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## ***Marketing: Essentials 6e***

by Kenneth E. Clow, Ph.D.

University of Louisiana, Monroe

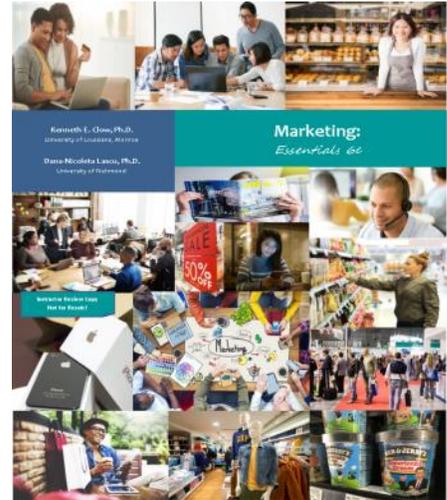
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Chapter Four: **Consumer Behavior**

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### *About the Authors:*



**Kenneth E. Clow** is Professor of Marketing at the University of Louisiana at Monroe, where he holds the Biedenharn Endowed Chair in Business. He has a Ph.D. in marketing from the University of Arkansas and has spent time at Pittsburg State University and the University of North Carolina at Pembroke. Dr. Clow's primary research activities are in the areas of services marketing and advertising. He has published more than 200 articles and six textbooks, including a second edition of *Marketing Management: A Customer-Centric Financial Approach 2e*, *Marketing Research Principles 2e*, *Services Marketing 2e*, and a *Integrated Advertising, Promotion, and Marketing Communications 8e*. His articles

have been published in many journals, such as *Journal of Services Marketing*, *Journal of Professional Services Marketing*, *Marketing Health Services*, *Journal of Business Research*, *Journal of Marketing Education*, *Journal of Restaurant and Foodservices Marketing*, *Journal of Hospitality and Leisure Marketing*, and *Journal of Marketing Management*. Dr. Clow also operated and owned a contract cleaning service for over a decade.



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## Preface

Through marketing, customers are identified and contacted using a variety of means. Everyone in an organization needs a basic understanding of marketing. **Marketing: Essentials 6e** was written to offer a basic understanding of and appreciation for marketing.

This text has a number of unique characteristics that set it apart. First, this is a condensed version of marketing principles. The authors have provided a concise, yet thorough, introduction to the field of marketing, presenting basic concepts and current theory along with memorable and up-to-date marketing practice examples.

Second, Dr. Clow's extensive business experience provides compelling examples, added understanding, and valuable perspectives of business-to-business marketing principles. With the majority of marketing dollars spent on trade promotions and business-to-business activities, it is essential that students understand the business-to-business marketing environment. Numerous examples and references aid students in their understanding of this sector of the market, as well as of marketing through channel structures from the producer to the end consumer.

Third, Dr. Lascu's international heritage and experience provide a higher level of understanding of marketing within the global environment. The international environment affects all companies, regardless of size, that often either sell to or purchase materials from international firms. As the world continues to shrink through advances in telecommunication technology and infrastructure, an understanding of marketing within a global context becomes even more critical.

**Marketing: Essentials 6e** reveals to students that marketing is both a science built on a complex theoretical framework and an art that engages marketing practitioners and consumers alike, while creating value for each. In the process of illustrating these two aspects of marketing, the text provides extensive and engaging applications and illustrations that together create an integrated marketing experience for students. The text examines current developments in marketing and other functional areas that have a profound impact on marketing and offers current examples from an operating environment that the Internet has redefined and profoundly affected.

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A full set of PowerPoint Slides, written by the authors, is available for this text. This is designed to provide instructors with comprehensive visual aids for each chapter in the book. These slides include outlines of each chapter, highlighting important terms, concepts, and discussion points.

The Instructor's Manual for this book has also been written by the authors and offers suggested syllabi for 10- and 14-week terms; lecture outlines and notes; in-class and take-home assignments; recommendations for multimedia resources such as films and websites; and long and short essay questions and their answers, appropriate for use on tests. The sixth edition of the Instructor's Manual offers a case for each chapter that can be used for testing, review, discussion, or a writing assignment.

The Video Labs that accompany this edition were selected by Dr. Clow. There are three to five videos per chapter, each with a brief description and length tally. Additionally, the Video Labs include student worksheets that instructors can assign. There's an instructor version of the worksheets that contains suggested answers.

For students, there's a Quizlet study application that includes eFlash cards of all the key terms in 6e, along with pronunciation guides, quizzes, and study games. Students can buy access to the *Quizlet for Marketing Essentials 6e* for just \$9.95. Details are available at our web site: [www.textbookmedia.com](http://www.textbookmedia.com).

# Chapter 13

## Digital and Social Media Marketing

### Learning Objectives



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*After studying  
this chapter,  
you should be able to:*

1. Discuss current Internet usage.
2. Identify the benefits of digital marketing.
3. Discuss the importance of e-commerce.
4. Identify and explain the various digital marketing strategies.
5. Examine strategies that can be used in social media marketing.

### Chapter Outline

- 13-1 Chapter Overview**
- 13-2 Internet Users**
- 13-3 Digital Marketing**
- 13-4 E-Commerce**
- 13-5 Digital Marketing Strategies**
  - 13-5a Geo-Marketing
  - 13-5b Content Marketing
  - 13-5c Blogs and Newsletters
  - 13-5d Email Marketing
  - 13-5e Digital Advertising
  - 13-5f Search Engine Optimization
  - 13-5g Behavioral Targeting
- 13-6 Social Media Marketing**
  - 13-6a Content Seeding
  - 13-6b Real-time Marketing
  - 13-6c Video Marketing
  - 13-6d Influencer Marketing
  - 13-6e Viral Marketing

**Summary**

**Key Terms**

**Discussion Questions**

**Review Questions**

**Case: Bluefly**

**Endnotes**

## 13-1 CHAPTER OVERVIEW

Although marketing has been around for several decades, digital marketing is a recent phenomenon. Consumers and businesses can research and purchase almost anything over the Internet. Because of increased usage of the Internet by both consumers and businesses, having a web presence has become critical, and understanding how to maximize the marketing thrust of a website, Internet marketing and social media is even more important.



