

Strategic Brand Management

Prepared by Dr. Perihan Salah

MKT733

Branding in the Digital Era

Lecture 10





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Branding in the Digital Era

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www.midocean.ae

Chapter

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LEARNING OBJECTIVES

- Describe changes in marketing and consumer behavior in a digital era
- Define brand engagement and understand the brand engagement pyramid and key drivers of brand engagement
- Understand digital communications and the various options available
- Define the role of e-mail marketing and Web site optimization as important components of digital marketing strategy

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LEARNING OBJECTIVES

- Appreciate the pros and cons of various social media channels (e.g., Facebook and Twitter) as digital marketing tools
- Understand the developments within mobile marketing
- Develop a broad understanding of influencer marketing approaches and how word-of-mouth and social influence occurs and can be managed
- Describe content marketing and its role in creating brand awareness and engagement
- Describe changes in brand management organizational structure

- There are many important developments with branding in this digital era
- Findings:
 - Ninety-seven percent of consumers turn to a search engine like Google when they are buying a product
 - Ninety-six percent of consumers search for product information from their mobile device
 - Ninety-five percent of millennials expect brands to have a Facebook presence
 - Eighty-nine percent of consumers do online research prior to purchasing instore

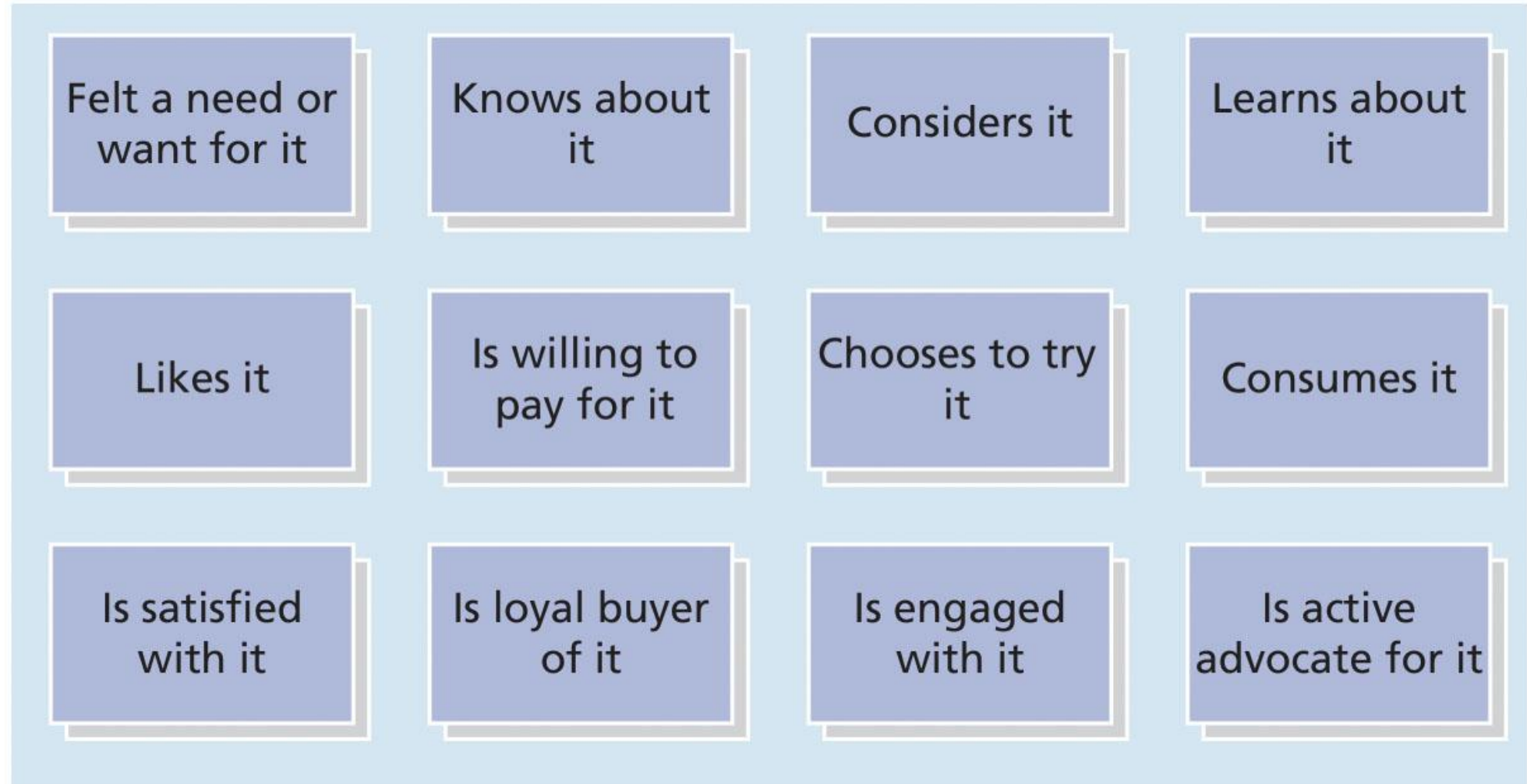
Key Digital Era Trends with Implications for Branding and Brand Management

