

UNIT V

5.1 Digital Marketing

In simple terms, **digital marketing** is the promotion of products or brands via one or more forms of electronic media. Digital marketing is often referred to as **online marketing**, **internet marketing** or **web marketing**.

Digital marketing has been around for quite some time but it hasn't been very well defined. We tend to think that digital marketing encompasses banner advertising, search engine optimization (SEO) and pay per click. Yet, this is too narrow a definition, because digital marketing also includes e-mail, RSS, voice broadcast, fax broadcast, blogging, podcasting, video streams, wireless text messaging, and instant messaging. Yes! digital marketing has a very wide scope.

5.2 Why Digital Marketing?

In digital marketing, a reporting and analytics engine can be layered within a campaign which allows the organization or brand to monitor in real-time how a campaign is performing, such as what is being viewed, how often, how long, as well as other actions such as response rates and purchases made.

- The use of digital marketing in the digital era not only allows for brands to market their products and services but also offers online customer support through 24x7 services to make the customer feel supported and valued.
- The use of social media in digital marketing interaction allows brands to receive both positive and negative feedback from their customers as well as determine what media platforms work well for them.
- Digital marketing provides increased advantage for brands and businesses. It is now common for consumers to post feedback online through social media sources, blogs, and websites about their experience with a product or brand.

Not surprisingly, billions of marketing dollars spent on traditional channels is already starting to shift to digital marketing campaigns and this will continue to increase as the Web matures.

5.3 Digital Marketing Techniques

There are various ways, using the internet, the companies can advertise and market their products. Some of the ways are as follows

- **Social Media:** Most of the users are using social medium as a method to connect with people. The companies use SEO (search engine optimizers) to find the user's interest. The advertisements are floated according to the need of the user on different sites used by the user.
- **Email:** Another common method used by marketing companies to broadcast mails to different people having accounts at different job sites or social networking sites. It usually involves using email to send ads, request business, or solicit sales or donations.
- **Cookies:** Every computer system have a memory space where recent interest of the users is stored. It is called as cookies. The marketers access the cookies and send the ads, and requests to their mails or others site the user's visit.
- **Banners:** Another common method used now days. Used mostly when a person views videos in television or YouTube, the banner appears. They are given in most viewed videos by the marketers.
- **Coupons:** They are given to promote their product. They will be appeared in digital wallets, so that users get interest on purchasing the items. They are sending to emails or through pop-ups when users request to load a website.
- **Mobile apps:** The mobile apps are the most commonly used. Whenever people open an app the ads float up, promoting their products. The most common apps are targeted by the marketers.
- **Pop ups:** They appear automatically whenever a website is visited. It is normally connected with the URL. Whenever the URL is loaded that opens in another window of browser and the page gets opened.

- **Web analytics:** Using analytical web tools people find the areas of interest of users visiting different sites, posting comments on social media, writing in blogs, etc. Based on an analytical algorithm the ad pages are linked. These link opens when the users loads pages in their browsers
- **Downloads:** When users download any material or video or song, automatically an ad or pop up comes up. The download begins only when the ad is over.
- **Blogs:** Various blogging sites are their where people write reviews of products; the marketers use the best one to link to the customer's link to attract them to purchase the product.

5.4 Search Marketing

Search marketing is the process of gaining traffic and visibility from search engines through both paid and unpaid efforts. Search Marketing encompasses:

- **SEO:** Earning traffic through unpaid or free listings SEO stands for "search engine optimization." It is the process of getting traffic from the "free," "organic," "editorial" or "natural" search results on search engines. All major search engines such as Google, Bing and Yahoo have primary search results, where web pages and other content such as videos or local listings are shown and ranked based on what the search engine considers most relevant to users. Payment isn't involved, as it is with paid search ads.
- **SEM:** Buying traffic through paid search listings. Originally called "search engine marketing," the shorter phrase "search marketing" is now often used as the umbrella term over SEO and SEM. The longer phrase "search engine marketing" — or SEM — is now typically used to describe paid search activities.