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In Section 13-2, the makeup of Internet users is presented. Section 13-3 discusses the benefits of digital marketing and functions that are possible with digital marketing. Firms can do more than sell merchandise over the Internet. They can use it for a host of functions that can benefit consumers, other businesses, and even the firm's own employees. Section 13-4 is a presentation of e-commerce and how it impacts buyer behaviors today. Section 13-5 discusses various digital marketing strategies that firms can use. Because of the rapid rise of smartphones, mobile marketing has become increasingly important in the development of digital strategies. In preparing digital content and advertising, firms have to think about the various platforms consumers utilize. The last section of the chapter (Section 13-6) addresses ways firms can utilize social media to engage with consumers.

## 13-2 INTERNET USERS

Not since the invention of the automobile or computer has any single invention so radically transformed life and changed the way of doing business as has the development of the Internet. Approximately 3.9 billion people around the globe are using the Internet, with over 320 million of those in North America. Individuals spend an average of 5.6 hours per day with some type of digital device, with mobile now constituting 51 percent of that digital time. **Figure 13-1 (next page)** provides penetration statistics for the major regions of the world. North America has the highest penetration rate, at 88.1 percent, followed by Europe at 80.2 percent. Globally, 51.7 percent of the world's population use the Internet in some manner.<sup>1</sup>

Access to the Internet is no longer restricted through a computer that is hard-wired to the Internet. Multiple platforms exist, including mobile phones and tablets. In the United States, 53 percent of the population now own a smartphone, 31 percent own a tablet, and over 75 percent have a laptop computer. **Figure 13.2 (next page)** shows the top five activities for each of the major platforms. Using search engines to locate products and information is near the top of the list for all of the platforms as well as emailing. However, mobile phones and tablets are used more for playing games, texting, viewing photos, and watching videos than a laptop or PC.<sup>2</sup>

## Chapter 13: Digital and Social Media Marketing

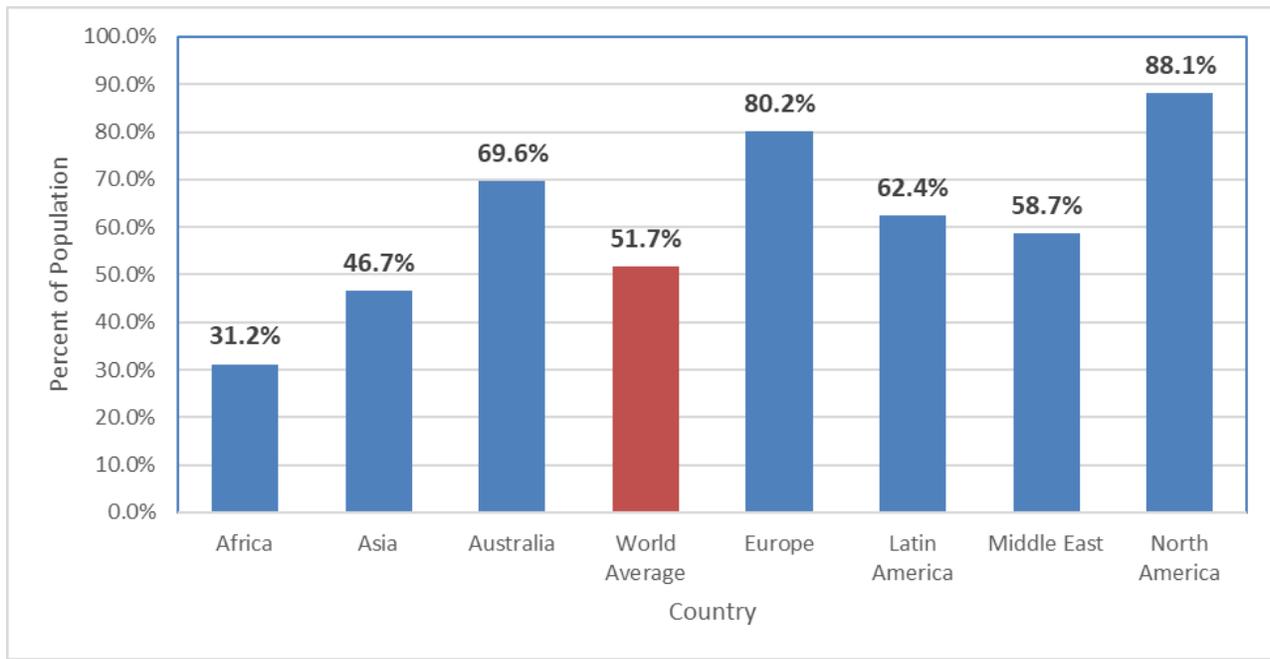


Figure 13-1: Global Internet Penetration by Continent

Laptop or PC	Mobile Phone	Tablet
Email (92%)	Search engine (91%)	Search engine (88%)
Search engine (92%)	Texting (90%)	Email (84%)
News (76%)	Email (85%)	Playing games (72%)
Shopping (71%)	Social media (70%)	Viewing photos (55%)
Social media (65%)	Playing games (69%)	Watching videos (52%)

Figure 13-2: Internet Usage by Digital Device.

Source: How People Use the Internet, <http://blog.dashburst.com/infographic/internet-usage-statistics>, accessed Sept. 15, 2014

### 13-3 DIGITAL MARKETING

The Internet has transformed the way businesses now operate. At the beginning, many businesses jumped onto the Internet and built websites because it was the thing to do. They were not sure how their site would be used or who would use their site. But as Internet usage has continued to increase dramatically, companies have come to realize that the Internet can provide substantial benefits to both customers and the selling firm. Using this information, companies began developing the field of digital marketing.

The Internet provides numerous benefits for companies, which are highlighted in **Figure 13-3 (next page)**. The most obvious use of the Internet is for sales. According to the U.S. Department of Commerce, e-commerce sales were \$395 billion, which represents 8.1 percent of total retail sales for the year. If fuel and car sales are excluded, then e-commerce represents 11.7 percent of total retail sales. The growth rate last year was over 15 percent. While e-commerce sales have slowed over the last decade, they still outpace brick-and-mortar retail sales growth.<sup>3</sup>

