

Marketing Management - II
Prof. Jayantha Chatterjee
Dr. Shashi Shekar Mishra
Department of Industrial and Management Engineering
Indian Institute of Technology – Kanpur

Lecture No. W7-L6
Digital Marketing Communication

Hello! Welcome to the last session the sixth session of the seventh week of our course on marketing management advanced concepts in this week VII. We have been discussing about the integrated marketing communication strategy. We have looked at different forms of marketing communication the P the fourth P which is short for promotion but under that as Integrated Marketing Communication.

(Refer Slide Time: 00:45)



We have looked at advertising, we have looked at sales promotion, we have looked at direct selling or personal selling, we have looked at events and various forms of direct and indirect marketing communication personal and as well as a product based marketing communication. During that process, I had talked about in few of the sessions about the different emerging channels media for marketing communication particularly using information and communication technology.

So, over the web over your smart phone the marketing communication evolution and that will be our topic for a little bit more detailed discussion in this session.

(Refer Slide Time: 02:15)

Digital Marketing

ISSUES IN MARCOM

7/28/2016

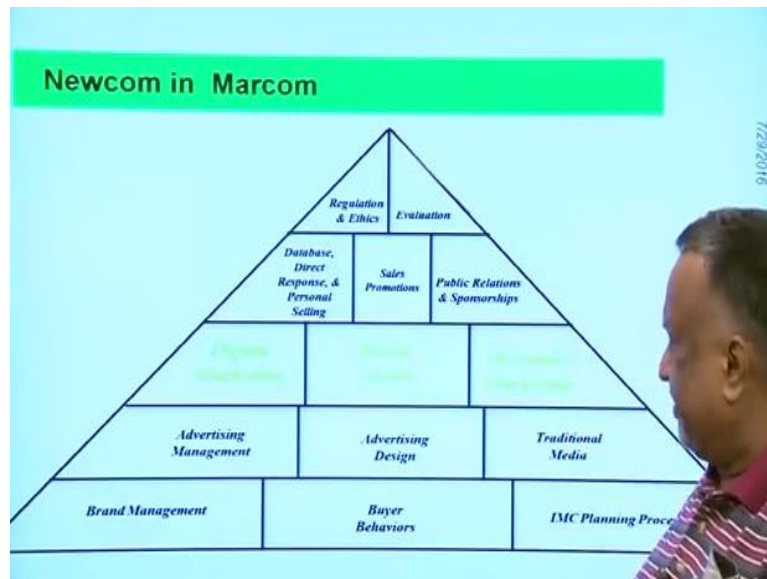
1. What is digital marketing?
2. How has the transition to Web 4.0 affected the field of marketing communications?
3. How can e-commerce programs and incentives build a stronger customer base and overcome customer concerns at the same time?
4. How do mobile marketing systems enhance digital marketing programs?

So, digital marketing issues in marketing communication to understand we have to look some of the questions that what is digital marketing or what is the so-called web 4.0 what is web 1.0 and what is today web 4.0. And how can E-commerce programs and incentives build a stronger marketing communication, stronger customer base and also address customer concerns and lastly marketing mobile marketing systems.

And that enhance the digital marketing potential and then there are issues like, what digital strategies do marketing professionals employed I mean, how our digital marketing strategy is different with respect to marketing communication. We digital marketing by itself is a very interestingly, rapidly expanding subject we are only going to look at digital marketing aspects with respect to marketing communication.

But that is a very significant part of possibilities new possibilities of digital marketing and then advertising, we have discussed but web advertising is it different from TV advertising? Is it different from print advertising? in what way what is the interesting search engine optimization strategy? That we briefly discussed in one of the previous sessions. But I want to spend a little bit more time on that question today. So, a digital marketing and marketing communication using digital technologies open up various new possibilities.

(Refer Slide Time: 04:33)



But to understand that I think we should look at this particular diagram where, I have tried to position it within the overall structure. So, you see, at the base on which the entire this whole integrated marketing communication whole the main concepts are based our brand management, buyer behavior and the integrated marketing communication planning process.

Then on top of that, we have advertising management, advertising design and traditional media and earlier on top of that we would have got database direct response and personal selling sales promotion and public relation and sponsorships. So, this is kind of a hierarchy and so the size means that advertising still occupies a very large attracts a lot resource and that occupies a very large space in the overall strategy canvas.