1. Changes in the consumer decision journey
2. Sharp increase in buying via online retail channels
3. Shift in advertising and promotion expenditures toward digital channels
4. The rise of many-to-many communications
5. Dramatic increase in consumer touchpoints
6. Tremendous increase in data availability
7. The use of digital personalization
8. A loss of control over the brand message and the co-creation of brand meaning
9. The role of user experiences
10. The growth of brands as cultural symbols

1. Changes in Consumer Decision Journey

- Digital marketing and social media has changed the consumer decision journey
- The view of the consumer decision journey in the digital era diverges from previous journeys undertaken by consumers in many important ways.
- The implications for brand management are also significant.

1. Expanded Consumer Decision Journey



2. Growth of Online Retailing

- The popularity of online retailing can be inferred from the following statistics:
 - Value of ecommerce sales will reach is increasing
 - Sixty percent of adults are happy to not shop in a crowded mall or store
 - Seventy-one percent of shoppers believe they will get a better deal online than in stores
 - Forty percent of men and 33 percent of women aged 18 to 34 say they would ideally “buy everything online”

2. Growth of Online Retailing

One of the most prominent success stories in the online retailing context is that of Amazon.

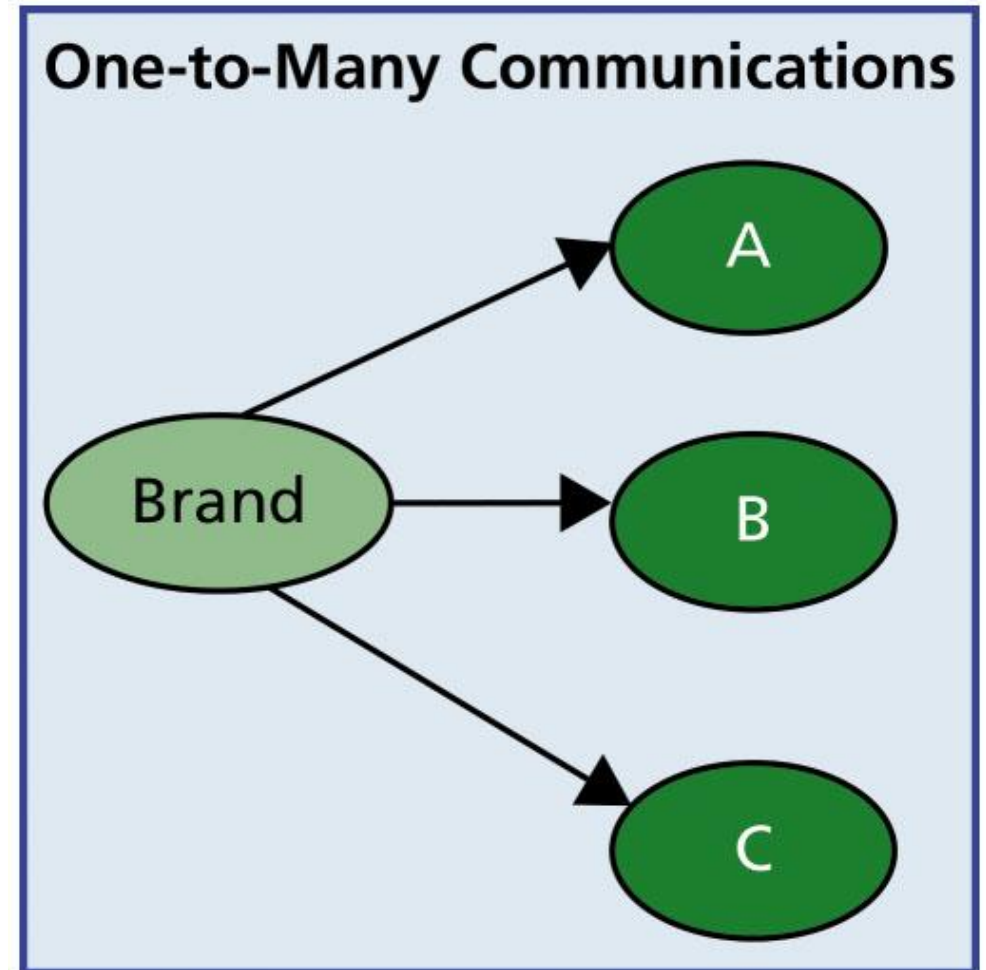
As Amazon continues to disrupt retail through its innovations in drone deliveries and acquisitions (e.g., Whole foods), brands should be mindful of all the changes taking place in online retailing, as it significantly impacts how they merchandise and distribute their products.

