

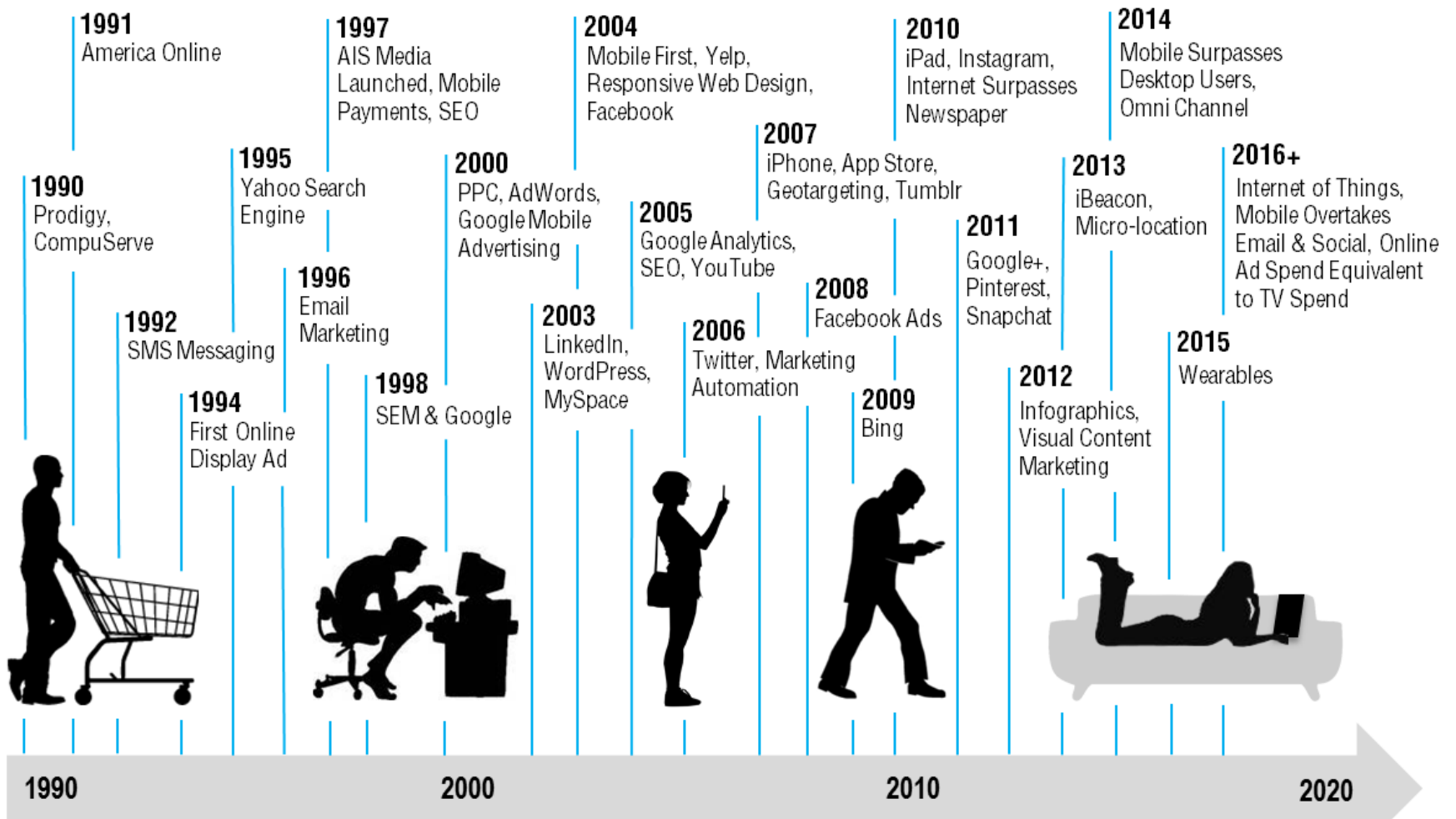
MBA 563  
Digital Marketing  
Introduction  
The impact of the internet on  
marketing

