allow for customisation across demographics or purchase history. For example, you may choose to divide your database according to gender or age. A political campaign may benefit from targeting slightly different messages to different demographics. A pet store may find it useful to segment their list according to the different kinds of pets their customers own. In this way, it is possible to send messages that are slightly different and tweaked to different target groups.

Note

Other options include segmenting by location, user behaviour on site, or position in the sales funnel, for example, potential or existing customers.

Deploying

By creating valuable content, establishing the correct frequency and testing your messages for display and deliverability, an email marketer should be able to ensure an excellent delivery rate. Consistency in deploying newsletters also aids in fostering trust and fulfilling expectations.

When should you send emails? Common sense tells you not on Monday morning or Friday afternoon, but this varies by audience. Testing will guide you. Generally speaking, the best days of the week to send emails are between Tuesday and Thursday. SMS messages need to be timed even better, given that they will be delivered immediately to a device the consumer is carrying with them. Best times for delivery will vary depending on type, according to SMS Global (2016).

- General marketing messages should be sent between 10:30 and 11:30 a.m or 2:30-3:30 p.m.

- Appointment reminders should be sent 24 hours and/or directly after the appointment is made.
- Weekend sales and special events reminders should be sent on Thursdays or on the morning of the event. As always, of course, you need to test send times to check which works best for your customers.

Sender reputation

Email reputation is a score given to you depending on how well your emails are regarded by Internet Service Providers (ISPs) and your subscribers. If the sender's score falls within the ISP's thresholds, a sender's messages will be delivered. If not, the sender's emails may arrive in the bulk or spam folder, be quarantined, or be bounced back to the sender.

> How it works: There are various authentication systems that can impact your reputation score. One of these is the Domain Keys Identified Mail (DKIM) and Domain Name System (DNS). DKIM associates domain names with individual email addresses, ensuring that each organisation has to take responsibility for emails sent that are associated with their domain. Basically, DKIM signs out any outbound emails.
>
> The DKIM signature is added to the email header and includes an encrypted code. The receiving mail server will then take that DKIM signature and verify it with the DNS system to find the matching DKIM public key. Once it has this key, it can use it to unlock the encrypted code. If the code hasn't been changed, the email hasn't been tampered with, which means it can be authenticated and passed into the receiving mail server.

Becoming an effective email marketer requires constant list cleansing and hygiene. In fact, most lists shrink by about 22% each year as a result of subscribers changing email addresses (HubSpot, n.d.). Build a preference centre and send out an email once a year asking subscribers to update their details. Make sure you are diligent about maintaining a current opt-in list to achieve maximum deliverability via reputation.

Tips to help your reputation score:

- ISPs offer various authentication standards such as Sender ID, sender policy framework (SPF), and DomainKeys. We highly recommend the use of these standards.
- Remember that a huge but inaccurate and outdated database is far less useful to an email marketer than a tightly maintained, smaller database. Strive to boost your database, but don't forget to clean as you go.
- Ensure that email broadcast rates are not too high.
- Respond to complaints and unsubscribe requests, if someone requests to be unsubscribed, do so. If you don't, there's a good chance you'll face stiff penalties.
- Educate users about white lists.

An email's reputation score can be checked at www.senderscore.org.

If the recipient has given permission to be sent marketing messages by email, then it is not spam. Users give permission when they tick a box that says, "Yes, please send me offers from your company by email/phone". The email address can be provided to another company only if the user ticks a box that says, "Yes, please send me offers by email from third parties selected by you".

> **Note**
>
> The success of your direct marketing relies on users explicitly indicating that they want to hear from you. Don't break your customer's trust.

Permission for any kind of direct marketing must be explicitly given to the company. Trying to gain permission in a sneaky way is illegal and should never be done.

An email's spam score can be checked at spamassassin.apache.org.

SMS credibility

Reputation via SMS is just as important; consumers are becoming increasingly suspicious of marketing messages in general, so reputation is important to convince the customer even to take your message seriously.

To make sure your SMS is credible, you'll need to pay attention to how it's written, the message itself, the words you use, and so on. Time of delivery is also important, as is branding the message so that your customer knows who it's from. Remember the key: send users only what they want, when they want it, and you'll be trusted.

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7.1.4: Measuring success

As with all things digital marketing, tracking, analysing and optimising are key to growth and success. Most direct messaging tracking systems produce statistics in a user-friendly manner.

Key measurables for understanding the performance of direct marketing campaigns include:

- Number of emails or SMSs delivered (delivery rate).
- Number of bounces (this should be separated into hard bounces and soft bounces).
- Number of unique opens: a message can be delivered, but not opened.
- Unsubscribes: significant or consistent loss in subscribers is a key indication you are not meeting the needs of your subscribers.
- Pass-on rate: a high pass-on rate (forwards) indicates that your customers value the content enough to share it constantly with others. Adding a signup link to forwarded emails will organically grow the opt-in list.
- Clickthrough rates and conversion: These measure the effectiveness of a message via the links placed in the content. When a reader clicks through to a web page, these can be easily measured as a percentage against the number of delivered, opened or sent emails. It reveals which content or promotion was the most enticing for the reader.

Some metrics are more useful than others. A good example of this is the open rate. Emails are tracked using a tiny, transparent image that gets downloaded, but some email desktop clients block the downloading of images. If the tracking image doesn't load, the email won't register as opened. However, this can be factored in to some extent, and open rates give you an idea of how well your subject lines resonate.

What you should be interested in is what activity takes place based on a message. This means you'll need to track leads or actions. You can do this through link tagging, meaning appending tracking parameters to a URL in your newsletter or SMS. These parameters are then identified by the Google Analytics of your website, registering that the user has come to the site through your email or SMS. Google Analytics will then take the information in the tag and store it in a cookie, from which it can track the user's interactions with the site after they arrived at the landing page.

Here is a link to the Mobile Marketing Watch website as it may appear in a Mobile Marketing Watch email campaign:

http://mobilemarketingwatch.com/urba...ns-69570/?utm_source=feedburner&utm_medium=email&utm_campaign=Feed%3A+MobileMarketingWatch+%28Mobile+Marketing+Watch%29

The tracking parameters are:

?utm_source=feedburner&utm_medium=email&utm_campaign=Feed%3A+MobileMarketingWatch+%28Mobile+Marketing+Watch%29

These can then be used to report on traffic from that message using Google Analytics.

Generic direct messaging benchmarks can be used as a guide to see how well your campaigns are performing, but the best way to monitor performance is to benchmark your own campaign. Smaller lists tend to have a higher open rate, but this is probably because they're more targeted. The overall average email open rate is 27.4%, though this varies by industry, while the average clickthrough rate is 4.5%. Overall rates are quite low because far too many ignorant or lazy email marketers bring down the average. It's best to look at the average open rate for your industry, rather than the overall rates. You can do this by checking the Email Stat Centre website (EmailStatCenter, n.d.).

The overall SMS open rate is harder to determine. Many reports put it at between 82% and 98%, but this is difficult to ascertain. The average clickthrough rate varies by source but is generally far higher than for email, at anywhere between 6% and 19% with overall response rates at above 30% (Tatango, 2016; Apifonica, 2016).

Once the reports have been generated, it is time to work out what the numbers are revealing, and then use this information to improve the next message sent out.

To make sure that your email marketing efforts are continually improving, it's important to test your campaigns. The most common form of direct marketing testing is to conduct an A/B split test. This is a test that involves sending one version of your newsletter or

SMS to a specified percentage of your database, while sending a modified version to the remainder of your database. Some factors to test include:

- Open and response rates across different subject lines, calls to action, and delivery times.
- Optimal number of links in an email for clickthrough rates and conversions.
- Different copy styles and copy length.
- The effect of video on delivery rates, open rates and conversions for email and MMS.
- Balance of text and image ratio.

By monitoring the results of each send, you can determine which version yielded the desired results. You can, for instance, test variations of your call to action to determine which is more effective in persuading subscribers to click through.

Examples of what to test:

- Subject lines (for email)
- Send times
- Best day to send
- Layout
- Text vs. button links
- Database segmentation
- Call to Action
- Copy differences (for SMS).

Testing and monitoring your send statistics go hand in hand. It's important to analyse your results after sending to ensure you're implementing the most effective strategies for your database.

Useful KPIs include:

- Open rate
- Clickthrough rate
- Number of emails forwarded
- ROI
- Number of social shares
- Database growth
- Conversion rate (activity on your site generated by the email)
- Delivery or bounce rate.

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7.1.5: Advantages and challenges

Permission-based direct marketing can give the highest return on investment of any marketing activities. Technology allows mass customisation, allowing personalisation across a large list of subscribers. When used to foster relationships with a customer base, direct marketing can go a long way to increasing the lifetime value of that customer.

Direct marketing is highly measurable, and databases are able to be easily and thoroughly segmented. However, with the increasing numbers of companies and individuals using email and SMS marketing, many consumers are fatigued. It requires ingenuity, focus and dedication to maintain a direct marketing database and consistently deliver useful quality messages that will be read.

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SECTION OVERVIEW

7.2: Social media strategy

Learning Objectives

In this chapter, you will learn:

- The strategic uses of social media.
- The steps involved in creating a social media strategy.
- To design documents and protocols you should have in place for social media success.

7.2.1: Introduction

7.2.2: Using social media to solve business challenges

7.2.3: Step-by-step guide to creating a social media strategy

7.2.4: Documents and processes

7.2.5: Dealing with opportunities and threats

7.2.6: Step-by-step guide for recovering from an online brand attack

7.2.7: Social media strategy risks and challenges

7.2.E: Social media strategy

7.2.S: Social media strategy

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7.2.1: Introduction

In the previous chapter we covered some of the major social media channels and platforms, and the three phases involved in using them to reach your customers. These included strategy, implementation, and analytics. Strategy is by far the most important, as it informs what and how often you post, and how you choose to engage and relate to your audience. Strategy also informs how and what you will analyse. It is important that all these parameters are clearly established in your strategy, and that your strategy is in turn informed by the analytics you receive on your content and style of engagement.

Social media can be used to solve business, marketing and communication challenges, and is an important part of digital marketing. With so many platforms and choices available in social media, this chapter will show you how to use these spaces strategically to address these challenges. The last few years have seen a shift in social media strategy. The space is becoming a more traditional medium for advertising, but with a far better ability to target consumers. While it is still recommended to build a community on Facebook, there are brands using the platform for effective advertising, without actually having any followers.

Despite these changes, effective community and reputation management should remain key considerations in your social media strategy. Planning and thinking strategically, while leaving room to be flexible and respond to analytics and tactical opportunities is your key to making the most of social media marketing.

Consumers spend more and more time online, and that time is increasingly being spent on social media sites. In 2016 over 67% of Internet users were active social media users, equating to 2.3 billion people, 10% more than in January 2015 (Chaffey, 2016). Users spend an average of 30% of their time online, on social media (Mander, 2016).

The largest demographic of social media users is still young adults, aged 18 to 29, but the largest growing demographic is the over 65 year olds, who have tripled in number since 2010. Mobile is the device of choice when accessing social media, eclipsing desktop. In fact, 80% of Facebook's audience access the platform via mobile (PewResearchCenter, 2015).

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7.2.2: Using social media to solve business challenges

Strategy is an important aspect of social media planning. Part of that strategy is identifying which business challenges, marketing and communication challenges in particular, your social media will address. These can include:

- Communication and outreach
- Community management
- Support and customer service

> **Note**
>
> Not all businesses face all of these challenges. Which ones are relevant to your brand?

- Reputation management
- Advertising and awareness
- Sales and lead generation
- Search engine optimisation
- Insights and research.



Figure 7.2.2.1: Social media marketing can help with a number of business challenges

Communication and outreach

Social media offers brands an effective two-way communication and real-time broadcast channels. This bi-directional communication is what makes social communities so exciting (and challenging). Just as consumers can communicate with each other, and send messages to businesses and brands, so businesses and brands can use this medium to communicate with and reach out to the public. Social media is a highly effective public communications tool.

Businesses, governments, and other organisations use Twitter and Facebook to broadcast timely messages, allowing interested parties to keep informed in real time. This has become a vital aspect of newsworthy and breaking news events such as elections, disasters, and global sports. Many organisations also use social media tools to broadcast service updates.

> **Note**
>
> Ideally, you want to be the trusted go-tosource of information about your industry

Community management

Social media platforms are built around communities, and are sometimes virtual representations of real-world networks and communities. This feature of social media can be used to build and maintain a supportive community around your organisation.

Community manager' is a role that has risen to prominence as more organisations start using social media, but it has always been an important role in any community, from groups that thrive on forums, to communities run on Facebook.

Creating, building and nurturing a community means that organisations don't just participate in conversations that are happening around and about them, but also actively lead and guide those conversations. These communities are generally made up of the

organisation's biggest fans, often called brand evangelists, who feel as if they have a big stake in that organisation. This creates an environment where those fans can interact directly with the organisation, and where the organisation can send messages directly to those fans and solicit their feedback. See some great tips on successful social media management at: http://www.toprankblog.com/2016/10/7- helpful-hacks-successful-social-media-community-management/



Figure 7.2.2.2: Example of good community management: Chipotle providing awareness of their product and then responding to customers in a brand appropriate tone and encouraging engagement and sharing of the post *Adapted From Digiday, 2015*

Building and maintaining a community is a long-term project. It starts with determining what the best platform is for that community; something that already exists (such as Facebook), or developing a customised new community platform created for the specific brand's purpose (either from scratch or using a service such as Ning – www.ning.com).

Support and customer service

Social media is also an additional customer service channel. As consumers are increasingly comfortable transacting online, they expect the businesses with which they transact to respond to customer queries in the social space, as they would do through a call centre or email. Some customers have found that problems or questions on social media tend to be resolved more quickly, as brands are wary of having unresolved issues left out in public. For any organisation that runs a social community, customer service is often one of its primary functions.



Figure 7.2.2.3: Best and worst industries and brands at customer service on Twitter *Adapted From Marketing week, 2016*

It is important that brands do respond to customer complaints or queries, as platforms like Twitter keep track of response times, rates and tone of responses. Every year Twitter publishes the best and worst brands for customer service on their platform. It does not help with brand image to appear on the ten worst list.

Interestingly, social media customer service becomes collaborative, with customers assisting each other and, in doing so, reducing the reliance on the organisation for support. Collaborative support tools such as Get Satisfaction (www.getsatisfaction. com), a customer community platform, are used to great effect. According to Get Satisfaction's website, over 70 000 communities use their service, including Microsoft and Intuit's Mint (Get Satisfaction, 2016). Even businesses that use social media channels such as Facebook for customer support can see other community members helping each other.

Reputation management

Social media is a very effective tool for crisis communication and management. In certain instances, it is the place where some crises start. This can be due to offensive content, an employee saying something stupid or inappropriate, or even just angry customers sharing their complaints and getting reactions. It is important that you do not delete angry post, but acknowledge them.

Social media is also a great tool for monitoring what is being said about your brand, and to spot a potential crisis long before it becomes one. Such a 'heads up' allows your brand to mediate the crisis by being proactive and ameliorating the crisis before it takes hold. And when a crisis does hit, social media is a great space for managing your communication as it enables you to get your side of the story out.

Advertising and awareness

> **Note**
>
> Learn more about the advertising options available on social media in the Social media advertising chapter.

Where there is an audience, there is advertising. The more time users spend in social media, the more brands want to advertise there. It's not just the large numbers or users, and the time users spend on social networks that make them appealing to advertisers, it's also the rich demographic and psychographic targeting opportunities. Adverts can be targeted based on the profile information that individuals provide, either overtly or through their actions on the social network. Most social networks offer a number of advertising options that are accessible to both small advertisers and big spenders. Social advertising is dynamic, with new advertising options released regularly. Brands should experiment with the different formats and models offered by the various platforms to find the platform and ad type or format that works the best for their audience.

Sales and lead generation

Adding a social layer to a commercial transaction can create a richer experience for online consumers. These can be based overtly on social connections, or on inferred connections based on behaviour.

An excellent example of the layer based on inferred connections is Amazon's collaborative filtering. If you've browsed on Amazon.com, you will no doubt have seen product information such as 'People who bought this also bought that'. In real time, based on consumer purchase behaviour, Amazon presents products that you are likely to have an interest in, based on users who browsed and purchased products that you like. Although you may not realise it, this is a social layer on the online shopping experience. Users benefit as they are exposed to new items they may not have thought about looking for and the shopping experience is made easier and is tailored towards them. The brand benefits from additional sales on items that the user may not have considered purchasing until they were shown it.

Social communities can also be lead generation or sales generation assets. Facebook, Instagram and Pinterest already have, or are looking to include, direct shopping channels within the platform.

Search engine optimisation (SEO)

Social media plays an important role in SEO. It provides additional assets that can be optimised so that a brand 'owns' the results page for searches for their brand.

A savvy SEO strategy will also make use of social media assets, links and likes for strengthening the position of other web assets in the search engine results pages.

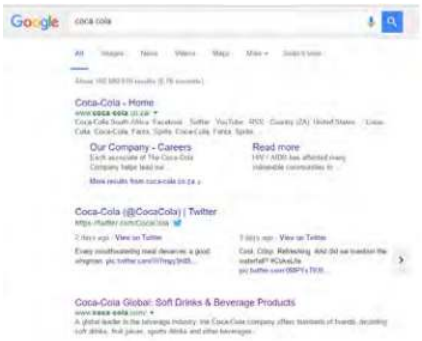


Figure 7.2.2.4: Coca-Cola's branded social media platforms appearing in Google search results *Adapted From Screenshot, Google, 2017*

With a little bit of planning and keyword research, a brand can use social assets effectively to own searches on their brand name. This ties back neatly to managing their online reputation, too.

Insight and research

Social media can be a very powerful insight and research asset, but the information needs to be judged in its proper context. When you are planning a campaign, social media can provide a rich source of data, both demographic and preference based. You can use the information users share freely to understand more about your market, brand or product. ORM tools help you to track mentions and sentiment, giving you insight into how you are perceived by consumers.

Using social network ad planners, such as Facebook's Ads manager or Google Display Planner (Google discontinued Ad Planner in November 2016), can give you rich information about the size of your market, and things that consumers like. You can measure sentiment and the changing number of mentions to help you understand the impact of other campaigns. These can be offline or online campaigns.

Building your online community also gives you a group you can reach out to for information and feedback, creating an always-on online focus group. However, bear in mind that these users are inherently biased just by the fact that they would join your social community.

Social data can be very valuable, but must be treated correctly. It is qualitative and quantitative information, and is in many ways secondary research. For research purposes, it can and should be used to help form research questions for further evaluation.

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7.2.3: Step-by-step guide to creating a social media strategy

Social media is fast-moving, which means proper planning is vital to success. Effective social media strategies come from embracing the fact that social media is a two-way communication tool. Organisations need the resources not only to push messages out, but to deal quickly with the messages coming in, too.

Planning is the foundation of success. Here is one method to approaching social media strategically.

Step 1. Get buy-in

Getting buy-in for using social media is essential. It may be seen as a free resource, but even if you are not paying for exposure, there is a time and resource investment required. A number of stakeholders will need to be aware of your social media plans, and these may be both internal and external. And, of course, you will need sign-off for any budgeting or additional resourcing requirements.

> **Note**
>
> It is important to choose your platforms wisely, and to consider the risks of not being on social media as well!

Addressing the various stakeholders will also force you to do the necessary research and planning to take the next steps.

Step 2. Listen and understand the landscape

Social media is more than the social spaces you may interact with in your personal capacity. A good first step to understanding the full social media landscape is to listen well to conversations your target market is already having around your brand or industry.

Some important questions to answer include:

- What conversation already exists around your brand, your industry and your competitors?
- Do they have the facts?
- Where does it take place?
- Who is doing most of the talking?
- What are the emotions involved in conversations about your brand?
- What are the motivations of those that comment on your brand online?
- What can you, as a brand, add to this conversation? Is it valuable?

Online monitoring tools such as BrandsEye (www.brandseye.com) can help you with the listening part of your planning, but in the early stages you may want to start with free tools such as Google Alerts (www.google.com/alerts).

Step 3. Analyse

Using all the data you have been gathering, analyse! Think critically about social media and your brand, as well as your brand's broader marketing, communication and business challenges. All of this should be looked at within the context of the information that you already know about your local marketing and business environment.

Your outcomes here should include:

- A list of the social channels and platforms your brand should be on. This is based on who your customers are, where they interact, and where they expect to interact with you.
- Non-official groups or communities that already exist, which may have been created by fans.
- An overview of the existing conversation (volume, frequency and sentiment), as well as any content or conversation themes that occur.
- An overview of what your competitors are doing in this space.
- A list of potential brand evangelists and influencers in your industry.

Step 4. Set objectives

Your objectives are the desired outcome of your social media strategy. Your ultimate objective, as to what social media should achieve for your business, should be established upfront and be based within the context of your marketing and business challenges. After listening and analysing you can now set specific social media objectives that will feed into your overall outcome. You need to identify exactly how you will use social media to reach the business objectives for your organisation, and then set SMART objectives that will help you to achieve these.

To make them tangible and measurable, establish key performance indicators (KPIs) for your objectives, with benchmarks and targets where appropriate. Determine SMART objectives shown below.

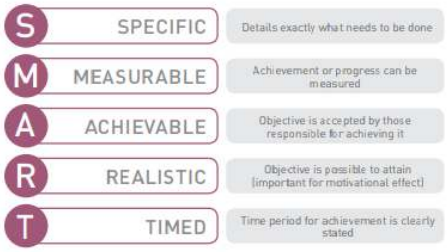


Figure 7.2.3.1: The various elements of a SMART objective

For example, your objective could be to grow a community of fans around your brand in a particular country. Your KPI might therefore be fan numbers, and you could set a target of 5 000 Facebook fans over six months.

Step 5. Create an action plan

Once you have a clear idea of what you want, you can begin compiling an action plan to get there.

This is where you need to make sure that you have created the necessary documents and processes that form the foundation of your plan. Remember to keep your and chosen platform in mind when making these plans. You will need to:

- Decide on the roles and responsibilities of the project team and other stakeholders.
- Determine what social media tools you will use.
- Commit to a frequency and volume of activity, and how quickly you will respond.
- Develop a conversation plan.
- Create tone of voice guidelines, frequently asked questions, community guidelines and content plans.

Step 6. Implement

This is the fun part! It's time for your plans to kick off and put all that research and thought into action. Set up your platforms according to the specific guidelines for the platform. Most platforms have helpful and informative guidance for businesses wanting to be on their site. They also provide brand packs and assistance in establishing yourself on the site. Pinterest, for example, offers detailed guidance on their platform, see: https://business.pinterest.com/en.

Alert stakeholders that you are starting your engagement plans, and make sure you have tracking in place. Continue to monitor for mentions of your organisation and responses to your messages. Keep to your general plan, but be prepared to adapt.

Step 7. Track, analyse, optimise

The beautiful thing about digital marketing is that you can track every single user interaction and use this information to learn from and improve your efforts continually. You should track the success of your social media campaigns on an ongoing basis, and set milestones for your team at less frequent intervals (every couple of months or so), when you will sit down and do an in-depth review.

There are several tools you can use for tracking social media. You will need to build a suite of tools to suit your measurement and reporting requirements.

Platform insights

From the previous chapter you saw how each major platform offers its own analytics to businesses and brands that sign up for business pages or profiles. These are a useful starting point for reporting on your social media efforts, from numbers of followers or fans, to interactions with the content you share.

Web analytics

If you are using social media channels to send traffic to your own website, you should tag the links so that you can segment that traffic in your website reports.

> **Note**
>
> Read more about this in the Data analytics chapter

In Google Analytics (www.google.com/analytics), you would use campaign tracking parameters.

URL Shorteners

URL shortening services such as bit.ly, goo.gl and ow.ly offer usage data that will tell you how many users click on links you share, when they click on them, and where in the world they are from.

UTM parameters

> **Note**
>
> UTM stands for Urchin Tracking Module because Urchin Tracking was one of the original web analytics software developers who came up with these tags.

UTM parameters are short text codes that you add to a URL to track data about users and traffic sources. UTM parameters are also known as UTM codes or UTM tags. UTM parameters do not modify any content on the site, but are simply for tracking purposes (Hootsuite, 2017).

UTM parameters help you to analyse how each of the marketing channels you have invested in, such as search, display, or social, have contributed to your campaign. You will be able to see which channel sent the most number of users to your site, what the conversion rate of the various channels are and which channel offers the best return on investment. You can also organise your data so that you can compare different campaigns to assess content, timing, distribution platforms, and so on. They are invaluable tools (Kissmetrics, 2017).

Here is an example that you saw in Chapter 16. Note the UTM tag at the end of the URL.

www.redandyellow.co.za/5-way...er-women/?utm_ source=newsletter&utm_medium=email&utm_campaign=AugNewsletter

You can read more on how to use UTM parameters at https://blog.kissmetrics.com/ utm-parameters-video/ which also includes a video on how to use UTM tags on Google Analytics.

Online monitoring software

Online monitoring software, also known as sentiment analysis or opinion mining software, is an important measurement investment that you will need to make. It helps you to keep track of all mentions of your brand, and to understand the sentiment and influence of those mentions. You should be tracking your reputation for trends and changes over time. Some popular choices are: BrandsEye (www. brandseye.com), Brandwatch (www.brandwatch.com), SEM Rush (www.semrush. com) and Hootsuite (www.hootsuite.com) (Ganot, 2016).

Social media dashboards

There are a number of services that make it easier for you to centralise management of your social media properties, as well as making collaborative management easier. They also integrate analytics data from a number of sources, making reporting easier.



Figure 7.2.3.2: Twitter Profile overview on Hootsuite *Adapted From Social media examiner, 2016*

> **Note**
>
> Some dashboards even let you schedule or respond to posts directly from the interface.

Some services include:

Everypost (http://everypost.me)

Buffer (http://buffer.com)

Hootsuite (www.hootsuite.com)

Nuvi (https://www.nuvi.com/)

Sprout Social (www.sproutsocial.com)

Socialbakers (www.socialbakers.com)

Tweetstats (www.tweetstats.com)

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7.2.4: Documents and processes

Good documentation and processes are the foundations of social media success and your social strategy is likely to involve many stakeholders from across your organisation. Processes and guidelines ensure consistency across the various channels. These should be created, agreed on, and approved before you take any action on social media.

Start with the documentation and processes you already have in place for marketing and communication, for example, brand and tone of voice guidelines, or PR policies. Build on these to create a robust foundation that suits this spontaneous, dynamic space.

A social media checklist is a good starting point to make sure that you have everything in place. Examples of the checklist, conversation calendars and escalation protocols are also included for you.

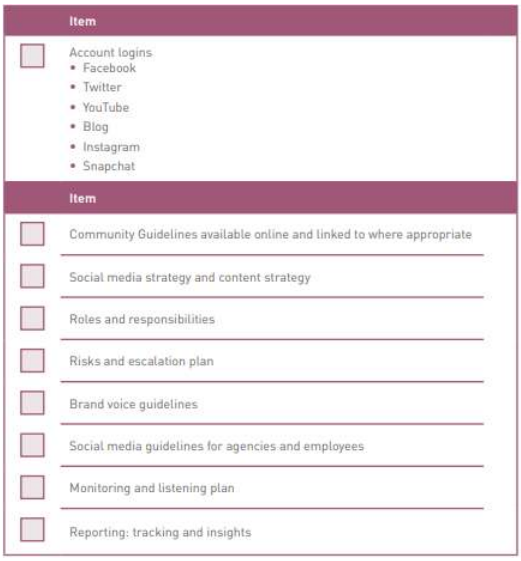


Figure 7.2.4.1: The social media checklist

Community guidelines

As well as a privacy policy and terms and conditions, it's a good idea to establish community guidelines for the communities you manage, especially when the community is on behalf of a brand. Community guidelines help to set the tone for the community, and are useful to refer to should members behave in a way that is undesirable. Guidelines indicate what will, and will not, be tolerated, such as hate speech, profanity, discrimination, or other inappropriate content. Of course, community guidelines don't prevent such behaviour, but are useful to fall back on should you need to remove comments or community members.

Guidelines should be friendly, with the tone in keeping with your community or brand.

Many social media platforms provide their own guidelines that all users, including brands, have to adhere to. Failure to adhere to any of the guidelines could get you removed from the platform.

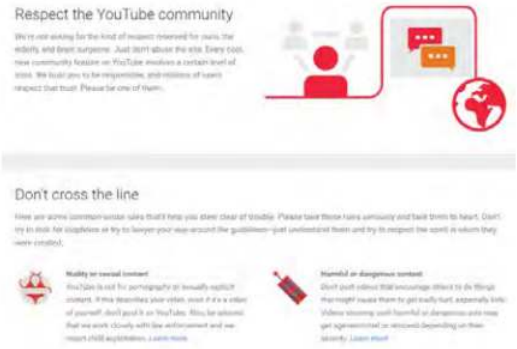


Figure 7.2.4.2: Part of the Community guidelines of YouTube, 2016 *Adapted Form Screenshot, YouTube, 2017*

As well as recommendations for members' conduct and the types of material that can and cannot be shared, guidelines should include information about how and who to report violations to. Methods for members to protect their personal information and intellectual property are also important things to include.