Now between this advertising layer and these sales promotions database public relations. We have inserted these three blocks digital marketing social media and alternative marketing. Alternative marketing's will are other interesting topics if I find time next week maybe I will talk about it, otherwise we are now going to focus on these two blocks digital marketing and social media in the context of this overall different other techniques for marketing communication.

(Refer Slide Time: 06:36)

Web 1.0 to Web 4.0

- Web 1.0
 - Static content provided by creator
 - Dominated by institutions and businesses
 - Commercially and technically based
- Web 2.0
 - Content is socially-based and audience generated
- Web 3.0
 - Content driven by online metrics
 - Integration of content and communications
 - Instant real-time communications
- Web 4.0
 - Customer engagement
 - Cloud operating systems
 - Web participation a necessity

So, let me first talk about this web 1.0 to web 4.0. Initially internet was only informational so static content provided by website creators and it was dominated by institutions and businesses and it was commercial information, technical information. So, it was more like a catalogue which instead of being in a physical form was available in an electronic form on a screen. So as I said at that stage web 1.0 was informational only.

And it was very static usually then came web 2.0 web 2.0 became transactional from informational. So, it allowed a content creation by the consumer and therefore, things like face book or twitter these are all examples of web 2.0 so web 2.0 blended communication from the organization or from the marketer with communication, from the consumer and in many cases, it was consumer to consumer communication in the context of certain marketing issues.

So, when customers talked about a particular hotel and that was viewed by other customer that was the customer to customer communication in the context of marketing of the hotel service. Similarly, for a camera or a mobile phone or a laptop or a tablet in all these cases in web 2.0 customer to customer communication blended with business to consumer or business to communication.

Then we had a brief period of web 3.0 where the contents where content and customer communication were integrated. As, in web 2.0 but what happened was here based on online real-time metrics and various kinds analytics, instant real-time communication took place

between the company and between the business and the consumer or from one business to the other business.

So, web 3.0 vastly improved the response time in answering customer queries and therefore, it almost became like a virtual shopping assistant or the floor managers in traditional supermarkets or stores. And then of course, we are today in web at in the area realm of web 4.0 where customers are engaged in a far more intensely. So, customer query, answer to customer queries, almost builds stage by stage a particular sales episode.

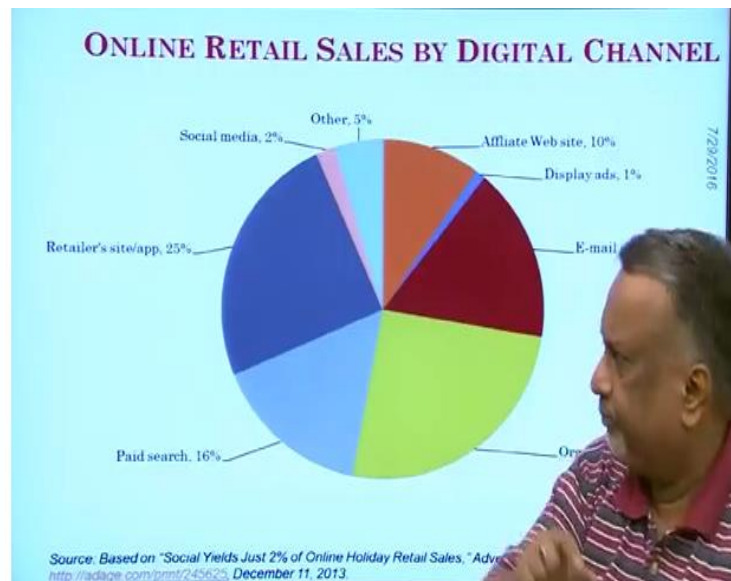
So, all those stages that we discussed about awareness and interest and desire and finally the purchase action, they are now almost becoming a flow rather than discreet stages. And they can all happen almost in real time just as it used to happen in across the counter sales situation or a supermarket sale situation or a fashion store sale situation. So, all the conversation, all the knowledge transfer, all the questions and answer, all those now can happen in real time.