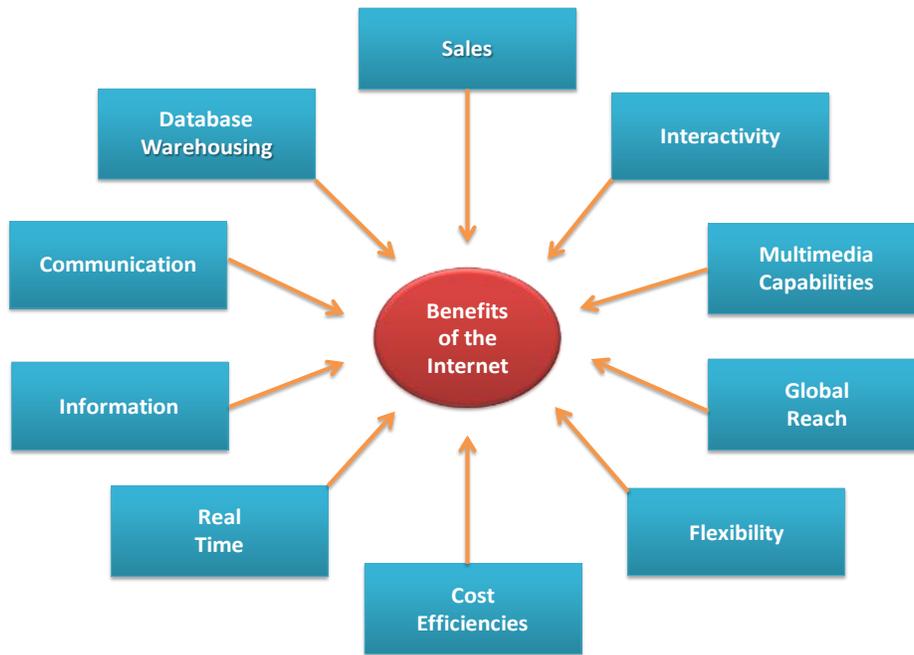


Figure 13-3: Company Benefits of Using the Internet for Marketing.

The Internet allows for a dynamic, interactive communication environment, especially through social media venues. Advertising, consumer promotions, trade promotions, and other integrated marketing communications (IMC) efforts are all static and directed toward consumers or other businesses. Only salespeople and the Internet have the capability of being interactive.

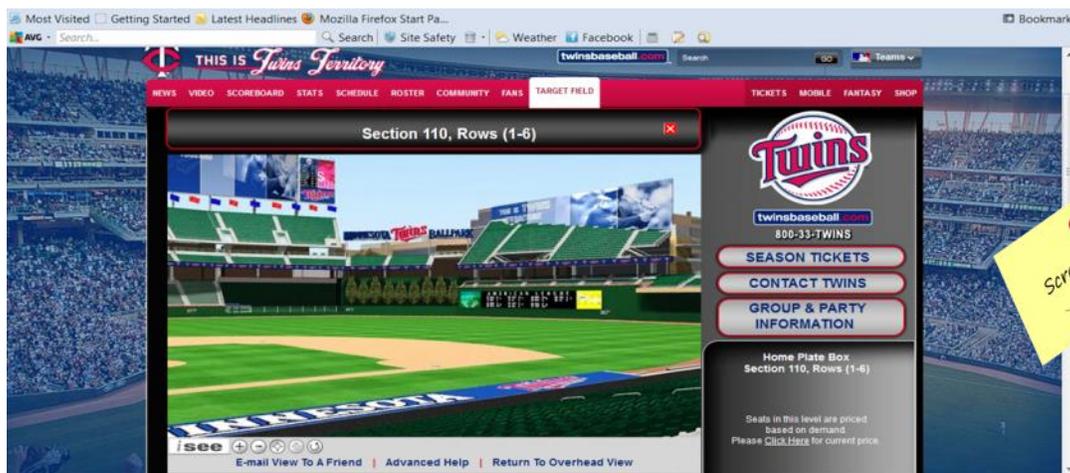
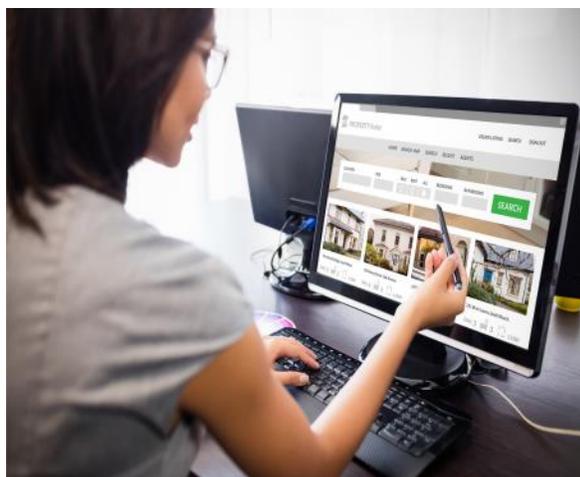


Figure 13-4: The Internet allows fans to view a baseball park, contact the team, and purchase tickets.

Attractive graphics and menus guide individuals through a website to the information they want. Yet it can be done at the visitor's own pace. Visitors can skim some sections and read others. They can even bookmark the site or places in the site for future reference. To encourage engagement with the brand, social media and other interactive marketing techniques can be used. The Internet provides a multimedia environment. Sound, pictures, and videos can provide information or entertain. A live cam shot can be used for sites such as a college or resort to show a visitor what the actual campus or facility looks like. At a resort website, a multi-

## Chapter 13: Digital and Social Media Marketing



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media presentation could show the different facets of the resort, such as the nightclub, the restaurants, the pool, the beach, and any other amenities that would be appealing. A big benefit of the Internet is that consumers (or businesses) can examine what they want to see, at the pace they want to see it, and as often as they want.

The Internet provides flexibility. Content can be changed quickly, often within minutes or hours. New messages can be put up instantaneously. During and after a major snowstorm or hurricane, companies can offer sympathy and provide assistance to those impacted. The flexibility means that the Internet can virtually operate in real time. Ads can be placed on the Internet as soon as they are completed, not months later as would be the case with a magazine. A new product can be highlighted as soon as it becomes available and not have to wait until it passes through the channel and is stocked on store shelves.

The Internet provides an excellent medium to communicate with customers and prospects and to provide information to various constituencies. Customers can be provided passwords that will allow them to access website components that no one else can see. Blogs and newsletters can be used to encourage brand involvement. Through social media, brands can engage consumers in dialogue and build stronger loyalty. Brands such as Apple, Harley-Davidson, and Jeep have built strong brand communities through social media and the Internet.

A major advantage of the Internet that many companies have not fully realized yet deals with cost efficiencies. For example, most manufacturers spend approximately 20 percent to 30 percent of the final cost of their products on sales, marketing, and distribution. What makes the potential of the Internet so exciting is that these companies can establish a website and sell



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directly to customers, potentially reducing these costs by 10 percent or more. Even for bricks-and-mortar retailers, e-commerce provides an environment for gaining cost efficiencies. When products are shipped directly to customers instead of the retail store, the retailer can save the cost of packing, shipping, and transporting products to retail sites, where they have to be unpacked and stocked on shelves. Also, in most cases, handling and shipping costs can be charged to customers purchasing the product over the Internet.<sup>4</sup>

The last benefit of the Internet is also the most controversial. Because of Internet technology, information about individuals or businesses that visit the site can be gathered, with or without their knowledge. If used ethically, this information can help a firm do a better job of targeting its products to meet the needs of each person who accesses the website. This infor-

mation can be added to the firm's database to build a more robust profile of its customers. For example, an individual who accesses the baseball equipment component of a sporting goods e-commerce site can be provided with a coupon or premium to encourage a purchase. If the individual accesses the same site on several occasions, the company can safely assume that the customer has a high level of interest in baseball.