Content plan

Content plans help you to plan your community conversations and the messages you send. We suggest weighting your content to your objectives. Decide on what you want to achieve with each objective, and by when, and what level of priority it is for your business. Map these objectives weekly and monthly as necessary. Then create weekly or monthly content plans around these objectives, based on each objective's relative priority for your business per week.

For example, if your objectives are brand awareness, sales and app installs, you need to weight them according to their importance. If your main objective on social media is brand awareness, make this 50% of your content plan. This means that 50% of all content you post will be aimed at increasing brand awareness. If the other two objectives are equivalent, then content driving sales and content driving app installs should each make up 25% of your content plan. If this changes over time, so that in week three, you want app installs to be your most important objective, then content driving app installs becomes 50% of your content plan, with content promoting brand awareness dropping down to making up only 25% of your content plan.

Content plans are useful, centralised planning documents that ensure that various teams are all aware of each other's efforts, and that communications are integrated. For any kind of content and communication strategy, content plans are invaluable. Be sure your content plan speaks to your objective, your brand identity, your chosen target audience, and the themes or topics you have selected.

As you learnt in the Content marketing strategy chapter, reaching social audiences requires that you create content that truly resonates with them. Successful social content must be interesting, relevant, shareable, and remarkable. It is especially useful to plan and create social content around your content pillars, since this gives you a solid structure and starting point to follow.

> **Note**
>
> Read more about this in the Content marketing strategy chapter.

To start creating a conversation calendar, you should plot everything that is relevant to your community. This could include public events, dates and anniversaries, or events and communications already planned by your organisation.

You should also use your conversation calendar for reporting. Keeping track of interactions and responses to your planned posts will help you to determine what kind of posts your community responds to, what days are best for posting, and what frequency works best for your community.

CoSchedule, a content marketing editorial calendar software, provides some guidance on how often to post on each platform. Some platforms like Twitter and Pinterest require frequents posts each day, while Facebook, Instagram and LinkedIn require less posts (Neidlinger, 2016). However, with platform algorithms changing all the time, the frequency of posts is becoming less important. A great post will circulate and appear in newsfeeds for much longer because it has good relevant content.

Brands should only post content relevant to their objectives and not to fill spaces on a content calendar. Posting poor content to meet a prescribed number of posts, may end up negatively impacting on your brand. Because of the algorithms, competition for brands to create good content is becoming intense, but ultimately the user will get to experience better organic content. Some brands may have to resort to paid media to get their posts seen at all. Ultimately the content you choose to create and the frequency of your posts, should be informed by your community on each platform.

Planning the conversation helps to keep momentum, especially in the early days of building a community. However, it should not replace spontaneity, this is a conversation, after all!

Date	Mon	Tues	Wed	Thurs	Fri	Sat	Sun
Theme							
Image							
Facebook							
Twitter							

Figure 7.2.4.3: An example of a conversation calendar

There are many fields that can go into a conversation calendar (such as suggested copy, links, and more). Take the basic calendar provided in Figure 9. and adapt it to your needs and preferences.

Communication and escalation protocol

An established communication and escalation protocol helps to ensure that all parties are aware of procedures for handling social messages, and can respond as appropriate. This is especially important for large organisations where several users might be interacting in social media on behalf of a brand, or where several departments or agencies have a stake in the organisation's social media presence.

A communication and escalation protocol should include:

- Anticipated messages, frequently asked questions and appropriate, standard responses (for both positive and negative situations).
- Guidelines for determining the sentiment and risk of messages, which includes a flagging system for comments that need more senior attention.
- The crisis management process to follow if a brand crisis erupts on social media.
- An escalation plan for messages that need signoff or further consideration.

Note

Make sure that all stakeholders understand their roles, and appreciate that social media interactions often need to be handled quickly.

- Contact details of relevant stakeholders.
- Guidelines for responding, including response rate, standard messages, brand voice and tone.

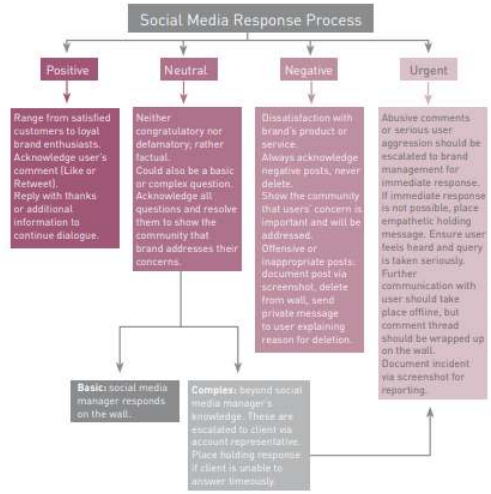


Figure 7.2.4.4: A decision flowchart is a useful way of disseminating information

* Note: this process was created predominantly for Facebook, but these basic principles apply to most social media networking platforms.

Adapted From Stokes, 2013

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7.2.5: Dealing with opportunities and threats

The use of social media has equipped consumers with a voice and a platform, and the ability to amplify their views and truly inform their decision making. The connected nature of the Internet makes these views easy to share, and the accessibility of social media tools makes it easy for other consumers to find these views, and respond and build on them. All of this contributes to the perception of the brand.

The best way to show that you are listening to customer comments, complaints and questions online is the same as with a normal conversation. Comment when it's appropriate, listen with interest, be polite, be respectful, and add value wherever possible. Brands should become active participants in the conversation.

Brands that are successful in communicating with their audiences are constantly on the lookout for opportunities to propel their brand forward, and are keeping their eyes peeled for risks that may threaten their reputation. In both situations, the power sits in how the brand responds. This response can range from a direct engagement to a full new marketing campaign. Ultimately it depends on how powerful the opportunity or risk is.

An extreme example of successfully grabbing a social media opportunity, is Morton's, an American steak restaurant chain. One weary business traveller jokingly tweeted Morton's asking them to deliver him a porterhouse steak at the airport when he landed. The Morton's social media team were listening and responded by ensuring that the customer was met at the airport with a steak. This social media stunt garnered enormous media attention, a very loyal brand advocate, and a hefty increase in sales for the following weeks (Herrman, 2016).



Figure 7.2.5.1: Morton's restaurant responding to a customer tweet and earning themselves great media publicity *Adapted From Gizmodo, 2011*

When to talk (and when not to)

When everything being said is nice

A fantastic position to be in is that every possible mention is overwhelmingly positive. Well done. However, that does not mean that there is nothing to do. During this time, the brand must do everything in its power to drive high volumes of conversation.

Stakeholders are being positive about the brand because their expectations are being exceeded. Unfortunately, expectations change. Brands need to stay on their toes and constantly be on the lookout for new and innovative ways to meet and develop their brand promise.

When everything being said is neutral

If this is the case, it sounds as if the company is very boring and is not a good way to get attention. As Seth Godin puts it, "Safe is risky" (Godin, 2010). If a company is playing it so safe that no one can be bothered to send either praise or criticism its way, it's in danger of being forgotten. The next step is no one talking about the company at all.

When negative things are being said

Negative statements can often be understood as broken brand promises. There is underperformance on expectation, and it must be dealt with as a matter of high priority. During this period, brands need to be very careful not to stir up any more conversation than is absolutely necessary. That said, it's certainly not all doom and gloom. If the conversation is broadly negative, it is normally because there is some underlying problem, and this information provides the business with focus to resolve it.

Note

In fact, resolving a serious complaint to the customer's satisfaction can gain you a loyal brand advocate; someone who has first-hand experience that your brand cares and goes the extra mile.

Complaints are from stakeholders who have had dealings with a company that hasn't met their expectations. By complaining, this customer is, often unwittingly, giving the company the opportunity to make things right, and is probably indicating where the company can improve. Usually, the skilled customer service department of a company should deal with these. They should also share resulting insights with the business strategy department so that the underlying problems can be prioritised and resolved.

If a complaint is online, the resolution should be there as well, although you can try to have it taken offline first. Even though the customer service will likely take place either over email or by phone, posting a personalised comment in a blog post, for example, will demonstrate to the community that the company listens, responds, and serves the critical objective of actually resolving the underlying issues. Criticism need not necessarily come from customers, but it is important to be aware of it. If a criticism involves false information, it should be corrected. And if the criticism is true, then it should be dealt with as such.

Responding

Responding involves recognising that consumers hold the upper hand in the relationship. They are better trusted, there are more of them and, in most cases, the barriers to exit from a brand are relatively low. Customers dictate the channels of communication. An organisation needs to go to the consumer, not the other way around. Ignoring this will result in the business losing customers because they not willing to truly engage. This is why it is so important to research your audience and tailor your strategy to them and not vice versa.

Responses to customers on social media should be personalised for each individual. Do not use blanket responses.

Note

Read more about this in the Market research chapter

When responding, be transparent, be honest, and treat the person as you would like to be treated. At all times, remember that you are engaged in conversation, not a dictation.

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7.2.6: Step-by-step guide for recovering from an online brand attack

These rules to recovery provide a practical approach for brands facing an online threat.

Step 1. Be prepared

No brand is immune from an online brand attack. The best brands have strategies in place to identify a reputation crisis immediately and respond to it quickly enough to stop the negative word of mouth from spreading.

Keep your brand in front of consumers by engaging in the conversation. This can be done by making use of blogs, communicating with customers, and being as open and honest as possible. Engaging in, and leading, the conversation allows you to build an authentic voice. If a crisis hits, you will be well placed to respond in a way that is authentic.

Step 2. Act immediately!

The easiest way to solve most brand attacks is to respond quickly. A brand that shows it is listening and does indeed care will go far when it comes to ensuring a solid online reputation. Acknowledge what has been said and react accordingly.

Step 3. If what they're saying is false

If the attack on your brand is factually incorrect, send the person evidence that they are wrong, and in a friendly tone, ask them to remove or retract the entry, and offer to keep them informed of future news. If the person doesn't react or respond, add a comment to the post that it has been addressed.

> **Note**
>
> Cultivating a loyal community of fans can help immensely when clearing up false information. You will look much more credible if your fans back up your statements.

Step 4. If what they're saying is true...

If the mention is negative but true, send your side of the story and try as hard as you can to take the conversation offline. If appropriate, apologise quickly and sincerely, and offer to make amends.

Step 5. Keep the negative pages out of the search engines

Keeping more users from reading negative things about your brand is imperative. Knock them off the first page of the results with basic SEO and some social media pages, such as Facebook, Twitter or blog posts. Keep adding pages and links until you've forced the offending pages out of sight.

> **Note**
>
> Read more about this in the Search engine optimisation chapter.

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7.2.7: Social media strategy risks and challenges

Any social media strategy should account for the risks and challenges of interacting in this environment, and should incorporate a protocol for dealing with these risks. Mistakes on the web can take a long time to recover from.

Some of the common risks and challenges are listed below.

No one cares. Especially when building a community from scratch, it can be difficult in the beginning to get the traction you want. This is why understanding the landscape in the context of your organisation's market is so important. Make sure you are interacting in the spaces where your customers are, and where they are happy to hear from you.

The social media space is used by unhappy customers (who are free to post detractive comments). Even if the only feedback you are getting is negative, this is good feedback! Now you have an opportunity to do something about it.

It requires ongoing attention and monitoring. Social media channels may be free, but there is still a time and resource investment required to make your strategy a success. Understand what your objectives are for using social media, and budget the time required to meet those.

It can be difficult to measure the impact of the campaign. Social media can be difficult to measure, but that does not mean your campaigns are not successful. Don't expect to find a solution (or success) overnight. Start with measuring things that can be measured easily, and watch for case studies in this space that will help you to turn your social media investment into revenue for your organisation.

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7.2.E: Social media strategy

Case study questions

1. What strategic aspects of social media did Fjordland consider when electing to focus solely on social media?
2. What other aspects of social media would you have included in your campaign strategy?
3. Would you recommend using an exclusive channel as part of your marketing strategy? Why or why not?

Chapter questions

1. What are some of the pitfalls of engaging difficult customers on social media platforms?
2. What skills do you think are important for a great community manager to have?
3. Should all brands be active in social media spaces? What brands have less to gain from trying to create an online community?

Further reading

www.socialmediaexaminer.com – Social Media Examiner offers practical advice, tips and strategies for engaging on social media.

www.socialmediatoday.com – Social Media Today offers news, insights and analysis of social media trends.

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7.2.S: Social media strategy

Social media can be used strategically in a number of marketing and communication challenges:

- Community management
- Support and customer service
- Reputation management
- Search engine optimisation
- Communication and outreach
- Advertising and awareness
- Sales and lead generation
- Insights and research.

Creating a social media strategy requires careful planning, and a strong foundation that will allow you to be dynamic.

The steps to creating a social media strategy include:

- Get buy-in
- Understand the landscape
- Analyse
- Set objectives
- Create an action plan
- Implement
- Track, analyse, optimise!



Figure 7.2.*S*.1: The steps involved in a social media strategy

Social media is a vital strategic consideration for any brand. Whether your organisation is actively involved in social media or not, your consumers are. If nothing else, this means that there is market data available to you, if you just take a little time to find it.

Organisations that make a considered move in the social media sphere will find it both challenging and rewarding. The rapid feedback loop can often change preconceptions or even marketing plans, as the voice of the customer is amplified through social media. In addition, the collaboration with passionate customer stakeholders is extremely rewarding.

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SECTION OVERVIEW

7.3: Content Marketing Strategy

Learning Objectives

In this chapter, you will learn:

- To understand the role of content marketing strategy within your marketing plan.
- To be familiar with the steps involved in developing your content marketing strategy.
- To recognise some models for understanding how types of content are absorbed or experienced by your target audience.

7.3.1: Defining content marketing

7.3.2: Strategic building blocks

7.3.3: Content creation

7.3.4: Content channel distribution

7.3.5: Advantages and challenges

7.3.E: Content marketing strategy

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7.3.1: Defining content marketing

Content marketing is an umbrella term which focuses on matching content (information, inspiration, or entertainment) to your customer needs at whichever stage they are in the buying cycle or customer journey. Unlike TV, where the advertiser pushes messages to a captive audience, the focus is on engaging content, which means that marketers must think like publishers (attracting an audience) rather than seeing themselves as advertisers (buying an audience) of a product. The Internet has, in many respects, cut out the middle man. Consumers and brands can now connect directly through a number of easily accessible online platforms.

The Content Marketing Institute offers the following definition:

Content marketing is a strategic marketing approach focused on creating and distributing valuable, relevant, and consistent content to attract and retain a clearlydefined audience — and, ultimately, to drive profitable customer action (Content Marketing Institute, 2017).

This definition applies to all the spaces in which you share content both traditional and digital. This includes printed magazines, booklets, and promotional material as well as your social media space, website, campaigns, competitions, and your company blog. The way in which that information is shared is also important.

Kristina Halvorson suggests the model illustrated below for approaching the different areas of content marketing strategy.



Figure 7.3.1.1: A model explaining content strategy *Adapted with permission, Kristina Halvorsen, 2010*

Content components

Substance: Who are you trying to reach, and why?

Structure: Where is your content? How is it organised? How do people find your content?

People components

Workflow: How does your content happen?

Governance: Politics, guidelines and standards that your brand operates in (Halvorson, 2010).

As you can see in the above discussion, Halvorson suggests that one consider the bigger picture of content creation rather than just the product which is the end result. Content marketing looks at staff, tools, processes, and outcomes. The end goal for these processes isconversion. All content should be created with a strategic outcome in mind. Such outcomes could include talkability, referral, affinity, and ultimately purchase or increased usage of your product or service.

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7.3.2: Strategic building blocks

Translating your brand essence

The brand essence sums up the unique attributes of a brand and the basis for its emotional connection with customers. Remember your emotional connection with your customer is the very things that differentiates your brand from your competitors. Your brand essence should assist in defining a tone of voice for your brand and the style in which it engages with its customers. The brand essence can be a useful guide for ensuring that the content you create (and your marketing activity) represents the brand appropriately. You can relate this to your brand story. What is your reason for being? How do you connect that with the interests of your customers? What is the value you add to your customers' lives? Is it convenience, health, status?

Consider a brand like Mercedes Benz. Their essential product is transportation, but the brand offers so much more than that to its customers. For example, it provides a sense of safety and security, customers know they are driving a car with the latest safety technology. But the brand's most powerful aspect is the sense of achievement and status that owning a Mercedes Benz provides. The value of the brand is less about the product itself and transporting passengers, and more about the feeling and status the customer gets by owning the product.

Will It Blend? is a video series by Blendtec which builds on this principle. Blendtec produce industrial blenders. Their value proposition is that they can blend anything, and their very popular videos demonstrate this.



Figure 7.3.2.1: Blendtec produce a series of entertaining videos focused on blending objects discussed in popular culture, such as iPhones *Adapted From Screenshot, Blendtec, n.d.*

Market research and consumer personas

The sweet spot for content marketing lies in an intercept between the marketing goals of a brand, the brand personality as it guides and differentiates that brand in the marketplace, and the consumer motivation for paying any attention to a brand at all. One device that is used in addressing consumer needs is the development of a consumer persona.

A persona is a profile that a writer creates to embody the aggregated characteristics of the target audience for whom he or she is writing. It helps to personalise the brand. Personas are based on the profile of users of your content. Creating a profile is all about considering the characteristics of your customers and their needs and desires. For example, a brand like Philadelphia Cream Cheese could have a couple of customer personas. A busy father, who works full time, but still wants to provide healthy and nutritious lunches for his family. Or a young female foodie, who wants to try new recipes she finds online from international celebrity chefs to impress her friends at dinner parties. Each of these would require slightly different approaches when developing content. Both would benefit from videos featuring recipes, but one would appreciate regular basic options for lunchboxes, and the other a celebrity endorsement or even a celebrity hosted video of finer and more elaborate meals.

It's important to focus on the motivations of the persona that you may create, rather than exterior signifiers that lead to the creation of a stereotype. The persona assists you in segmenting and understanding your target market and is a framework through which you can guide any content that you create.

Creating content themes

Linked to the brand identity are certain themes or concepts. These are areas of focus that support the creation of content that match a consumer's interest. These themes must be true to the brand essence, not focused directly on sales, and should also speak to the

interests of the audience.

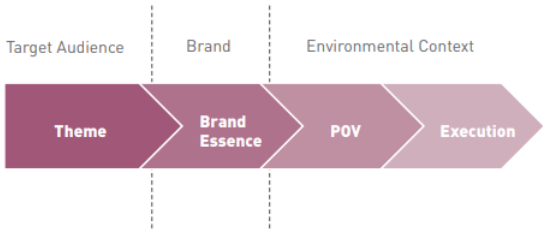


Figure 7.3.2.2: Content themes can be considered in line with the brand's essence, and then situated within the context of the reader *Adapted From Stokes, 2013*

For Coca-Cola, for example, consumer interests filtered through the brand essence of 'Coke brings joy' could result in the following themes:

Friendship

Sharing is caring

Spreading smiles.

These themes are then used as the basis on which to develop content ideas.



Figure 7.3.2.3: Coca-Cola express their brand essence in all of their communications, as demonstrated in the Tweet above *Adapted From Screenshot, Twitter 2013*

In the above tweet, we can see how a particular content theme was translated into a question that is focused on relationships and family. It also encourages engagement from the audience by asking for their input.

Another example which demonstrates this is how Corona brought their brand essence to life through an interactive documentary. The essence of the brand is to live the extraordinary, and provide amazing experiences to its customers. The documentary depicted a group of people from Bulin in China, officially the town furthest away from any ocean in the world, encountering the ocean for the very first time. A truly extraordinary and amazing experience, facilitated by Corona. You can view it here: https://www.youtube.com/watch?v=V8ELAv3Ovho.

Matching content formats to objectives

Information can be presented through any number of mediums, which is both an opportunity and a challenge faced by content marketers. Traditional print distribution allows for magazines, pamphlets and even events. Digital distribution allows for videos, images, interactive infographics, GIFs, live photos, live video, cinemagraphs, and any number of other formats. To gain and keep the attention of consumers/users, it's sometimes not enough to rely simply on text-based forms of content. The role of the content marketer is to select the right medium based on overall objectives, production capabilities, and the needs of the audience. Consider the illustration below.



Figure 7.3.2.4: Different forms of content will support different objectives *Adapted from Bosomworth, 2012*

As discussed in the Strategy and context chapter, determining your objectives is an essential part of your marketing planning, and should feed into your content marketing strategy, and ultimately the business strategy. Understanding the journey your consumers go through as they approach your ultimate sales goal will enable you to match content formats to their needs. A humorous video may be successful in initially making potential customers aware of your brand. However, once you have their attention, a research paper or useful case study could be more effective in convincing them that you are the best choice in the market.

Price Waterhouse Cooper (PWC) is one of the largest international financial consulting firms, offering a range of financial services and advice across the globe. Every year they publish valuable content and guides to assist their customers with tax and wealth management. You can find the 2017 guide here: www.pwc. com/us/en/private-company-services/publications/tax-wealth-managementguide.html

There are many examples of online journalism using multimedia to convey information most effectively to their users. The New York Times has presented a number of different methods for conveying complex information in an engaging manner. ‘Snow Fall’ by John Branch is one example: http://www.nytimes.com/ projects/2012/snow-fall/#/?part=tunnel-creek.

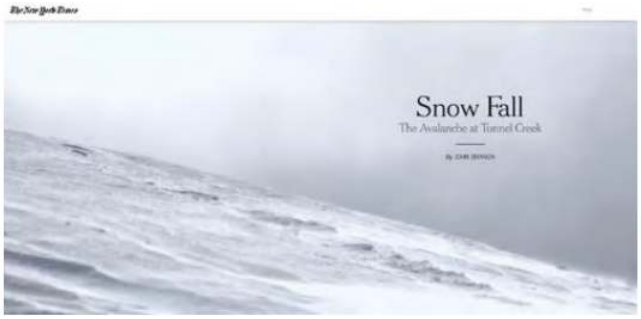


Figure 7.3.2.5: ‘The New York Times’ is a media brand that has embraced interactive media features for presenting complex news stories *Adapted From Screenshot, New York Times, 2013*

The New York Times also often publishes infographics that demonstrate this principle powerfully.

Because users consume content across multiple screens, multimedia is necessary to ensure you keep the audience engaged, and they do not get bored with your content. See this infographic on the importance of exploring different types of multimedia with content marketing: blog.marketingv2.com/the-impo...eting-strategy .

To take advantage of these various forms of content delivery, it is necessary to build the correct capabilities. But how do you determine what forms of content you need?

The content audit

Once you have established your marketing goals, your brand personality and a guiding understanding of who you are trying to reach, the content audit is a necessary but sometimes laborious next step. The content audit involves an audit of all the existing

content supplied by the brand such as the website, white papers, articles, videos, and content shared on social media sites can all be considered.

An assessment can then be made of how well these pieces of content match the strategic needs of the brand, its audience, and the appropriateness to the chosen channel.

While you can either thoroughly immerse yourself in this process or attempt to get a more time-efficient overview, the goal is to map what is currently on offer versus what is needed to achieve the strategic objective. It is important not just to understand what you have and who accesses it, but also how it is currently organised, through which channels, and how often it is accessed by your audience.

Many practitioners suggest the use of a spreadsheet to achieve this. Content can be found to be either mismatched to the goals of the organisation, or spot on. Most importantly, you can establish what is missing. Are your customer needs being addressed? Where do the opportunities lie?

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7.3.3: Content creation

Learning from publishers

Referring to a brand as publisher refers to expanding the function of the marketer or brand manager, and opening up additional opportunities to influence and/or convert. Rather than focusing on the immediate sale or conversion, a publisher focuses on value and interest for the user, and building a relationship based on supplying information, inspiration, or entertainment that suits the customer's needs. Makeup. com by L'Oreal is an oft-cited example of a brand publishing useful tips and content that does not link to a product or sales directly, but demonstrates how the brand can facilitate the lifestyle consumers desire or aspire to. In content marketing a brand has to give customers more than just the product or service.

Resource planning – thinking like a publisher

Content marketing touches on a number of departments in an organisation. Marketing, sales, customer service, corporate communications, human resources, and website management teams should all be aware of the content marketing strategy for a business. Co-ordinating content between these teams can be challenging if not impossible if turnaround times are tight. This is why it is important not only to look at where content production should live in your organisation, but also to map the workflow of content creation, an essential function. Are designers involved? Where does quality control take place? Where can a piece of content be adapted and reused on a different distribution channel?

Some organisations opt to have a central role for someone to oversee content; others build in-house departments. Factors to consider are budget, creative control, approval and sign off processes, objective perspectives, and full-time versus freelance resources. Whether you are outsourcing to a publishing house, or training a team in house, the decision must be made and planned for so that workflow can be mapped to facilitate your strategic needs.

Always on content planning

Given that a large part of the global population is constantly engaging with content via various digital devices and platforms, it is necessary to consider content creation in terms of not only short campaign bursts, but ongoing delivery and engagement. Consider the illustration below.

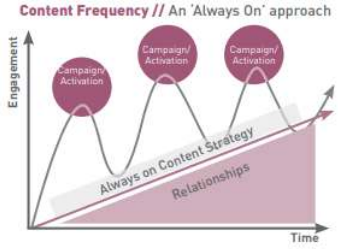


Figure 7.3.3.1: An always-on-content strategy approach builds relationships and engagement *Adapted From Stokes, 2013*

By constantly engaging with audiences, which is well suited to social media, for example, it is possible to build and maintain a relationship with customers/users. Consider the image above, where constant engagement is built by a constant presence, and amplified by shorter-term campaigns.

Content models

Your organisation's content requirements and objectives should determine the structure of your content teams. Do you have a need for ongoing content creation, or are there less frequent high-input forms of content that will benefit your organisation? There are many models which are constantly evolving, so invest in some research around what will suit your organisation. We have outlined two approaches below.

Stock and flow

Stock content refers to bigger, beautiful assets that require more investment and age well, meaning that they will be interesting in six months as well as today. 'Inside Chanel' by Chanel, is an example of this. High-production value documentary type videos are

created and sponsored by the brand to achieve awareness and develop brand affinity across its target market. You can visit the Chanel channel on YouTube here: https://www.youtube.com/user/CHANEL



Figure 7.3.3.2: The Time of Chanel – Inside Chanel. Stock videos created to achieve awareness and brand affinity *Adapted From Screenshot, YouTube Inside Chanel, 2017*

Flow content has a lower production value and a quicker production and publishing time frame. Images depicting what is going on at a business on any given day, for example, freshly baked goods at a bakery, can be placed in this category. Weekly or even daily blogs as well as event and holiday themed content would all be considered flow.

Both types of content should be considered for balancing out a content strategy. It can also be useful to consider destination and distributed content. Content which you are either sending out to the world through various platforms and networks, or which pulls your user towards a page on your website or an article on your blog. Rather than focusing solely on driving users to your owned media spaces, such as your website, consider how to create content that engages with your target audience in the spaces and platforms they use online.

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7.3.4: Content channel distribution

Algorithmic curation

Algorithmic curation is a term that refers to the algorithms platforms have created for dealing with information overload. Various platforms, like Facebook,Twitter, and the search engine Google, use algorithms to filter out the amount of information that is delivered to users. Each algorithm will use a number of factors to determine what is actually relevant and interesting to the user doing a search or looking at their news feed.

One of the factors that influences whether a piece of content is considered relevant is how much an individual engages with the brand's presence on that platform over time. Posts shared by a Facebook Page, for example, may reach only users who have previously engaged with posts from that page through commenting or liking. It is therefore important to create content that encourages engagement and sharing.

Increasingly SEO and content marketing have to work together if they are to reach their audience and achieve their objectives. Without good content, SEO will struggle, and without SEO even good content will not be seen. SEO approaches content differently to content marketing. SEO wants the content as narrow and focused as possible, so that they can give the right answer to the right user while users are searching. It also recognises the need for enjoyable shareable content as this improves search rankings and earns backlinks. Content marketers, on the other hand, prefer broader content, and focuses on the quality and exposing the content appropriately (Postan, 2016).