5.4.1 Types of Search Marketing

There are in fact three different types of search marketing, and while they all have a search component, each comes with a different set of goals, strategies, tasks and expectations.

Let's take a closer look at these three types of search – organic search, paid search and local search.

(1) Organic Search

This is the centerpiece of search marketing. When people refer to SEO (Search Engine Optimization), this is what they are talking about. Organic search, also known as natural search or free search, is the best known form of search but the one in which you have the least control.

Organic search results are those listings that appear in the wide left column of a search page – the results that most people recognize as being the most trusted results. The reason is simple. The listings that appear within this section are there on merit. Google (or your favorite search engine) has made the determination that those listings do the best job of answering the question being asked in the search inquiry.

(2) Paid Search

Paid search refers to the Google Adwords program. Bing and Yahoo have similar programs, but much less traffic than Google. Paid search gives you much more control over your search placement and will allow you to see results more quickly. With Adwords, your ad appears on the column down the right side of a search engine page. Very often, ads also appear at the very top of the page of the left hand column. These are also known as Sponsored Ads.

Your position in this section is based largely on your willingness to pay. What's most appealing with Adwords is that you only pay when someone actually clicks on your ad – pay per click (PPC).

And you only pay what you're willing to pay. But in order to get to the top or at least the first page, you need to outbid all of the other companies that want to advertise there. (Placement is not entirely based on price. Google rewards you for ad quality and an informative landing page as well, but it's mostly price.)

Pricing varies widely from 5 cents to \$50 per click depending on the competitiveness of your market.

This happens a lot more than you might think. Expect a conversion rate (from click to lead) to range from 5-30%. Keep in mind too that only a percentage of your leads will become customers. So get your calculator out to figure out what your customer acquisition will really cost.

Even with a low click cost, your cost to acquire a new customer can add up pretty quickly. Many companies and professionals specialize in paid search. I get a lot of good advice from **WordStream** and **PPC Hero**.

Pay-per-click advertising (PPC)

This type of advertising is also called cost-per-click (CPC) advertising and it means that you pay any time someone clicks on your ad shown in the search engine result pages. This type of advertising is most commonly used by the advertisers as it requires payment only after your ad has been able to attract visitors to click on it.

Cost-per-thousand impressions (CPM)

This advertising model is focused on the number of impressions, i.e. the number of times that your ad has been shown. Using this type of advertising you pay for each set of one thousand impressions.

(3) Local Search

As the name suggests, Local Search is about getting found by searchers in your local area.

You may have noticed that when you search for a local business on Google (for something like a plumber, dentist or restaurant), you will get a dedicated list of local businesses matching your search. Sometimes, these businesses also appear on a map.

Local Search isn't just for local businesses or for B2C companies. If you sell to other businesses in a broad region, Local Search can work for you too – although the competition gets tougher as you move away from your address.

Local Search is similar to Organic Search because the listings are free and you can't control what Google decides to put up for a search.

5.5 Measurement and ROI of Digital Strategies

Unless you are strictly an E-Commerce website, calculating digital marketing ROI is very challenging. This is especially the case with firms that specialize in services, B2B, and other industries where you aren't directly selling products online.

With this challenge in mind, we bring you 10 metrics to measure your digital marketing ROI (and how to calculate them). Most of these metrics are not direct inputs into calculating ROI, but should help you get a broad sense for whether or not improvements are being made in profitability as a result of digital marketing.

(1) Unique Monthly Visitors

- This metric tells you how many people are coming to your site on a monthly basis. It is very broad in the sense that without digging deeper, we don't know how valuable this traffic may or may not be. There's no need for calculations as it's tracked directly in Google Analytics.
- To get more specific, we can segment the traffic by source (paid, organic, social, etc) and then look at value-based metrics on these segments (more on this later).

(2) Cost Per Lead

- With cost per lead, you should be able to get a general sense of whether or not your digital marketing efforts are profitable.
- This metric is usually associated with paid traffic, since you don't technically pay for organic traffic.
- This is calculated directly in AdWords (and other advertising platforms) and is usually called "cost-per-conversion"

- It is up to you to make sure that your conversions align with what you consider to be a lead, and that you are not over or under counting. This can result in skewed cost-per-conversion data if not properly set up.