Week 1

# Why study internet marketing?

- Over the past 20+ years traditional marketing practices have been transformed
  - October 27, 1994 – first banner ad
  - Late 90s and early 2000s The influence of Web 2.0, social media, product digitization, and now the impact of mobile computing
- New skills, knowledge and strategies in high demand in the business world
- Marketers need to understand technology and collaborate with IT colleagues

# EVOLUTION OF DIGITAL MARKETING



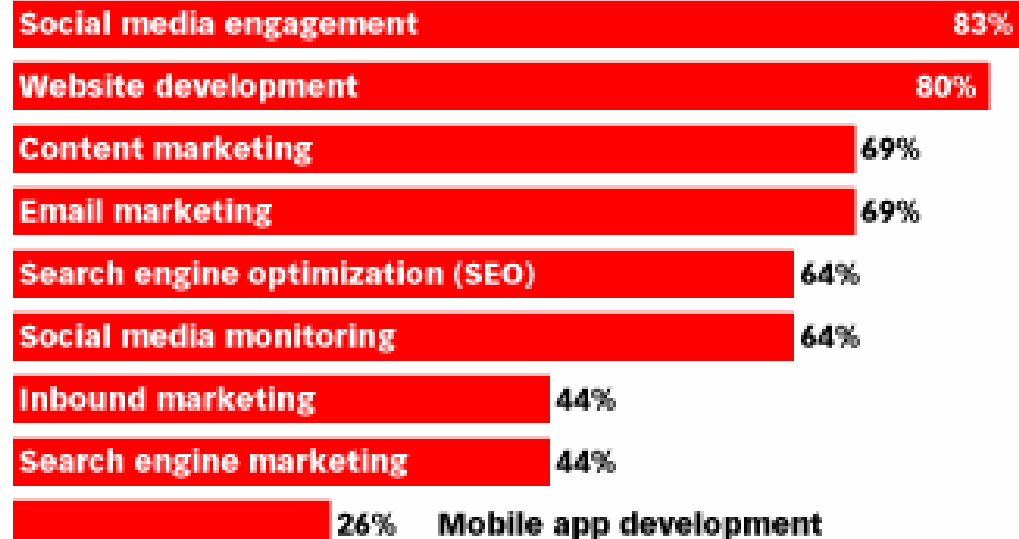
# Focus of digital marketers?

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## Digital Marketing Activities Conducted by Marketers in Canada, Feb 2016

*% of respondents*

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Source: Ignite Digital, "Canadian Marketers 2016 Outlook," May 25, 2016

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211588

[www.emarketer.com](http://www.emarketer.com)

# Current challenges in digital marketing

- Social media – falling engagement (Instagram engagement rates fall 33% from 2015 – 2016)
- Social media – rapid decrease in organic reach (Facebook zero) and the shift to “pay-to-play”
- Shift to mobile
- Rapid growth in Ad-blocking
- Programmatic advertising and ad-fraud / bots
- Attribution
- Big data / analytics / machine learning
- New technology and constant change

# The impact of the Internet on the traditional marketing mix framework

- **Product** – new products, the rise of the “prosumer” and user-generated content
- **Price** – dynamic pricing, comparison pricing, free services, variable pricing
- **Place** – direct distribution of digital products, supply chain management, showrooming
- **Promotion** – new social and communications media, measurable advertising targeted by psychographics and behaviour
- Strong trend towards personalization and away from the mass (undifferentiated) market affecting all the elements of this framework

# **TECHNOLOGIES USED IN MARKETING**

# Some technologies used in marketing

- Web (HTML 5 / CSS 3 / JavaScript)
- SMS (Text messaging)
- “over-the-top” messaging via data (eg. Viber, WhatsApp)
- Voice and Video over IP (VOIP)
- eMail
- P2P file exchange / streaming technologies
- Location-awareness / location based services (LBS)
- Mobile Apps (native to mobile operating systems)
- Augmented Reality (AR)
- Virtual reality (VR)
- Near-field communication (NFC)
- iBeacon and Bluetooth Low Energy
- Voice, gesture, and image recognition