And using cloud based systems, you can actually start a conversation on your computer, you can carry the conversation on your Smartphone and then you reach your office and continue to have the conversation and multiple persons can participate in that conversation. So even, group decision making for purchases all that are now feasible quite easily. So, the customer engagement can become far more intense.

So, it is not like we to them type of thing B2C, it is now be to C2C. They can all get quite well blended so, participation is the key in web 4.0 and today's marketing communication. So, marketing communication earlier, we I think I discussed it yesterday that if in that Aida or other that hierarchy of effect model. If we could bring the customer to the store or if we could actually take the customer through the Aid stage.

That means them a generator desire then earlier marketing communication was not so much responsible for the final purchase action that we left to the point of sale activities or communication the other part of marketing communication, which was at the point of sale which relied upon salesmanship which relied upon person to person selling today. Because of this web 4.0, the marketing communication has become almost, seamless with the final purchase action so it is a flow.

(Refer Slide Time: 13:19)



Now some interesting statistics will be pertinent here that though we are talking about this emerging online situation. But that this research from 2013 you will see that the impact of social media on retail sales is still at the level of about 2% major chunks the marketing communication, marketing activity, final purchase is related to almost seventeen percent of that is happening through email marketing.

The organic search that means, the customer generated search is about 26% and paid search which means you know the where one marketer is paying to another marketer to create interest, to create questions kind of think that you will have when you know people are see looking for the latest cricket score at the same time there will be certain such queues or links that will be provided.

So those are different examples of paid search and the retailers site, website, where people will go and such for something and use some of their application hosted application. So that, is another twenty five percent so between organic search means where people are searching by themselves for certain information and the activities they perform at the retailer site and using their application that is almost accounts for more than 50%.

But even though today, the social media where the customer to customer, consumer to consumer communication plays a major role or the it is expected that this will fast very rapidly expanded in successful e-commerce.

(Refer Slide Time 15:50)

SUCCESSFUL E-COMMERCE BRAND ENGAGEMENT

- Opportunities for engagement
- Blogs, reviews, social media
- Reviews and feedback
- Personalization and customization
- Offline and online advertising

You know the brand becomes a much more alive. The brand is not directly, so directly felt by the customer and the customer is influenced by the brand that but the entire brand imaging, image building, brand salience building, exercise fundamentally operates at the background where the customer goes the preference or choice making is influenced by the brand salience in his or her mind at the back. But in case of E-commerce the brand is a much more alive and frontline topic.

Because this personalization, customization, offline, online, blending other customers reviews and feedback. So, the brand is kind palpable evolving changing. You may have a very high option of a brand then you go to a website looking for your booking in a hotel whose brand is high in your mind. But then you see different kinds of reviews by other consumers so your evaluation of the brand can change quite rapidly.

Because of the almost real-time influence of today's technology also I will touch upon this mobile marketing mostly using smart phone. So today smart phones has become kind of a social device people are glued to the screen in most countries today. And today even India if, you are traveling in the metro or in a bus daily travel commuting you will that most of the people are glued to their screen.

The smart phone screen communicating with their friends over face book, over email, over chat, over whatsapp and they use this also to seek immediate information for products. Of course, there is lot of push that happens in the smart phone where interests are generated and people look for the immediate information on a new phone launch and they look at the phone

features over their Smartphone or a new camera or a new computer or a new entertainment occasion or a new movie.

So, all those things happen more and more on the Smartphone and the smart phone and your computer screen they get connected quite easily. Now using cloud technology, so web point 4 therefore makes all these screens almost seamless and you can travel from one to the other you can create a shopping cart on your Smartphone and you can complete the transaction on your computer quite easily.

(Refer Slide Time 19:03)



So, in mobile phone what happens is that therefore display ads search ads and video advertising all these earlier where more happened on the computer. But they are now quite regularly happening on the Smartphone and of course text messaging these are traditional strength area of the phone the new things that are coming at these QR codes digital watermarks.

So where, you can use the phone to scan a barcode and you can easily immediately go to the website of that particular product and get all the information or even the bar code itself will give you a whole lot of product details. And so, you can use your Smartphone as a kind of so encoded information on the product can be expand on the phone screen and that can actually provide lot of communication from the manufacturer to the consumer and influence the process of purchase and this geo targeting.