3. Advertising and Promotions Using Digital Channels

- Advertising budgets are allocated differently now across online and offline channels.
- Digital media expenditures exceeded TV advertising expenditures
- The growth in digital media is expected to outpace growth of traditional media channels
 - It has been projected that online channels will be almost 50 percent larger than TV advertising

4. Traditional Marketing: One-to-Many Communications

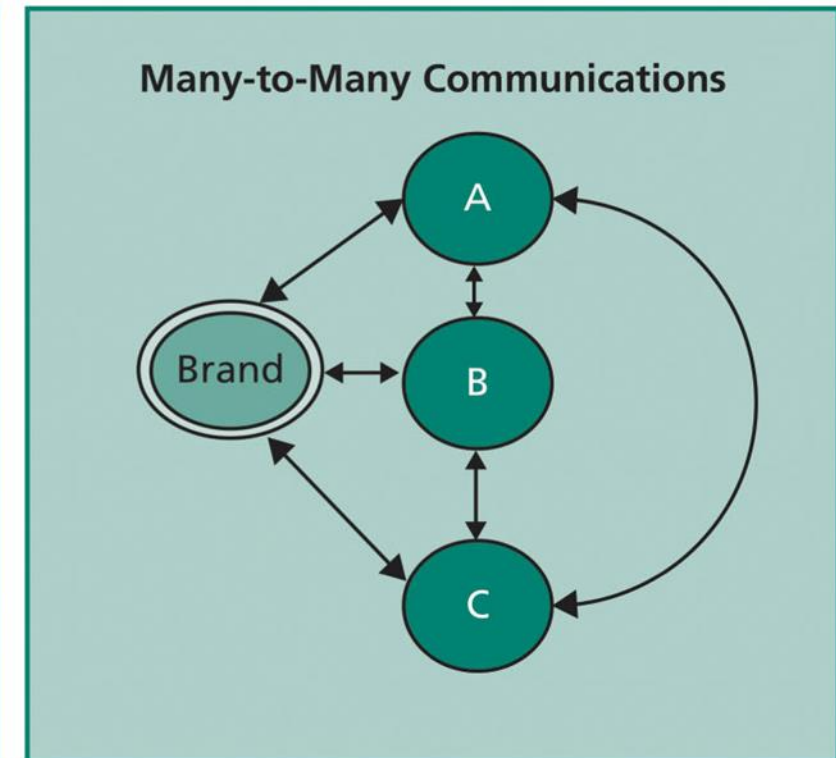
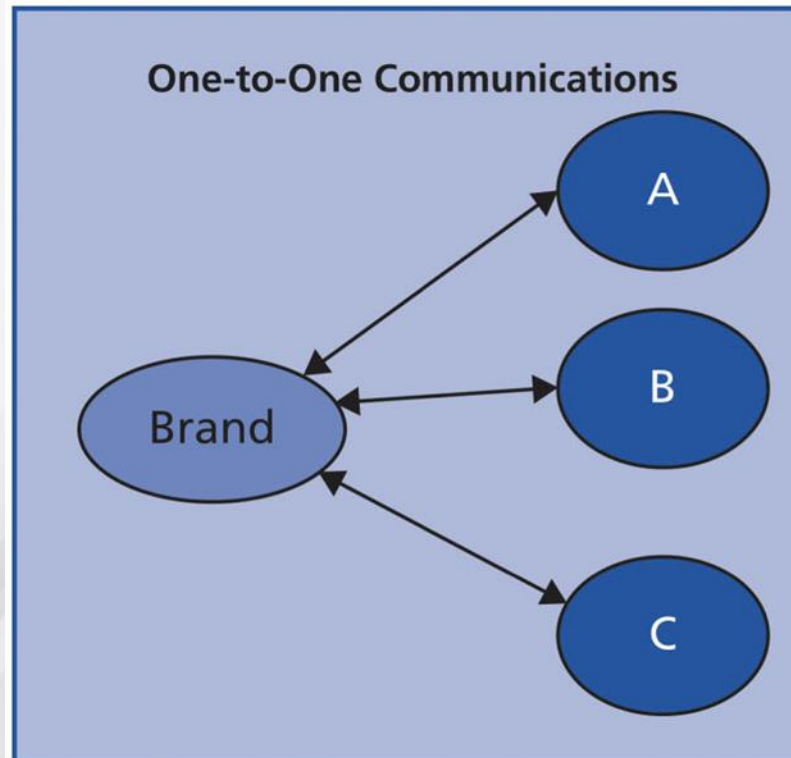
- The traditional world of marketing involved brand managers relying on mass media channels such as TV, print, and radio advertising to communicate with consumers.
- The direction of communication was usually from manufacturer to consumer, and limited feedback was provided by consumers to manufacturers in turn.
- Thus, audiences were generally passive recipients of carefully crafted messages sent by brand marketers.
- This was particularly true in the case of the one-to-many traditional marketing.