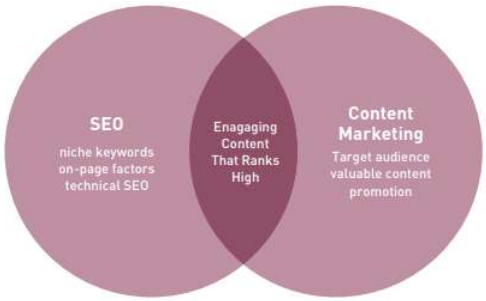


Figure 7.3.4.1: Engaging content that ranks highly is achieved when SEO and content marketing work together *Adapted From Outbrain, 2017*

Note

For more on aligning content marketing and SEO go to this blog post by Outbrain: www. outbrain.com/blog/ content-marketing-andseo

Understanding channels and platforms

Understanding the channels through which you share content is as important as the crafting of that content itself. Reaching people effectively will only be achieved if the medium supports the message and vice versa. Social media, email marketing, mobile marketing, and video marketing are just some disciplines that will form part of your content creation arsenal. The rest of this book is dedicated to best practice in communicating effectively through the various digital disciplines available to you.

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7.3.5: Advantages and challenges

Content marketing can position your brand as an expert through the sharing of useful content in your specific field. It also enables you to reach the customer who has a fragmented attention span spread across many devices and content touchpoints.

One of the more powerful benefits, however, is that you can learn a lot about your target consumer through the content with which they do or do not engage. The more targeted and ongoing your content, the more data you can gather about how effectively you are reaching those you need to.

One of the great challenges in content marketing is providing content that is truly interesting and engaging to the right people with the right mix of subject matter and brand. Matching content to the required outcome for your strategic purposes takes dedication and focus. In the context of ongoing content production, it can also be a challenge to maintain levels of quality over time, which is why process and quality assurance steps must be put in place. Consider that the goal is not to create as much content as possible, rather it is to focus on relevance and content that matches strategic outcomes.

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7.3.E: Content marketing strategy

Case study questions

1. What is brand storytelling?
2. Why do you think Intel and Toshiba chose this option?
3. What in particular do you think drove the dramatic lift in brand perception for both brands?

Chapter questions

1. What is content marketing strategy? How does it compare to business strategy?
2. Why is the customer journey or buying cycle relevant to content marketing strategy?
3. How do you decide what new forms of content your brand needs?

Further reading

contentstrategy.com/ – Content strategy for the web.

http://contentmarketinginstitute.com/blog/ – the official blog of the Content Marketing Institute

the-cma.com – The Content marketing Association website. News, research and case studies on Content marketing.

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CHAPTER OVERVIEW

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SECTION OVERVIEW

8.1: Digital Copywriting

Learning Objectives

In this chapter, you will learn:

- The principles of writing for your web audience.
- Which types of web copy are available to you.
- The basics of HTML for formatting online text.
- How to write for search engine optimisation (SEO), focusing specifically on keywords.
- The best practices for successful online copywriting.

8.1.1: Introduction to Digital Copywriting

8.1.2: Core principles

8.1.3: Advantages and challenges

8.1.4: Measuring Success

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8.1.1: Introduction to Digital Copywriting

Online copy is a hardworking multi-tasker. It must provide information to visitors, engage with them, convince them to take a desired action and, all the while, convey brand ethos. It also has to provide context and relevance to search engines. It needs to achieve all this without seeming as if the author is trying too hard to ensure a particular outcome.

You will see in this chapter that writing for digital is different from writing for more traditional media. Because of the sheer volume of information on the Internet, quality content is king. Many people argue that content is one of the most significant determinants of the success of your online campaigns. Considering it is one of the most direct lines of communication with your consumers, this is not surprising. Therefore, you will see many links between this chapter and the chapter on Content marketing strategy.

> **Note**
>
> Read more about this in the Content marketing strategy chapter.

Online copywriting involves everything from the text on a website to the subject line of an email and all things in between. From PR articles of 800 words to four-line search adverts, if it's being read on a screen, no matter what the size of that screen, from desktop computer to mobile phone, it's online copy. Writing for digital does not mean the traditional rules of writing need to be abandoned. By and large, the foundations remain.

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8.1.2: Core principles

Writing for an audience

In marketing and advertising, knowing your audience is vital. It will guide you in developing your content strategy, determining the topics they are interested in, and help you organise information in a way that makes sense to them. It will direct how you express your copy for your audience.

Step one of writing for digital is to ensure you have researched your audience and understand what they want. Once you have a clear idea about this, you can figure out how to fulfil those needs using your copy. Smashing Magazine (2015) recommends answering the following questions:

1. Who are you writing for?
2. What is the main message you want to get across?
3. Where does the action take place (where will it be read)?
4. When is it relevant?
5. Why is it important (what's the goal)?

For example, your answers might look like this:

1. Who: First-time moms
2. Message: Our baby kit can help you
3. Where: Parenting forums/magazines/social media
4. When: Immediately before and after the birth of a child
5. Why: Because first-time moms need help (and because we want them to buy our product).

When you are researching your audience, there are two useful concepts to bear in mind, the audience of one, and personas.

The audience of one

According to Price and Price, audiences were traditionally thought of as a vast and vaguely defined crowd (Price & Price, 2002). Because the web provides a voice to individuals and niche groups, the concept of this mass audience is disintegrating.

Price and Price go on to argue that the Internet has led to an audience of one (Price & Price, 2002). What does this mean? While your audience is not literally one person (and if it is, thank your mum for reading your copy, but spend some time growing your readership), it is not a vast, vaguely defined crowd either. Instead, the web has many niche audiences who are used to being addressed as individuals. Indeed, The Economist Group (2015) confirms that personalised marketing is becoming more granular, helping to create specialised customer experiences that will keep them coming back.

The individual that you have in mind when you are writing could also be called a persona.

Take the time to think about **how** web and mobile content is consumed in the physical world. It's usually an exclusive action, so write your copy this way.

Personas

A persona is a profile that a writer creates to embody the characteristics of the target audience for whom he or she is writing.

Personas are based on the profile of readers of your copy. Creating a profile is all about considering the characteristics of your readers and their needs and desires. When you are building this profilethere are a number of things that you should consider about your audience:

- Are they primarily male, female or a mixture?
- How old are they?
- What are their other demographics and psychographics?

Once you understand these simple characteristics, you can ask yourself some more in-depth questions. If you are selling something, questions could include:

- How do they make purchasing decisions?

- Do they compare many service providers before selecting one?
- Do they make lists of questions and call in for assistance with decision making, or do they make purchase decisions spontaneously based on a special offer?



Figure 8.1.2.1: A sample persona *Adapted From UXMag, n.d.*

Understanding the reader profiles of your readers is an important process and the best copy usually results from extensive time spent figuring out your audience.

Tailoring your copy to your audience does not necessarily limit you to one persona.

Digital copy can be structured so that it caters for several personas. Consider that your various marketing channels may have different audiences, so ensure that you have a persona for each main platform you use. However, you need to spend time understanding their needs before you are able to write copy that addresses these personas.

Types of web copy

Whether it is long or short, the purpose of content is to communicate a message. Communication implies that the message has been both received and understood. The considerations covered here are aimed at ensuring that when you distribute a message, it is communicated effectively to the people whom you want to receive it.

To communicate the intended message effectively, content needs to be:

- Clear and concise
- Easy to read
- Well-written
- Well-structured.

Content written for the web can be divided into two broad categories, short copy and long copy. The division is by no means scientific.

Short copy

On the web, writers often have very little time and space to get a message across to a visitor, and to entice them to take action. This is especially true of banner and search adverts but is also important across all digital marketing disciplines. Probably the most important short copy anywhere is the call to action.

Call to action

Users scan web pages and look for clues on what to do. Tell them. A call to action is a short, descriptive instruction that explicitly tells a reader what to do, for example, ‘Click here’ or, ‘Buy this now’. Any time there is an action you want a reader to take, a call to action should instruct them on what to do. This means using active verbs when you write, and crafting hyperlinks to be clear instructions that resonate with your visitors at each step in the conversion process.

Also, know where to place your call to action so that it makes sense to a reader’s eye. For example, depending on the structure of your page, it might be better to start with your call to action and then to qualify it. In other cases, ending the page with your call to

action may have a stronger impact on the reader as they may be more likely to act once they have the information they need to do so. This depends on your product and the action you want your audience to take.

Banner advertising involves clear calls to action, and they can also be used in social media posts, search adverts, content marketing and more. Call to action copy is not limited to short copy. Email newsletters and promotions should also make use of calls to action and we even see them all over web pages. Each piece of online copy should be written with a CTA or at least with the question, “What’s next?” in mind.

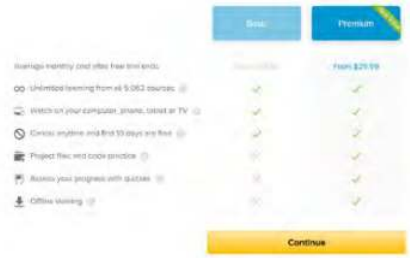


Figure 8.1.2.2: CTAs should be clear and enticing *Adapted From Screenshot, Lynda.com, 2016*

A good call to action resonates with the action the users need to take, as opposed to the technical function that is performed. For example, if a user has entered an email address to sign up to your email newsletter, the action button should say ‘Sign up’ and not ‘Submit’. Make sure you write your instructions for humans. Think about what real people prefer to read!

Also consider what actions mean offline. For an email newsletter, ‘Sign up’ can have very different connotations from ‘Subscribe’. Furthermore, ‘Subscribe’ is very different from ‘Subscribe for free’.

Whereas subscriptions have connotations of costs, ‘Sign up’ does not carry the same burden. However, ‘Subscribe for free’ could imply greater value as something that would normally carry a cost is available to you for free.

Note

Since the call to action is key to converting customers, this is an important element to test. What iterations of your main call to action could you try?



Figure 8.1.2.3: A Coursera CTA. Good CTAs are short and to the point *Adapted From Screenshot, Coursera, 2016*

Titles and subject lines

Note

The Huffington Post is well known for publishing articles with compelling headlines. Visit www. huffingtonpost.com to have a look at how they grab the reader’s attention.

Titles and subject lines often form part of a body of long copy. However, they are important enough to be discussed as stand-alone short copy. Titles and subject lines are there for a very important reason, they tell a reader whether or not they should read further. They are the gateway to your content.

Consider the following titles:

- Guide to online copywriting
- Ten steps to online copywriting that sells.

The second title conveys more information and excitement to the reader, which helps the reader to make a decision to read further.

Subject lines are like headlines for emails, and can make the difference between an email being deleted instantly and being opened and read. As with a headline, which should be carefully crafted like the headline of a newspaper, use the subject line to make it clear what the email is about. For example, if there is a promotion in the email, consider putting it in the subject line as well.

> **Note**
>
> An email subject line is the first cue your audience receives to help them decide whether to open an email or not. How can you make it count?



Figure 8.1.2.4: A direct, enticing email subject line *Adapted From Screenshot, email*

Titles, headlines and subject lines need to be both persuasive and enticing. Consider what need your copy is meeting for your readers, and express that first. Highlighting a benefit to your readers upfront means they are more likely to engage, even if they don't necessarily need your product or service at the time.

Search adverts

Search adverts have very limited space and time to get a message across and there is plenty of competition for a reader's attention. These few lines of copy need to work hard to ensure a top return on investment. Search adverts typically follow the same basic structure and have strict character limits for each line. The new Google expanded ads are as follows:

> Heading1 – Heading 2 (max. 30 characters each) One description field (max. 80 characters) www.DisplayURL.com (uses your final URL's domain with two optional "path" fields max. 15 characters each).

> **Note**
>
> Read more about this in the Search advertising chapter.

With a limited character count, it can seem daunting to communicate information that entices the right people to click through and also differentiates you from your competition. Testing variations of copy is the best way to determine what works best for your campaign. While copywriters are not generally responsible for writing paid search ads, they are often brand custodians and should review all copy representing a brand.

Social copy

Social media allows brands to have conversations with their customers and fans. This gives consumers a powerful voice and the ability to tell brands what they want. There are a few considerations to keep in mind when creating content for social media.

- **Research is vital.** Understand what type of content community members want. Meaningful and relevant content is more likely to be shared. Hashtags are fairly important for many platforms so research any hashtags you use to avoid making costly mistakes, like DiGiorno did with its use of the #WhyIStayed hashtag. This hashtag was part of an awareness campaign for domestic abuse and was used in tweets explaining why users had chosen to stay in abusive relationships.



Figure 8.1.2.5: DiGiorno research fail From *Adapted From PoMoFo, n.d.*

- **Remember that it's a conversation.** Your content must be personable and appealing. Use personality and convey the humanity of your brand in order to generate conversation and encourage comments.
- **Write shareable content.** Offer value and be insightful. Ultimately you should aim to create an overall perception that your brand is the thought leader in its industry. Shareable content is credible content.
- **Avoid overly promotional content.** Community members are likely to see right through a sales pitch. Instead, think about how your content can be useful to your reader. Remember, with content, value to the reader should come first, with value to the brand as a secondary consideration.
- **Have a solid communication protocol.** These can be internal guidelines for organisations to follow on how they use and communicate on social media platforms. This also ensures consistency, which is very important for creating a brand personality for readers to engage with.



Figure 8.1.2.6: Relevant and on-brand social media copy *Adapted From Claire's Digital Marketing Blog, 2016*

> **Note**
>
> All of these points are covered in more detail in the chapters on Social media platforms and Social media strategies.

Long copy

Online copywriting is not just about short, sharp calls to action and attentiongrabbing headlines and adverts. It also covers longer pieces of content.

Longer copy has advantages. Primarily, it allows you to provide more information and encourage the reader to convert. You can foster a relationship with a reader, whether it is on a blog, through email communications, or through articles and news releases. With more words and space available, you are able to build a voice and a personality into your writing.

The expression 'long copy' is somewhat misleading. As online readers behave slightly differently from offline readers, it is unlikely that a skilled copywriter will be called on to create copy for the web that is longer than 800 or 1 000 words per page although, of course, there are exceptions to this.

Long copy needs to be structured and formatted so that it's easy for attentionstarved web readers to digest. Web users tend to scan pages quickly to determine whether or not they will read further. Specifically in longer copy, you need to take this into consideration.

There are many types of long online copy including website copy! Here, we will focus on a few that are useful for marketing:

- News releases
- Articles for online syndication
- Emails
- Blog posts
- Advertorials
- Website.

Bear in mind that this is by no means an exhaustive list.

News releases

News releases are a staple of public relations. As the Internet grows, so does the overlap between PR and marketing. As a result, many copywriters are called upon to write news releases for online distribution as this is a standardised format for releasing information. Originally intended to provide information for journalists, news releases are increasingly being read by users bypassing the journalists. This means that they should be written in the brand tone, be accessible to the general public, and be optimised and formatted according to the principles of good web writing (more on those later). Also remember to focus on a compelling headline to win over your reader.



Figure 8.1.2.7: An online press release from Apple *Adapted From Apple, 2016*

Emails

> **Note**
>
> Read more about this in the Direct marketing email and mobile chapter.

Email as a channel is an integral part of many online marketing strategies. Of course, content is a huge part of this; it comprises the words in an email with which a user engages.

By nature, emails are the ideal medium for communicating and building relationships with your consumers. This customer relationship marketing helps to increase retention. Successful email campaigns provide value to their readers. This value may vary from campaign to campaign. Newsletters can offer:

- Humour and entertainment
- Research and insight
- Information and advice
- Promotions and special offers.



Figure 8.1.2.8: The Litmus updates newsletter *Adapted From Screenshot, DueSouth Escapes newsletter, October 2017*

Blogging

Blogs can be very successful marketing tools. They're an excellent way to communicate with staff, investors, industry members, journalists and prospective customers. Blogging also helps to foster a community around a brand and provides an opportunity to

garner immediate feedback. This is an audience made up of players vital to the success of a company which is why it is important to get blogging right. A key consideration is the quality of your headlines. You have to convince your reader to grant you their attention.



Figure 8.1.2.9: A blog post on the Fast Company blog *Adapted From Screenshot, Fast Company Blog, 2016*

There is plenty to be gained from the process of blogging and obviously, the value, as with email marketing, lies in the content. This communication channel provides an opportunity for you to foster an online identity for your brand as well as giving your company a voice and a personality. This happens through the content you distribute as well as the tone you use to converse with your readers. There is more information on blogging in the chapter on Social media platforms.

Website copy

Website copy is a type of long copy, and the principles that apply to long copy in general also hold true for websites. Digital copywriters need to structure content effectively so that users want to engage with the site and read on. This is especially important when people access a site from their mobile phone, where the small screen size drastically reduces the content users will see before they scroll. Some ways to create digital copy that is usable and appropriate for an online audience include:

- Writing text that can be easily scanned
- Using meaningful headings and sub-headings
- Highlighting or bolding key phrases and words
- Using bulleted lists
- Having a well-organised site.
- **Limiting each paragraph to one main idea or topic.** The leading sentence should give a clear indication of what the paragraph is about. Readers can scan each paragraph without missing any essential information.
- **Cutting the fluff.** Get rid of meaningless turns of phrase and words that unnecessarily bulk up copy.
- **Removing redundancies.** These often creep into writing by accident, but you should work to eliminate them in order to get to the point.
- **Including multimedia wherever relevant.** Some readers may be more partial to video than reading, for example, see http://www.nytimes.com/ projects/2012/snow-fall/#/?part=tunnel-creek.

Writing in the mobile age

Because of the number of people who use the internet via mobile phones, content is usually written for mobile first these days. Here are some points on creating digital copy for all screen sizes that encourages interaction and achieves marketing and business goals.

> **Note**
>
> Read more about this in the Mobile channels and apps chapter.

- **Get to the point**. With limited screen space, there really is no room for wordy text. You need to determine exactly what your message is and get to the point quickly! This is particularly true for content above the fold.

- **Put the important bits up front**. This includes contact information and navigation links. Word these clearly so that people know what action to take.
- **Condense information to its simplest form**. Ensure that it still makes sense and is grammatically sound.

> **Note**
>
> Once users have decided to navigate further into your mobile website, you can increase the amount of copy on the pages.

- **Use a call to action upfront**. Mobile web users are goal-orientated so provide them with the next step early on.
- **Use headings and subheadings for scanning**.



Figure 8.1.2.10: Mobile-optimised copy vs. traditional web copy *Adapted From Mis, 2017*

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8.1.3: Advantages and challenges

The advantages of good digital copywriting are simple, your content will work better, your SEO will benefit, and your customers will find it easier to absorb your material. Clear call to actions can also help to increase response rates.

However, some challenges do exist. The primary challenge is learning what, exactly, good copy is. This is important because bad copy can really turn off your customer! Meeting SEO requirements without being spammy can be tricky, and you need a clear set of writing guidelines for your organisation to follow.

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8.1.4: Measuring Success

Measuring copywriting performance is important. How will you know what's working and what isn't unless you do so?

Often, brands use conversions as the primary way to measure success. If your copy doesn't convert, what's the point? The goals that you measure will depend on the goals of your copy. If you want to boost subscribers to your newsletter or blog, then the number of subscribers will be your measure of success. If you want to increase sales, then the number of sales will be your measure. Because digital copywriting applies to almost every aspect of digital marketing, you can only measure its success if you have a clear idea of your goals.

However, copy isn't always just about converting. You can also use impressions, time on page, and bounce rate to see whether your copy is keeping people interested and on-site.

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SECTION OVERVIEW

8.2: Search engine optimization (SEO)

Learning Objectives

In this chapter, you will learn:

- How search engines work and how they deliver results.
- How to plan, research and implement an effective keyword strategy across text and other content.
- Techniques for link building, an essential aspect of SEO.
- How specialised search, such as mobile, social and local search, can affect your rankings and how to optimise for these.

8.2.1: Core principles

8.2.2: Implementation

8.2.3: What not to do

8.2.4: Advantages and challenges

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8.2.1: Core principles

Understanding SEO

Search engines need to help users find what they're looking for. To make sure, they list the best results first, looking for signals of:

> **Note**
>
> Want to see how search works? Check out this resource from Google: www.google.com/insidesearch/howsearchworks/thestory

- Popularity
- Authority
- Relevance
- Trust
- Importance.

SEO, also called organic or natural optimisation, involves optimising websites to achieve high rankings on search engines for certain selected keywords. Generally, techniques used for optimising on one search engine will also help efforts across others.

SEO can be divided into two main strategies:

1. **On-page optimisation**, achieved by making changes to the HTML code, content and structure of a website, making it more accessible to search engines and by extension, easier for users to find.

> **Note**
>
> A good place to keep track of Google search algorithm updates is this handy resource from Moz: moz.com/google-algorithmchange.

2. **Off-page optimisation**, generally focused on building links to the website and covers activities like social media and digital PR.

SEO is an extremely effective way of generating new business to a site. It is a continuous process and a way of thinking about how search engines see your website and how users use search engines to find your website. It's search psychology.

Search engine optimisation is a fairly technical practice but it can easily be broken down into five main areas:

1. A search engine friendly website structure
2. A well-researched list of keywords
3. Content optimised to target those keywords
4. Link popularity
5. User insights.

Search engine friendly website structure

Search engines encounter two kinds of obstacles:

1. Technical challenges that prevent the search engine spider from accessing content.

> **Note**
>
> Read more about this in the Web development and design chapter.

2. A competitive marketing environment where everyone wants to rank highly.

To ensure that search engines can access your content, you must remove technical barriers. Those who want to achieve the best results must follow best practices.

The key is to make sure that there are direct HTML links to each page you want the search engines to index. The most important pages should be accessible directly from the home page of your website.

The information architecture or, how content is planned and laid out, has important usability and SEO implications. Users want to find what they are looking for quickly and easily, while website owners want search engine spiders to be able to access and index all applicable pages. Google consistently points out that it wants users to have a good user experience. Content relevance, user engagement and user experience are all crucial to SEO (Martin, 2016).

> **Note**
>
> Read more about this in the User experience design chapter.

There are times when user experience and SEO can be at odds with each other, but usually if you focus on building usable, accessible websites, then you have made them search engine friendly as well.

Another technical challenge to search engines is Flash. For the most part, search engines struggle to crawl and index Flash sites. There are some workarounds, but the best approach from an SEO perspective is to avoid building sites or delivering key content in Flash. Instead, use HTML5, which provides similar interactivity and visuals while remaining easily crawlable.

The chapter on web development and design delves more deeply into building a search engine friendly website.

Voice search

As digital marketers, we must evolve with the times to stay effective. The ‘’no interface trend’ refers to the way people want new, natural forms of interaction with technology. onsider Stephen Sandmann’s (2016) observation that, “Speech, gesture, touch and sight: truly intuitive technologies are set to transform your customer interactions forever”.

When people think of SEO, they usually think of only the traditional type of SEO, based on desktop and mobile Google search. SEO has evolved to be mobile-centric, which now includes voice search.

Many consumers use Google search on their mobile phones to find answers to their everyday questions. This means you can encourage your consumers to engage with your brand via voice search-accessed mobile search. The Google app allows a person’s voice to access mobile Google search results on their smartphones. Google voice search is a default app in all of the latest Android smartphones.

Other voice search tools include Apple’s Siri, Microsoft’s Cortana and Amazon’s Alexa.

Voice searches are usually made through mobile devices because of their on-the-go convenience factor which means that the mobile context will generally apply. This means:

- The user behaviour relating to voice search differs from traditional mobile search. This may seem obvious, but you have make a conscious effort to accommodate voice search in your Mobile SEO strategy.
- In most cases, voice searches appear in the form of questions, such as, “What movies are showing at Brooklyn Mall?”
- Voice-derived search queries are also usually longer than the average traditional search query.

These differences should be factored into your content by adding local keywords that are geographically relevant and by writing content that answers common questions that your intended audience may ask.

The future

Google’s revamped Google Now, called Google Now on Tap, is incredibly intuitive. Now on Tap is a Google voice search that has contextual awareness. When you do a search via Now on Tap, it scans your phone’s screen and recent activities to help give it context for your search, thereby better answering your query to fill in the gaps of a vague search query. Google also makes use of a personal index of what you do on your Android phone as a means of learning more about you.

Siri and other voice search platforms are also making major headway in terms of technological advancements and additional predictive features. Voice search is here to stay and will become more widely used going forward.

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8.2.2: Implementation

SEO and keywords

How do you start building your keyword list? It requires a little thought and a fair amount of research and insight, using tools that are readily available to help you grow and refine your list of keywords.

> **Note**
>
> Keyword or key phrase? These are usually used interchangeably to refer to single or multiple words used for optimising websites. We largely use ‘keyword’ in this book, but they are essentially the same.

Keywords are the very foundation of search. When users enter a query on a search engine, they use the words they think are relevant to the search. The search engine then returns those pages it has calculated to be most relevant to the words the searchers used and, increasingly, the implied meaning of the search.

Developers of search engines have built a sophisticated understanding of semantics and the way in which we use language. So, if a user searches for ‘car rental’, the search engine will look for pages that are relevant to ‘car rental’ as well assynonyms like ‘car hire’, ‘vehicle hire’ and so forth. Search engines have also built up knowledge around common misspellings, typos, synonyms and related searches.

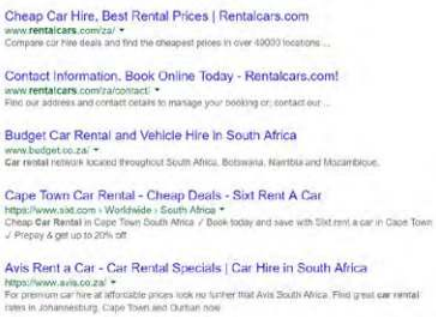


Figure 8.2.2.1: Google delivers search results for logical synonyms *Adapted From Screenshot, Google search 2017*

It is crucial that you implement keywords that are likely to be used by target audiences. Websites need to appear when potential customers are searching for them. A large part of keyword research is understanding search psychology. When we build our keyword lists, we are tapping into the mental process of searchers and putting together the right mix of keywords to target.

There are four things to consider when choosing a keyword.

1. Search volume

How many searchers are using that phrase to find what they want? For example, there is an estimated monthly search volume of over 338 million for the keyword ‘hotel’, but an estimated 6 600 searches per month for a keyword such as ‘Cape Town Waterfront hotel’.

> If you’re researching keywords using the Google AdWords Keyword Planner, note that it reports only on paid search volume, not on total volume and Google has made access more difficult for free accounts.

2. Competition

How many other websites out there are targeting that same phrase? For example, Google finds over 2 900 000 000 results for ‘hotel’, but only 640 000 for ‘Cape Town Waterfront Hotel’.

3. Propensity to convert

What is the likelihood that the searcher using that keyword is going to convert on your site? A conversion is a desired action taken by the visitor to your website. Related to propensity to convert is the relevance of the selected term to what you are offering. If you

are selling rooms at a hotel at the V&A Waterfront, which of the two terms, ‘hotel’ or ‘Cape Town Waterfront hotel’, do you think will lead to a higher rate of conversions?

4. Value per lead

What is the average value per prospect attracted by the keyword? Depending on the nature of your website, the average value per lead varies. Using the hotel example again, consider these two terms:

‘Luxury Cape Town hotel’ and ‘budget Cape Town hotel’. Both are terms used by someone wanting to book a hotel in Cape Town, but it is expected that someone looking for a luxury hotel is intending to spend more. That means that this particular lead has a higher value, particularly if you have a hotel booking website that offers a range of accommodation.

Step-by-step keyword research

Step 1: Brainstorm

Think about the words you would use to describe your business and about the questions or needs of your customers that it fulfils. How would someone ask for what you are offering? Consider synonyms and misspellings as well.

Bear in mind that people may not ask for your services using the same words as you to describe them. You may sell ‘herbal infusions’, whereas people may ask for ‘herbal teas’ and some might even request a ‘tisane’.

Even common words are often misspelt and you may need to consider common misspellings and typos, for example, ‘jewelry’ or ‘morgage’.

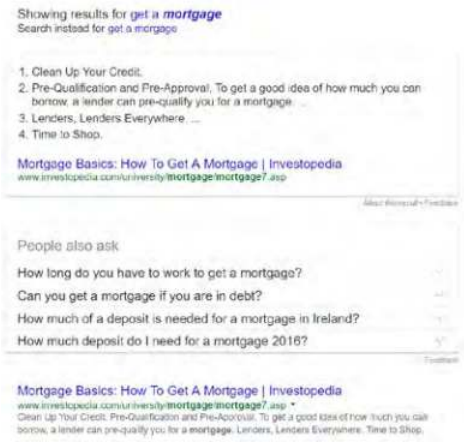


Figure 8.2.2.2: Google returns relevant results even for common misspellings *Adapted From Screenshot, Google search 2017*

> Misspellings are important, but consider what these tell you about the traffic you’re getting and analyse this traffic to ensure that you’re getting quality visitors.

Step 2: Gather data

Two ways in which to gather accurate keyword data are to survey customers and to look at your website referral logs.

Look at what terms customers are already using to find you and add those to your list. If they are already sending you some traffic, it is worth trying to increase that traffic.