This is actually local facilities so the phone is sensed by the mobile service network and knowing the customer they will beam the ads or information, on various restaurants or movies or other entertainment opportunities and shopping opportunities on the phone. So, you know that nearby these are the restaurants these are the stores where some big sale is going on or these are the entertainment opportunities near where you are.

(Refer Slide Time: 21:03)



So, these are new possibilities on the phone. So, if, we put together some of these discussions that we have just had we understand that the digital marketing strategy fundamentally is far more interactive. This is the keyword that earlier there was a communication it ad on the TV and that you saw you listen to it. You formed your own impression there was, there were some callback options in TVs through some shows.

But today a message is sent to you over your Smartphone you expand that message on your phone screen or you may go to your computer, your desktop or your tablet and see more details and then that is like your content the communication package, which is the content that you want to transfer to the customer for the customers awareness as well as knowledge for can now happen almost immediately.

So, it is not happening by stage it is no longer a discrete event that means, seeing the TV ad, and then searching for information where two separate events. But now it flows from the through this interactivity and content marketing. And these location based advertising behavioral targeting this is also very easily possible in case of digital marketing because you

are spending pattern through your credit card or your spending pattern using on various occasions can be very easily combined in a database and by analyzing.

We exactly can know that who are the customers, who are likely to buy holiday packages during winter or during summer? Who are the people who are likely to buy a Bombay, Delhi flight ticket? So, if there is a period where the flight are running lean and you want to promote more occupancy then you can immediately tap into the your analytic system and know that who are the people you can possibly appeal to for with some attractive offer for buying more tickets and blogs, newsletters, email, marketing.

(Refer Slide Time: 24:03)



We will discuss these a little bit more. Interactive marketing, I was mentioning that digital marketing the most important point is this interactive marketing. So interactive marketing means two-way communication and involvement between the business and the consumer and often actually it also involves consumer to consumer communication.

As I was mentioning about the hotel sales where there is between the hotel and the consumer and the consumer always reads all the reviews by other consumers for making their final decision for a hotel booking. So, internet is a very good medium for this two-way communication. It can actually also now very easily host multilateral communication for group decisions on a family holiday trip or a holiday trip of friends can be planned together using these today's interactive marketing and personalization of the message.

So, it is quite easy today to almost using the machine the machine will automatically edit the message and match it with yours. So, if you are trying to promote Bangalore to Kolkata flights for people in Bangalore that same message can be edited by the machine without much of human intervention for promoting a Delhi to Bombay flight or for you can use similar sort of structure only change.

The pictures and only change the text and for promoting a holiday in Goa or holiday in Mauritius or holiday and Maldives can this personalization can be done by the machines themselves.

So, the machine and the network so this machine to consumer communication almost autonomously with some structure created by businesses. We will see more and more of that so you walk into a store and the system reads your retina and they know that you are Mr. Chatterjee and it can then the message will come on your phone or it can even speak to you that we have a big sale going on in our shoes departments knowing that this person is likely to buy shoes.

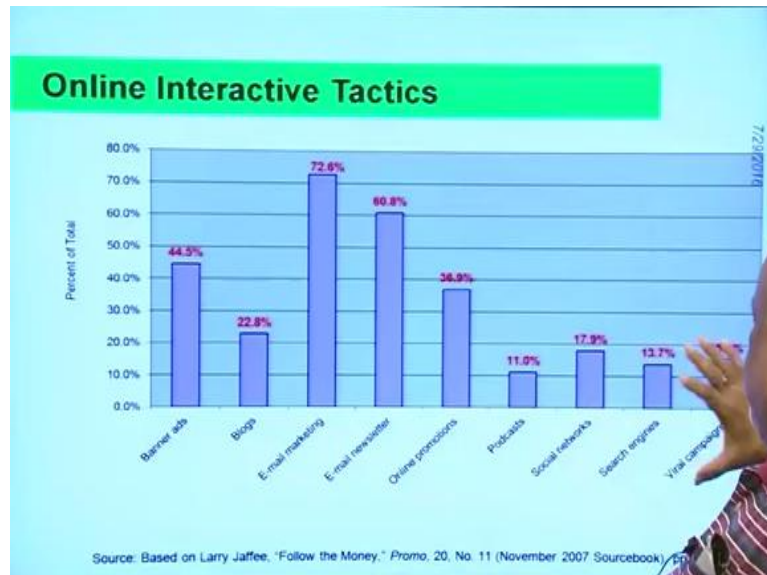
Because he occasionally buy shoes and last time he bought three months back and is today every quarter he buys a pair of shoes and kind of a person or a the person is very fond of ethnic say shirts or the lady is interested in new design costume jewelry these personal messages can be sensed by the system itself and they will beam that message to the person and so read the retina or read the mobile phone presence and will immediately and the system will start telling the target customer about the different attractive propositions that are available in the store.