New Media Environment: Two-Way and Many-to-Many Communications

Over time, the one-to-many channels gave way to a greater emphasis on interactive or one-to-one communications between the brand and the customer. This direct marketing approach is by viewing each customer individually.

In recent years, these one-to-many and one-to-one channels are being supplemented or even replaced by many-to-many channels, such as Facebook and Twitter, where consumers have become broadcasters in conversation with each other (many-to-many communications), as well as becoming engaged in a two-way dialogue with brand marketers.



5. Increase in Consumer Touchpoints

- Digital marketing and social media channels and the ability to communicate with each other
 - Has fueled an increase in touchpoints
- Having a sharply defined brand positioning and clear guidelines on how a brand should be presented and marketed to consumers is an important step in ensuring that the brand has a consistent theme across all channels.
- Another key concern of brand managers is to understand which channels are producing the greatest return on the advertising money expenditures.
- This particular set of tasks—called *attribution modeling*—can be complex and challenging.

6. Increase in Data Availability

- Data, data everywhere!
 - Clickstream data on users' browsing behaviors on companies' Web pages
 - Advertising metrics
 - Click-through rates
 - Cost per clicks
 - Information regarding the number of unique visitors to a brand's Web site

Marketers now have the ability to use information gathered from customers' online behavior to tailor their offerings to customer needs. Yet, this quantity of information can quickly become overwhelming if brands don't invest in tools for transforming all this information into usable bits of knowledge.

7. Digital Personalization

- Targeting individual consumers with varying offers
 - To try to ensure that they complete a purchase
- Digital tools have allowed for unprecedented personalization
 - Product as well as message
- Dynamic pricing
 - The same product can become available at different prices based on expressed customer interest

7. Digital Personalization

What are the implications of microtargeting for consumer behavior?

- While digital personalization offers many advantages from the marketer's perspective, the efforts can also have a downside.
- Some researchers have suggested consumers may react negatively to personalization of offers because of privacy concerns.
- These reactions could be overcome by reminding consumers of various free services and benefits that are provided to them online, while at the same time seeking their permission to target them or to use their information.