Step 3: Use keyword research tools

There are several tools available for keyword discovery and some of them are free. Some tools will scan your website and suggest keywords based on your current content. Most will let you enter keywords and will then return suggestions based on past research data, along with: *

- Similar keywords
- Common keywords used with that keyword
- Common misspellings

- Frequency of the keywords in search queries
- Industry-related keywords
- Keywords that are sending traffic to your competitors
- How many sites are targeting your keywords?

> **Note**
>
> Try it now: Pick one of the tools listed at the end of the chapter and try a little of your own keyword research. Can you discover any useful keywords that your favourite brand should be using?

See section 8.7 Tools of the trade for some tools that you can use.

Bearing in mind the factors that make a good keyword, you need to aim for the right mix of keywords. Low-volume terms with low levels of competition may be a good way to get traffic in the short term, but don't be scared off by bigger competition in the high-value, high-volume areas. It may take longer to get there, but once you do, the revenue can make it worthwhile.

It is a good idea to create a spreadsheet of the list of keywords, along with additional information about each one.

Keyword or phrase	Search volume	Competition	Propensity to Convert	Value of Lead
Hotel	3,870	90%	2%	$18
Luxury hotels	345	80%	35%	$35

Figure 8.2.2.3: Keep a spreadsheet of targeted keywords for reference *Adapted From Stokes, 2013*

This will help you to choose the right keywords to target. These lists should be created for the whole website and can then be broken down for each page you want to optimise.

Optimising content for keywords

Once keywords and phrases are selected, we need to ensure the site contains content to target them. You must ensure that the content is properly structured and that it sends relevance signals. Content is the most important part of your website so create relevant, targeted content aimed at your selected keywords. Remember, search engines can recognise context and implied meaning, so synonyms are important.

Content has several roles to play on your site.

- It must provide information to visitors.
- It must engage with them.
- It must persuade them to do what you want. *

Now it must also send signals of relevance to search engines. You need to use the keywords on the content page in a way that search engines will pick up and users will understand.

Each web page used to be optimised for a set number of keywords. With the increasing sophistication of search engines and their semantic awareness, however, pages are now optimised for themes instead – search engines have moved from keywords to concept and context. For example, one page might be optimised for car insurance, with relevant keywords used as required, while another page would be optimised for health insurance, or household insurance.

Search engines consider context in three ways:

1. **User intention** – Google tries to match your query to what you are asking rather than the individual words used. "Song about evil ducks" gives you "March of the Sinister Ducks" as a result, rather than a page with those specific keywords.
2. **Your content** – Google reads your pages' keywords to find out what they are about, conceptually.
3. **Relating concepts** – Google relates concepts to each other, like showing Alan Moore as author of March of the Sinister Ducks and offering related results for his work.

While keywords are still useful, then, focus has shifted from repeatedly using keywords to ensuring that each page is about something specific. Even though you should be thinking customer first rather than exact keywords, keywords are still useful. Here are some guidelines.

1. **Title tag:** Use the keyword in the title and as close to the beginning as possible.
2. **H1 header tag:** Use the keyword in the header tag and as much as possible in the other H tags.
3. **Body content:** Use keywords as it makes sense in context. Remember to use synonyms rather than focusing on one specific version of a keyword. You should aim for about 350 words of content. But don't overdo it or it could look like spam to the search engines.
4. **Bold:** Use tags around the keyword at least once.
5. **URL:** Try to use the keyword in your page URL.
6. **Meta description:** Use it at least once in the meta description of the page, which should entice users to clickthrough to your site from the SERP.
7. **Link anchor text:** Try to ensure that the keyword is used in the anchor text of the pages linking to you.

Optimising media

Images, video and other digital assets should also be optimised with the relevant keywords. Search engines cannot decipher multimedia content as well as text, so they rely on the way that media is described to determine what it is about. Screen readers also read out these descriptions, which can help visually impaired users make sense of a website. In addition, media such as images and video are often also shown on the SERPs. Proper optimisation can give a brand more ownership of the SERP real estate and can also be used effectively to target competitive terms.

> **Note**
>
> Read more about this in the Video marketing chapter.

Just as rich media can help emphasise the content on a page to a visitor, they can also help search engines to rank pages, provided they are labelled correctly.

Here are some ways to optimise images with keywords for SEO.

- Use descriptive, keyword-filled filenames.
- Use specific alt tags and title attributes.
- Add meta information to the image. Make sure this information is relevant.
- Use descriptive captions and keep relevant copy close to the corresponding media. For example, an image caption and neighbouring text will help to describe content of the image.
- Make sure that the header tags and images are relevant to each other.
- Think about what other digital assets you have and whether these can be optimised in line with your keyword strategy. For example, consider using app store optimisation (ASO) which is the process of optimising your mobile and web apps for the specific web stores in which they are distributed.

> **Note**
>
> Find out how to optimise your apps in the Mobile channels and apps chapter.



Figure 8.2.2.4: An example of a page targeting the theme 'handmade bags *Adapted From Stokes, 2013*

Note

As search engines become ever more sophisticated and user focused, creating entertaining and readable copy will be much more important than simply including keywords in your text.

The best way to ensure results is to focus on writing quality content while sticking to a few guidelines on tags and URLs. Remember, you want search engines to rank you highly for your content, but you also want to ensure that the content is a pleasure to read.

Regularly adding fresh, valuable content will also encourage the search engines to crawl your site more frequently.

Use your website and its pages to establish and reinforce themes. Information can always be arranged in some kind of hierarchical structure. Just as a single page can have a heading and then be broken down into sub-headings, a large website can have main themes that are broken down into sub-themes. Search engines will see these themes and recognise your website as one with rich content.

Link popularity

Links are a vital part of how the Internet works. The purpose of a link is to allow a user to go from one web page to another. Search engines, mimicking the behaviour of humans, also follow links.

Besides allowing search engine spiders to find websites, links are a way of validating relevance and indicating importance. When one page links to another, it is as if that page is voting or vouching for the destination page. Generally, the more votes a website receives, the more trusted it becomes, the more important it is deemed, and the better it will rank on search engines.

Links help send signals of trust. Signals of trust can come only from a third-party source. Few people will trust someone who says, “Don’t worry, you can trust me!” unless someone else, who is already trusted, says, “Don’t worry, I know him well. You can trust him.” It is the same with links and search engines. Trusted sites can transfer trust to unknown sites via links.

Links help to validate relevance. Text links, by their very nature, contain text (thank you, Captain Obvious). The text that makes up the link can help validate relevance. A link such as ‘Cape Town hotel’ sends the message that, “You can trust that the destination site is relevant to the term ‘Cape Town hotel’.” If the destination web page has already used content to send a signal of relevance, the link simply validates that signal.

The parts of a link

Here is an example of the HTML code for a link:

Anchor Text

**<a href> and ** are HTML tags that show where the link starts and ends.

www.targeturl.com/targetpage.htm is the page that the link leads to. You should make sure that you are linking to a relevant page in your site, and not just to the home page.

Anchor Text is the visible text that forms the link. This is the text that should contain the keyword you are targeting.

The link sends a signal that the target URL is important for the subject used in the anchor text.

There can be a lot more information included in this anatomy, such as instructions telling the search engine not to follow the link, or instructions to the browser on whether the link should open in a new window or not.

Anchor Text

rel=“nofollow” can be included in links when you don’t want to vouch for the target URL. Search engines do not count nofollow links for ranking purposes. This was introduced by Google to try to combat comment spam.

Not all links are created equal

Of course, not all links are equal. While link volume is the number of links coming to a specific page of your site, link authority looks at the value of the links. Some sites are more trusted than others. Since they are more trusted links from those sites are worth

more. Likewise, some sites are more relevant than others to specific terms. The more relevant a site, the more value is transferred by the link.

Well-known and established news sites, government sites (.gov) and university domains (.ac) are examples of sites from which links can carry more weighting.

Sites with higher authority carry more link weight.



Figure 8.2.2.5: Links from universities and government bodies carry more weight *Adapted From Screenshot, Google search bar, 2017*

Note

Discussion: Why are government and university websites considered to have more authority? What sorts of websites would they be likely to link to?

Search algorithms also consider relationships between linked sites. By analysing various elements, search engines try to determine if the links are natural links, or if they are manipulative, artificial links created solely for ranking purposes.

Manipulated links are worth very little compared to natural links and may even lead to a drop in search engine rankings. The Google algorithm update focused on reducing spammy links, called Penguin, was released in 2012.

The search engine algorithm will also determine the relevancy of the referring website to the site being linked to. The more relevant the sites are to each other, the better.

Also keep in mind that linking to valuable, relevant external resources can help to improve the visibility of your own site.

How does a website get more links?

With links playing such a vital role in search engine rankings and traffic for a website, everyone wants more of them. There are certainly dubious means of generating links, most of which can result in penalties from the search engines. However, here are some ways for ethical and honest website owners and marketers (that's what you are) to go about increasing links to their websites.

Create excellent, valuable content that others want to read

If people find your site useful, they are more likely to link to it. It is not necessary (or possible) to try to write content that will appeal to the whole of the Internet population. Focus on being the best in your industry and in providing value to the members of that community. Make sure that valuable content is themed around your keywords.



Figure 8.2.2.6: Ensure that you create remarkable, valuable content that people want to link to *Adapted From Stokes, 2013*

Infographics are visual and graphic representations of data, and are a popular type of content that is useful to users, and can encourage lots of traffic and inbound links.

Create tools and documents that others want to use

Interview experts in your field, and host those interviews on your website. Create useful PDF guides for your industry that people can download from your site. Think outside the box for quirky, relevant items that people will link to. Calculators are popular tools, and we don't just mean the ones that add two and two together. If you have a website selling diet books, for example, create a tool which helps users to calculate their body mass index (BMI) and target weight. Importantly, be unique!



Figure 8.2.2.7: The BBC website has several interactive elements, such as this BMI calculator *Adapted From BBC, 2014*

Create games

Creating a game that people want to play is a great way to generate links. Make sure that the theme of the game is based on the keywords for your website so that when others talk about and link to the game they are using your keywords.

Capitalise on software and widgets

Widgets, browser extensions and other software that users love to use all help to generate links for a website. For example, the TripAdvisor widget enables hotels, attractions, restaurants, destination marketers, and bloggers to add TripAdvisor content such as reviews, awards, and local area attractions to their website.

> Be creative! The best link-building strategies are those that provide value and automate the linking process as much as possible. The easier it is for someone to share your link, the more likely they are to do it.

Competitor analysis

You can find out who is linking to your competitors, and which non-competing sites are ranking highly for your keywords. Use this information to identify sites to target for link requests.

Until January of 2017, using Google search along with the 'link:' command could be used to find these links and websites. Now, however, a better alternative is to use the data in your Google Search Console account, formerly known as Webmaster tools. Learn more here: www.google.com/webmasters

You can also use paid tools that provide link index data, such as:

- majestic.com
- www.linkresearchtools.com
- ahrefs.com
- www.opensiteexplorer.org.

With all link-building tactics, make sure to use your keywords when communicating. You will be telling people how to link to you, and ensuring that search engines notice your authority.

User insights

Search engines want their results to be highly relevant to web users, to make sure that web users keep returning to the search engine for future searches. And the best way to establish what is relevant to users? By looking at how they use websites, of course!

User data is the most effective way of judging the true relevance and value of a website. For example, if users arrive on a website and leave immediately, chances are it wasn't relevant to their query in the first place. However, if a user repeatedly visits a website and spends a long time there, it is probably extremely relevant. When it comes to search engines, relevant, valuable sites are promoted, and irrelevant sites are demoted.

How do search engines access this data?

Search engines use cookies to maintain a history of a user's search activity. This will include keywords used, and websites visited from the search engine. Search engines gather data on the clickthrough and bounce rates of results.

Site speed, that is, the performance of your website, is one of the contributing factors to ranking in Google (Dean, 2016). In fact, this is becoming increasingly important. Check out Google's PageSpeed tool to help analyse your site's performance. It will recommend ways to improve your site's speed and mobile-friendliness: https:// developers.google.com/speed/pagespeed/

Google's AMP project also underlines the importance of site speed for users and thus to Google themselves (and thus, of course, to your SEO). Accelerated Mobile Pages (AMP) essentially simplifies HTML, CSS, and JavaScript elements to serve stripped-down pages containing only the most essential elements to mobile users. This leads to anything from a 15% to an 85% improvement in site speed (Chung, 2015).

So, what does this mean for SEO? When it comes to a website, it must: *

- Be valuable enough to attract both visitors and links naturally.
- Retain visitors and make sure they return to the website.
- Convert visitors.

Social and search

Social information is playing an ever-increasing role in search. Social content, such as Twitter messages or YouTube videos, can appear in the SERPs and there is a growing indication of social influence on search rankings.

There are several social factors to consider for social and search.

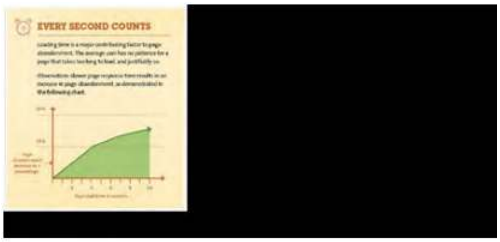


Figure 8.2.2.8: A Google search for Coca-Cola turns up several social media profiles *Adapted From Screenshot Google search, 2017*

1. Use social media properties to dominate brand SERPs.

When someone searches for your brand name, you can use your social media properties to 'own' more of the results on that page, reducing the likelihood that a user will end up on a competitor's website instead. Use your brand name when naming Twitter and Flickr profiles and Facebook and YouTube pages.

2. Social links are used as signals of relevance.

Links from social sites such as Twitter include 'rel=nofollow'. However, there is a strong indication that these links are in fact followed by search engines, and are used to determine relevance. If you focus on creating great content on your site and making sure that it is easy to share socially, you should see a result in your SEO efforts.

3. Personalised results are influenced by your online social network.

If you are logged in to a social network while searching such as Facebook for Bing, or your Gmail account for Google, you could see results from or influenced by your social circle. In Bing, for instance, results can include indications of what your friends have previously liked or shared via Facebook. On Google, you may be more likely to see a friend's blog for relevant searches.

4. Optimise for social search engines.

Google is the biggest search engine worldwide, YouTube is the second biggest and Facebook is growing. Even within social properties, users still use search to find the content they are looking for. Content that is housed on these properties should be optimised for the relevant social search engine as well.



Figure 8.2.2.9: A YouTube search for ‘Chrysler’ turns up official branded videos in the top positions *Adapted From Screenshot, YouTube. 2017*

Mobile search

As web-enabled mobile devices continue to grow in the market, and become easier to use, mobile search remains a key growth area. Mobile searches tend to be different to desktop searches. They are more navigational in nature as users tend to know where they want to end up, and users are often looking for concise, actionable answers.

The need for a website that performs well on mobile became crystal clear in 2015, when Google made what is called the mobilegeddon update, that is, sites that perform well on mobile are given higher rankings, while sites that do not perform well on mobile are penalised.

> You can find a good overview of mobile SEO and how to create a website easily accessible via mobile here, note that responsive design is Google’s recommendation: https://developers.google.com/webmas...es/mobile-seo/

Mobile search input can also be different from desktop search. As well as typing in search keywords, mobile users can search by voice, or by using images or scanning barcodes.

As with mobile web development, mobile SEO is a little different from desktop SEO, although the fundamental principles remain the same. Build usable and accessible sites with great content, and you’ve already come a long way.

> **Note**
>
> Read more about this in the Web development and design chapter.

Differences in approach for mobile SEO are largely because:

- Search engines have the ability to deliver precise location-based results to mobile users.
- Usability is critical in sites for mobile devices.
- Search engines have less data to work with compared to traditional web in terms of site history, traffic, and inbound links.

> **Note**
>
> Why is usability so important for mobile SEO?

The fundamentals of mobile SEO are not so different to those of desktop SEO.

1. A usable, crawlable site is very important.

Build mobile versions of your website that cater for mobile users having simple navigation and content stripped down to only what is required.

2. Content is important, and should be formatted for mobile usage.

Text and images should be optimised for the mobile experience, so no large file sizes! The meta data still matters and titles and descriptions are what users see in the SERPs.

3. Links are important.

You should link to your mobile site from your desktop site and vice versa. Submit your mobile site to relevant mobile directories.

4. Submit a mobile XML sitemap.

Mobile-specific sitemaps use the same protocols as standard XML sitemaps with the addition of a mobile tag.

5. Use the word 'mobile' on the mobile website, or use mobile top-level domains.

Make it explicit to search engines that this is the mobile version of your website and they are more likely to prioritise it as such.

Local search

Local search refers to search behaviour and results where location matters. Either results returned are local in nature, or results returned can be map based.

With blended SERPs, map-based results can be returned together with other types of results, depending on the type of search. As search engines become more sophisticated, location can be inferred and influence the types of results.

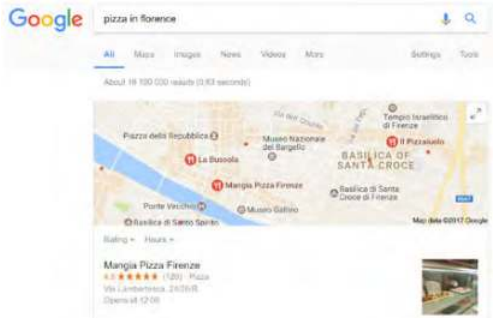


Figure 8.2.2.10: A Google search for 'pizza in Florence' turns up a range of location-based results, displayed on a map *Adapted From Screenshot, Google search, 2017*

A user may search for 'plumber london', for example, and the search will know to return results for London plumbers. These may even be returned on a map.

However, a user in London may search just for 'plumber'. The search can infer from the user's IP address that the user is in London, and still return results for London plumbers, since someone searching for this term is likely to be looking for a nearby service.

For search engines to return location-relevant results, they need to know the location of elements being searched. This is often determined from sites that include the name and address of a business. Note that this site may not be yours. Location results are often determined from various review sites, and the results can include some of those reviews.

> **Note**
>
> Find the Small Business Guide to Google My Business here: www. simplybusiness.co.uk/ microsites/google-mybusiness-guide/

Search engines also allow businesses to 'claim' their locations. For example, Google's Google My Business function allows small businesses to enter their information, which will then populate into all Google services. A business can set up a local or a brand page on Google which, once completed, will give them access to various page management and optimisation tools as well as making them more visible on SERPs.

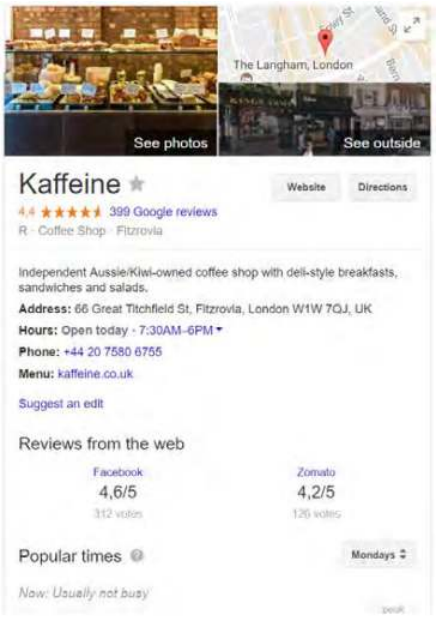


Figure 8.2.2.11: A Google search for a specific business reveals its Local page in the SERP *Adapted From Screenshot, Google search, 2017*

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8.2.3: What not to do

Black hat SEO refers to practices that attempt to game the search engines. If a search engine uncovers a website using unethical practices to achieve search engine rankings, it is likely to remove that website from its index.

Google publishes guidelines for webmasters, available through Google's Webmaster Central (www.google.com/webmasters). As well as outlining best practice principles, Google has supplied the following list of don'ts:

- Avoid hidden text or hidden links.
- Don't use cloaking or sneaky redirects.
- Don't send automated queries to Google.
- Don't load pages with irrelevant keywords.
- Don't create multiple pages, subdomains, or domains with substantially duplicated content.
- Don't create pages that include malicious behaviours such as phishing or installing viruses, trojans, or other malware.
- Avoid 'doorway' pages created just for search engines or other 'cookie cutter' approaches, such as affiliate programmes with little or no original content. If your site participates in an affiliate programme, make sure that your site adds value. Provide unique and relevant content that gives users a reason to visit your site first.
- Avoid link farms and focus on attracting quality, valuable links.

The bottom line: design websites for users first and foremost, and don't try to trick the search engines. It will only be a matter of time before they uncover the black hat techniques.

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8.2.4: Advantages and challenges

Optimising a website for search engines should entail optimising the website for users. Done properly, it should result in a better user experience, while ensuring that search engines index and rank the website well.

It can be tempting to focus on the technicalities of SEO while forgetting that both robots and humans need to read the same website. One should not be sacrificed for the other.

Search engines update their algorithms regularly. Each update is an attempt to improve search results, but can result in loss of rankings for some websites, depending on the update. A contingency plan, such as a pre-prepared search advertising campaign, needs to be in place to cope with a sudden drop in rankings.

As with any digital marketing practice, SEO should not be the only focus of digital marketing efforts. It works best when part of a holistic online marketing strategy The SEO community is constantly sharing insights about search algorithms, whenever a new one is released, do some research on the best ways to avoid being penalised.

> The SEO community is constantly sharing insights about search algorithms, whenever a new one is released, do some research on the best ways to avoid being penalised.

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SECTION OVERVIEW

8.3: Mobile channels and apps

Learning Objectives

In this chapter, you will learn:

- The important principles that govern mobile-specific channels.
- To recognise the importance of location in marketing via mobile.
- To identify the mobile channels available to marketers.
- What to consider when creating an app.
- To describe first steps for implementing marketing via certain mobile channels.

8.3.1: Introduction

8.3.2: Core principles

8.3.3: Defining mobile channels

8.3.4: Creating an app

8.3.5: Implementation

8.3.6: Advantages and challenges

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8.3.1: Introduction

A few years ago, considering mobile as part of your digital marketing strategy was optional, this is no longer the case. In 2015 the number of mobile-only internet users in the US exceeded the number of desktop-only users for the first time (ComScore, 2015). The idea of a mobile device being someone's first, and often only, access point to the Internet is nothing new in developing nations where desktop devices and fixed internet connections are too expensive for much of the population.

This means that mobile is not a marketing strategy that can be considered separately. It's a necessary part of every digital marketing endeavour because chances are good that at least some of your audience will see that marketing on a mobile device.

In this chapter we will discuss some mobile-specific channels and apps. Remember, digital marketing is about looking at where your audience is and working to reach them, and your audience is almost certainly on mobile.

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8.3.2: Core principles

Nine principles

Certain features are specific to certain mobile phones, and don't apply to desktop or notebook computers or any other mobile devices. These features highlight the importance of mobile to marketers as a whole and affect the way both consumers and marketers create and share content.

Personal

Mobile phones are very personal devices. People don't usually share their phones, so data attributed to a specific device can be attributed to a specific user. People also tend to keep their devices nearby, so they can offer valuable information about their location and great opportunities for location-based target marketing.

The implication for marketers: Since mobile phones are so personal, respect for privacy and permission is extremely important. Attributing data to a single user allows marketers to offer personalised interactions, communications, and experiences.

Always carried

Everyone is reluctant to leave their phone behind. Consider your own behaviour, what do you take with you when you leave your house? Your wallet, keys, and mobile phone? Various research has shown that smartphone owners in particular check their phone anywhere from every few minutes to at least once an hour and that people can spend up to 2.5 hours typing texts, swiping through apps or scrolling through Facebook (Gallup, 2015; Dscout, 2016).

The implication for marketers: The mobile device is present at every single step of the consumer journey, arguably the only channel that is. Messages sent to mobile phones are usually accessed within minutes of being received. Location services can also allow you to send contextual messages depending on the user's real-time location.

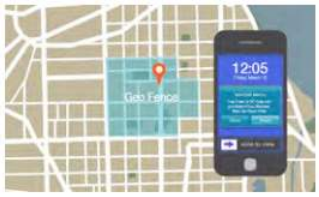


Figure 8.3.2.1: An example of a marketing message tied to a geographic location. Users receive promotions when they enter the area *Adapted From STM Custom studios, n.d.*

Always on

The mobile phone is used to send and receive messages and phone calls. Messages and services can be sent and responded to at all times of the day.

The implication for marketers: This feature changes the services and messages that you can develop. Marketers need to be sensitive with their marketing communications; few people would enjoy a 4 a.m. SMS with a promotional offer. The flip side of this is that you can send time-sensitive offers, such as dinner messages just before work ends or a weekend coupon on a Friday afternoon.

Built-in payment system

This is one of the key features of the mobile phone, and a major source of mobile revenue. Every mobile phone has a built-in payment mechanism, the SIM card. Billing is easily handled through the user's mobile network. NFC and QR codes allow other payment options.

A number of services, like Android Pay, Google Wallet, Snapscan or Zapper can turn the mobile into a virtual wallet or bank card, bringing banking and payment services to people globally. Apps like Uber have their own built-in payment services to make payment for users as easy as possible.

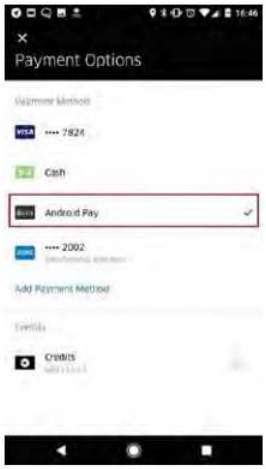


Figure 8.3.2.2: Uber offers its customers a variety of payment options through their mobile phone, including credit card, Android Pay, cash and even Uber credits. *Adapted From Uber, 2017*

The implication for marketers: Consumers will pay for services and content on their mobile, which is enabled to make payments. This means that advertising is not the only way to generate revenue on mobile.

Available at the point of creative inspiration

Because the mobile phone is always close at hand, and many phones today offer tools such as cameras, videos, or note pads for jotting down ideas, it has become a permanent creative tool. It also makes access to social media very easy.

The implication for marketers: Users can be encouraged to interact with brands through campaigns created for mobile devices. Mobile is a useful tool in viral campaigns based on consumer-generated content. Because the amount of effort required to criticise or praise a brand on social is minimal, the social aspect of a mobile can be helpful or harmful or can be used to encourage social engagement or consumer feedback.

Accurate audience measurement

Every transaction made on a mobile phone can be uniquely tracked to that mobile phone number including voice calls, SMS, or Internet access. Mobile phones also allow for real-time tracking allowing you to edit campaigns as they are run. Google's Universal Analytics also allows you to track user experience across devices.



Figure 8.3.2.3: Universal Analytics can now track individual users across devices and touchpoints *Adapted From Treefish, n.d.*

The implication for marketers: The extra data gathered by mobile phones offers marketers profiling and segmenting opportunities for targeting the right audience. Because mobile phones are personal, measurement is improved overall. Campaigns can also be accurately measured and tracked for their return on investment (ROI) and the mobile phone offers many more ways to collect data, including location, web analytics, SMS response rates and Bluetooth.

Even with mobiles that are on a prepaid or pay-as-you-go contract, meaning that network operators do not have a name or demographic details to accompany the mobile number, you can still track and measure every transaction made by the user of a particular phone. This information is limited by networks, which determine the data they are willing to share with marketing companies.

Social context

Mobile can capture ‘the social context of our consumption’, which means capturing who we are sharing with. If you are using a product like an eBook, for instance, your mobile phone holds information on who you talked to while reading it, whom you shared it with, and whether you recommended it to a connection who then purchased the item (Ahonen, 2008).

The implication for marketers: Marketers can get insight from the way that mobile users share their products and socialise while using them and use this information to increase sales.

Augmented reality

The mobile phone makes it possible to add a layer of information to the real world through augmented reality (AR). For example, Layar, an augmented reality mobile browser, allows users to see embedded digital content in a number of sources such as posters, magazines, advertisements, or QR codes. This can lead to extra content such as movie trailers, discount codes and videos (Layar, 2016).

The implication for marketers: Cost and accessibility for this technology can sometimes be a concern, but adding a layer of interaction to the real world can be a powerful tool in a marketing campaign.

Digital interface

Various mobile technologies can enrich a user’s life by adding a digital layer to a real-world experience as with augmented reality. A mobile phone can also be used to control things in the real world, like switching on a light or opening a door.

The implication for marketers: Marketers can create memorable and emotive experiences that users will want to share and therefore broaden marketers’ reach. It also broadens the potential user interface options for a brand or product.

Location and mobile

Two of the most important contributions of mobile to the marketing world are location and convenience. If services and useful information can be shared based on a user’s location, the possibility for conversions naturally increase. The more contextually relevant your marketing message is to the user, the more likely they are to engage.