So, this targeting the individual and engaging the consumer in an conversation which is most likely to attract them. Because it is very pertinent for their search or usual buying pattern this is the big thing that is now coming up that the marketing communication today is playing a far more powerful role in using digital technologies in making purchases happen. It is stimulating new purchases as stimulating the frequency of purchases.

So, people are of course, often criticizing that this kind of stimulated consumption often actually will detrimental to the final interest of the consumer and of the business. And so, this is like, when somebody already has 20 lipsticks to persuade the person to buy 5 more shades.

Whether that is ethical or that is desirable these sorts of questions can be raised because interactive marketing is can play a far more persuasive role and this persuasive power of the new technology of the new media should be carefully exercised and therefore this whole area needs more discussion.

(Refer Slide Time: 29:29)



And today, if we look at the statistics then we can see that the percent of total business the banner ads or at websites still play a major role email marketing, email newsletter, online promotion these play major roles the social networks the podcasts or what we call webinars web based seminars or presentations on the and two people who login for that event influence of those are still not that big but I can say easily that the importance of the channels on this right hand side will rapidly expand as with respect to these things.

The traditional banner ads or email marketing, so these are electronic version of the traditional marketing communication They are not really that much utilizing the power of interactivity, power of persuasion, automated messaging analytics based customized targeted messaging are not happening so much here. But those things will happen more and more on the search engine based, social network based, campaigning and therefore, we will see these percentages shifting more towards this side over time.

(Refer Slide Time: 31:22)

Location-Based Advertising

- Targeting by DMAs (Designated marketing areas), 30%
- Geo-fencing, 27%
- Audience-data targeting, 24%
- Geo-aware advertising, 14%
- City or zip code, 5%

Source: Mark Walsch, "Location-Based Mobile Ads Deliver Best Engagement," www.mediapost.com/publications/article/192780, February 6, 2013.

7/29/2016

Location based advertising I just now discussed about it and this are some percentages coming from very new research that to what extent location based advertising influence what sort of business behavioral targeting I have discussed and I was talking about your credit card spending pattern.

(Refer Slide Time: 31:42)

Behavioral Targeting

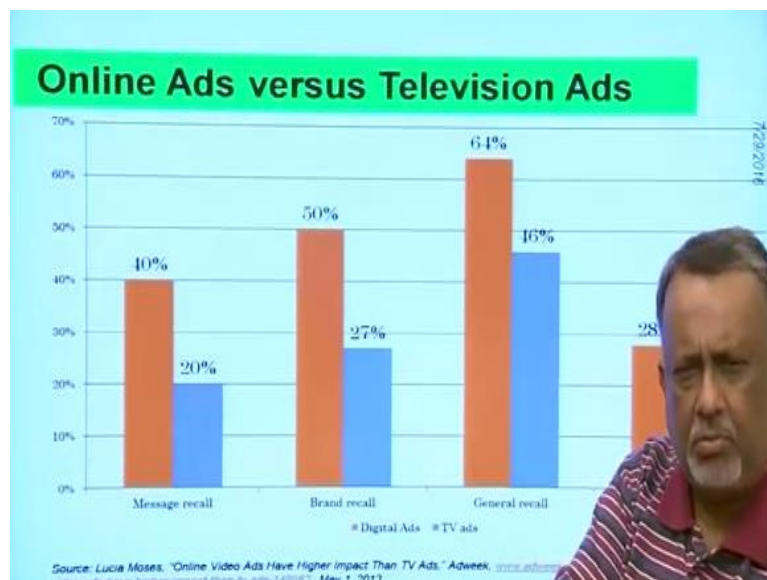
- Uses Web data
- Pages visited on the Internet
- Keyword searches or content read
- Past visitors to a site

7/29/2016

But also, the history of your browsing pages visited on the internet what keywords you have search that is, why search engine based marketing communication has become so important and there are many visits sites today the moment you log on again they will say welcome Mr. Chatterjee welcome Dr. Chatterjee and they will actually immediately present to you some products that you had seen last time.