(3) Cost Per Acquisition (CPA or CAC)

- This metric tells you what you are paying to acquire an actual customer, not just a lead.
- Again, you can look at this nearly real-time for paid campaigns, while it doesn't directly apply to SEO efforts.
- Ideally, you will blend the two lead sources together to see your actual Customer Acquisition Cost across all of your digital efforts.
- CPA/CAC is calculated by your total digital marketing spend divided by your number of acquired customers.

(4) ROAS

- Return on Ad Spend is a useful metric if you are able to tie revenue directly to digital marketing efforts.
- If we think of digital marketing ROI as: $ROI = (Net\ Profit / Total\ Cost) * 100$
- Then ROAS is: $ROAS = (Revenue / Total\ Ad\ Spend) * 100$
- Basically, ROAS looks at revenue instead of profit, factoring in ad spend but no other costs such as cost of goods sold.

(5) Average Order Value (AOV)

- This metric is most useful for E-Commerce stores, but services and B2B can use the next metric instead.
- AOV tells you how valuable your customer is in each instance that they purchase.
- For E-Commerce, we can multiply the AOV by the repeat rate to get an even more valuable metric, Customer Lifetime Value.

(6) Customer Lifetime Value (LTV)

- LTV applies to every kind of business. It is necessary to know because it gives you a sense of what you can afford to pay in ad spend to acquire each customer profitably.
- As mentioned above, E-Commerce can get an exact calculation for LTV. Other industries will need to come up with more of a projection, or possibly use historical customer data to predict what LTV might look like.

(7) Lead-To-Close Ratio

- Your Lead-To-Close Ratio is simply your total number of leads divided by how many leads have been closed.
- This metric is very useful for sales efficiency measuring, but can also tell you if your leads are high quality, and also help project your digital marketing ROI.
- Let's look at how we can arrive at projected digital marketing ROI if we know our Lead-to-Close Ratio (LTCR), Cost of Goods Sold (COGS), and Cost Per Lead (CPL). (Some companies don't have a true "COGS" but can consider other variable costs here)

(8) Branded Search Lift

	Auto	Consumer Electronics	CPG
Branded Searches	ford focus	canon rebel t2i	pantene repair and protect
Category Searches	best compact car	digital slr reviews	moisturizing shampoo
Affinity Searches	fuel efficiency	taking great pictures	dry hair

- This metric measures increase in brand awareness over time as a result of digital marketing efforts.
- You can calculate it by beginning to track the number of search queries that include your brand name per month.
- Over time, as you continue to track this, your branded search lift is simply how many additional monthly searches your brand receives.
- In most cases, this isn't only the result of search marketing, but all of your marketing campaigns.

(9) Average Position

- Your average position shows which ranking you receive by search engines for keywords, on average.
- You can track it in Google Analytics for organic and in the publisher platform for paid.
- An average position of 1 would mean that you show up as the top result for every single keyword.
- If your average position is dropping closer to 1 over time, then your SEO and content marketing efforts are starting to have positive results.
- A lower average position will usually lead to higher click through rates, which means more traffic. If your SEO strategy was targeting valuable search terms to rank for, then you will likely see increases in revenue as well.

(10) Non-Brand CTR

- Your non-brand click through rate is a good indicator of SEO performance. For this purpose, you can track it in Google Search Console.
- It also applies to paid search campaigns, where Google and other advertisers reward high CTR ads with priority positioning. In this case, it's tracked in AdWords and other publisher platforms.
- Again, this metric doesn't tie directly to leads, revenue, or digital marketing ROI – but in many cases, you will see a positive correlation between them.

5.6 Importance of Measurement

Return on investment, better known as ROI, is a key performance indicator (KPI) that's often used by businesses to determine profitability of expenditure. It's exceptionally useful for measuring success over time and taking the guesswork out of making future business decisions. The ability to calculate return on investment is extremely valuable for any business, regardless of size or industry.