### 13-4 e-COMMERCE

A major use of the Internet is **e-commerce**, which is the selling of goods and services over the Internet. Retailing can be performed in three ways, illustrated in **Figure 13-5**. The first method is made up of the bricks-and-mortar stores that do not have any presence on the Internet, in terms of e-commerce. These tend to be small stores with regional markets and products that do not lend themselves well to the Internet. In developed countries, bricks-and-mortar firms are a minority and are becoming an even smaller percentage of the total firms every year. However, in undeveloped countries, this form of commerce is still the standard mode of operation.



#### Bricks-and-Mortar Firms:

These organizations operate only with traditional physical facilities and do not yet have a web presence. Given the popularity of the Internet, such companies now tend to be few.

#### Bricks-and-Clicks Firms:

These organizations recognize the benefits of combining traditional physical facilities with a web presence. Virtually every major firm fits into this category.

#### Clicks-Only Firms:

These organizations operate only on the web and do not have traditional physical facilities. This has been a popular format for startup firms over the last decade.

Figure 13-5: The Three Forms of Retailing

In the 1990s, there was a huge burst of dot-com companies, or **clicks-only firms**, which are organizations that sell only over the Internet. Although these firms may have an office somewhere, they do not have a bricks-and-mortar store that a customer can go to. Most shipments are made directly to the customer from the manufacturer or distributor. In many cases, these firms do not even own an inventory but drop ship directly from producers to the customers.

Realizing the impact of the Internet and understanding that it is here to stay, bricks-and-mortar retailers began adopting e-commerce websites. These firms, which operate both a bricks-and-mortar store as well as an Internet e-commerce site, are known as **bricks-and-clicks**. These firms realize that e-commerce can provide customers with a different channel of making purchases and that it can be a valuable tool for providing information about the stores' products.

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Brand-name retailers now realize that the Internet is not a threat to their retail operation but rather can be used to build brand loyalty and increase sales. JCPenney found that shoppers who purchased merchandise from all three channels (retail stores, catalog, and the Internet) spent, on average, more than \$800 per year. Individuals who used only one channel spent, on average, \$200 per year.<sup>5</sup>

The growth of global Internet retail commerce is impressive. In the United States alone, online sales have reached \$395 billion, which is about 8.1 percent of all retail sales. Until 2017, the top online sales category was computers, electronics and appliances. It is now second, with online sales of \$20.4 billion. The top category is clothing and clothing accessories at \$24.2 billion. See **Figure 13-6** for a more in-depth breakdown of U.S. Internet retail sales by product categories.<sup>6</sup>

Rank	Product Category	Online Sales (billions)
1	Clothing and accessories	\$24.2
2	Computers, electronics and appliances	\$20.4
3	Furniture and home furnishings	\$6.7
4	Building materials and garden	\$6.6
5	Sporting goods, books and music	\$5.4
6	Health and personal care	\$4.6
7	Food and beverages	\$1.0
8	Vehicles and parts	\$0.5

Figure 13-6: U.S. Online Retail Sales by Product Category.

An e-commerce site has three primary components: a catalog, a shopping cart, and a payment system. Bricks-and-clicks operations must have a fourth component: a location finder.

The catalog can be just a few items displayed on the main screen, or it can be a complex presentation of thousands of products embedded within multiple links and pages. The type of catalog used is determined by how many products the firm sells and the objective of the website.

Each site must have some type of shopping cart to assist consumers as they select products. The shopping cart can range from just clicking a circle for an item when only a few products are offered to a more complicated shopping cart that keeps records of multiple purchases and previous purchases. Each site must establish some way for customers to make payments for the items they purchase. For consumers, this is often a credit card system or one of the Internet services such as PayPal. For business-to-business operations, payments are normally made through a voucher system. In other situations, a bill is generated or a computerized billing system is used so that the invoice goes directly to the buyer. In more trusting relationships, the invoice is added to the customer's records without a physical bill ever being mailed.

For bricks-and-clicks operations, buyers need some way of finding the nearest location if the merchandise is not being shipped directly to them. A consumer may examine clothes on

the Internet but want to go to the retail outlet, where he or she can try on the clothes and then make the purchase. Businesses that offer merchandise in brick-and-mortar locations normally have some type of store locator software that will tell the consumer or business the closest location by simply typing in the ZIP code.

Although online purchases are growing at a rapid rate, many consumers are still not sure about making online purchases for two reasons: security issues and purchase behavior habits. Many consumers are afraid to use credit cards because of the fear that their credit card number will be stolen. Others are concerned about fraud and dishonest e-commerce websites that will take their money and never ship the merchandise or ship poor-quality merchandise. In terms of purchasing habits, consumers feel more comfortable purchasing products from retail outlets because that is the way they have always shopped.

A brief view of history will provide an insight into these two concerns. When mail-order firms first encouraged ordering merchandise by telephone, consumers were fearful about giving out a credit card number to a stranger they could not see. Now, nearly everyone is willing to provide the information while placing orders over the phone. Also, not too long ago credit card holders expressed anxiety about various store employees stealing those numbers. Originally, customers were instructed to “take the carbon” from a credit card purchase to make sure it was torn into shreds to prevent an employee from using the credit card number later. The same pattern is likely to follow with Internet shopping. As consumers become accustomed to using the web, fears about giving out credit card information will be no greater than they are now for telephone orders or credit card store sales.



Originally, customers were instructed to “take the carbon” from a credit card purchase to make sure it was torn into shreds to prevent an employee from using the credit card number later. The same pattern is likely to follow with Internet shopping. As consumers become accustomed to using the web, fears about giving out credit card information will be no greater than they are now for telephone orders or credit card store sales.

The second issue is more difficult because it has strong ramifications regarding the future success of e-commerce. Consumers currently feel comfortable buying merchandise at retail stores and through catalogs. It will take time to change these habits, especially the preference for retail shopping. At the retail store, consumers can view and touch the merchandise. They can inspect it for defects and compare brands. Clothes can be tried on to make sure they fit. In addition, customers can see how clothing items look while being worn. As with any new technology, changing habits will require time and the right kinds of incentives.