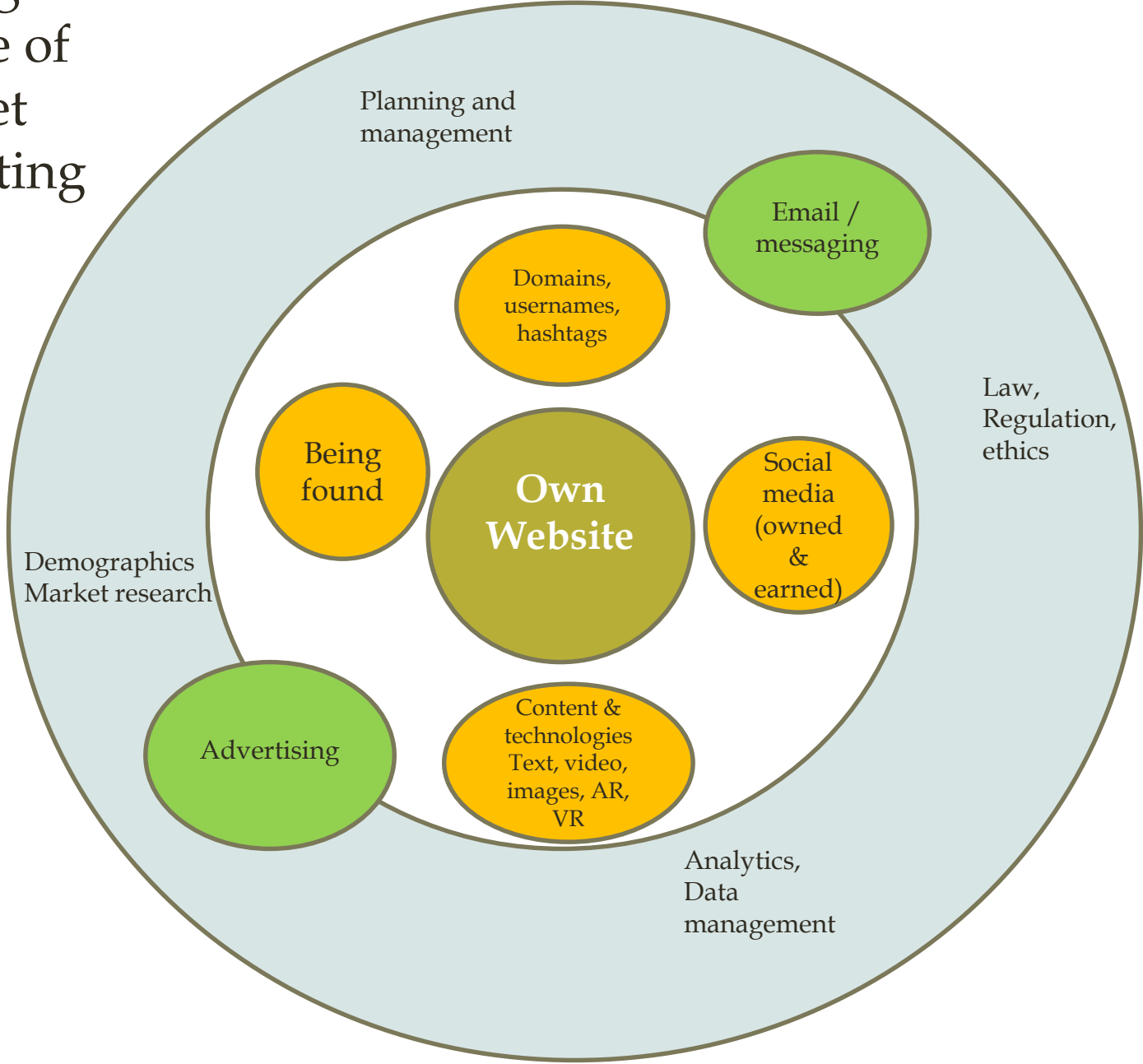
# Consumer Devices

- Mobile
  - Cell phones and smart phones
  - eReaders
  - Tablets
  - Wearables (glasses, watches, rings, bands, tattoos etc)
- Desktop
  - Personal computers (desktop and laptop)
  - Gaming consoles
  - VR/AR headsets and motion detectors
- Internet of Things (IoT)
- Home speakers / voice activated assistants