Three organizational prerequisites for digital personalization to be successful are:

- Organizations must invest in a customer data warehouse that provides continuous monitoring and feedback regarding customer needs and wants and how well those are being satisfied through company offerings.
- Organizations must deploy (organize/arrange) cross-functional teams to understand the customer's decision journey, which may involve a variety of different channels including the company's Web site, a mobile app, or an in-store experience.
- Organizations must employ an iterative process of testing and learning to identify what works and what does not.

- The digital age has created conditions such that brand meaning is primarily coproduced by three different forces:
 - *Firm-generated brand meaning:* Through their online and offline marketing activities and programs, and other means, firms attempt to shape the meaning of brands with consumers.
 - *Consumer-generated brand meaning:* In the digital age, consumer-to-consumer conversations are enabled through social media platforms—such as Facebook and Twitter—that supplement traditional offline word-of-mouth. These conversations taking place on various digital platforms on a large-scale can significantly shape brand meaning.

- The digital age has created conditions such that brand meaning is primarily coproduced by three different forces:
 - *Media and cultural influences:* A variety of new information intermediaries also play a significant role in co-creating brand meaning.
 - Media channels may themselves contribute to brand meaning. Further, cultural influences are continually evolving and shaping customer conversations and contributing to brand meaning.

9. User Experience Is the Key to Digital Brand Success

- A seamless user experience is crucial to a success of a digital brand
- Needs an interface that consumers can effortlessly navigate
 - To maximize user experience

Designing both online and offline interfaces to ensure that Web sites are so easy to navigate that consumers will easily locate what they are looking for, or ensuring that the smartphone app is designed to ensure convenience, will be critical to the success of a brand.

10. Brands as Cultural Symbols

- Brands have greater impact as cultural icons than ever before
- Brands help consumers feel a part of something
 - Allows them to signal and connect with others

As brands become increasingly embedded in consumers' daily online conversations, brand managers must deploy a new set of techniques, to ensure that brands maintain their cultural relevance.

- Three levels of customer engagement based on the extent to which a customer engages in various types of behaviors:
 - *Low brand engagement:* Low levels of engagement may translate into higher frequency of purchasing a product or providing positive feedback about a product or service.
 - *Moderate brand engagement:* Calling a company's 1-800 help line to seek additional information about a product or service, or providing the company with some feedback regarding new flavors may be viewed as moderate brand engagement.

- Three levels of customer engagement based on the extent to which a customer engages in various types of behaviors:
 - *High brand engagement:* Positive forms of high brand engagement include joining a brand community or starting a fan page on Facebook dedicated to a brand, evangelizing by troubleshooting customer complaints on a Web site, helping others find the right product variant to suit their needs, and so on.
 - Companies should foster such evangelizing (converting) among their customers by offering various monetary and nonmonetary incentives.

- Hatred and dissatisfaction with a brand
 - Companies can redress (compensate/amends) customer grievances (complains/ objections)
 - Brand ambassadors
- Boycotts or social movements
- Brands are more readily ridiculed and parodied due to the online nature of the communication
- The social media megaphone has provided consumers with unprecedented power to share information with millions of current and future consumers, thereby shifting considerable power into their hands.

- Paid channel
 - A marketer typically runs paid advertising
 - Facebook, TV, print, etc.
- Owned channel
 - Sources of information for consumers about a company's offerings
 - YouTube channel
- Earned channel
 - Review sites and reviews posted online typically at no expense
 - Social media or blog post

Summary of Digital Marketing Communication Channels

Paid

Search Advertising

Display Advertising

Social Media Advertising

E-mail Marketing

Paid Bloggers/Influencers

Mobile In-App Advertising

Owned

Company Web Sites

Company-Owned Social
Media (e.g., Facebook
Pages, YouTube Channel)

Mobile Apps

Earned

Review Web Sites (e.g.,
Amazon Reviews, Yelp)

Public Relations

Media Coverage

- Company Web Sites
- E-mail Marketing
- Segmenting, Targeting, and Personalization
- E-mail Structure and Subject Line
- Timing and Industry Differences
- Entertaining and Engaging Content
- Testing and Monitoring
- Search Advertising
- Display Advertising

- Social media channels offer unparalleled access to communities of users with similar demographic, geographic, and psychographic characteristics
 - Facebook and Twitter, for example
- Roles of social media:
 - Establishing a public voice and online presence
 - Amplifying marketing message
 - Helping monitor and obtain feedback from consumers
 - Promoting customer engagement

- Social media offers a unique way for marketers to promote dialogue with their audiences, gain feedback and insights, and solicit input regarding their products.
- However, a caveat (warning/caution) is in order. With the brand engagement pyramid, only some consumers want to get involved with only some of their brands and even then maybe only some of the time.
- Companies should monitor their social media presence to ensure that it is appropriate and welcomed by consumers.