Any professional marketer worth their salt would continually evaluate and monitor any effort to justify the marketing spends and makes recommendations. If the ROI is quantified, then it helps to justify marketing spend for the future.

Key Benefits

The measurement will allow the firm to:

- Use digital marketing budget efficiently
- Make sales activity more effective by improving the conversion rates.
- Choose the right channels to reach the target audience.
- Make more effective campaign decisions
- Improve the ROI

5.7 Measurement tools and future of measurement

To find out how your digital marketing efforts are performing, you first need to identify the metrics by which your success will be measured. Some of the most, common metrics include

1. **Traffic:** changes in the volume or type of traffic to your website are a good indicator of whether your digital marketing techniques are effective. This includes factors such as overall site traffic, traffic sources (where your customers are coming from), time on site and bounce rate and can be measured using Google Analytics.
2. **CTR (Click Through Rate):** If you are running paid ads or email marketing as part of your marketing campaign, your click through rate can tell you which content is garnering the most clicks from visitors. Your CTR should be measured against the average for your industry.

3. **CPC (Cost Per Click) / CPM (Cost Per Thousand Impression):** Similarly if you are running an ad campaigns, you should look at how much you are paying per click on your ad or per thousand impressions depending on the type of campaign.
4. **Conversions:** As an e-commerce business, conversions will most likely be defined as product sales on your website. Measures your sales against previous periods to see how your digital marketing efforts are improving business. If you are using Google AdWords, you can also setup conversion tracking to see where your sales are coming from.
5. **CAC(Customer Acquisition Cost) :** This is the cost you have paid to acquire new customers over a certain period. You can calculate it by tallying your total marketing and advertising cost and dividing it by how many paying customers you have during that time. This should also be measured against previous periods and your industry average.

5.8 Traits of Digital Leadership

Leadership is about future and changes, art and science, inspiration and motivation, innovation and progression. By choosing to lead, firms must have a vision and intentions for making that choice.

Digital leadership can be defined as the strategic use of a company's digital assets to achieve its business goals. Digital leadership can be addressed at both organizational and individual levels and should be a part of every business owner's strategy.

The important traits of digital leadership are as follows:

Be unreasonably Aspirational: Leadership team must be prepared to think quite differently about how a digital business operates. Digital leader set aspiration that, on the surface, seem unreasonable. Being "unreasonable" is a way to jar an organization into seeing digital as a business that creates value, not as a channel that drives activities. Some companies frame their targets by measures such as growths or market share through digital channels. Others set target for cost reduction based on the cost structures of new digital competitors.

Acquire Capabilities: The skills required for digital transformation probably can't be groomed entirely from within. Leadership teams must be realistic about the collective ability of their existing work force. Leading companies frequently look to other industries to attract digital talent, because they understand that emphasizing skills over experience when hiring new talent is vital to success at-least in the early stages of transformation.

'Ring fence' and Cultivate talent: Digital talents needed to be nurtured differently than what we are used to. It takes its own working patterns, sandbox and tools to ensure a strong team that will be able to utilize their skills and ideas to ensure the company's success.

Challenge Everything: An effective digital leader will challenge everything. Digital leaders examine all aspects of their business both customer facing and back office system and processes, up and down the supply chain for digitally driven innovation.

Be Quick and Data Driven: Rapid data making is critical in the digital environment. The days of 12 month product release cycles are over and businesses need to become more proactive with their schedules and the timings of their operations. Digital leaders need to move to a cycle of continuous delivery and improvement, adopting methods such as agile development and "Live Beta", supported by Big Data Analytics to increase the pace of innovation.

Follow the Money: Average digital leaders will focus with their digital investment on customer facing solutions, but effective digital leaders will invest in back office functions as they drive operational efficiencies. A digital transformation is more than just finding new revenue streams; it is also about creating value by reducing the costs of doing business.

Be Obsessed with the customers: Rising customer expectations to continue to push businesses to improve the customer experience across all channels. Excellence in one channel is no longer sufficient customers expect the same frictionless experience in a retail store as they do when shopping online and vice versa.

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