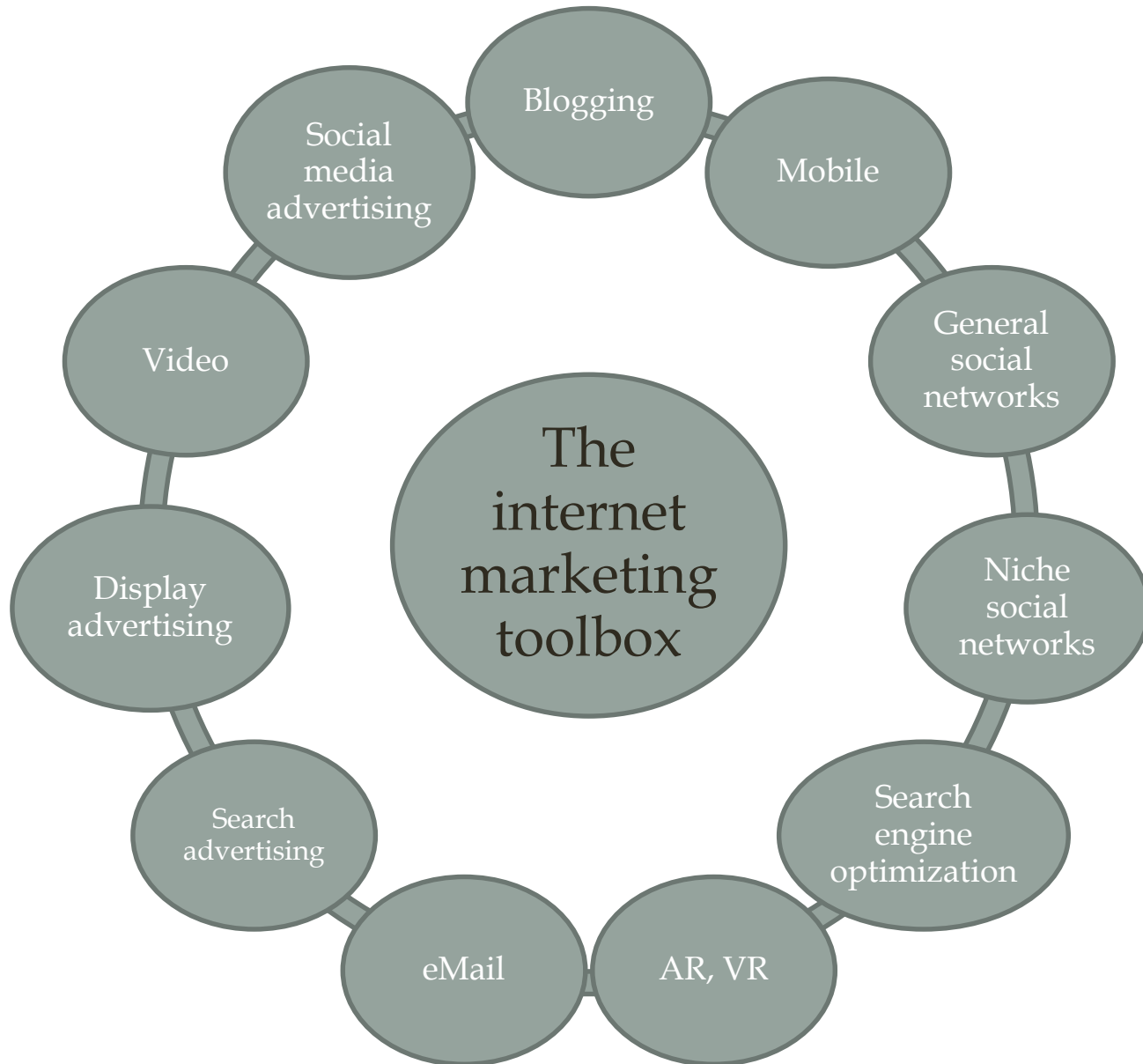
# **THE ONLINE MARKETING TOOLBOX**

**OWNED, EARNED, AND PAID  
MEDIA**

# The big picture of internet marketing



# The online marketing toolbox. Owned, earned or paid?

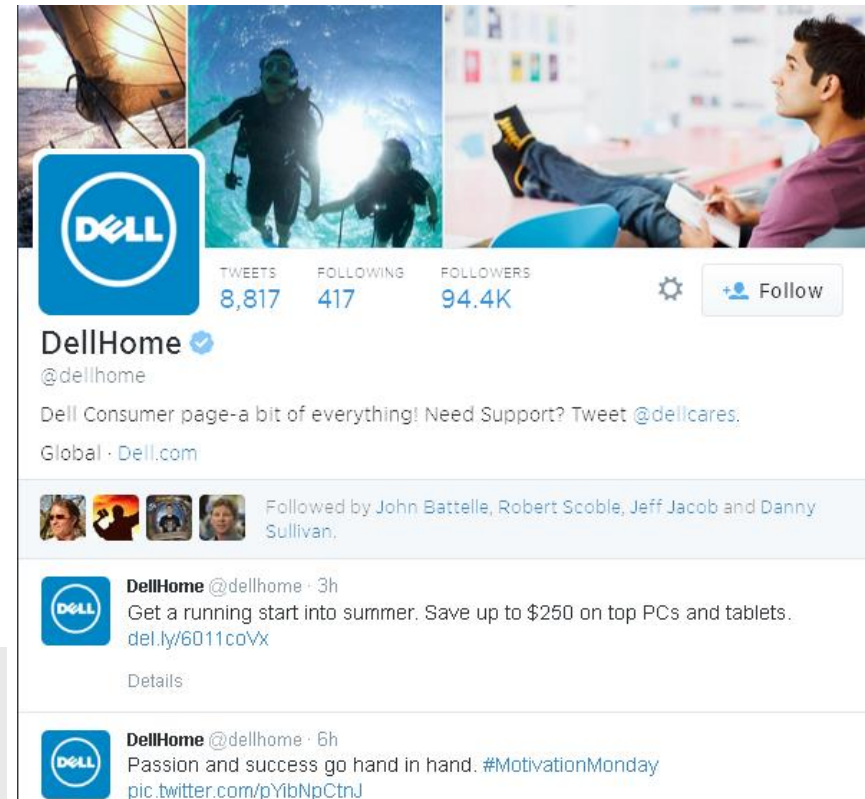


# The importance of distinguishing between owned, earned, and paid media

- When selecting tools for a marketing activity we have to look for three distinct aspects of those tools
- Different purpose and return on investment for each

# “Owned” media

- Owned media: “media owned by the brand. Online this includes a company’s own websites, blogs, mobile apps or their social presence on Facebook, LinkedIn or Twitter [etc]” [Dave Chaffey](#)