Research by Social Media Today showed that 88% of consumers who search for a local business on a mobile device call or visit that business within 24 hours, and seven out of 10 interact with their device while shopping in-store (Impact, 2016). Businesses should absolutely take advantage of the location-specific possibilities of mobile, making themselves easily findable online and ensuring a good mobile experience on their site.

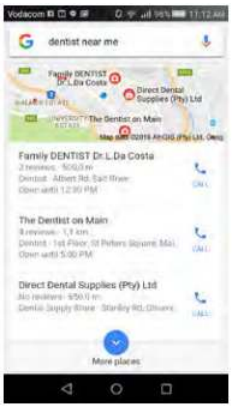


Figure 8.3.2.4: Location-specific results for a local search – note the distance indicator *Adapted From Screenshot, Google locator*

Geolocation

Providing customers with what they really need becomes easier when combining marketing techniques with geolocation. For example, someone searching for a local business would find it very useful to see the closest one along with a map to its location. Google is well aware of this and will give users location-specific results, so it’s essential for a local business to list itself on Google Business.

Local news results can also offer a better user experience for people conducting news searches, and combining QR codes or short codes with print advertising is one way to provide consumers with geo-relevant information. A QR code on a poster could offer a discount voucher to someone coming to the local retail outlet, for example.

A business can also find new options to reach users by providing free wireless to users visiting its location, as Starbucks does.

> To reach customers in areas of the world where data is scarce and more expensive, some online services turn to a 'zero rating' system, which means that users don't pay for data when accessing that particular service. While this is somewhat controversial, examples include Facebook Zero, and a carrier in the United States announced in 2016 that YouTube would be zero rated for its users, so video content for YouTube would not be counted against data caps (Brookings, 2016).
>
> Some apps have stripped down user interfaces to use less data and work better with poor data connections and low-end phones. Examples here are Facebook Lite and YouTube Lite. These apps demonstrate an important lesson, that marketers need to tailor the mobile experience to their audience.

Mobile search combined with location awareness offers a targeted user experience. If a website can detect what device someone is using and where they are (which they can), they can deliver content customised to user location, either automatically or after user input.

Mobile social networks

Several social networks, like Instagram and Snapchat, have been created specifically for mobile phones, and the others focus heavily on a mobile-friendly user experience, since most people access social networks via mobile. For example, more than half of Facebook's monthly active users access it only on mobile (VentureBeat, 2016).

Many social networks also encourage geotagging when users make or comment on posts so if you upload a photo to Facebook it will ask if you want to add a location. Networks like Foursquare encourage check ins at various locations by offering incentives like discounts or vouchers.

Consider the potential of social search as well. Product or brand searches based on social networks and location can be a powerful tool. Personal referrals are now combined with location-specific information.

> **Note**
>
> Learn more about this in the Search engine optimisation chapter.

> There is a strong strategic incentive to provide free Wi-Fi to customers at physical outlets like Starbucks mentioned above, as this not only provides a great selling point but also gives the marketer a channel to communicate with and gain information from customers. It lets you track their mobile behaviour and location (with permission, of course), send coupons and offers, engage in CRM-related questionnaires and provide helpful information and support.

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8.3.3: Defining mobile channels

While mobile is increasingly and inextricably interwoven with all aspects of marketing and as such shouldn't be considered in isolation, there are some methods of communication that are only accessible via a mobile device.

> **Note**
>
> Read more about these in the Direct marketing - email and mobile chapter.

SMS/MMS

SMS (short message service) and MMS (multimedia messaging service) are standard text messages sent via mobile phone over a cellular network. An MMS can also include various types of media such as images, audio, or a short video.

These are push methods for messaging, where the brand sends out the message to the customer. They also offer the opportunity to receive messages from consumers, for example, as feedback or in a competition. Google has released a click-tomessage ad extension that allows users to directly SMS a company from the search engine results pages, without having to look for a number on a web page.



Figure 8.3.3.1: An example of a click to text ad from Google *Adapted From Venture beat, 2017*

> **Note**
>
> Read more about ad extensions in the Search advertising chapter

Despite the ever-increasing popularity of smartphones and the associated instant messaging programs, SMS and MMS can still have their place in a good marketing strategy, particularly for relaying information, reminders, and automated confirmation.

USSD

USSD is a pull method of reaching your customer in that they need to come to you. The caller dials a number, usually starting with a * and ending with a #, and is sent a menu with various options. They can then enter the number that corresponds to their request.

USSD is a good way of collecting data from your user. Some brands use it to capture competition entries and survey answers. It can also be used for mobile commerce like when you buy more data for your phone by using airtime and can be used with location-based technology.

Bluetooth beacons

A beacon is a small low-energy Bluetooth device. It can transmit small packets of information across short distances. If a smartphone with the brand's app installed comes into range, it can receive a notification of a discount, reward, suggestion, or anything else you want to send. This is still permission marketing, as the app has to be installed for it to work.

Also known as proximity marketing, this takes location-specific marketing from a general area to an exact location inside a store. It can be used to send targeted discount coupons, demonstration videos for products or directions to a nearby product.

AR/VR

Augmented reality superimposes computer graphics into the physical space around the person using an AR device (usually a smartphone or tablet). Virtual reality takes this a step further using products like Google Cardboard and 360-degree videos in an attempt to create an even more immersive interaction.



Figure 8.3.3.2: Google Cardboard *Adapted From Wikimedia, n.d.*

AR can use image recognition to turn images without markers, without a barcode, QR code, or other visible stamp, into triggers that launch an AR or VR experience. It can launch a link, open an app, dial a number and give directions. This can also be location-based, so a user in a store could start an app and see more information about the products in front of them.

AR and VR are not about direct marketing, but engagement, creating an exciting experience for their consumers that makes them want to engage with the brand.

> **Note**
>
> Check out some good uses of augmented reality here: https:// www.lifewire. com/applicationsof-augmentedreality-2495561

Apps

An app is a software program designed to run on a mobile device like a smartphone or tablet. 'App' can also refer to a web app or online app, which is software that you use while online via a browser. Most apps perform a very specific, narrow purpose, though some do not. The best apps take user needs into account, become a strong touchpoint for the brand, enable the sales of products, and importantly solve user problems. They can extend the reach of your business and, assuming you understand the needs of your audience and create an app that meets those needs, can also help build a relationship with your customers.

Apps vs. websites

Should your brand even have an app or can it afford to live without one? Every company seems to be releasing its own app these days, which is understandable, given that consumers spend 90% of their time on mobile in apps rather than a browser. These include social media apps, entertainment apps, games and news (Smart Insights, 2016).

Until about 2015, mobile browsers weren't very good and even as they improved, websites became more bloated, hindering performance. Apps enable people to do something or access something quickly and easily on mobile. This means that many apps are essentially browsers designed for a specific purpose. SurveyMonkey lists the top five most popular apps in the USA for January to June of 2016 as:

- Facebook
- YouTube
- Messenger
- Google Maps
- Play Store.

The popularity of these apps demonstrates user interest in social networks, entertaining content and practical utility.

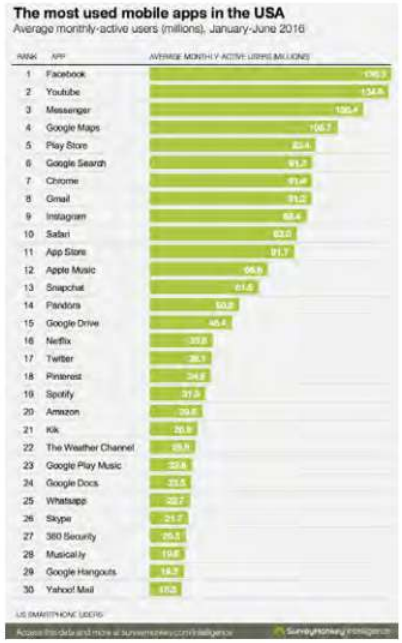


Figure 8.3.3.3: The most-used mobile apps in the USA *Adapted From Techcrunch, 2016*

Despite arguably being glorified browsers, the advantages of apps are numerous.

- The easy access button on a home screen.
- Integration with the device's operating system and the speed that comes with that and being locally installed.
- Access to native functions.

However, if your website isn't already getting traffic, an app will not solve that problem.

In the USA, the number of app downloads is decreasing. Globally, because the mobile phone market is still increasing, app downloads are increasing too but, with a few exceptions, not by very much. Of course, once the apps are downloaded, they are of no use unless the smartphone user actually uses them. A survey from the Pew Research Center found that 46% of respondents use six to ten apps per week, and 35% use six to 10; AppsFlyer found that most apps aren't even kept for a full day, with only 3.3% of Android apps and 3.2% of iOS apps still boasting active users after 30 days (eMarketer, 2015).

With more than 2.5 million available apps and users averaging 17−20 apps per device, the app market is saturated, which means that to stand out, you need to offer users something they really want.

Does this mean that you shouldn't bother with an app, should you just stick to a website and make sure that it offers the user an excellent browsing experience? Not necessarily. If you do decide to make an app, make sure there is a need for it, for instance:

- If the user needs to do something location-specific.
- If you need to do push messaging (see below).
- If you need to do something graphics-heavy that can't be done with videos on YouTube or Facebook.
- If your service requires the storing of sensitive user information like credit card information on the users' phone.

Look at your connected consumer and ask how an app will make a large, continuous improvement to the service you offer. Creating an app simply for its own sake will lose you time and money.

> One example of a brand having great success with its app is Starbucks. The app does very well because:
>
> - It is location-specific: The app makes finding the nearest Starbucks very easy. It also uses GPS to determine which store a user is at and then shares music information for that location. Users can then save songs they hear in the store to a playlist within the app and access and keep listening to the music after they leave.
> - It uses gamification: The loyalty programme is tiered, with extra freebies and benefits for people higher up.
> - It uses functions that are specific to the mobile phone, like GPS.
> - It allows people to order and pay in advance by mobile before picking up the drink.

- It engages customers using special incentives and bonuses to encourage continued app use.
- It encourages a social aspect, the rewards offered by the loyalty programme make customers feel exclusive, and they are then more likely to share updates on social media.
- It makes access to user data very easy. It also uses in-app messages to encourage users to fill out surveys in exchange for more stars for the loyalty programme.
- It offers a lot of opportunity for branding.
- It plans to expand the app to make personalised recommendations, which will increase in-app purchases.

(Digital Turbine, 2016).

Starbucks has used its app to expand on its existing offering and to differentiate its loyalty programme from those of similar brands by catering to the needs of its mobile audience.

Push notifications

Push notifications let your app send messages to the user even when your app is not active. The app's icon and a message appear in the status bar, for example when you receive a message on Facebook or WhatsApp or when Memrise sends you a daily reminder to study.

Push notifications, like anything else on mobile, rely on permission marketing; people have to opt in to receive these notifications. The notifications do need to be optimised to ensure that the user pays attention (the majority of users are annoyed by them).

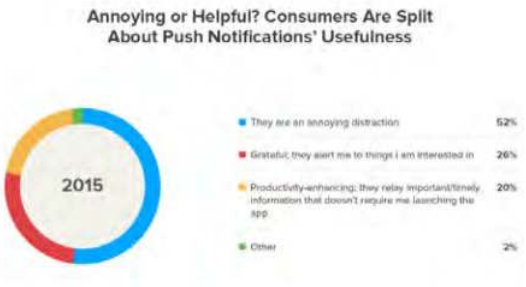


Figure 8.3.3.4: How people really feel about push notifications *Adapted From Localytics, 2016*

People want personalised push messages that are relevant to their needs, arrive at the right time, and don't come too often.

Other

Other mobile-specific channels exist, such as QR codes and near-field communications (NFC). For the most part, these will fall into other areas of digital marketing. NFC can be used for payment or ticketing, QR codes for launching AR experiences or for payment, so we will not go into detail on those here.

Wearables such as smartwatches and fitness monitors are a rapidly expanding market, though apart from gathering data, marketers are still struggling to determine their impact on our behaviour, expectations, and marketing strategies.

Their biggest strength is their ability to reduce the time between a user developing intent and taking action. On the other hand, people don't check their phones as often if they have a wearable to alert them when something happens, which will reduce the number of impressions your marketing messages receive.

For now, the best advice we can give for approaching wearables is to consider what kind of information people want and need to see and how you can use that to encourage engagement. Wearables are something that marketers need to experiment with.

Take a look at Emirates NBD bank's use of wearables synched to mobile devices to promote its savings accounts by giving better interest rates to customers who kept fit: www.digitaltrainingacademy.co...udies/2016/10/gamification_case_study_emirates_bank_rewards_exercise_with_better_ savings_via_fitness_app.php

It's important to remember that mobile is a layer on top of all of your other marketing activities. As a marketer, you should never start by deciding what mobile channel you're going to use and then plan a campaign. Instead, find out where your audience is and what kind of devices they use to access the Internet, and use that to inform what kind of channels and

> campaign you will plan. For example, if they are more likely to access your campaign at work, desktop channels might be the best way to go.

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8.3.4: Creating an app

Do you REALLY need one?

We've already looked at why you might not want to use an app and what kind of value you need to be able to offer your consumer. Before you decide to make one, ignore all the people telling you that an app is a basic necessity. Think about the following:

- Can you define in one sentence what you want your app to accomplish?
- What problem does your app solve? How can your app make things better for your user?
- What can you give your consumer that they can't get from another app?
- Does your target market download and use apps? Will they use your app?
- Do you have enough engaging content to keep them coming back?

> **Note**
>
> Read more about responsive websites in the Web development and design chapter.

- Will it help you sell a lot more products/services?
- How much are you willing to invest? Remember, apps are expensive. Could you get by with just a responsive website?

Planning

Once you've decided that you really do need an app, it's time to get into the process of planning it.

Choosing a platform

Before you even choose an app developer, you need to know what operating system you'll be developing for. Developing for multiple operating systems (OS) at a time can get expensive; so many companies start with one and then expand if the app is a success. Generally, this involves doing market research to find out what kind of OS your users are most likely to use. The most common, of course, are Android and iOS.

This research is important, if you build your app for the wrong OS, you're failing before you even start. For example, the iPhone is very common in developed markets like the USA, but Android is far more popular in developing markets and is in fact gaining market share from Apple.

These days, Android has the largest market share, but there is an argument to be made for developing for iOS first. Take a look at these pros and cons (Savvy Apps Blog, 2016).

Table 7.5.1

	Android	iOS
Audience demographics	Large platform share, common in developing nations and areas with lower income	Tend to have a higher income and spend more per app. Can show more engagement
Revenue	More ad-supported apps	More paid-for apps
OS version U	Users don't adopt new OS releases quickly	Users adopt new versions quickly
Features	Similar to iOS, but can involve more features	Similar, but fewer features

Start by finding out which platform your target users are most likely to be on. After that, consider the other elements.

User stories

Before you hire an app developer, you should have a one-sentence description of what you want your app to accomplish. From that, you will consider what kind of features your app will include. However, that alone is not enough to let your developers know what

you want the end product to look like. The solution: User stories. A user story is a brief, simple description of one of the features of your app. This should be told by the point of view of your user, the person who wants to use that feature. They look like this:

As a [user type/customer persona], I want to [goal/objective – what they want to do] so that [reason/benefit/value].

This will cover who you are building the feature for, what the feature is, and why you're building it. For example:

As a food lover, I want to pull up restaurant reviews so that I can choose the best place to eat.

As a hungry person, I want to find directions to the nearest restaurant so that I can eat right now.

> Note
>
> For mobile, you may also want to consider where and when your users are using the app. Your user story would then include a where/ when element.

As someone who loves cooking, I want to find recipes for my favourite restaurant food so I can make it myself at home.

Write as many user stories for your app as you can and give them to your app developer. This will help them create exactly the app you want.

Timing

Developing an app can take at least three tosix months, depending on the complexities involved. The back end tends to take longer than the front end to develop (see below). Timing can be impacted by, among other things:

- budget
- intention (is this a long-term or a small campaign-specific app?)
- number of features
- size of the team.

Android apps can take longer to develop than iOS apps. Make sure you keep this in mind when you decide on a desired completion date for your app.

Front-and back-end

Think about the UX process and what the app (front-end) will look like before development starts. After you have working prototypes, you can think about what kind of information you need from your users (back-end).

Front-end development involves:

- Mock ups and wireframing
- Prototyping
- Designing and developing the user interface
- Remote data access
- Data caching (storing data locally)
- App data synchronisation so that the app can be accessed offline
- Testing
- Deployment.



Figure 8.3.4.1: A low fidelity wireframe for an iPhone App for Harvest *Adapted From Design Reviver, 2010*



Figure 8.3.4.2: The actual Harvest App *Adapted From Anthony Armendariz, n.d.*

Back-end development involves:

- Secure data access over network.
- Database management (including user data and other types of data), user accounts and authentication.
- Scaling your database to handle increasing numbers of users and avoid crashing from overload.
- Customising the user experience and how the user goes through the application (relevant to UX design).
- Data integration, how users share information to third-party websites.
- Sending data to front-end devices (push notifications).

Front- and back-end developers need to collaborate because they need to interface with the servers to send and receive data to and from the servers, which happens when they begin implementing the app's functionality.

Testing

App creation should be an iterative process. As the app is being developed, each element should be evaluated and improved as far as possible meaning you prototype something, test it, get feedback, and send it back to the developers to implement improvements. Even after the app is released, the process continues as feedback from users comes in. Remember, your app is a product or at the very least a consumer touchpoint that needs to be managed.

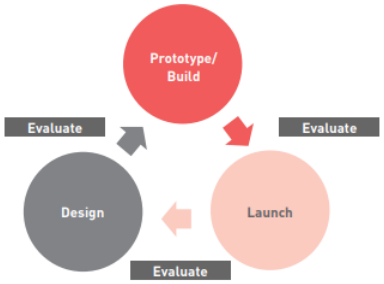


Figure 8.3.4.3: The iterative app development process

Before launch, you will need to run usability tests, quality assurance testing, and beta testing when a sample of your intended audience tries out the app.

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8.3.5: Implementation

Before implementing any kind of marketing via mobile, you need the permission of your customers via an opt-in mechanism. This means that they either need to sign up or grant an app permission to show them marketing materials. Always be honest about what kind of messages users can expect, and don't try to hide an opt-in acknowledgement, for example deep in the terms and conditions of a competition.

For something like SMS/MMS, you will need to build up a database of phone numbers from willing customers. For push messaging, your app will need to ask permission to send push notifications to users' home screens. For AR and VR, the users need to download an app and deliberately scan an image, code, or other trigger to launch the experience, so you don't need to actively ask permission for this.

SMS/MMS

For an SMS marketing campaign, you need to use shortcodes and keywords. A shortcode is a simple, short number to which a customer can send an SMS and opt in to the campaign. The keyword is the word they place in the SMS itself.



Figure 8.3.5.1: A shortcode and keyword to send a donation to an animal rescue organisation *Adapted From Screenshot, SMS code*

They can also opt in online or by checking a box on an order form, among other methods. Once the customer has opted in, you can send them an automated response or add them to your database to receive more texts over time. These can include, among others:

- Coupons
- Very short surveys/votes
- Contests/competitions
- Photos/videos via MMS (such as a flyer or menu).

> You don't need special permission to contact a customer about a transaction you have already agreed on, for example, as a notification that a product is on its way.

Push messaging

Push notifications need to involve a lot of security so that no one else can send these notifications to your users. You will need to register your app for push notifications and obtain the user's permission before you can start. If you are interested in the more technical side of this, beyond just asking your app developer to do it, you can read about it in this Push Notifications Tutorial: www.raywenderlich. com/123862/push-notifications-tutorial.

AR/VR

For AR, the user needs to download an app, and then scan an image, code, or other trigger to view the experience you have created. These extra steps can make people reluctant to engage with your campaign, so you need to make sure that the instructions are clear and the procedure is both easy and worthwhile. Make sure there's something in it for the user, whether that's real entertainment or something more tangible.



Figure 8.3.5.2: Be sure to include instructions for downloading and using AR apps and ensure the app is worth the effort for the user. *Adapted From Playme, n.d.*

Apps

A branded app is not complete once all the programming is done and you can view the final product on your phone. There are still a few steps to be followed before people will start downloading the app.

The App/Play Store

First, you need to optimise your app's page on the App Store or the Google Play store. Search is responsible for most organic downloads, so you want to make sure people can find your app. This involves some SEO tactics. For Google Play:

- Put your main keyword in the app title.
- Use the keyword repeatedly in the app description.
- Make sure your design and screenshots are eye-catching and engaging.
- Include a demo video.
- Do what you can to ensure good reviews.
- Try to make sure your app will be used often.

For the App Store:

- Again, use your main keyword in the title, the keyword that is searched most often.
- Track your keywords and update them.

> **Note**
>
> Read more about keywords in the SEO chapter.

- Good ratings and reviews are important.
- A high number of downloads will move you up the rankings in the App Store

Discoverability

Next, you want to make people aware that your app exists otherwise they won't know what to search for. You can do this using:

- Your other digital marketing channels
  - Email
  - Your website
  - our social media pages
  - Online advertising
- Print ads
- In-store signs
- Your existing customers (they can share the app)
- Event-based promotions
- Search optimisation (discussed above).

Once they're aware of your app, you still need to convince them to download it.

Acquisition

How can you convince people to download your app once they realise it exists? You have a few options.

- One of Facebook's ad options is specifically aimed at convincing people to download your app. You'll want to make sure that you understand your audience well so that you can customise campaigns to different segments of your target audience. Remember to follow social media advertising best practice.
- Referral rewards work well for certain apps. For example, Uber offers discounts to both the referrer and the referee if the app is downloaded. Word of mouth is always a powerful tool.
- Find influencers in your industry, or popular bloggers, and ask them to preview your app. You can also submit the app to app review sites.
- If your app is location-specific, make sure you advertise in the relevant locations.

Of course, there are other ways to market your app; these are just a few to get you started. Now that your users have downloaded it, the onus is on your app to prove that it's actually worth using.

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8.3.6: Advantages and challenges

The benefits of mobile are numerous.

- Most mobile marketing mediums don’t require you to educate the audience.
- Mobile is location-specific, offering opportunities to localise marketing and sharpen targeting efforts.
- Mobiles are very immediate devices, with messages delivered instantly and very often acted on quickly.
- Campaigns delivered via mobile can be very cost-effective.
- Mobiles give you the opportunity to reach a target audience that may not have access to desktop computers.
- Mobiles are ideal devices for well-optimised content delivery.

Of course, it also comes with its own unique challenges.

- Privacy is paramount because the mobile phone is personal, so campaigns need to ask users’ permission and assure them of privacy.
- Mobiles vary widely in screen size, operating systems and browsers, so standardising websites and campaigns can be a challenge.
- The small screen size associated with mobile limits options for browsing and inputting information.
- Ensuring that brands provide value to users over mobile can take some careful thought.
- Smartphone penetration is far from 100% in developing areas, and data costs can impact user access as well.

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SECTION OVERVIEW

8.4: Web Development and Design

Learning Objectives

In this chapter, you will learn:

- How the web development process works, from planning through to design and launch.
- Development and design best practices and the principles of designing for persuasion.
- How to assess the quality and effectiveness of web development and design implemented by suppliers or agencies.
- How to evaluate the need for either a static or CMS website.

8.4.1: Introduction

8.4.2: Web design

8.4.3: Web development

8.4.4: The web development process

8.4.5: Quality assurance

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8.4.1: Introduction

Websites are, in many ways, at the heart of successful digital marketing. They are your home on the web, a shop window over which you have full control, and often the first place people stop to find out more about you.

Web development and design applies to more than just websites, the principles can be used for any digital assets you create, from mobile platforms to social media profiles.

Creating online assets involves three key processes: planning and design, which create the appearance, layout and style that users see; and development, which brings this imagery to life as a functioning web tool.

> **Note**
>
> Unlike social media properties, your website is not subject to changes in policy, and content remains easily accessible regardless of its age.

The fundamental principle of good development and design is to understand your users, they are the people who will actually be using and interacting with your website. What are they looking for? What are their objectives? Your offering must have user experience central to the process.

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8.4.2: Web design

Web design is the process of creating all the visual aspects of the interface. This covers the layout, colour scheme, images, logos, type, design elements (such as buttons and links), and anything else that you can see.

The web is a visual medium, so design is an important part of creating assets that are both engaging and effective. Designers need to keep in mind the technical aspects of design, while prioritising the human factor. Digital properties shouldn't just be beautiful. They need to create a good experience for the visitor and meet business objectives, such as increasing sales, creating brand ambassadors, as well as encouraging signups and, ultimately, conversions.

Visual identity and designing for persuasion

The visual interface or, the design of a website, is what user see and interact with. It's the visual representation of all the hard work that goes into developing a website. It's what the site will first be judged by and is the initial step in creating a delightful user experience. It matters a lot.

There is a close relationship between UX and visual design. Ideally the visual designer will use the documents created by the UX designer and add the visual skin, but often the designer has to manage both UX design and visual design. Design is not just about aesthetics, although looks are very important.

Design is about the visual clues we give users so that they know what to do next. It assures web visitors of our credibility and turns them into customers.

Good interface design involves many things, but here are a few basic considerations. These are closely linked to UX, and the visual designer plays a key role in defining them.

- **Navigation:** the signage of the site, indicating to users where they are and where they can go.
- **Layout:** how content is structured and displayed.
- **Headers:** the element with a fixed position at the top of every page. It usually includes all primary navigation items which need to be presented on every page such as main menu, login and search.
- **Footers:** the usually consistent bottom part of the page.
- **Credibility:** telling users that you are who you say you are.

Visual identity

The visual identity answers the question, "How do users know it's us?" Certain design elements should be carried through on all web assets created for a brand, as well as print and traditional communication media. Often, the visual identity guidelines for the web are codified into a digital style guide document to ensure consistency across different agencies, designers and teams. This document can include guidelines for creating all manner of web assets, including banners, social media content, and website design elements.

The logo is the most prominent way to reinforce your brand identity on the website. The logo is part of a brand's corporate identity (CI).

The primary font is typically used for prominent headings on the site, while body copy is often set in a standard web font that closely matches the primary font.

Menu and button style, as well as icons, are also part of a site's visual identity. Even when a user is viewing a small part of a site or page, it should look as if it belongs to the site as whole.

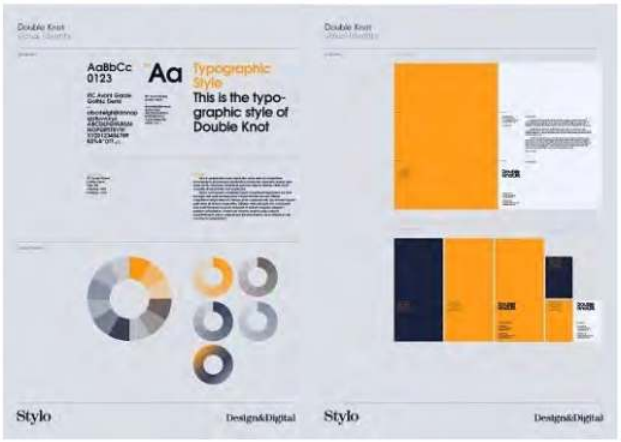


Figure 8.4.2.1: An example of a brand's visual identity *Adapted From Designspiration, 2012.*

Design theory

Design can be a pretty precise science and there is a lot of research on what makes for effective design. A lot is also common sense and practice based on accepted web standards. Design theory is discussed in the User experience design chapter.

Collecting and collating design assets

Elements such as your logo and brand colours represent your brand and form part of your brand expression. The latest versions of these brand assets need to be available to the designer or marketing agency designing your website.

Getting the right brand assets to designers in a good quality format that they can easily access saves time and avoids expensive mistakes. Here is a list of brand assets that a designer requires to start working on a site. The quality, format (or file type) and file size are all important considerations. You need to provide:

> **Note**
>
> The brand guidelines or style guide would be created in Illustrator, PS or Sketch, but saved for the client as a PDF doc.

- **Brand guidelines or style guide.** In Adobe Reader (PDF) format.
- **Logo and other key brand elements.** These could be in Illustrator format (ai) or Photoshop format (psd). Best practice is to have your logo designed using vector graphics. If your logo or other brand assets are created in this format, they can be enlarged without losing quality. If you do not have a vector version of your logo available, then you should make sure that your image is at least 1 000 pixels wide.
- **Image libraries.** Photographs and images can be hosted online, where the designer can access them with a login. They can also be sent via Cloud file sharing services. Make sure the images are of sufficient quality. It is best practice to provide images that are 300dpi. Although all images on the web are displayed at 72dpi, a higher quality image will give your designer room to optimise and resize and crop or cut images where needed. It may also be necessary to consider different images for mobile vs. desktop because the viewpoint on mobile is so much smaller. You may need to consider using much fewer images for mobile or even none at all.