- Facebook
- Twitter
- Instagram
- Pinterest
- Video

Facebook

- If Facebook were a country, it would be the largest country in the world!
- Metrics:
 - Reach
 - Organic reach: number of people who have seen a post in the news feed
 - Paid reach: the number of unique people who have seen an ad or a sponsored story
 - Viral reach: number of unique people who have seen a story about a page published by a friend
 - Followers: number of Facebook followers
 - Likes and shares: number of Facebook likes is indicative of customer engagement with a particular message; shares indicate how viral a message is

Instagram

- Platform of about 400 million users
- Targeted to a younger audience and typically has higher brand engagement levels than other platforms

Pinterest

- Allows for sharing and posting of pictures featuring different brands
- Particularly conducive to marketing of certain brands that rely on visual imagery

Video

- Brand building via video has also become an important medium particularly when brands want to engage in deeper themes and story-telling using their brand

Twitter

- Second largest social medium after Facebook
 - Allows direct communication between customer service and customers and shows a brand's personality

- Messaging services
 - Short messaging service (SMS) and multimedia messaging service (MMS)
 - Offer customers unique offers based on time and location
- In-app advertising
 - Way by which mobile marketing can help brands touch customers
- Proximity systems marketing, or geo-fencing
 - Involves particular advertising messages delivered to mobile users with a defined geographic area

- As mobile devices continue to grow in importance to consumers' daily lives, research has also examined how mobile marketing techniques can contribute to added sales. A few key findings from academic research worth noting include:
- Environments may impact the effectiveness of mobile advertising and promotions.
- Mobile targeting based on time and location is more effective the closer the promotion is to actual purchase.

- Targeting consumers who are closer in physical location to competitors' locations produces better results than targeting mobile promotions to consumers who are closer to the company's own locations.
- Targeting consumers with mobile promotional coupons can boost overall spending, particularly unplanned spending, if the coupon requires consumers to travel farther than their planned path.

- Influencer marketing involves utilizing key influencers
- Sponsored bloggers
- Celebrity influencers
- Marketers have been utilizing influencers for their brands to a greater extent in recent years because of the results they have seen.
- Sponsored bloggers and celebrity influencers can often hold greater sway over some consumers than any advertiser can.
- One study reported that audiences exposed to influencer marketing spent more than \$639,700 compared to an audience that had not been exposed.

- According to the Content Marketing Institute
 - “Content marketing is a strategic marketing approach focused on creating and distributing valuable, relevant, and consistent content to attract and retain a clearly defined audience—and, ultimately, to drive profitable customer action.”
- A key difference between content marketing and traditional marketing is that
 - Consumers typically want to consume the posts that form part of a content marketing campaign

A good content strategy has to be integrated with a broader public relations and marketing strategy.

The goals of the overall marketing strategy in terms of reaching and engaging the audience should be aligned with the content marketing strategy; doing so can help reach the audience, build a brand, increase brand awareness, generate leads, and ensure sales.

- Brand marketers have to make an effort to create integrated digital media campaigns that leverage the benefits of different social media

- Success factors for strategy-making:
 - Senior management should be tasked with understanding how products and brands are researched and viewed online
 - Cross-functional coordination is increasingly important
 - Data-driven decision-making will become standard operating procedure
 - A brand or marketing strategy should be viewed as a part of an overall strategy

- Success factors for strategy-making:
 - High-quality data can assist marketers to personalize a given message to an audience
 - Accessing data on consumers' conversation can help uncover information that can be useful
 - Understanding how online and offline communications interact and coordinating with a digital channels strategy is important

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Thank You