Before examining digital e-commerce marketing strategies, it is helpful to review why anyone would shop online in the first place. **Figure 13-7 (next page)** provides a list of the most common reasons. At the top of the list for both consumers and businesses is convenience. Instead of making a trip to a bricks-and-mortar location, a consumer or a business can place the order while remaining at home or at his or her place of business. More important, the order can be placed at any time, day or night. Seeking information about various products can be quicker and easier on the Internet than using Consumer Reports, talking to salespeople, or calling the manufacturer or a retailer. For businesses, ordering merchandise, supplies, and materials over the Internet can save purchasing agents considerable time. In addition to ordering, businesses can check on the status of their orders, shipment information, and even billing data.

## Chapter 13: Digital and Social Media Marketing



Figure 13-7: Reasons Consumers and Businesses Shop Online

In most cases, doing so online is considerably quicker than making a telephone call. In this fast-paced world, convenience is a highly attractive incentive for consumers and businesses to shop online.

### 13-5 DIGITAL MARKETING STRATEGIES

As society has shifted from desktop computers to laptops, tablets and smartphones, marketers need to adapt to these multi-screen formats. Advances in technology create new digital marketing opportunities along with the need to develop campaigns that can be viewed from any type of screen. **Figure 13.8** identifies the primary digital marketing strategies that can be used.



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Figure 13-8: Digital Marketing Strategies



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When the first iPhone was introduced in the United States in 2007, only 6 percent of the population owned a smartphone by the end of the year. Today, over 81 percent of all mobile phones are smartphones.<sup>7</sup> Mobile phones provide a device linking individuals to social networks, thereby allowing them to post comments, pictures, and videos and read the thoughts of others. People can check in, tweet, and update their status anytime and anywhere. They can download deals from companies, read reviews, check prices, and share information. Fur-

ther, a mobile device offers a method for shopping. Purchases can be made with a mobile phone. Product information can be obtained. Consumers are able to check store hours, get directions to a business, and compare prices. These activities can take place anywhere, including the retailer's store.

The term **mobile marketing** refers to the development and application of marketing strategies for smartphones. Five years ago, mobile marketing strategies were different from digital marketing strategies, with the latter referring to marketing applications geared to desktop and laptop computers. Now, companies realize these cannot be two separate strategies. Thus, the term **digital marketing strategies** refers to all marketing strategies regardless of the device a consumer (or business) uses: desktop, laptop, tablet, or mobile phone.

### 13-5a Geo-Marketing

Mobile phones enable marketers to create advertising campaigns based on a person's geographic location. **Geo-targeting** involves reaching customers where they are located by contacting their mobile communication devices. For instance, by downloading an app, a fast-food restaurant can identify a person's location, show him how far he is from the nearest outlet, and then provide walking or driving directions to that unit. Many smartphone owners have check-in services at Foursquare, Gowalla, Facebook Places, and Twitter geolocation. Starbucks, McDonald's, Chipotle, and Burger King provide the largest number of restaurant check-ins. When someone checks in, software instantly sends a special promotion and information about the nearest locations. Marketing experts believe this location-based marketing approach will continue to grow. Businesses harness the ability to drive consumers to retail outlets near where they are located, which can be an effective method of engaging consumers with a brand on a one-to-one basis.

Applebee's restaurants employ geo-targeting. When a consumer taps on the mobile ad, the content asks if it can access the person's current location through the phone's GPS. If the person responds "yes" then the individual is taken to a mobile landing page that provides the nearest Applebee's location (with a map), menu items, and specials. Through the



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## Chapter 13: Digital and Social Media Marketing

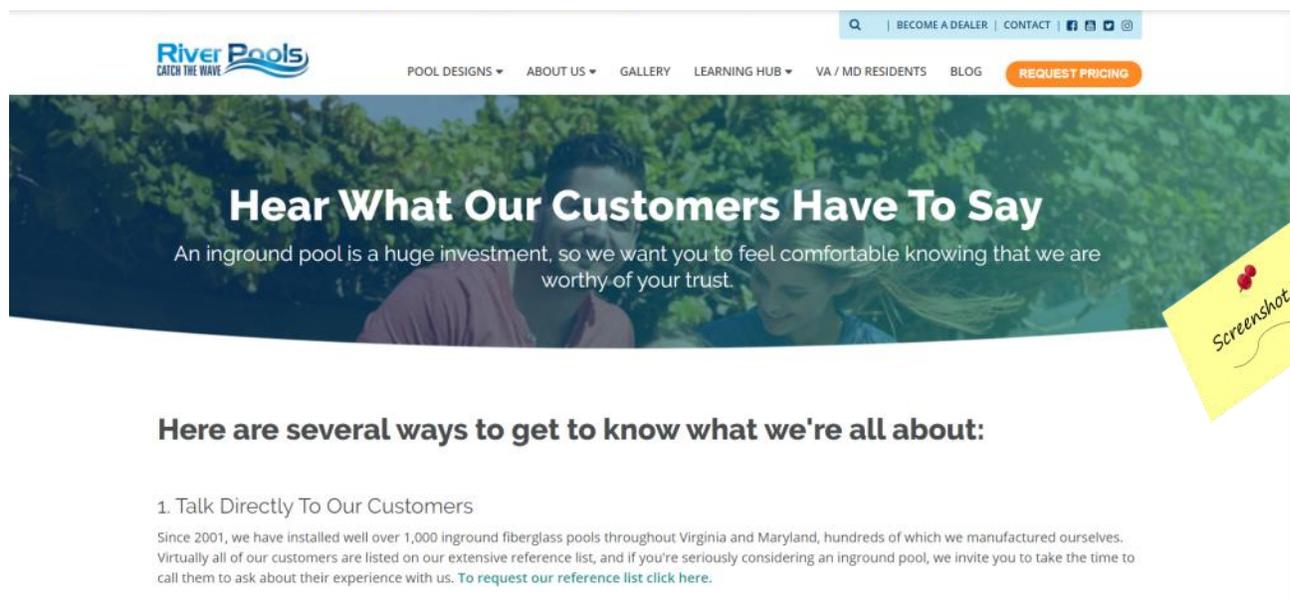
app, consumers can purchase gift cards and receive them on Facebook, Twitter, or other social media venues. A click-to-call button will dial the Applebee's restaurant. According to Shuli Lowy, marketing director at Ping Mobile, "Mobile is no longer an option for restaurants." A Nielsen study revealed that 95 percent of smartphone users conduct restaurant searches on their mobile devices and 90 percent of those convert within a day.<sup>8</sup>

Creating successful geo-targeting campaigns requires two actions. First, consumers should be in control of the engagement. They opt-in for the app. Second, the brand should provide a discount or something of value to consumers. Campaigns that follow these principles routinely yield engagement and performance measures that are higher than other forms of digital advertising.