> If you do not own the image and its copyright, it is illegal to use the image on your site without permission from the owner. If you require these images, they can be purchased from stock libraries online such as iStock or Shutterstock. Avoid using images from Google Image Search on your pages.

- **Fonts folder**. You will need to provide both Apple Mac and PC versions of the fonts that are listed in your Style Guide. Many designers work on Macs, which use different font versions from those read by PCs.
- **Brand colours** need to be given to digital designers in RGB format. RGB stands for red, green and blue and is the standard for colours online.
- Any **existing creative** assets that have been created for your brand over time, such as:

- Print designs
- TV ads

Website copy should be made available before the final design is required. This prevents delays caused by designers waiting for material. This applies to any additional assets your designer may need that can be downloaded or sent, such as your price guides or product descriptions.

Fonts

Copy conveys your brand message to your client or customer and should be easy to read and search engine friendly. The CI is expressed through fonts, also known as typefaces.

Typographic layout can draw attention to the content users should see first. Indicate which pieces of information take precedence. Importance can be signified by text size, colour, weight, capitalisation and italics. Placement also contributes to how important text appears.

Some fonts are common to all computer users. These fonts are known as web safe fonts. Anyone accessing websites that use these fonts will be able to view them as the designer intended and search engines will be able to search these websites easily.

Note

Some web safe fonts are: Times New Roman, Arial, Helvetica, Courier New, and Lucida Console. See the full list here: www.w3schools.com/cssref/ css_websafe_fonts.asp.



Figure 8.4.2.2: Examples of web safe fonts *Adapted From Stokes, 2013.*

To drive impact, designers typically prefer not to be limited to using only web safe fonts, and brand guidelines in most instances don't take web safe fonts into account. This means that fonts must be embedded by a developer using tools such as Typekit, or loaded dynamically from tools such as Google Fonts.

Note

You can also use Google Fonts as an alternative, which are more stylish than standard fonts but which are still viewable by most people. The developer will need to implement these. See www.google.com/fonts.



Figure 8.4.2.3: Example of Google Fonts *Adapted From Stokes, 2013*

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8.4.3: Web development

Web development is the process of taking finished web designs and transforming them into fully functioning, interactive websites. Development is what gives life and movement to static designs, and enables users to access the website through their web browsers. This is done by translating the designs into web coding languages that can be interpreted and displayed by web browsers.

Learning to code your own website is not in the scope of this textbook and requires years of practice and some considerable technical know-how. But we can teach you to understand the aspects that go into creating a website, the process that should be followed, and how to help in making key choices about your website.

Assessing your development needs

It is important to identify what your development needs are as these fundamentally impact the options that are most appropriate to your site's development. Will you use a CMS? Will you need complex content management? Is it for eCommerce, or is it simply a brochure site? For instance, if you're building a small brochure site, you don't need someone to come up with a bespoke development solution.

Content management

The majority of websites today are built using a content management system, or CMS. Content management simply means a system for managing any forms of content. A web CMS is a software application that assists in managing your digital assets and content for your website. It needs to facilitate the creating, collecting, managing and publishing of any material for your site.

Managing a website is collaborative and involves various people, in various roles, working on the material, such as creators, editors, publishers, administrators and even visitors to your site. A CMS provides tools to allow users with little knowledge of web programming languages or markup languages to create and manage website content. A CMS enables a business to manage and update their own website without needing a web developer (Johnston, 2015).

Ideally, the CMS becomes a set of automated processes that facilitate the functioning, updating and management of your site. Using a CMS means it is cheaper and easier to update, manage and create new content as web developers are not required for each change. A CMS also allows for the content of websites to be updated from any location in the world by means of signing in to the system.

eCommerce

eCommerce, or electronic commerce, refers to any trading of products or services on the Internet. eCommerce sites are necessary across a range of businesses, from consumer based retail, through auction, music and video subscription sites, to intercorporate trading.

Learn more in our eCommerce chapter.

Brochure site

A brochure site is a static site. It provides content that does not need to be updated regularly, and there is very little interaction with the visitor. A brochure site is essentially a brochure of a company's offering, providing relevant information and contact details to prospective customers. The site does not 'do' anything. The user cannot interact with the site in any way; they are unable to place orders, make payments or engage with the site.



Figure 8.4.3.1: Static brochure site *Adapted From HFM Columbus, 2017*

Brochure sites are a means of getting your business an online presence quickly and relatively cheaply, and if it meets all your business requirements then such a simple site may be sufficient. Consider the limitations of a brochure site before making a choice, as they can be difficult or impossible to build on later.

Development options

When selecting how to proceed with your website development, you have a few options at your disposal. The choice between an off-the-shelf solution and bespoke development comes down to how flexible the off-the-shelf solution is. If too much customisation is required, or it does not support the business' requirements, it may be better and cheaper to develop a bespoke solution.

Off-the-shelf solution

The CMS you choose can be pre-built by an external company or developer. This can be bought like any other software on the market. While this option may provide fewer custom features, it's potentially a more cost-effective option than a bespoke CMS. It is certainly quicker if little customisation is required.

Bespoke development

This involves a CMS that is built specifically for a certain website. This option is highly tailored and customised to your website, and can be more expensive than other options. It is possibly less future proof, as finding alternative agencies to support custom-built code is challenging.

Advantages and disadvantages of off-the-shelf and bespoke development

Table 6.4.1 (Cooper, 2015)

Off-the-shelf		Bespoke	
Advantages	Disadvantages	Advantages	Disadvantages
Cheaper	Overly complex with large sections you will never use	Created specifically for the business' needs	More expensive
Sophisticated software due to wide range of resources input for development	Compromise of features	Tailored and unique	Requires experienced developers to maintain
Easy to find support and literature widely available	Long time to learn and in-house training required	Customised to interface with software you already use	Less future proof as tied to specific agency to maintain
Easy to share files as software widely used and available	Workflow may have to change to meet software design	More intuitive to your business' way of working	Large investment of time for development, testing
No company time needed for specs and testing	Features you need may not be available	More flexible, can be modified and changed as required	Takes much longer to implement
Available sooner	Individual requests to overall developers will not carry weight	Receive better support	Difficult to get support if developer does not provide it
	Long time to have things fixed if through the corporation that developed the software	Provide significant business advantage	Difficult to choose appropriate developer that will provide reliable and stable software.
	Difficult to gain competitor advantage	Option to sell application to others (if you own rights)	

Open source vs. proprietary

There are many open source, pre-built CMS options available, some of which are free. Open source means that anyone can see the code that the CMS is built with, and can manipulate or improve it and share this with everyone else using the CMS. An open source CMS can be more rudimentary than paid options, but is also easy to tailor to your needs, and there is often a community that can create the solutions you need.

Some widely used open source CMS solutions include:

WordPress (www.wordpress.com)

Drupal (www.drupal.com)

Blogger (www.blogger.com)

Joomla (www.joomla.org)

Table 6.4.2 (Robbins, 2015)

Proprietary		Open source	
Advantages	Disadvantages	Advantages	Disadvantages
Predictability	Less current so large investments in legacy systems	Customisation	Upfront cost can be high if you want highly customised product
Plenty of options	Licensing fees	Flexibility	Less 'Out of the box' features and features you need may be expensive to create
Robust and filled with features	Supported only by the company that sells it or its agents	Supported by an online community and not a company	Less predictable support which only happens as needed and not regularly
Relatively cost effective to implement	Lack of customisation	Existing frameworks to work from	Less predictable
	Lack of flexibility	New technology helps to stay up to date with bugs and fixes	
		You own the customised versions	

A CMS should be selected with the goals and functions of the website in mind. A CMS needs to be able to scale along with the website and business that it supports, and not the other way around. Many content management systems have become famous for certain needs.

Examples include:

- WordPress for personal blogs or brochure type sites
- Drupal for more complex community and publishing sites
- Magento for eCommerce sites.

Development frameworks

The back-end of a website refers to the server-side layer. This layer is hidden from the user's view. The interaction between the user and the back-end is handled via a presentation layer known as the front-end or client-side layer. A website is a marriage between these layers (Ferguson, 2016).

Back-end/server-side languages and frameworks

Server-side languages are the hidden web coding languages that determine how your website works and communicates with the web server and your computer.

When choosing a server-side language, you need to consider:

Cost: The cost varies depending on the language you choose for your web development project, as some are more intricate than others, the developer may charge more. So the language chosen may directly influence the salary of the developer. If information is processed where your website is housed, as opposed to on the client's computer, it increases the costs. Some languages also require ongoing website management and maintenance, which is an additional cost to consider.

Scalability: When planning a project where scalability is a factor, consider whether there are developers readily available to develop in this language. Also find out if there are supporting libraries and frameworks available that may suit possible changes to your project.

Some of the most common and popular server-side languages include PHP, Java, Ruby, .NET and Python. Ask your web developer to advise you on the best language for your specific project (Ferguson, 2016).



Figure 8.4.3.2: Logos for some popular back-end developing languages *Adapted From Lotusnotus, n.d.*

Some common back-end frameworks are Django, Zend Framework and Ruby on Rails.

Front end/client side development languages and frameworks

> **Note**
>
> There are many free resources online that teach you how to code. One is Codeacademy: www.codeacademy.com

Web users have come to expect rich, interactive experiences online, and interactive website interfaces are a part of that. Front-end languages, or client-side languages, are languages that are interpreted and executed in users' browser rather than on the web server.

These experiences range from simple animations through to highly responsive interfaces that require input from the user. There are several technologies available to create such experiences, each with its own opportunities and challenges.

As with server-side languages, you need to consider a few properties of the front-end language you want to use. Bear in mind that server-side languages and front-end languages are often used together, as all web projects require front-end languages for development.

Cost: Front-end language development costs are comparatively lower than backend costs; although rich interface developers often demand premium rates.

Features: HTML, CSS and JavaScript open source languages are often used together and are compatible with most hardware and software. Content developed in these is also more search engine friendly. Today, Flash is rarely used despite its interactive multimedia capabilities. In many cases, richer experiences can be achieved with HTML, CSS and JavaScript. What your end users will be able to view should always be the most important consideration.

Scalability: Depending on the capabilities of the device executing the language, certain features may not be available or certain code may run too slowly to create a good user experience. The development of front-end code needs to take all the considered devices into account.

Browser and OS support: With front-end languages, you have to cater for browser and operating system support. A website will look different on each browser and operating system, and this needs to be factored in. If a feature cannot be displayed under certain conditions, workarounds have to be implemented. This is typically the case for older versions of Internet Explorer.

Open source or proprietary software: Any developer can create add-ons for or improve on open source software, while proprietary software is owned and its use is restricted. It can be cheaper to develop in an open source front-end language such as HTML, but as HTML is needed to host all web pages, combinations of open source and proprietary software are sometimes used. However, in most cases and for the languages we cover this is not a major consideration.

There are several front-end language options to choose from although the most popular by far is HTML coupled with CSS and JavaScript.

HTML5

HTML is the language for creating websites, and HTML5 is the fifth iteration of the language. It is also the name for a range of technologies that enable modern web browsing features. It's a specification published by the web standards body, W3C, describing what features are available and how to use them. HTML5 is different from proprietary web software such as Adobe Flash in that

the specification is the result of contributions from many organisations and can be implemented by anyone without having to pay for royalties or licensing fees. You do, however, pay for the development tools provided by the companies.



Figure 8.4.3.3: The HTML5, JavaScript and CSS logos *Adapted From Codecondo, 2016.*

HTML5 simplifies many common tasks when building a web page, such as including multimedia content, validating forms, caching information and capturing user input data such as date and time.

HTML5 allows browsers to play multimedia content without the use of Flash or a similar plug-in. There is also a technology called Canvas, which allows developers to create rich, interactive experiences without the constraints that came with previous versions of HTML. For example, a 3D animated video can now be played, something that used to require the use of Flash or Silverlight.

The goal is a website that just works, without the need for particular browsers or plug-ins to enable certain functionality. Having a standardised way of implementing common features means that the web is open and accessible to all, regardless of competency.

CSS

CSS stands for Cascading Style Sheets and is a style sheet language used to instruct the browser how to render the HTML code. For example, the plain text on a web page is included in the HTML code, and CSS defines how it will appear. CSS can set many properties including the size, colour and spacing around the text, as well as the placement of images and other design-related items. CSS pre-processors such as LESS, SASS and Stylus are also available to make CSS more easily maintainable and scalable. They allow for more functional CSS compilation. The latest standard of CSS is CSS3. It is backwards compatible with all versions of CSS and provides many more useful features such as text effects, 2D/3D transformations and animations to name a few (w3schools, n.d).

JavaScript

This is the most common client-side language used to create rich, dynamic web properties. Because it is an open source language, many developers have added functionality that can be more quickly implemented. For example, there are over 1 000 different gallery systems created by JavaScript developers for JavaScript developers.

Flash

Adobe Flash is a language for creating rich, interactive experiences. It supports video and is often used to create game-like web experiences. Although widely supported by desktop browsers, it has limited (and lessening) support on mobile devices and is not usable on Apple devices such as the iPhone and iPad. It has a history of being problematic for SEO, although there are ways to work around much of this.

Flash usage has been on the decline since some security holes were exposed, and many believe that it is on its way out. In February 2016, Google announced that its advertising networks, AdWords and DoubleClick, would no longer be supporting Flash. The ads would have to be updated to HTML5 (Google AdWords, 2016). YouTube announced that it would not be using the Flash player by default anymore. It switched to HTML5 for all the latest browsers. Adobe discontinued Adobe Professional CC and released Adobe Animate CC which is now Adobe's premier tool to support HTML5 content. There are still a few traces of Flash left as it is still used as a video player and for the creation of online games.

Frameworks

Frameworks are packages that are made up of a structure of files and folders of standardized code (HTML, CSS, and JavaScript for example) which can be used as the basis for developing websites. Essentially, frameworks are templates to provide the common structure for websites so that developers don't need to start from scratch each time. Frameworks save a lot of time and money.

Some examples include Backbone.js, AngularJS, EmberJS, React.js and the very popular jQuery libraries. Bootstrap is also increasing in popularity as a front-end framework.

Development best practice

Meta and title tag customisation

The CMS you have either selected or created should allow you to enter your own meta tags for each page, as well as allow full customisation of title tags for each page. It is important to note that Google does not use keyword meta tags for ranking anymore (Lincoln, 2015).

URLs

Instead of using dynamic parameters, the CMS should allow for clean URLs by using server-side rewriting. Clean URLs consist only of the path to a webpage without extra code. A clean URL could look like this: example.com/cats, while an unclean URL could look like this: example.com/index.php?page=cats. It should allow for the creation of URLs that are:

- static
- rewritable
- keyword rich.

Be careful when building clean, descriptive and dynamic URLs from CMS content. Should you use a news heading, for example, 'Storm', as part of your URL (www.site.com/cape/storm) and someone changes the heading to 'Tornado' (www.site.com/cape/tornado), this will alter the URL and the search engines will index this as a new page, but with the same content as the URL which had the old heading. Bear this in mind before adding dynamic parameters to your URLs.

Customisable navigation

A good CMS will allow for flexibility when creating the information architecture for a website. For the purposes of adding additional content for search engines, a CMS should not require that all content pages be linked to from the home page navigation. Responsive considerations also need to be in place for mobile devices.

The CMS needs to have good support for managing SEO considerations such as URL rewriting and avoiding duplicate content issues.

Customisable image naming and alt tags for images: A good CMS will allow you to create custom alt tags and title attributes.

robots.txt management: robot.txt files are .txt files that restrict search engines from indexing certain pages of information Ensure that you are able to customise the robots.txt to your needs, or that this can at least be managed using the meta tags.

Finally, using a CMS that supports standards compliant HTML and CSS is very important, as without it, inconsistencies may be rendered across various browsers. It also ensures faster loading time and reduced bandwidth, makes markup easier to maintain, supports SEO efforts and ensures that every visitor to a website, no matter what browser they are using, will be able to see everything on the site.

Developing for multiple screens

> **Note**
>
> Read more about this in the User experience design chapter.

Accessing the Internet has changed drastically over the last few years. Desktop is no longer the only or even primary means of accessing the web. Mobile Internet usage surpassed desktop in 2014 and continues to grow year on year, while desktop usage is declining (Chaffey, 2016).

Because of this, it's important for all brands to be accessible on mobile devices. As you learnt in the User experience design chapter, mobile devices can fall into a range of categories, and not all mobile devices have the same features and screen size. This means that websites need to be designed to be accessible and are optimised for a variety of screen sizes and devices.

Developing for a variety of screens and mobile requires an understanding of the opportunities and challenges presented by mobile technology. Challenges include the obvious, such as a smaller screen and navigation limitations, different operating systems as well as more complex issues such as file formats and bandwidth restrictions.

Mobile devices

A mobile device is a small device with computer-like functionality. It allows for an Internet connection and various features such as Bluetooth, NFC, Wi-Fi and GPS. These include smartphones and PDAs (MDN, 2016). Remember, mobile goes beyond just the mobile phone, also consider tablets, game consoles, netbooks, wearables and a range of other web-enabled devices.

The constraints with developing for a range of devices [c head]

Due to the size constraints of mobile device screens, various considerations must be taken into account to allow your website to render correctly.

Fluid CSS layouts will allow the site to manipulate its contents based on screen size. Additionally, CSS media queries can use target styles for a specific screen width, height and pixel density.

Working with touchscreen means that no hover effects will work. Adequate space must be allowed around inputs due to the touch-area of some user's fingers being larger than a mouse cursor.

Images must be optimised for mobile screens and bandwidth restrictions.

> **Note**
>
> A great online JPEG/ PNG compression tool is tinyPNG.org. Simply upload your images and let them compress it for you (MDN, 2016).

Development approaches

Specialised mobile development

Mobile devices allow users to access information about your brand on the move. Because mobile penetration is so heavy and many users worldwide will access the Internet first and primarily through mobile (Chaffey, 2016), every website needs to be designed with the mobile device in mind. Mobile website interfaces demand a simpler approach and a consideration of screen size and input method. A specific design for various mobile screen sizes in the form of an adaptive design may be an option. However, Google prefers responsive to adaptive sites, so creating an adaptive site may not be within the best interest of your business in terms of SEO.

A native mobile app is software designed to help users perform particular tasks. Examples include a tool for checking the weather, a fuel calculator, or an airlines app to check-in or to track flight progress.

Mobile apps can be sold or made available for free. Many developers create apps to derive an income, while free apps that offer users value are often sponsored by brands or advertising. An app can be an excellent tool for connecting with your customer.

The key difference between native applications and mobile-optimised websites is that native applications are designed for particular handsets and operating systems and have to be downloaded to the mobile device. Whereas mobile-optimised websites can be accessed using any Internet-enabled mobile device. That said, mobile apps can allow for more integration with the device and hence a better user experience, depending on the complexity of the functionality.

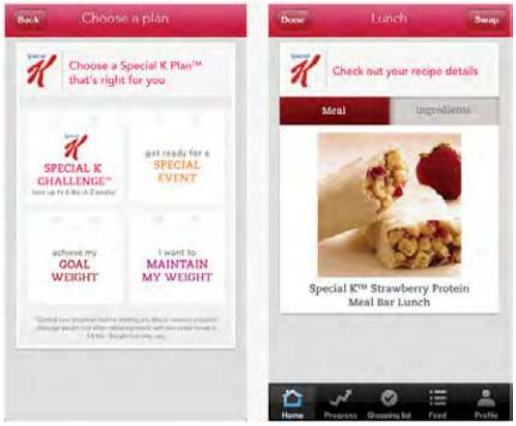


Figure 8.4.3.4: An example of a branded app from the iTunes App Store *Adapted From Screenshot, Kellogs branded app in itunes store, 2016*

It is a good idea to focus on mobile-optimised sites when targeting a broader group and building an application when wanting to reach a niche or targeted audience.

Some brands still create a separate mobi site just for their mobile users, but this is falling out of fashion as Internet access via mobile increases. Google recommends responsive sites as best practice.

Note

Read more about mobile-optimisation in the Mobile channels and apps chapter.

A responsive site

A responsive website is a website that changes its layout depending on the device it is displayed on so it looks one way on a desktop computer, but then adapts to the smaller screen size and layout on a tablet or mobile phone. In this way, a single development project can cater for multiple device form factors.



Figure 8.4.3.5: Responsive web design across a range of devices *Adapted From Interaction design foundation, 2017*

A responsive website is not the same as an adaptive website. A responsive site uses the browser's screen space to determine how to reflow the original design content that was probably optimised for desktop, while an adaptive site provides a specifically tailored design for the device you are using. Designing an adaptive site requires multiple fixed layout sizes, usually the six most common screen widths, and the relevant one is deployed depending on the screen size of the device.

Many users prefer responsive design as it provides familiarity, uniformity and seamlessness, which are important considerations in user experience (Soegaard, 2016). Responsive design should be mobile friendly. This helps to maintain usability when reflowed for a mobile device's screen.

Adaptive designs are more labour intensive and more expensive. As an approach it's being used less and less. Although industry professionals often prefer adaptive sites, industry preference won't translate into higher listings on SERPs while Google's ranking methodology favours responsive design.

Note

Try visiting http://roxik.com/cat/ and resize your browser to see the cat change shape based on the screen width. This is a great illustrative example of a fluid responsive layout.

Creating a responsive website means you only need to build one website for the full range of devices, from desktop to mobile. This can be a technically challenging exercise and will require a lot of planning upfront to make sure that the site displays correctly on each device.

Here is a table that compares the relative strengths and weaknesses of each option. There's no right or wrong answer on which one to pick. Choose the option that best suits your brand, target audience and digital objectives.

Table 6.4.3

	Strengths	Weaknesses
Mobile-specific adaptive sites	• Design best suited to screen size • More aesthetically pleasing and provide better UX • Fully optimised for mobile	• Google prefers responsive sites • Need at least 6 different specific screen-size designs • Expensive • Labour intensive
Native app	• Versatile and creative tools can be created • Interactive and fun • Can create real added value through innovative approaches not possible via a web browser • Ideal for frequently repeated or routine tasks • Promote brand loyalty • Enables access to core phone functions such as GPS, camera, etc. • Could generate income as a 'paid application' • Performance benefit in some cases	• Doesn't work on feature phones • Different versions needed for different phone makes and models • Entirely different and complex development process • User needs to choose to download them • Users without additional phone storage may not have enough space to install the app • All apps must go through formal app stores, and need to be approved in some instances • Changes need to be released through version updates
Responsive site	• Device is an'agnostic' solution • One consistent site accessible across many devices • One data set to work from • Future-proof option that will work on most devices • Preferred by Google and scores highly in algorithms for SEO • Users prefer the uniformity and consistency from responsive sites used across devices	• Could be complex to develop • Site needs a lowest common denominator approach to cater for all devices • May not work correctly on all sizes and shapes of devices • No agreed standard way yet to develop responsive sites

Designing for multiple screen sizes

Designing a site that will display consistently across multiple devices and screen sizes is difficult, but understanding and sticking to web standards will bring you closer to this goal.

Design your site so that the information your users want is not only on display, but also easy to get to. The limited screen space is valuable, so you can't necessarily have the full site navigation on every page. Well thought-out information architecture is essential to ensuring you make the most logical use of navigation in line with what your site visitors need.

Standards

There are few standards currently in place to ensure your design will be optimised across multiple screens. Creating content including images, text and beyond that can be correctly formatted on most mobile devices, or at least legible on phones where formatting is flawed, is still not entirely possible. There is therefore a certain amount of trial and error involved in designing a site optimised across a variety of devices. The process is certainly worth it, though, considering that there are 4.7 billion unique mobile subscribers, and the majority of these are accessing the mobile web (GSMA Intelligence, 2016).

> Web standards are managed by the **W3C**. The standards were created to promote consensus, fairness, public accountability and quality. Complying with web standards means the site uses valid code and adheres to stipulations from the W3C. Read more about web standards at https://www.w3.org/standards/ about.html.

Mobile handset emulators allow you to see how your work-in-progress website will be formatted, depending on which device you are emulating. It has been suggested that nothing can replace testing on actual mobile devices, so if you are doing the testing, recruit contacts with different handsets to show you the difference in display. Some emulators:

- BrowserStack – www.browserstack.com
- TestiPhone – www.testiphone.com
- Mobile phone emulator – for Samsung, iPhone, BlackBerry and other - www.mobilephoneemulator.com

Safari on the iPhone can be tested with IOS simulator.

Responsive design

Responsive websites are designed for a range of screen widths. When deciding whether to create a responsive site or adapt desktop sites, consider your customer first:

- How much of your website traffic comes from specific mobile devices? If this is a large percentage, consider building a responsive site designed for optimal viewing on mobile screen sizes.
- Do your desktop users have the same goals as your mobile users? Here you need to keep in mind your CTAs, drop down menus and the like and ensure they can be accessed correctly by the relevant device.
- What is your budget and how quickly do you need your website to be built? Responsive websites take a while to build and can be expensive. You could save money long term by going this route, but there is a sizeable upfront investment.
- Do you have an existing site, and can it be converted into a responsive website, or will it need to be rebuilt (Du Plessis, 2012)?
- Responsive design comes with a fair bit of terminology, but you should be familiar with three key concepts.

Flexible grid

Typical websites are designed as large, centred, fixed-width blocks. With responsive design, the page elements such as the heading, the text or copy, the main image, and other blocks of information are arranged in a grid of columns that have predefined spacing. Each element relates proportionally to the other elements. This allows elements to rearrange or resize in relation to each other whether the screen is tiny or huge and the screen quality is high or low. Although this system allows for flexibility, an extremely narrow screen can cause the design to break down. In this case we can make use of media queries.



Figure 8.4.3.6: Flexible grid used in responsive design. *Adapted From igentics, 2017*

Media queries

Media queries are bits of code that allow websites to ask devices for information about themselves. The website style that will suit the device best is then selected from a list of styles defined in a CSS. Media queries ask for information about the device's browser window size, orientation (landscape or portrait) and screen display quality.

> **Note**
>
> Is responsive design right for your company or client? See how some companies tackled this question here: www.zdnet.com/does-yourcompanys-websiteneed-responsivedesign-7000021417

Flexible images

Images are designed to move and scale with the flexible grid. How fast the website loads is an important consideration, so high-quality images are made available for larger screens and lower-resolution images are made available for smaller screens. Parts of images can also be displayed for smaller screens to maintain image quality. Images can even be hidden completely. Image optimisation is done in CSS, which queries the screen height, width and pixel ratio of the device and then adjusts the images accordingly (MDN, 2016).

For more information about responsive websites watch Methods for mobile (Responsive vs. Adaptive) from Brian Wood Training: https://www.youtube.com/watch?v=IgojC1D3QpU [Accessed 30 October 2017]

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8.4.4: The web development process

This section discusses the process of building a website from the client's perspective.

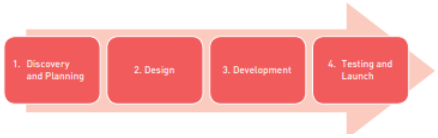


Figure 8.4.4.1: The web development process

Step 1: Discovery and planning

Planning a website starts with research of your market, your users, your competitors and your business. If you already have a website, you can use existing web analytics data to understand how well you are meeting your users' needs. It's also worth running some user labs to watch how users interact with your existing site. Have a look at the Market research chapter for a detailed discussion of this.

> **Note**
>
> Read more about this in the Market research chapter.

Key questions you need to ask.

Business: What are your business objectives? How should this digital property help you to achieve those objectives? (For example, should it generate leads for you to follow up on? Is it an eCommerce store?)

Users: Who are your users, your potential customers? What problem does your website need to help them solve? For example, to collate travel information in one place, such as with www.tripit.com. [Accessed 30 October 2017]

> **Note**
>
> Read more on users in the User experience design chapter.

This research helps you to plan your website strategically, ensuring that it is aligned with both user needs and business objectives.

In research and planning, you should also reach an understanding of what tasks or actions users need to do on your website. These are usually in line with your business objectives. Some tasks a user may need to do include checking the availability of a hotel, signing up to a newsletter, or printing information.

Before any web design project starts, decide what browsers, operating system and devices you will develop for. Usually for browsers you use the latest, plus one before. For devices, iOS and Android are quite different so if you are optimising for both this can be quite expensive. Technology moves so fast, you cannot keep up with all the latest OS and devices.

Choosing a domain name

Domain names are important. They are part of the URL of a website. A domain name looks something like this: www.mycompany.com

A lot more information can be included in this. Domain names can carry the following information: subdomain.domain.tld/directory

Domain – the registered domain name of the website

Subdomain – a domain that is part of a larger domain

TLD – the top level domain, uppermost in the hierarchy of domain names

directory – a folder to organise content

The TLD can indicate the country in which a domain is registered and can also give information about the nature of the domain.

com – the most common TLD

co.za, .co.uk, .com.au – these TLDs give country information

.org – used by non-profit organisations

.gov – used by governments

.ac – used by academic institutions

Domain names must be registered, and in most cases there is a fee for doing so. Many hosting providers will register domain names on your behalf, but you can also do it yourself.