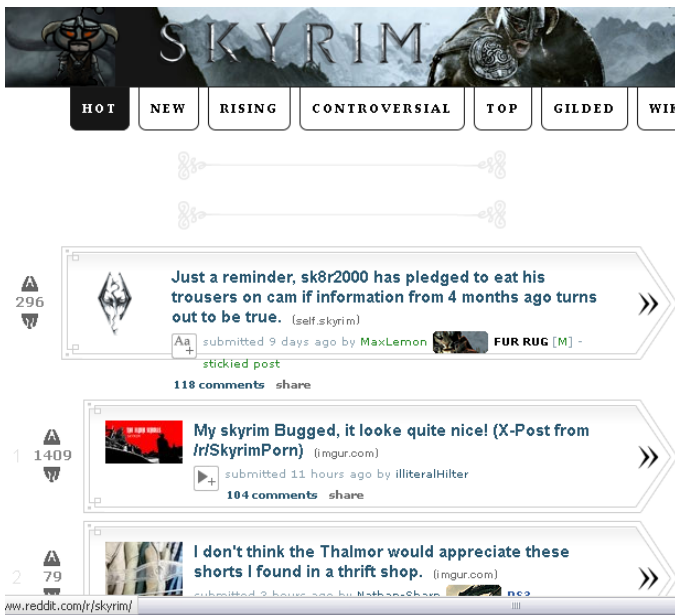
One of Dell’s  
twitter  
accounts

Starbucks on  
Pinterest

# “Earned” media

- Earned media: “Earned media also includes word-of-mouth that can be stimulated through viral and social media marketing and includes conversations in social networks, blogs and other communities.” [Dave Chaffey](#)

Liking, sharing, and commenting on a Starbucks’ Facebook post



Comments posted to the Skyrim Reddit pages (not owned by Bethesda)

# “Paid” media

- Paid media: “media where there is investment to pay for visitors, reach or conversions” [Dave Chaffey](#)

Ads ⓘ

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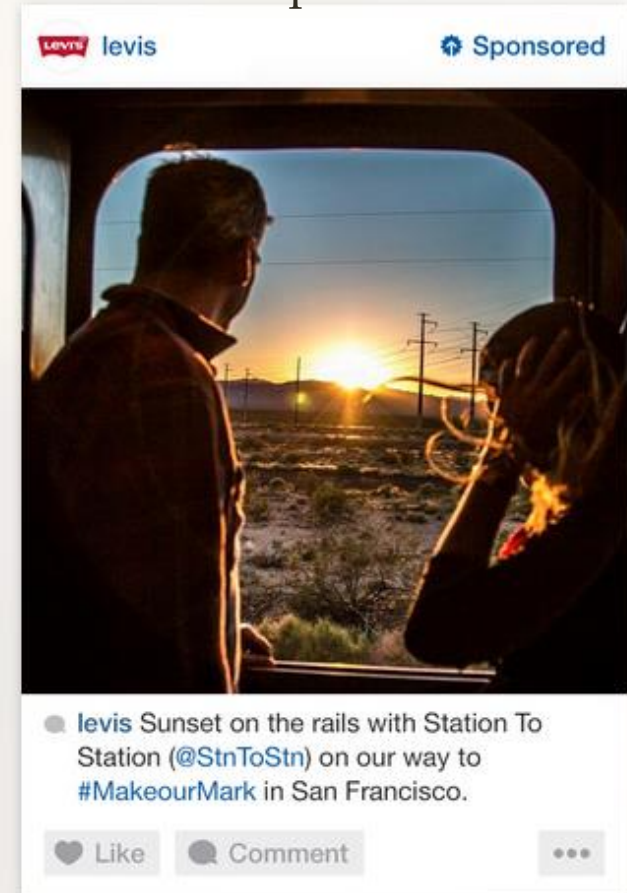
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Twitter promoted account