### 13-5b Content Marketing

Orders for in-ground fiberglass pools at River Pools and Spas declined from an average of six per month to barely two. Four customers who had made deposits during the winter requested their money back. They had changed their minds. Marcus Sheridan, owner of River Pools and Spas, was spending \$250,000 a year on radio, television, and pay-per-click online advertising. He reduced the advertising budget and focused on providing useful information through blog posts and videos. He answered questions potential customers had.<sup>9</sup> This approach, called content marketing, saved his business. **Content marketing**, or *branded content*, consists of providing useful information and product-use solutions to potential customers.

Content marketing is not self-promotion or advertising to generate sales. It focuses on developing content that is authentic and of interest to consumers or businesses. Marcus Sheridan shared truthful information, good and bad, about fiberglass pools. Customers appreciated his honesty and responded through interactive dialogue and purchases.



The screenshot shows the River Pools website. The header includes the logo "River Pools CATCH THE WAVE" and navigation links: POOL DESIGNS, ABOUT US, GALLERY, LEARNING HUB, VA / MD RESIDENTS, BLOG, and a "REQUEST PRICING" button. The main content area features a testimonial titled "Hear What Our Customers Have To Say" with the text: "An inground pool is a huge investment, so we want you to feel comfortable knowing that we are worthy of your trust." Below this, a heading reads "Here are several ways to get to know what we're all about:" followed by a numbered list item: "1. Talk Directly To Our Customers". The text below the list item states: "Since 2001, we have installed well over 1,000 inground fiberglass pools throughout Virginia and Maryland, hundreds of which we manufactured ourselves. Virtually all of our customers are listed on our extensive reference list, and if you're seriously considering an inground pool, we invite you to take the time to call them to ask about their experience with us. To request our reference list click here." A yellow sticky note with a red pushpin icon and the word "Screenshot" is placed over the bottom right corner of the screenshot.

To succeed, the information provided in content marketing must be relevant and answer problems faced by customers or in some way improve their lives. The goal is to produce information or solutions that visitors to the site want to share with their friends and relatives. Integrating content with the search and social strategies creates synergy. Using key search

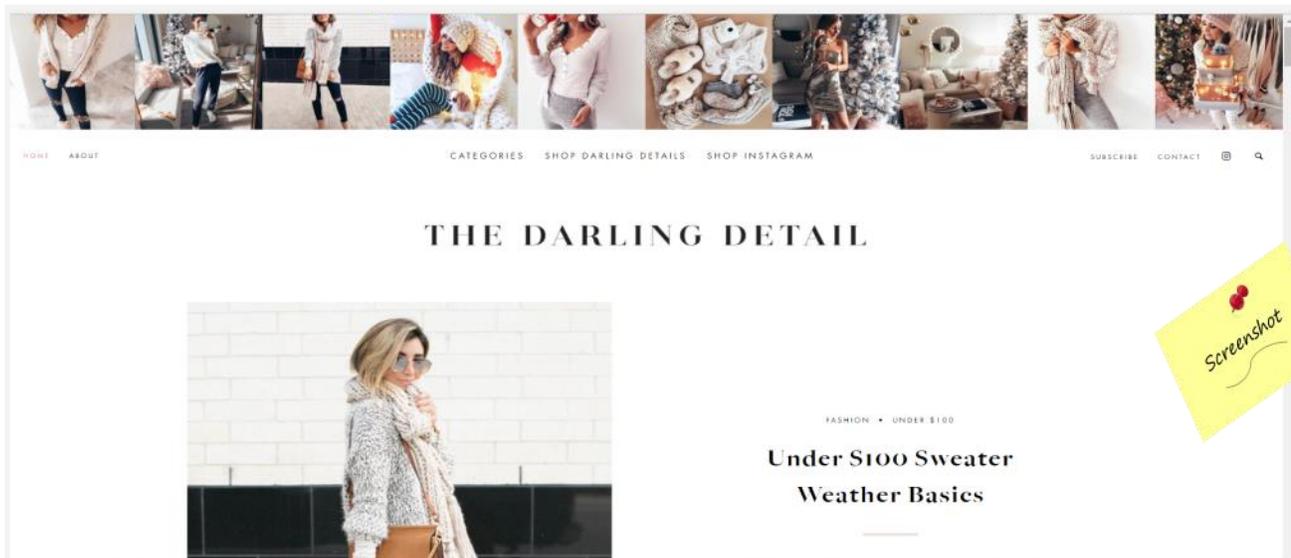
words in the content and providing content consumers consider to be valuable enhances the chance that a visitor seeking a solution to a problem will share the content with friends through social media.

Content should be updated regularly. Most experts believe two to three times per week is important. Marketers should avoid the temptation to drift into self-promotion and sales talk over time. Staying true to the mission of the branded content, providing information and solutions is vital.

An alternative to branded content is **sponsored content**, whereby a brand sponsors the content of a blogger or related website. A YouTube video about how to get perfect curls had references to the Remington curling iron brand embedded in the video. Spectrum Brands, which owns Remington, pays bloggers to create stories, articles and videos for the web. The goal was for the article and video to be shared through social media venues, such as Twitter and YouTube.<sup>10</sup>

### 13-5c Blogs and Newsletters

**Blogs** are online musings that cover a wide range of topics. Some are interactive and permit visitors to post comments; others do not. Setting up company-sponsored blogs can emulate word-of-mouth communication and engage customers with a brand. Fashion retailers entice customers to visit the company's blog to enjoy postings on new styles, upcoming designers, and fashion *faux pas*. In the past, customers may have relied on magazines for fashion information. Now, company blogs allow them to obtain information faster, and, more important, interactively. This helps brands engage with customers and establishes a two-way communication channel.