Domain names should be easy to remember, and if possible, include important search keywords for your business. For example, if you were building a website for your restaurant named Omega, www.omegarestaurant.com could be a better choice than www.omega.com as it contains the important keyword 'restaurant'.

UX and content strategy

You also need to gather, analyse and map out what content is needed on the website. This content is then structured in a process called information architecture. A sitemap should reflect the hierarchy of content on the website and the navigation (how users make their way through a website).

> **Note**
>
> Read more about this in the User experience design chapter.

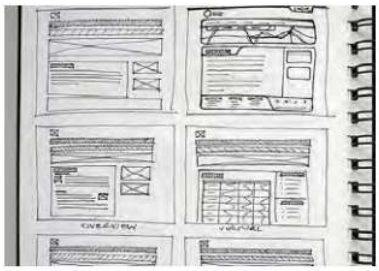


Figure 8.4.4.2: A sketched wireframe of what the webpages will look like and how they will link to one another *Adapted From Onextrapixel, 2010*

> **Note**
>
> See this link (designmodo. com/wireframingprototypingmockuping/) for a good explanation about the differences between wireframing, prototyping and mocking up.



Figure 8.4.4.3: An example of a wireframe against what the final website looks like *Adapted From Wirify, 2017*

At the same time, consider what content you want to include on your site. Will it be a relatively static site that doesn't change often, or will you need an editable CMS to regularly add and update content, such as blog posts, images and products?

Note

Have a look at the discussion on choosing a static versus a CMS website earlier in this chapter

Should the website be large enough to require it, a functional specification document should be created, using all the information compiled so far. This document should detail the development requirements for the website and can be used to communicate any specific design constraints.

It's now time to move on from planning to building.

Search engine visibility

Search engine traffic is vital to a website; without it, the chances are that the site will never fulfil its marketing functions. It is essential that the search engines can see the entire publicly visible website, index it fully, and consider its relevance for its chosen keywords.

Search engine optimisation (SEO) has its own chapter in this textbook, but here are the key considerations for web development and design.

Note

Read more about this in the Digital copywriting and Search engine optimisation chapters.

In web development, the copy that is shown on the web page needs to be kept separate from the code that tells the browser how to display the web page. This means that the search engine spider will be able to discern easily what content is to be read and therefore scanned by the spider and what text is an instruction to the browser. Cascading Style Sheets (CSS) can take care of that.

If the search engine cannot see the text on the page, it means that it cannot crawl and index that page.

Step 2: Design

Design usually happens before development. According to the steps explained earlier in this chapter, the designer will transform the wireframes and basic planning materials into beautifully designed layouts. These are static images that show how the website will look once it's coded.

Step 3: Development

The development phase usually kicks in once the design is finished. Developers will sometimes start their involvement as early as the wireframe stage by creating low-fidelity prototypes to support the user-testing process. Normally, the developer uses the design templates to code the actual website, using the front-end language that you have chosen. Server-side development and CMS considerations may also be part of this phase.

Step 4: Testing and launch

Once you have planned an amazing site, designed it beautifully, built it skilfully and filled it with fantastic copy, it's time to test it fully and then take it live!

Testing is an important part of website development and design, and it should take place throughout the process of planning, designing and building, leaving just final quality assurance (QA) testing before the site goes live. Test subjects should be real potential users of the website, not just members of the development team. The site needs to be tested in all common browsers and devices to make sure that it looks and works as it should across all of them. All links should be tested to make sure that they work correctly, and it's always a good idea to get a final check of all of the copy before it goes live.

Tools such as W3C's HTML validator, validator.w3.org should be used to validate your HTML. See more about testing in Section 6.7 Quality assurance.

Make sure your web analytics tracking tags are in place, after which it will be time to take your site live. Now, you need to move on to driving traffic to your newly launched site, that's where all the Engage tactics in this textbook come in handy.

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8.4.5: Quality assurance

The software development cycle has one final step before the website goes live, quality assurance. This is often referred to as QA. It is a crucial step to ensure that website delivery is of the highest standard and that the client expectation is in line with the agreed Statement of Work. This step is independent of the design and development phases and involves various end-user test cases. Test cases ensure that the graphical user interface (GUI) promotes a great user experience (UX). QA involves two steps: functional and user-interface testing (Thompson, 2015).

Functional testing

This involves testing the features of a website to ensure that they are functioning correctly. Functional testing should be done early in the development cycle as it speeds up development, increases quality and reduces the risk of errors towards the end of the project. Testing can take place either manually by a tester or be completely automated using an application (AppPerfect, 2016).

User interface testing

This is the process of testing whether users can engage with the site as envisioned during development. It also includes testing all features such as screens with controls, like menus, dropdowns, buttons, icons, toolbars, dialogue boxes, forms, and all other user interface features on the site.

User interface testing is crucial as it is the users' experience of the site that will determine if they will use the site or application in future or not. If an interface is not intuitive and is difficult to understand users are unlikely to use that product again. Testing is essential.

The following should be checked during GUI testing:

- Can users input the necessary information into the user fields?
- Does the feature execute the desired function when activated?
- Are error messages displayed correctly and for the correct function?
- Is the font appropriate?
- Is the text aligned?
- Are the colours and fonts, and even error messages, visually appealing?
- Are the images clear and displaying correctly?
- Are the images correctly aligned, and do they appear where they are supposed to?

> **Note**
>
> You can read more about GUI testing at www.guru99.com/guitesting.html.

- Are the GUI elements positioned correctly for different screen sizes and resolutions?

(Guru99, n.d.)

Cross browser and device testing

With the myriad of browsers and devices available, developers need to ensure that their websites render acceptably across all of them. Perfection is extremely difficult as each browser and device renders a website slightly differently. To ensure compatibility, developers write cross-browser code. If a feature is not supported, a fallback must be in place to ensure that it degrades gracefully.

If you are deploying your site across a range of devices, each version needs to be checked. And if the site is designed to be responsive, check the GUI across a range of devices to test the responsiveness of the design and that all the elements work across the various devices and possible views.

Test websites on different browsers and operating systems, for example Google Chrome on IOS and Google Chrome on Android devices. Various tools are available to assist in this process, one being BrowserStack (/www.browserstack.com). BrowserStack allows you to test various operating systems and devices from within your browser (MDN, 2016).

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CHAPTER OVERVIEW

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9.1.4: Analysing data

9.1.5: Data Visualisation

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9.2.2: What can you test?

9.2.3: Designing tests

9.2.4: Step-by-step guide to conversion optimisation

9.2.E: Conversion Optimization

9.2.S: Conversion Optimization(Summary)

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SECTION OVERVIEW

9.1: Data Analytics

Learning Objectives

In this chapter, you will learn:

- The importance of analytics to digital marketing.
- What metrics you can and should be tracking.
- How to capture web analytics data.
- Techniques and guidelines for analysing data to better understand your users.
- How to present data clearly and how to use data visualisation to help users understand it.

9.1.1: Introduction

9.1.2: Working with data

9.1.3: Tracking and collecting data

9.1.4: Analysing data

9.1.5: Data Visualisation

9.1.6: Advantages and challenges

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9.1.1: Introduction

Picture the scene: You've opened up a new fashion retail outlet in the trendiest shopping centre in town. You've spent a small fortune on advertising and branding. You've gone to great lengths to ensure that you're stocking all of the prestigious brands. Come opening day, your store is inundated with visitors and potential customers.

And yet, you are hardly making any sales. Could it be because you have one cashier for every hundred customers? Or possibly it's the fact that the smell of your freshly painted walls chases customers away before they complete a purchase? While it can be difficult to isolate and track the factors affecting your revenue in this fictional store, move it online and you have a wealth of resources available to assist you with tracking, analysing and optimising your performance.

> **Note**
>
> Remember, analytics data can be found in many places, not just your website. Consider data from email, social media, mobile devices, and more. Refer back to the Data driven decision making chapter for more on this.

To a marketer, the Internet offers more than just new avenues of creativity. By its very nature, the Internet allows you to track each click to your site and through your site. It takes the guesswork out of pinpointing the successful elements of a campaign, and can show you very quickly what's not working. It all comes down to knowing where to look, what to look for, and what to do with the information you find.

At the beginning of this book, you learned how important it is for a business to be datadriven and client-focused. You also learned about a few of the forms and sources of data. Each chapter mentioned some elements you should track to measure the success of a particular area of digital marketing. Now you're going to learn more specifics about data analytics and how to analyse the data you've gathered.

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9.1.2: Working with data

In the days of traditional media, actionable data was a highly desired but scarce commodity. While it was possible to broadly understand consumer responses to marketing messages, it was often hard to pinpoint exactly what was happening and why.

As the Data driven decision making chapter showed, in the digital age, information is absolutely everywhere. Every single action taken online is recorded, which means there is an incredible wealth of data available to marketers to help them understand when, where, how and even why users react to their marketing campaigns.

> **Note**
>
> Read more about this in the Data driven decision making chapter.

Remember, this also means there is a responsibility on marketers to make datadriven decisions. Assumptions and gut feel are not enough – you need to back these up with solid facts and clear results.

Don't worry if you're not a 'numbers' person – working with data is very little about number crunching (the technology usually takes care of this for you) and a lot about analysing, experimenting, testing and questioning. All you need is a curious mind and an understanding of the key principles and tools.

Here are some data concepts you should be aware of.

Performance monitoring and trends

Data analytics is all about monitoring user behaviour and marketing campaign performance over time. The last part is crucial. There is little value in looking at a single point of data, you want to look at trends and changes over a set period to encourage a dynamic view of data.

For example, it is not that helpful to say that 10% of this month's web traffic converted. Is that good or bad, high or low? But saying that 10% more users converted this month than last month shows a positive change or trend. While it can be tempting to focus on single 'hero' numbers and exciting-looking figures such as 'Look, we have 5 000 Facebook fans!', these really don't give a full picture if they are not presented in context. In fact, we call these 'Vanity metrics' they look good, but they don't tell you much.

> **Note**
>
> Pay close attention to any changes in the expected data, good or bad, and investigate any anomalies.

Big data

Big data' is the term used to describe truly massive data sets, the ones that are so big and unwieldy that they require specialised software and massive computers to process. Companies like Google, Facebook and YouTube generate and collect so much data every day that they have entire warehouses full of hard drives to store it all. Understanding how it works and how to think about data on this scale provides some valuable lessons for all analysts.

- **Measure trends, not absolute figures**: The more data you have, the more meaningful it is to look at how things change over time.
- **Focus on patterns**: With enough data, patterns over time should become apparent so consider looking at weekly, monthly or even seasonal flows.
- **Investigate anomalies**: If your expected pattern suddenly changes, try to find out why and use this information to inform your actions going forward.

Data mining

Data mining is the process of finding patterns hidden in large numbers and databases. Rather than having a human analyst process the information, an automated computer program pulls apart the data and matches it to known patterns to deliver insights. Often, this can reveal surprising and unexpected results, and tends to break assumptions.

Data mining in action

Krux (2016) offers the example of examining an enormous dataset for an automotive brand that wanted to improve brochure downloads and increase requests for test drives. The data they analysed related to consumers, consumer attributes, and marketing touchpoints.

To determine a pattern, they had to explore 47 000 000 000 000 000 000 000 combinations of factors, obviously, too many to evaluate without using machines. These combinations came from 35 touchpoints, including the website, campaigns, and other marketing channels, and 37 analytics points, including auto buyers and smartphone users.

The brand was able to spot relevant patterns, such as that consumers who bought a certain brand of car were more likely to download brochures, but not more likely to request test drives. This allowed them to segment the consumers who bought cars into those who started the purchase process by downloading a brochure, and those who started with a test drive.

The first group was detail-oriented, so ads featuring specific models with links to the specifications page helped to drive conversions.

The second group wanted to know how driving the car felt, so they were targeted with ads that appealed to their senses and included a call to action about scheduling a test drive. This helped to drive media efficiency and campaign performance.

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9.1.3: Tracking and collecting data

A key problem with tracking users on websites used to be that it was impossible to track individual users - only individual browsers, or devices, since this is done through cookies. So, if Joe visits the website from Chrome on his home computer and Safari on his work laptop, the website will think he's two different users. If Susan visits the site from the home computer, also using Chrome, the website will think she's the same user as Joe, because the cookie set when Joe visited the site will still be there.

> Email opens aren't tracked with cookies. Instead, when the images in the email load, a tiny 1×1 pixel also loads and tracks open rate. This means that if the user is blocking images, their activity will not be tracked.
>
> To track if those who did open your email then visited your page, or eventually converted, links within the email include utm tags. UTM tags are codes in the url that enable your analytics software to track where a user has come from.
>
> In this link: www.redandyellow.co.za/5-way...ium=email&utm_ campaign=AugNewsletter
>
> The campaign tracking tag appended on the end of the URL is: ? utm_source=newsletter&utm_medium=email&utm_campaign=AugNewsletter

An additional concern was the decline of cookies. Most modern browsers allow users to block them. With growing consumer privacy concerns, and laws like the EU Privacy Directive, which requires all European websites to disclose their cookie usage, cookies began to fall out of favour, making tracking more difficult.

Google's Universal Analytics changed all that. Because of Google's dominance in the search engine market, we will focus on them for this section.

Universal analytics

Google's universal analytics allows you to track visitors (that means real people) rather than simply sessions. By creating a unique identifier for each customer, universal analytics means you can track the user's full journey with the brand, regardless of the device or browser they use. You can track Joe on his home computer, work laptop, mobile phone during his lunch break, and even when he swipes his loyalty card at the point of sale allowing you to combine offline and online information about users.

Crucially, however, tracking Joe across devices requires both universal analytics and authentication on the site across devices, in other words, Joe has to be logged in to your website or online tool on his desktop, work laptop and mobile phone in order to be tracked this way. If he doesn't log in, we won't know he's the same person. Users who use Gmail are easy for Google to track because they'll be logged in across devices.

You can see:

- How visitors behave depending on the device they use (browsing for quick ideas on their smartphone, but checking out through the eCommerce portal on their desktop).
- How visitor behaviour changes the longer they are a fan of the brand, do they come back more often, for longer, or less often but with a clearer purpose?
- How often they're really interacting with your brand.
- What their lifetime value and engagement is.

Another useful feature of universal analytics is that it allows you to import data from other sources into Google Analytics, for example, CRM information or data from a point-of-sale cash register. This gives a much broader view of the customers and lets you see a more direct link between your online efforts and real-world behaviour.

How does universal analytics work?

Universal analytics has three versions of the tracking code that developers can implement, helping them track users on:

1. Websites
2. Mobile apps
3. Other digital devices such as game consoles and even information kiosks.

It collects information from three sources to provide the information that you can access from your Google Analytics account:

1. The HTTP request of the user: This contains details about the browser and the computer making the request, including language, hostname, and referrer.

> **Note**
>
> What kind of privacy concerns might a user have about the data you're collecting about them?

2. Browser and system information: This includes support for Java and Flash and screen resolution.
3. First-party cookies: Analytics sets and read these cookies to obtain user session and ad campaign information.

This information is sent to the Google Analytics servers as a list of parameters attached to a one-pixel GIF image request.

You don't need to know the technical details of how tracking works, but if you are interested, you can read about Google Analytics tracking here: developers. google.com/analytics/resources/concepts/gaConceptsTrackingOverview

How to set up Google Analytics

> **Note**
>
> You will need to make adjustments to your Analytics account so that you can get the most out of tracking your users. You can learn a little more about that here: moz.com/blog/absolutebeginners-guide-togoogle-analytics.

First, you need a primary Google account, used for services such as Gmail or YouTube. You can use this to set up your Analytics account. This should be set up using a Google account that will always be available for your business.

Next, go to www.google.com/analytics and follow the steps to sign up. You can set up multiple accounts here if you want to track a website, an app, or multiple websites and apps.

After the sign-up process, you will be issued a Google Analytics tracking ID. This will be UA followed by a series of numbers. You need to add this code to the HTML file of your website, before the </head> tag, on each of your pages.

Now Google is tracking every visitor to your website!

> **Note**
>
> Try it now – go to a random website, such as www.redandyellow. co.za, and right click on it, then click 'View page source' to view the HTML code for the site. Do a search for 'UA-' to view the tracking code for that site. The tracking code for the website above is UA-43748615-1.

Google Analytics is, obviously, not the only analytics package available. Other packages exist for detailed tracking of social media accounts, emails, and website data. Website analysis should always account for any campaigns being run. For example, generating high traffic volumes by employing various digital marketing tactics such as SEO, PPC, and email marketing can be a pointless and costly exercise if visitors are leaving your site without achieving one or more of your website's goals. Conversion optimisation aims to convert as many of a website's visitors as possible into active customers.

Gathering data

Google Analytics can measure almost anything about the customers that visit your website. To gather the kind of data that can help you optimise your site, you'll need to know a little about where to look. When you log into your analytics account, you will see seven main menu items on the left. They are:

> **Note**
>
> Read more about this in the Conversion optimisation chapter.

Views

The Views button lets you switch between various pictures of the data.



Figure 9.1.3.1: The Views button *Adapted from Screenshot, Google, 2017*

Customization

The Customization tab lets you create dashboards that give you an overview of different data elements, custom reports, shortcuts, or custom alerts.



Figure 9.1.3.2: The Customization tab *Adapted from Screenshot, Google, 2017*

Real time

Real time allows you to monitor activity as it happens on your website. Data updates continuously so that you can see how many users are on your site right now, where they are from, the keywords and sites that referred them, which pages they are viewing, and what conversions are happening.



Figure 9.1.3.3: Part of Google's Realtime overview tab *Adapted from Screenshot, Google, 2017*

Audience

The audience section helps you understand the characteristics of your audience, including their demographics, interests, behaviour (level of engagement). The mix of new and returning users and how their behaviour differs, and the browsers, networks and mobile devices they are using to access your site.



Figure 9.1.3.4: Part of Google's Audience overview tab *Adapted from Screenshot, Google, 2017*

Acquisition

Acquisition lets you compare traffic from search, referrals, email, and marketing campaigns. It shows you which sources drive the most traffic to your site.

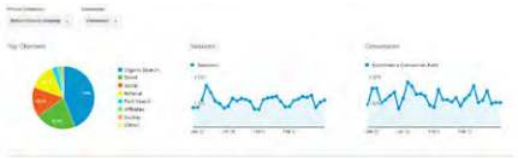


Figure 9.1.3.5: Part of Google's Acquisition overview tab *Adapted from Screenshot, Google, 2017*

Behaviour

This section shows how users interact with your content, how the content performs, its searchability and its interactivity. You can see how fast your pages load, how successful users are when searching the site, how any interactive elements on your site are being used, popular content, which pages drive revenue, and more.



Figure 9.1.3.6: Part of Google's Behaviour overview tab *Adapted from Screenshot, Google, 2017*

Conversions

Conversions does exactly what it says on the box, it shows you how users are converting on your site. You can look at:

- The Goals tab, which shows how well your site meets business objectives
- The eCommerce tab, which shows what your visitors buy and can link it to other data to show what drives your revenue
- Multi-channel funnels, which shows how your channels work together to generate sales and conversions (for example, if a customer sees a display ad about your brand, visits your site to do research, and later does a search for a specific product before converting)
- Attribution, which shows you how traffic from various channels converts.



Figure 9.1.3.7: Part of Google's Goals overview in the Conversions tab *Adapted from Screenshot, Google, 2017*

> **Note**
>
> You can play around on Google's Analytics site using their free demo account, here: https:// analytics.google. com/analytics/web/ demoAccount.

The type of information captured

By now, you should know the difference between objectives, goals, KPIs, and targets. KPIs are what you'll be focusing on when you measure data that has been captured.

KPIs are the metrics that help you understand how well you are meeting your objectives. A metric is a defined unit of measurement. Definitions can vary between various web analytics vendors depending on their approach to gathering data, but the standard definitions are provided here.

Web analytics metrics are divided into:

- **Counts**: These are the raw figures that will be used for analysis.

- **Ratios**: These are interpretations of the data that is counted.

Metrics can be applied to three different groupings:

- **Aggregate**: All traffic to the website for a defined period of time.
- **Segmented**: A subset of all traffic according to a specific filter, such as by campaign (PPC) or visitor type (new visitor vs. returning visitor).
- **Individual**: The activity of a single visitor for a defined period of time.

Here are some of the key metrics you will need to get started on with website analytics.

Building-block terms

These are the most basic web metrics. They tell you how much traffic your website is receiving. For example, looking at returning visitors can tell you how well your website creates loyalty; a website needs to grow the number of visitors who come back. An exception may be a support website where repeat visitors could indicate that the website has not been successful in solving the visitor's problem. Each website needs to be analysed based on its purpose.

- **Traffic**: The number of users that visit a website
- **Page**: Unit of content (so downloads and Flash files can be defined as pages).
- **Page views**: The number of times a page was successfully requested.
- **Session**: An interaction by an individual with a website consisting of one or more page views within a specified period of time.
- **Unique visitors**: The number of individual users visiting the website one or more times within a set period of time. Each individual is counted only once.
- **New visitor**: A unique visitor who visits the website for the first time ever in the period of time being analysed.

> **Note**
>
> New visitors show that you are reaching new audiences and markets, while returning visitors are an indicator of brand loyalty. Most websites should aim for a healthy balance between the two.

- **Returning visitor**: A unique visitor who makes two or more visits (on the same device and browser) within the time period being analysed.

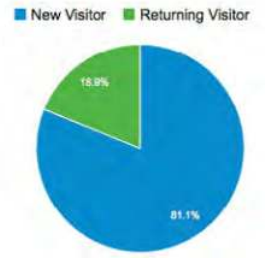


Figure 9.1.3.8: A breakdown of new versus returning visitors in Google Analytics *Adapted from Screenshot, Google, 2017*



Figure 9.1.3.9: A dashboard showing some important KPIs for an eCommerce page *Adapted from Screenshot, Google, 2017*

Visit characteristics

These are some of the metrics that tell you how visitors reach your website, and how they move through the website. The way that a visitor navigates a website is called a click path. Looking at the referrers, both external and internal, allows you to gauge the click

path that visitors take.

- **Entry page**: The first page of a visit.
- **Landing page**: The page intended to identify the beginning of the user experience resulting from a defined marketing effort.
- **Exit page**: The last page of a visit.
- **Visit duration**: The length of time in a session.
- **Referrer**: The URL that originally generated the request for the current page.
- **Internal referrer**: A URL that is part of the same website.
- **External referrer**: A URL that is outside of the website.
- **Search referrer**: A URL that is generated by a search function.
- **Visit referrer**: A URL that originated from a particular visit.
- **Original referrer**: A URL that sent a new visitor to the website.
- **Clickthrough**: The number of times a link was clicked by a visitor.
- **Clickthrough rate**: The number of times a link was clicked divided by the number of times it was seen (impressions).
- **Page views per visit**: The number of page views in a reporting period divided by the number of visits in that same period to get an average of how many pages being viewed per visit.



Figure 9.1.3.10: Referrer information on the Acquisitions page of Google Analytics *Adapted from Screenshot, Google, 2017*

Content characteristics

When a visitor views a page, they have two options: leave the website, or view another page on the website. These metrics tell you how visitors react to your content. Bounce rate can be one of the most important metrics that you measure. There are a few exceptions, but a high bounce rate usually means high dissatisfaction with a web page.

> **Note**
>
> A high bounce rate is not always bad. On a blog, for example, most users click through from a search to read one article and, having satisfied their curiosity, leave without visiting any other pages.

- **Page exit ratio**: Number of exits from a page divided by total number of page views of that page
- **Single page visits**: Visits that consist of one page, even if that page was viewed a number of times
- **Bounces (or single page view visits)**: Visits consisting of a single page view
- **Bounce rate**: Single page view visits divided by entry pages.
- **Conversion metrics**: These metrics give insight into whether you are achieving your analytics goals (and through those, you overall website objectives).
- **Event**: A recorded action that has a specific time assigned to it by the browser or the server.
- **Conversion**: A visitor completing a target action.



Figure 9.1.3.11: Goal conversions in Google Analytics *Adapted from Screenshot, Google, 2017*

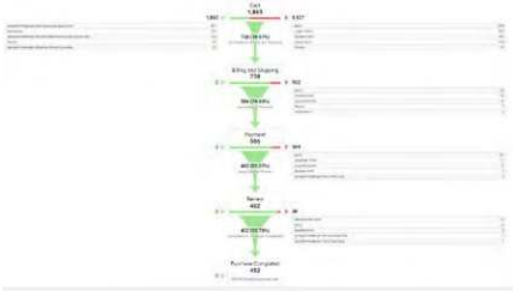


Figure 9.1.3.12: Funnel visualisation on Google Analytics *Adapted from Screenshot, Google, 2017*

Mobile metrics

When it comes to mobile data, there are no special, new or different metrics to use. However, you will probably be focusing your attention on some key aspects that are particularly relevant here namely, technologies and the user experience.

> **Note**
>
> Why do you think Google Analytics has a separate category for tablets, rather than including them under mobile devices?

- **Device category**: Whether the visit came from a desktop, mobile or tablet device
- **Mobile device info**: The specific brand and make of the mobile device
- **Mobile input selector**: The main input method for the device (such as touchscreen, click wheel, stylus)
- **Operating system**: The OS that the device uses to run, sch as iOS or Android.



Figure 9.1.3.13: Mobile device information on Google Analytics *Adapted from Screenshot, Google, 2017*

Now that you know what tracking is, you can use your objectives and KPIs to define what metrics you'll be tracking. You'll then need to analyse these results, and take appropriate actions. Then the testing begins again!

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9.1.4: Analysing data

> **Note**
>
> Google Analytics can send you email alerts whenever something unusual happens on your website. Simply set a triggering condition and decide what sort of report you want to receive. For example, you may want to know when more than a certain number of users have accessed your site in one day as this could mean an opportunity to capitalise on high traffic.

In order to test the success of your website, you need to remember the TAO of conversion optimisation.

Track – Analyse – Optimise

A number is just a number until you can interpret it. Typically, it is not the raw figures that you will be looking at, but what they tell you about how your users are interacting with your website. Because your web analytics package will never be able to provide you with 100% accurate results, you need to analyse trends and changes over time to truly understand your brand's performance.

Key elements to analyse

Avinash Kaushik, author of Web Analytics: An Hour a Day, recommends a threepronged approach to web analytics:

1. Analysing **behaviour** data infers the intent of a website's visitors. Why are users visiting the website?
2. Analysing **outcomes** metrics shows how many visitors performed the goal actions on a website. Are visitors completing the goals we want them to?

> **Note**
>
> Read more about this in the User experience design chapter.

3. A wide range of data tells us about the **user experience**. What are the patterns of user behaviour? How can we influence them so that we achieve our objectives?

Behaviour

Web users' behaviour can indicate a lot about their intent. Looking at referral URLs and search terms used to find the website can tell you a great deal about what problems visitors are expecting your site to solve.

Some methods to gauge the intent of your visitors include:

- **Click density analysis**: Looking at a heatmap to see where users are clicking on the site and if there are any noteworthy 'clumps' of clicks such as many users clicking on a page element that is not actually a button or link.
- **Segmentation**: Selecting a smaller group of visitors to analyse, based on a shared characteristic for example, only new visitors, only visitors from France, or only visitors who arrived on the site by clicking on a display advert. This lets you see if particular types of visitors behave differently.
- **Behaviour and content metrics**: Analysing data around user behaviours for example, time spent on site, number of pages viewed, can give a lot of insight into how engaging and valuable your website is. Looking at content metrics will show you which pages are the most popular, which pages users leave from most often, and more providing excellent insight for your content marketing strategy, as well as discovering what your audience is really interested in.

> **Note**
>
> Analytics data cannot give you a definitive answer to why users behave a certain way. It does provide plenty of clues about intent, it's up to you to put the pieces together.

A crucial, often-overlooked part of this analysis is internal search. Internal search refers to the searches of the website's content that users perform on the website. While a great deal of time is spent analysing and optimising external search such as using search engines to reach the website in question, analysing internal search goes a long way to exposing weaknesses in site navigation,

determining how effectively a website is delivering solutions to visitors, and finding gaps in inventory on which a website can capitalise.

Consider the keywords a user may use when searching for a hotel website, and keywords they may use when on the website.

Keywords to search for a hotel website may be:

- Cape Town hotel
- Bed and breakfast Cape Town.

Once on the website, the user may use the site search function to find out more. Keywords they may use include:

- Table Mountain
- Pets
- Babysitting service.

Analytics tools can show what keywords users search for, what pages they visit after searching, and, of course, whether they search again or convert.