So, you do not even have to wait to such for the few cameras you had shortlisted last time for further study. So, they will immediately bring to you that comparative chart and you can start your deliberations from that point. You can have certain items short listed as your wish list and you can actually as the system will easily allow you to share that with your family members or with friends for their opinion and so on.

(Refer Slide Time: 33:01)



So, I will conclude to see to show that where the interactivity of digital marketing is making impact and how so you see this is a interesting study of 2013 online ads versus television ads. So, this is a this is a good comparison that this new format marketing communication using digital technology to what extent it is going to replace traditional marketing communication techniques.

So, you see the blue one is about TV ads and the digital ads are in orange. So, message recall the digital ads play a much more stronger role a message recall because remember, I was discussing that because of interactive the digital message as can be personalized, can be targeted can have your name in it and it can talk about a particular camera and saying Dr. Chatterjee this camera has these features and they may be useful for you in these situation.

So, suppose I am very interested in nature photography and therefore I need often macro views. So, this camera will this message the digital ad will bring to me those features which are pertinent for my interest my behavioral profile or my buying profile which is difficult to do in a TV obviously because TV ad is spray and pray. So, it is a broadcast it is a telecast but

brand recall therefore again digital ads can play a far more powerful role as opposed TV ads even this is happening due to personalize targeted interactive messaging.

Then general recall again the online ads play far stronger role the likability you know the TV ad can be quite likeable. So that they are also the these digital ads win but the gap is not that much but fundamentally therefore, you know ultimately that path through which we want marketing communication one once the customer to travel that attention to interest to desire to purchase action there the recall brand recall message recall play a very significant role.

And there as we see the digital ads digital communication online ads due to interactivity personalization targeted messaging are becoming stronger and stronger. And therefore, digital marketing communication will play far bigger roles in the overall marketing strategy formulation and deployment over the next years and perhaps you know paper ads, print ads, hoardings ads on your marketing communication your Smartphone or on your tablet.

We will see they will blend more and more. So, I have already seen in science fiction movies that the ad display that is appearing in the store is changing with respect to people who are walking in. so they are rapidly sensing the computer system in the store rapidly sensing. This is today friction but it will become fact that online advertising, digital marketing communication will make the physical and the virtual world almost seamlessly connected already.

Today the cloud makes it possible that all your screens are connected, all your devices are connected, whatever work that you were doing on your home computer without any effort you do not have to unload put it in a pen drive and carry it to your office or earlier used to put it on a floppy and take it to the office no it will seamlessly carry on to your phone.

So, you can keep on working out on your tablet or your Smartphone when you are travelling you reach the office you start editing the spreadsheet from the point where you left it when you are travelling. So, this is already possible this is already happening this is everyday reality but we will see the ads today therefore if there is a particular TV ad in all on all TVs whoever is connect looking at that channel that same ad will be playing.

But I do not I foresee and I think it is quite possible that in a very short time because the set top box is becoming more and more intelligent and the set top box knows my viewing pattern and the set top box in communication with my home computer will soon know my buying interests. So, I foresee that when I switch on the TV channel in between the shows I will see those ads, which are of my interest which are possibly related to my potential immediate buying and therefore the ads beamed will be customized.

Today on satellite TV when you have the ad gaps during a serial being telecast the ads that are shown in India are different from the ads that will be shown in Thailand or ads that will be shown in Hong Kong even when there are simultaneous telecast these ads will be different because the system the satellite system beams different ads to different locations. But that I see coming to your home and that is being possible because this increasing interactivity targeted personalization utilizing the power of digital communication.

So, marketing communication is changing and it will change far more rapidly and within the next few years. We will see a lot of innovations in this field thank you, that concludes our discussion on Marketing Communication and next week in the concluding week of our this course marketing management too. We will discuss some other specific instances of marketing like services marketing. Thank you!