In developing a blog, analysts stress the importance of identifying a specific reason for the blog before launching. It may be to make the company more open to its customers, to humanize the company so customers feel the firm cares, or to show a fun-and-happy side of the brand. When Coca-Cola acquired 40 percent of Honest Tea, many customers were unhappy about the move and voiced opinions on the blog. Seth Goldman, CEO of Honest Tea, took time to answer each one. While some customers still did not like the idea, “The blog at least helps people see how we think about it,” Goldman said.<sup>11</sup>

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Companies have to decide how they will handle negative comments. Most companies have a mechanism for approving comments before they are posted. This policy is to ensure nothing racist or offensive is posted. It should not be to eliminate negative thoughts. Allowing negative comments to be posted shows a company is open, human, and willing to accept feedback, both good and bad. It is important to respond to these negative comments in an honest, straightforward, and polite manner. Customers will respond to brands that are transparent.

Rather than a blog, some companies prefer to offer consumers (or businesses) a newsletter. The Thrillist ([thrillist.com](http://thrillist.com)) and UrbanDaddy ([urbandaddy.com](http://urbandaddy.com)) websites designed newsletters for their customers. Newsletters are sent via email to approximately 1.1 million subscribers. Most subscribers are college graduates with median incomes of \$88,000. The UrbanDaddy newsletter emphasizes an exclusive and luxurious approach, advising men on where to shop and how to fit in. The Thrillist newsletter features a fun and relaxed tone. Both organize free, heavily-sponsored events for subscribers of the newsletters. The newsletter becomes a means of engaging the subscribers with the websites.<sup>12</sup>

Both blogs and newsletters should follow the same principles outlined as those pertaining to content marketing. Information should be useful and provide solutions to problems customers face. It should be authentic and offer something individuals want to share. It should be integrated with the brand's web content, search strategy, and social media outreach (see Figure 13-14 on page 391).



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### 13-5d Email Marketing

Email can be an important part of a company's digital marketing strategy. To be successful, companies need to integrate the email marketing program with other marketing programs. It cannot simply be a program where mass emails are sent to individuals on a list. Most people resent spam, and response rates are extremely low, in addition to damaging the brand's reputation.

Response rates increase when an email message resembles the information on the company's website and coincides with its IMC program. Web analytics can be used to develop email campaigns that offer the greatest chance of response. Emails can be based on the browsing history of an individual on a particular website. Analytics can identify those who made past purchases or items placed in the wish list but never purchased.

Email campaigns may be directed at consumers who abandon shopping carts without making purchases. About 40 percent of online shoppers abandon the shopping cart just prior to the checkout. Only about 30 percent of these shoppers return to complete the transaction. Web analytics can identify the individuals who abandon a shopping basket. Sending an email to these individuals offering free shipping, a discount if they complete the order, or a simple reminder that they have items in their shopping basket can lead to greater sales. Converting these individuals to customers is much easier and more lucrative than sending mass emails. Targeted emails experience a conversion rate five to ten times higher than mass emails sent to a firm's customers. In addition, revenues from these follow-up emails are three to nine times higher than other approaches.<sup>13</sup>

In **Figure 3-9**, Holly Betts, an email expert with Marketing Zen, offers a number of suggestions for developing successful email campaigns. It starts with individuals opting-in to the email program. She emphasizes being upfront and honest with subscribers. Companies should tell recipients what they can expect, when they can expect it, and then deliver on those promises. As with branded content, emails should offer subscribers something useful that meets their needs or interests.

- *Be upfront, honest with subscribers*
- *Build list for quality, not quantity*
- *Give subscribers what they want*
- *Be familiar with your audience*
- *Keep e-mails neat and clean*
- *Be eye-catching*
- *Integrate social media*
- *Test, test and test*

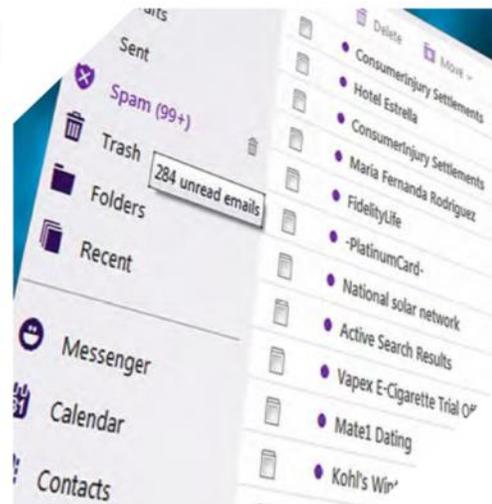


Figure 13-9: Tactics for a Successful Email Campaign; Source: Interview with Holly Betts, *Marketing Zen*, February 14, 2014

Marketing professionals should be sure all emails come from the same source so that subscribers instantly recognize the source and know it is an email they gave permission to receive. Emails should be short, neat, and eye-catching. The message can include links to all of brand's social media outlets so recipients can increase their engagement with the brand if they desire. Companies should test every email campaign and keep records of what worked and what did not. These records make it possible to build a file of best practices based on results.

### 13-5e Digital Advertising

Digital, or online, advertising presents a highly effective method for reaching today's consumers, especially the younger, affluent, and Internet-savvy market. Budgets for digital advertising have steadily increased and are now greater than television advertising. Part of the growth has been fueled by multiscreen advertising, which involves media buys across the various platforms such as the web, mobile, and tablets.

The first form of Internet advertising involved the use of a display, or banner, ad. In 1994, AT&T ran one carrying the message "Have you ever clicked your right mouse here? You will." This very basic form of advertising generated billions of dollars in advertising revenues. Today, banner ads account for 22.6 percent of digital ads.<sup>14</sup> See **Figure 13-10 (next page)** for a percentage breakdown of the various forms of digital advertising.

Currently, banner ads can be embedded with videos, widget applications, or targeted display ads to increase the chances viewers will see and click the icon. The newest online technology, which has been taken from paid search auction systems, allows advertisers to display a banner ad only to individuals the company chooses. The system is built on a vast warehouse of user Internet data and automated auction advertising exchanges. Advertisers develop messages for specific audiences and set the price they are willing to pay to reach that audience with the banner ad.

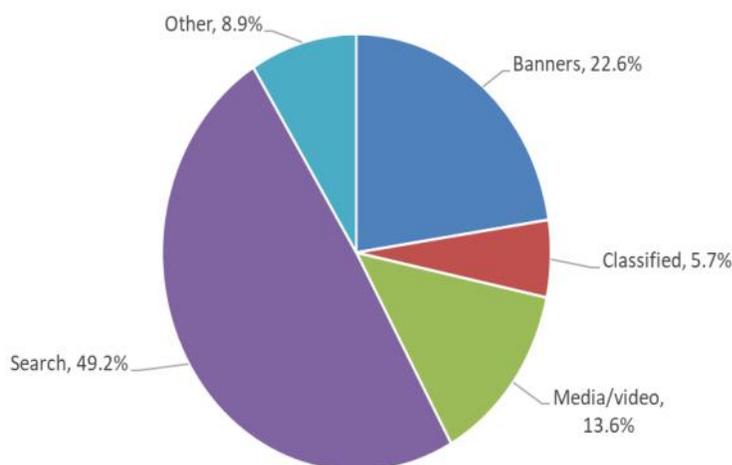


Figure 13-10: U.S. Online Ad Spending by Format; Source: "Online Ad Spending Consolidates Among Search, Banners, Video," *eMarketer Digital Intelligence*, February 3, 2012, [www.emarketer.com](http://www.emarketer.com).