Figure 9.1.4.1: Site search information on Google Analytics *Adapted from Screenshot, Google, 2017*

Outcomes

At the end of the day, you want users who visit your website to perform an action that increases your revenue. Analysing goals and KPIs indicates where there is room for improvement. Look at user intent to establish if your website meets users' goals, and if these match with the website goals. Look at user experience to determine how outcomes can be influenced.

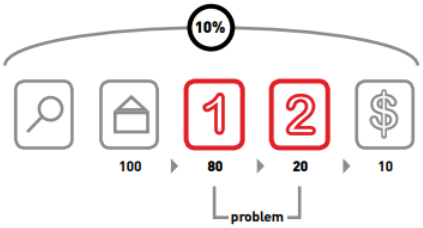


Figure 9.1.4.2: Reviewing conversion paths can give you insight into improving your website *Adapted from Stokes, 2013*

After performing a search, 100 visitors land on the home page of a website. From there, 80 visitors visit the first page towards the goal. This event has an 80% conversion rate. 20 visitors take the next step. This event has a 25% conversion rate. Ten visitors convert into paying customers. This event has a 50% conversion rate. The conversion rate of all visitors who performed the search is 10%, but breaking this up into events lets us analyse and improve the conversion rate of each event.

User experience

To determine the factors that influence user experience, you must test and determine the patterns of user behaviour. Understanding why users behave in a certain way on your website will show you how that behaviour can be influenced to improve your outcomes. This is covered in the next chapter on Conversion optimisation.

Funnel analysis

Funnel analysis is crucial to understanding where problems in a conversion process lie, and helps you to track whether your website is achieving its ultimate goal. The process of achieving that goal can be broken down into several steps. These are called events or micro-conversions. Analysing each step in the process is called funnel analysis or path analysis.

For example, on a hotel booking website, the ultimate goal is that visitors to the site make a booking on the website with a credit card.

Each step in the process is an event that can be analysed as a conversion point.

Event 1: Perform a search for available dates for hotels in the desired area.

Event 2: Check prices and amenities for available hotels.

Event 3: Select a hotel and go to checkout.

Event 4: Enter personal and payment details and confirm booking (conversion).

One naturally expects fewer users at each step. Increasing the number of visitors who progress from one step to the next will go a long way to improving the overall conversion rate of the site.

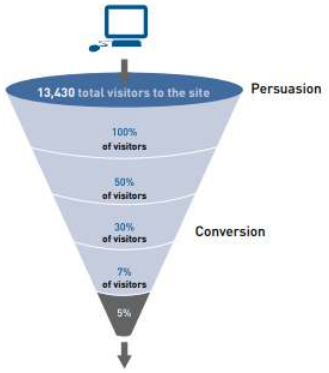


Figure 9.1.4.3: A conversion funnel *Adapted from Stokes, 2010*

Note

Here are some examples of possible objectives, goals and KPIs for different websites.

Hospitality eCommerce site, such as www.expedia.com

- **Objective**: Increase bookings
- **Objective**: Decrease marketing expenses
- **Goal**: Make a reservation online
- **KPIs**:
  - Conversion rate
  - Cost per visitor
  - Average order value.

News and content sites, such as www.news24.com

- **Objective**: Increase readership and level of interest
- **Objective**: Increase time visitors spend on website
- **Goal**: A minimum time on site
- **KPIs**:
  - Length of visit
  - Average time spent on website
  - Percentage of returning visitors.

KPIs help you to look at the factors you can influence in the conversion process. For example, if your objective is to increase revenue, you could look at ways of increasing your conversion rate, that is, the number of visitors who purchase something on your site. One way of increasing your conversion rate could be to offer a discount. So, you would have more sales, but probably a lower average order value. Or, you could look at ways of increasing the average order value, so that the conversion rate would stay the same, but you would increase the revenue from each conversion.

Once you have established your objectives, goals and KPIs, you need to track the data that will help you to analyse how you are performing, and will indicate how you can optimise your website or campaign.

Segmentation

Every visitor to a website is different, but there are some ways in which we can characterise groups of users, and analyse metrics for each group. This is called segmentation.



Figure 9.1.4.4: Default segments in Google Analytics *Adapted From Screenshot, Google, 2017*

Some segments include:

Referral source

Users who arrive at your site via search engines, those who type in the URL directly, and those who come from a link in an online news article are all likely to behave differently. As well as conversion rates, click path and exit pages are important metrics to consider. Consider the page that these visitors enter your website from, can anything be done to improve their experience?

Landing pages

Users who enter your website through different pages can behave very differently. What can you do to affect the page on which they are landing, or what elements of the landing page can be changed to positively influence outcomes?

Connection speed, operating system, browser

Consider the effects of technology on the behaviour of your users. A high bounce rate for low-bandwidth users, for example, could indicate that your site is taking too long to load. Visitors who use open source technology may expect different things from your website to other visitors. Different browsers may show your website differently, how does this affect these visitors?

Geographical location

Do users from different countries, provinces or towns behave differently on your website? How can you optimise the experience for these different groups?

First-time visitors

How is the click path of a first-time visitor different from that of a returning visitor? What parts of the website are most important to first-time visitors?

In-page heat maps

Software such as Crazy Egg (www.crazyegg.com) can show you exactly where users click on a web page, regardless of whether they are clicking on links or not.



Figure 9.1.4.5: Heat map options offered by Crazy Egg *Adapted From Designmodo, 2014*

It produces information that helps you to know which areas of a website are clickable, but which attract few or no clicks, and which areas are not clickable but have users attempting to click there. This can show you what visual clues on your web page influence

where your visitors click, and this can be used to optimise the click path of your visitors.

There are many factors that could be preventing your visitors from achieving specific end goals. From the tone of the copy to the colour of the page, anything on your website may affect conversions. Possible factors are often so glaringly obvious that one tends to miss them, or so small that they are dismissed as trivial. Changing one factor may result in other unforeseen consequences and it is vital to ensure that you don't jump to the wrong conclusions.

Hotjar (www.hotjar.com) another popular analytics tool, demonstrates how heatmaps can help you improve your web page. You can find more information here: https://www.hotjar.com/heatmaps

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9.1.5: Data Visualisation

In the Data-driven decision making chapter, we discussed the importance of reporting on data and making sure that the information gets to the right users, in the right way. Not everyone is adept at understanding a detailed financial breakdown, and analytics reports often intimidate people, so how can a data-focused marketer present information in a way that's accessible to everyone?

The answer lies in data visualisation, which involves placing data in a visual context to help users understand it. Data visualisation software can help demonstrate patterns and trends that might be easily missed in purely text-based data reporting. It can refer to something as simple as an infographic, or something as complex as a multi-point interactive program that lets users decide what to compare.

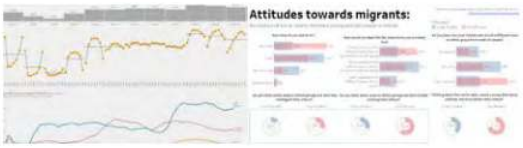


Figure 9.1.5.1: Traditional graphs and charts to represent data. *Adapted From Public Tableau, 2017*

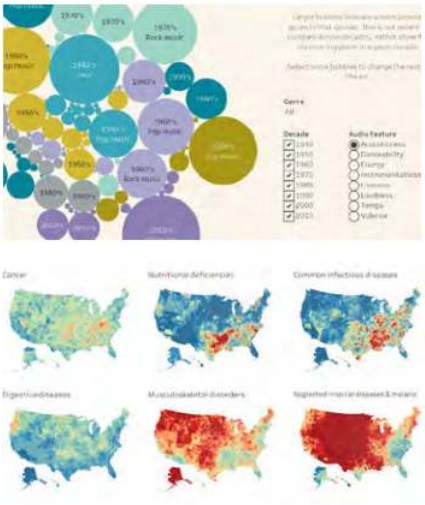


Figure 9.1.5.2: Representing data in different ways *Adapted From Public Tableau, 2017*

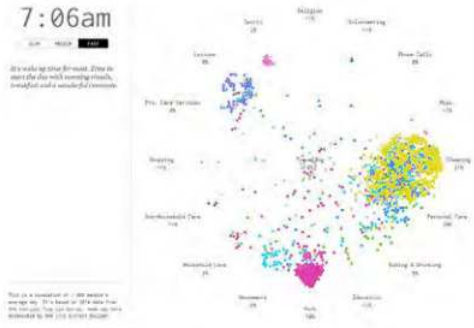


Figure 9.1.5.3: Clever use of the layout of a clock and plotting points for representing what Americans spend their time doing each day *Adapted From Scribble Live, 2015*



Figure 9.1.5.4: Word clouds are becoming popular ways to visualise data, where the size of the word represents its importance or frequency *Adapted From Peekaboo, 2012*

Many data visualisation online are also interactive. Visit this link to see an interactive data visualisation about voting habits of Americans: https:// www.nytimes.com/interactive/2016/06/10/upshot/voting-habits-turnoutpartisanship.html

For a good lesson in data visualisation, including how to start using it, check out this article from SAS: Data Visualization: What it is and why it matters - https:// www.sas.com/en_za/insights/big-data/data-visualization.html.

It can be challenging to decide on what data you want to visualise and the information you want to communicate, but as long as you know how your audience is likely to process visual information and what they need to know, you should be able to choose something that conveys the necessary information simply.

Note

For some tips on how to begin with data visualisation, take a quick look at some tools and some more resources on the topic. The Guardian actually has a remarkably useful article: https:// www.theguardian.com/ global-developmentprofessionalsnetwork/2014/ aug/28/interactiveinfographicsdevelopment-data

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9.1.6: Advantages and challenges

Tracking, analysing and optimising is vital to the success of all marketing efforts. Digital marketing allows easy and fast tracking, and the ability to optimise frequently. When you use real data to make decisions, you're likely to make the best choices for your business and website.

However, it can be easy to become fixated on figures and metrics, instead of looking at broader trends and using them to optimise campaigns. Generally, macro or global metrics should be looked at before analysing the micro elements of a website.

Testing variables is vital to success. Results always need to be statistically analysed, and marketers should let these numbers make the decisions. Never assume the outcome, wait for the numbers to inform you. The next chapter covers this in much more detail.

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SECTION OVERVIEW

9.2: Conversion Optimization

Learning Objectives

In this chapter, you will learn:

- Which digital marketing tactics you can test and improve.
- How to pick the right test for your goals and purpose.
- How to perform conversion optimisation step by step to improve the effectiveness of your online marketing efforts.

9.2.1: Introduction

9.2.2: What can you test?

9.2.3: Designing tests

9.2.4: Step-by-step guide to conversion optimisation

9.2.E: Conversion Optimization

9.2.S: Conversion Optimization(Summary)

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9.2.1: Introduction

Let’s look at a real-world example to help explain what conversion optimisation is. Think of a shoe store. When laying out the store, a lot of care has been taken in determining where to place displays, mirrors, chairs and the till. However, there is no way of easily determining if the current layout is the best option.

For example, the till may be at the front of the store. It may be worth testing to see if moving the till to the middle of the store affects sales. This would require tracking sales over a period of time with the till in the front of the store, then shutting down for a few days while the store is reorganised, and then tracking sales with the new layout, all a little impractical.

However, if we have an online store, we can just show slightly, or very, different versions of web pages to visitors, and track how different versions affect sales. We don’t need to shut down our website to create new versions, and we can watch the real-time results emerge as hundreds of customers pass through the store. The cycle of tweaking and testing websites in this way is called conversion optimisation. This chapter will take you through the steps in a conversion optimisation process, helping you understand how to make things work better.

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9.2.2: What can you test?

The short answer: everything! However, there are some good tactics to start testing.

Email marketing

The most obvious place to start testing your email marketing is with subject lines. A simple split test will help you to determine which version of a subject line improves open rate. Within an email, you can test your call to action copy to see how you can improve clickthrough rates. Email is also a good medium to test different kinds of offers to see how they influence sales. These can be combined with testing different types of content: long copy versus short copy, or images versus video.

You can also test delivery days and times for your email, either with a split test or by testing with your whole group at different times of the year.

Display and search advertising

There are many different conversion points you may want to test with advertising. You can test to see how different adverts may improve clickthrough rate, or you can test to see how different adverts affect the conversion rate of the traffic coming to your website.

Different calls to action in the adverts can be tested, as well as different headlines. When it comes to display advertising, completely different versions of banner adverts can be tested.

Most Ad Servers, including Sizmek (www.sizmek.com) and Google's AdWords, have built-in testing. This means that no additional code is required in order to run tests. In most cases, the Ad Server will also serve adverts based on the results of the test, so that the better-performing advert is given preference over time.

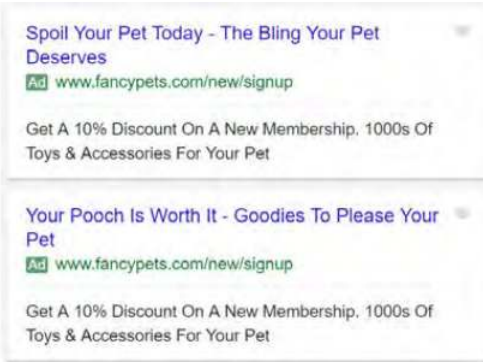


Figure 9.2.2.1: Two search ads with different headlines *Adapted From Screenshot, Google, 2017*

Social media

If you are broadcasting or distributing messages via social media, you should test your messages to see which perform better. Usually, you will be testing to see how you can increase engagement, whether that's replying to messages, liking Facebook posts, retweeting posts shared on Twitter, or clicking through on links shared.

Types of messages can be tested to see which increase interactions. Some options to try are direct questions, shared links, overt requests to take an action, or other messages to generate engagement. Types of media can be tested, such as images versus video. Time of day or day of the week can also be tested, to see how these affect interactions.



Figure 9.2.2.2: Facebook Insights showing what kinds of social media posts make the biggest impact on your followers? *Adapted From Buffer, 2017*

It can be trickier to test social media messages scientifically, as the environment is difficult to impossible to control.

Landing pages

A landing page is the first page a visitor sees on a website. In some web analytics packages, it is referred to as an entrance page. Any page of your website could be a landing page, especially if users are coming to your website via search engines.

However, when you are running online campaigns that utilise tactics such as email marketing or online advertising, you often send visitors to a specific landing page. Because you choose the page that visitors see first, you have an opportunity to craft a page that converts. There are many things you can test on landing pages.

- **Heading**: Different headings can make your visitors behave differently.
- **Copy**: Style, tone, layout and length of copy can all be tested, as well as things like the font size.
- **Call to action**: Different calls to action could increase actions.
- **Colour**: Test the colours of buttons, green and red are two common choices to try.
- **Images**: Ddifferent images can have an impact on conversions.
- **Offer**: Don't forget, you can also test different types of offers on a landing page or word the same offer differently.

eCommerce

There are many things you can test on eCommerce websites, but the most obvious are to test your product pages and your checkout process. With eCommerce, you are usually testing to increase your conversion rate (when more consumers buy from you), or to increase your basket size (when consumers buy more from you). As your testing becomes more sophisticated, you will hopefully be achieving both.

On product pages, you should be testing to see how you might encourage users to start the purchasing process. Some things to test include:

- **Images**: Images of different sizes, or entirely different image content, could make a big difference.
- **Call to action**: Seeing the words 'Add to cart' or 'Buy now' may affect shopper behaviour.
- **Shipping information**: Test to see whether displaying shipping costs before actual checkout affects the volume of customers starting the checkout process, as well as its effect on completing the purchase.
- **Credibility information**: Do 'secure shopping' badges affect conversion rate?

Product pages are also a good place to test how you might increase basket size. You can test displaying complementary or similar products. If you spend time on Amazon, you'll see that they display items that customers bought together, suggesting you should do the same.

The checkout process is incredibly important to test. Often, an online purchase takes place over several screens, or steps. Instead of looking at the overall conversion rate, you should be looking at the conversion rate between steps. This is referred to as funnel analysis.

If possible, you should test a single-page checkout versus the multi-page approach. Test credibility and reassurance statements in the checkout process. Font size can also have an effect on conversions.

The above should give you an idea of where you can start with your conversion optimisation, but it is by no means an exhaustive list.

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9.2.3: Designing tests

To design tests successfully, you need to know what you can test, how you can test, and what sort of time periods you are looking at for testing. If it's your first time doing conversion optimisation, you should start with simple and quick tests, to get a feel for the process before embarking on more complicated tests.

Types of tests

When we talk about conversion rate optimisation, we are usually referring to running split tests. A split test is one where we show different versions of a web page to groups of users and determine which one has performed better.

We can run A/B tests. Here each version being tested is different from all the others. A/B tests always involve just two versions of what is being tested: the original and an alternative.

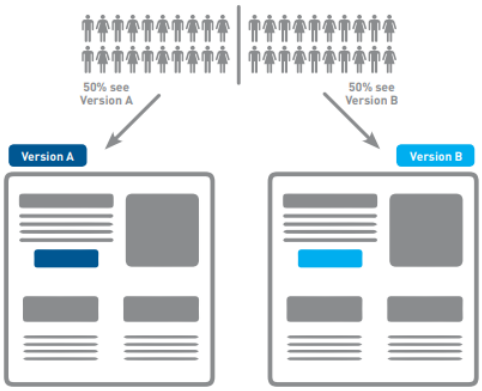


Figure 9.2.3.1: A/B testing explained visually *Adapted From Explore Web Solutions, 2013*

A/B tests are ideal for an initial foray into conversion optimisation, as they can be easy to set up. If you are running just one alternate and the original, it can also mean that you get a quicker result. When conducting A/B testing, you should only change one element at a time so that you can easily isolate what impact each factor has on your conversion rate.

We can also run multivariate tests, sometimes referred to as MVTs. Here, a number of elements on a page are tested to determine which combination gives the best results. For example, we may test alternative headlines, alternative copy and alternative call to action buttons. Two versions of three elements mean that we are testing eight combinations!

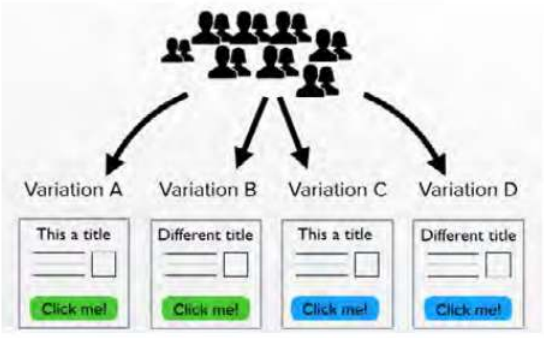


Figure 9.2.3.2: Multivariate testing combines a variety of elements *Adapted From Working Homeguide, 2014*

Multivariate tests can be more complicated to set up, but allow you to test more elements at once. Multivariate tests are ideal when you have large traffic volumes. If traffic volumes are not very high, it can take a very long time to reach a statistically significant result, especially if there are many combinations being tested.

Length of tests and sample size

Several factors determine which tests you can run. Relatively simple calculations help you to determine how long a test is likely to take, which is based on the number of participants as well as the improvement in conversion rate. We've included some sample size

calculators in Tools of the trade, in section 20.6 of this chapter.

Number of participants

The number of participants in the test is determined by how many users actually see the page being tested, as well as what percentage of your potential customers you want to include in your test.

The number of users who see the page being tested may not be the same as the number of visitors to your website. You'll need to use your data analytics to determine the number of users viewing that specific page. Of course, if you are running advertising campaigns to direct traffic to the page being tested, you can always spend a bit more money to increase the number of users coming to that page.

You also want to determine what percentage of users will be involved in the test. In a simple A/B test, if you include 100% of your visitors in the test, 50% will see version A and 50% will see version B. If you include only 50% of your visitors in the test, this means that 25% of your overall visitors will see version A, and 25% will see version B. Including 100% of your visitors will give you results more quickly. However, you may be concerned that your alternative version could perform worse, and you don't want to compromise your performance too much.

Change in conversion rate

While this is not something you will know upfront, the percentage change in conversion rate also affects the length of a test. The greater the change, the more quickly a statistically significant decision can be made.

Number of variations

The more variations you have, the longer it will take to determine which combination performs the best.

These factors can then be used to calculate the suggested length of time for a test to run. There are several online calculators that do this for you. A good one to try is this one, offered by Visual Website Optimizer: visualwebsiteoptimizer.com/ab-splittest-duration.

Estimate Test Duration	Scenario 1	Scenario 2	Scenario 3	Scenario 4
# Test combinations	2	2	2	3
# Page views per day	200	200	300	350
% Visitors in experiment	100	100	50	50
% Current conversion rate	30	30	30	30
% Expected improvement	20	40	20	30
Days Duration	4.01	1.04	5.35	4.22

Figure 9.2.3.3: Small changes can affect your online testing *Adapted From Stokes, 2013*

It is usually preferable to test bigger changes or variations, rather than very small changes, unless you have a very large audience.

Designing for analysis

The purpose of running tests is to improve performance. To do this, you analyse your results against what you expected to find and then choose the option that performed better. This sounds simple, but how do you know what counts as better enough to warrant a change? Is it one more click than the other option, three more clicks, or should one perform 25% better than the other? You also need to think about chance: how certain are you that the differences in your results were not just coincidental? These can be tricky questions.

To determine which option in your split test did better, set parameters and assess the statistical significance of your results. In statistics, we create a null hypothesis. For split tests, the null hypothesis is that there is no difference between the performance of the two options and any difference recorded is due to chance. You then use statistics to calculate the p value, which shows whether the difference was likely due to chance (or not). If the difference is significant, it is probably not due to chance. Generally, to be significant, the p value should be less than or equal to 0,05, indicating a less than 5% probability that the difference in performance between the two options was due to chance.

You do not have to be able to perform the complex statistical calculations. Handy tools like VWO's split test significance calculator will do this for you. All you have to do is enter the number of users that visited your control version and the number of conversions, as well as the number of users that visited the variation and the number that converted. The calculator then provides your p value

and states whether your test is significant enough to change to the variation. You can find the calculator here: https://vwo.com/ab-split-test-signif...ce-calculator/

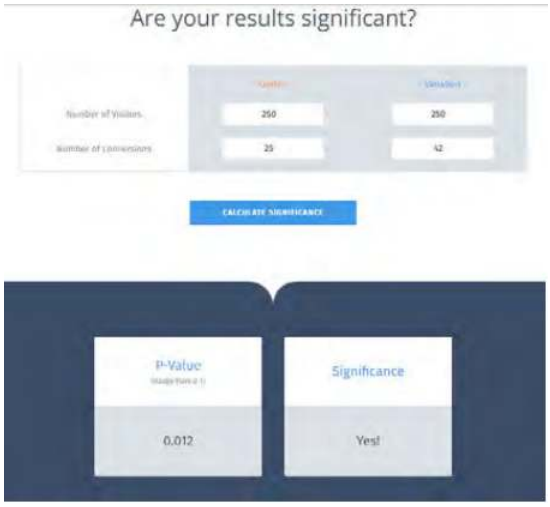


Figure 9.2.3.4: The results from VWO's significance calculator *Adapted From VWO, 2017*

When designing your tests, it is important to consider the null hypothesis and set the parameters for significance. By keeping these aspects in mind, you will develop tests that allow for clearer and easier analysis, which will make the whole testing process that much more effective.

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9.2.4: Step-by-step guide to conversion optimisation

Proper planning is important to achieving success with your conversion optimisation. Whatever the outcome of your test, if you've planned and documented carefully, you'll always learn something.

The basic approach to conversion optimisation is:



Figure 9.2.4.1: The Conversion optimisation process

Step 1. Gather data

The very first step is to gather data about the site you are testing so that you can make smart decisions about what to test and how. There are many sources that can be used, depending on the nature of the site that you are testing. Of course, you also need to know the business for which you are testing, what do you want website visitors to do?

- **Analytics data**: Existing web analytics data can be used to determine which pages in your site should be tested. You can also gather data about particular pages on your site using tools such as Crazy Egg (www.crazyegg. com) or ClickTale (www.clicktale.com).
- **User data**: User labs or simple site surveys (www.kissmetrics.com is a useful tool for these) can also be used to add qualitative data to the quantitative data gathered using web analytics tools.



Figure 9.2.4.2: A KISSmetrics' Lead funnel report that shows conversion rate *Adapted From G2Crowd, 2017*

- **Customer service data**: If you are running tests for a site where users also speak to customer service, you can gather data about the site from customer service representatives. They should have information on common reasons why visitors make a phone call. Your CRM system may also hold some valuable data.

Step 2. Analyse

Having gathered data, you need to analyse it intelligently so that you can start designing tests. There are some key questions that you need to answer at this stage.

What should users be doing on the site?

This is where you look at the actual conversion. Usually, this is an action taken by a user that increases revenue for a business. There are obvious conversions to look at, such as placing an order or completing a lead generation form. However, it can also be useful to understand less obvious conversions, or micro-conversions.

You could run a test to see what would reduce the bounce rate of a page. The aim of an online bookstore is to sell books, but they could also test to increase newsletter signups, and focus on selling books later. Micro-conversions can also refer to the path to conversion. Often, there are established steps a visitor should take in the conversion process. Conversion optimisation can look at each step. The Visitor Flow report in Google Analytics can be a great help in providing this insight. Knowing what actions or conversions you are testing is about knowing the business and its website well.

Who is coming to the site, and why?

To understand who is coming to the website, and why, you need to look at data that tells you about your visitors and about how they got to your website. Visitor information includes their location and richer demographic information, such as age and income, if available. Another key point to look at is the type of device they use, desktop, tablet, or mobile phone, for example.

To understand why these visitors come to your website, you need to be able to analyse your sources of traffic. The search keywords sending you traffic should tell you something about the intent of your visitors, for example.

What are they doing on your site?

Of course, now you need to understand what your visitors are doing, and why they're not doing what you want them to do. Here you need to look at metrics such as bounce rate and exit rate for important pages. As well as examining your overall conversion rate, look at the steps in the process and see where those drop offs occur.

Look at which page is the most visited landing page, especially as this may not be the home page. Look to see which pages are exit pages, and determine if those should be the last pages a user sees on your site. You can use internal site search information to see if visitors are looking for particular information on your website.

Step 3. Fix anything that's broken

As part of your analysis, you may have identified problems that can be fixed without testing. Before you continue, fix these! You should also try to understand if there is traffic coming to your site that is not relevant, and try to segment that traffic from your calculations.

For example, if you have a beautifully designed website that sells custom couches, but is featured in a website design gallery, you may get a lot of traffic that is coming only to look at your site, and not to buy couches.

Step 4. Design tests

By now you should know what areas of your site need testing, so it's time to design tests.

Wishpond (2016), provides

The 3 Step formula for creating an A/B Testing Hypothesis. These are:

Step 1: Conversion problem

Why aren't people converting?

Step 2: Proposed solution

What tests can be run to fix the conversion problem?

Step 3: Impact statement

How do you anticipate your proposed solution will affect the conversion problem.

You now have a sound A/B testing hypothesis.

Step 5. Run tests

Implement the tracking code needed to run your tests. Most testing software uses cookies to ensure that return visitors see the same version of the test they saw initially. You will also need to put tracking code on your conversion page. Before taking your test live, test to make sure that the tracking code does not conflict with any other code on your website.

If everything checks out, take your test live, and wait for the data to be collected. Check in regularly to see how the test is proceeding, and wait for a statistically significant outcome.

Step 6. Report and repeat

When you have a result, it's time to report on it. Refer back to your null hypothesis to determine if the outcome was as expected and if it was statistically significant. In your report, you should include why things went as expected, or why not.

Implement the better-performing solution, and plan your next test. There is always something you can improve.

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9.2.E: Conversion Optimization

Case study questions

1. Why did Tinkoff bank try two different variations for the first two tests?
2. Why was testing so important in this case?
3. Discuss why the winning variation outperformed the others in each case.

Chapter questions

1. Describe a situation where an A/B test would be more suited as a data-gathering method than a multivariate test.
2. What is a conversion rate, and why is it so important to marketers?
3. What can you test on an eCommerce product page? List three examples.

Further reading

www.grokdotcom.com – FutureNow's GrokDotCom offers commentary, case studies and conversion optimisation best practice.

www.whichtestwon.com – Anne Holland's Which Test Won shows case studies where you can guess the result, and compare your prowess to that of other visitors.

Always Be Testing: The Complete Guide to Google Website Optimizer by Bryan Eisenberg, John Quarto-von Tivadar and Lisa T. Davis

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9.2.S: Conversion Optimization(Summary)

Conversion optimisation is the process of testing to increase the conversions from a website or digital campaign. A conversion can refer to any action that a web visitor takes. Tests are either A/B tests, or multivariate tests. It's important to understand the business and customers, so you can create appropriate, useful tests.

The basic approach to conversion optimisation is:

1. Gather data
2. Analyse data
3. Fix anything that's broken
4. Design tests
5. Run tests
6. Report and repeat.

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