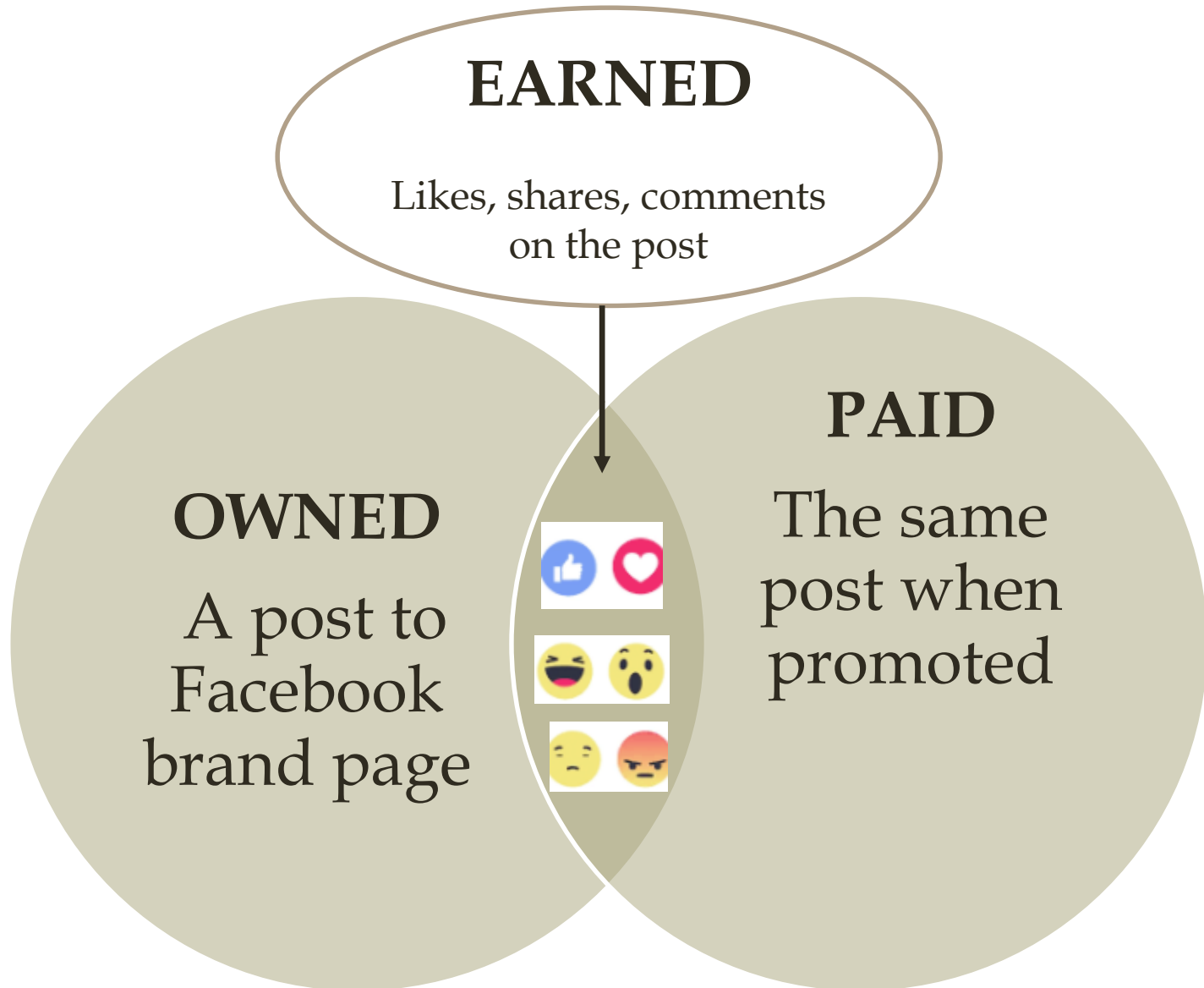
Google Adwords  
PPC advertising

Instagram sponsored post

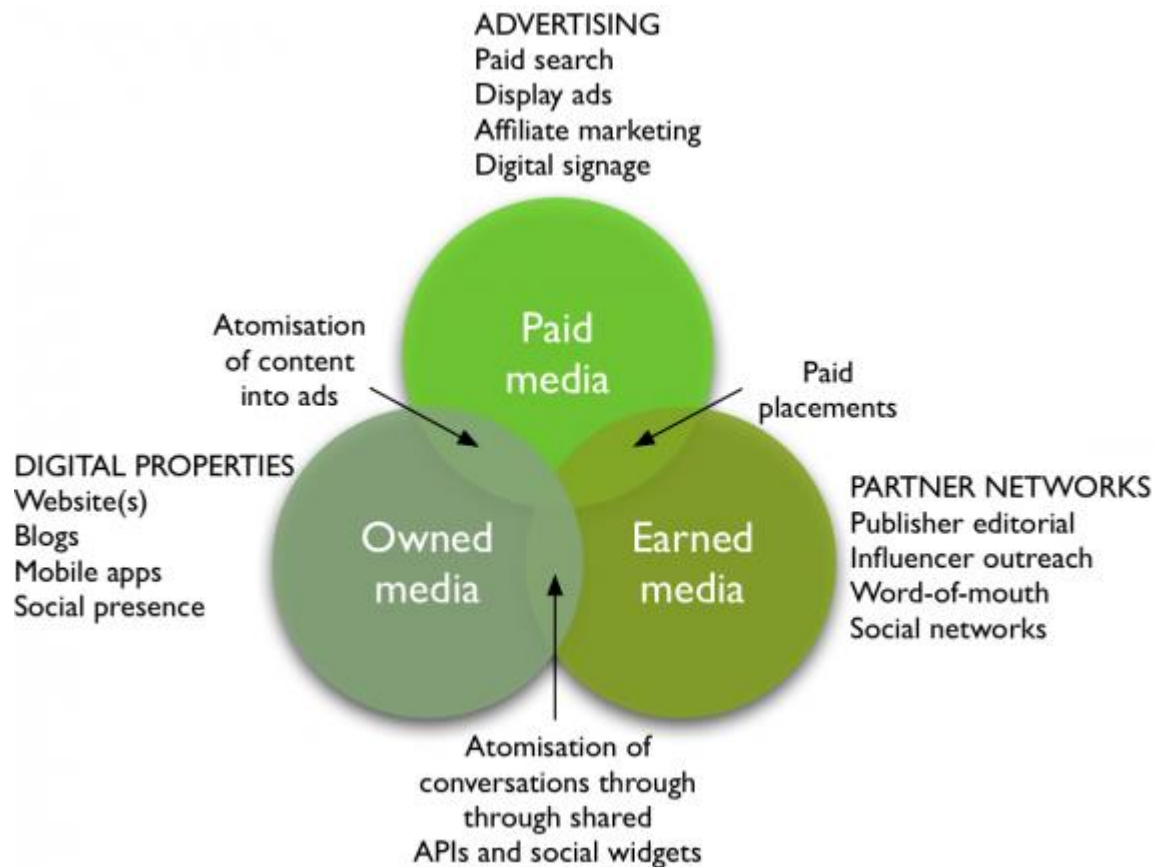




# But it gets a bit more complicated:



# Owned, earned & paid media – the overlaps



# Owned, earned and paid media: role, benefits & challenges

Media type	Definition	Examples	The role	Benefits	Challenges
Owned media	Channel a brand controls	<ul style="list-style-type: none"> <li>• Web site</li> <li>• Mobile site</li> <li>• Blog</li> <li>• Twitter account</li> </ul>	Build for longer-term relationships with existing potential customers and earn media	<ul style="list-style-type: none"> <li>• Control</li> <li>• Cost efficiency</li> <li>• Longevity</li> <li>• Versatility</li> <li>• Niche audiences</li> </ul>	<ul style="list-style-type: none"> <li>• No guarantees</li> <li>• Company communication not trusted</li> <li>• Takes time to scale</li> </ul>
Paid media	Brand pays to leverage a channel	<ul style="list-style-type: none"> <li>• Display ads</li> <li>• Paid search</li> <li>• Sponsorships</li> </ul>	Shift from foundation to a catalyst that feeds owned and creates earned media	<ul style="list-style-type: none"> <li>• In demand</li> <li>• Immediacy</li> <li>• Scale</li> <li>• Control</li> </ul>	<ul style="list-style-type: none"> <li>• Clutter</li> <li>• Declining response rates</li> <li>• Poor credibility</li> </ul>
Earned media	When customers become the channel	<ul style="list-style-type: none"> <li>• WOM</li> <li>• Buzz</li> <li>• "Viral"</li> </ul>	Listen and respond — earned media is often the result of well-executed and well-coordinated owned and paid media	<ul style="list-style-type: none"> <li>• Most credible</li> <li>• Key role in most sales</li> <li>• Transparent and lives on</li> </ul>	<ul style="list-style-type: none"> <li>• No control</li> <li>• Can be negative</li> <li>• Scale</li> <li>• Hard to measure</li> </ul>

# In-class exercise

- Examples of owned, earned, and paid media