When a consumer, such as a 40-year-old male, accesses a particular website with the paid search auction technology, in a microsecond the software searches the auction exchange for advertisers matching the profile of the individual who logged onto the page. Once an advertiser has been located, a banner ad instantly flashes on the computer screen. It may be an advertisement for fishing equipment, a pickup truck, or male clothing. If a female with an interest in clothes logs on, an advertisement for current fashions may appear. The automated exchange system grants precise targeting of ads to specific consumers.<sup>15</sup>

### 13-5f Search Engine Optimization

The largest category of online expenditures is for spots on search engines. Funds devoted to search engines constitute 49.2 percent of digital advertising expenditures. About 80 percent of all web traffic begins at a search engine.<sup>16</sup> Therefore, making sure that a company's name or brand becomes one of the first ones listed when a person performs a search will be a key marketing goal. **SEO**, or **search engine optimization**, is the process of increasing the probability of a particular company's website emerging from a search.

Optimization can be achieved in one of three ways (see [Figure 13-12 next page](#)). First, a paid text search insertion comes up when certain products or information are sought. The placement of the ad on a search page depends on the price the company pays, the algorithm a search engine uses to determine the advertisement's relevance to a particular search word or phrase, and the bid auction process. The FTC (Federal Trade Commission) now requires that these paid text ads have an "Ad" icon at the beginning of the search result.

Second, a company can increase identification through the natural or organic emergence of the site. This method involves developing efficient and effective organic results that arise from a natural search process. Each search engine uses a slightly different set of algorithms to identify key phrases that match what was typed into the search box. To be listed first in an organic search requires time and effort. Normally, a new website will probably not emerge at the top of the search results. It takes time for the search engine to locate the site.



Figure 13-11: A co-branded banner ad with Sonic and Wholly Guacamole.

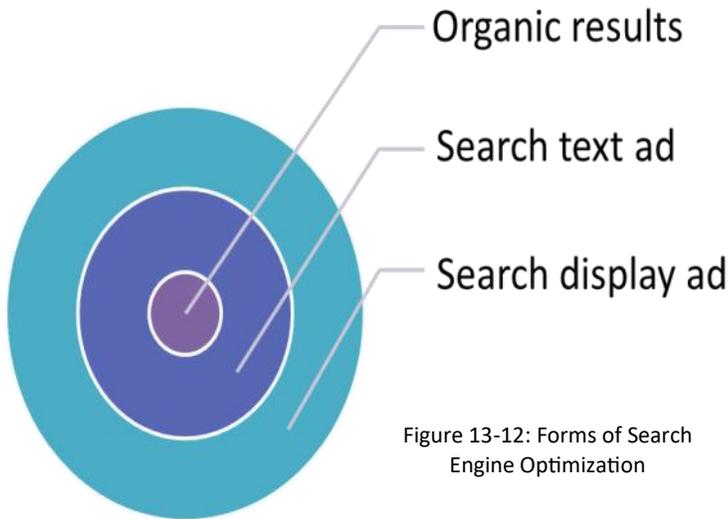


Figure 13-12: Forms of Search Engine Optimization

with images located at the top or right of the search results. Research suggests that these search display ads have a strong positive impact on brand awareness, perception, and purchase intentions, even when consumers do not click the paid search ad. The same rules that apply to the search text ads apply to these ads.

Companies spend large amounts on search engine optimization. The typical click-through rate for online advertising remains around 0.2 percent; for search advertising it is around five percent.<sup>18</sup> Although the early results are impressive, marketers should remember that search engine optimization represents a long-term investment. The effects do not occur quickly. Getting into the top 10 listings of a search can take months or years. It requires optimizing content, programming, credibility and relevancy that will be picked up by search engines.

### 13-5g Behavioral Targeting

Rather than place ads on random websites, companies can target individuals most likely to purchase their products. **Behavioral targeting** utilizes web data to identify these individuals. Behavioral targeting can occur in three different ways, as shown in **Figure 13-13**.

The most common form of behavioral targeting involves tracking a person's movements on the Internet. A cookie is placed on the individual's computer that records data points as she goes from site to site. It records the types of sites visited, the information read, the searches that have been conducted, and products that were purchased. Based on this information, ads will be placed on websites that match this browsing history. If an individual has visited a number of websites about cooking, the individual will see an advertisement for food and cooking-related products. A coupon or other form of incentive can be placed on the ad to encourage the person to click on it.

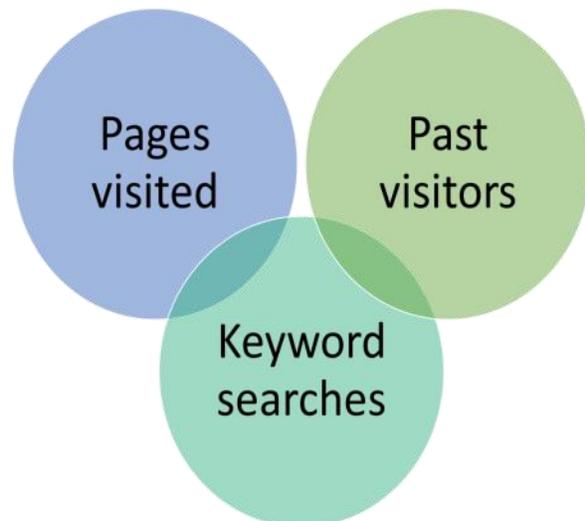


Figure 13-13: Behavioral Targeting Methods

Some studies suggest that the impact of organic listings can be impressive. For sites that come up on the first page of a search or within the top 10, web traffic increases nine fold. For second- and third-page listings, web traffic increases six fold. In terms of sales, being a top 10 listing has resulted in a 42 percent increase in sales the first month and a 100 percent increase the second month.<sup>17</sup>

The third optimization method, paid display ads, are small ads

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The screenshot displays search results for 'bikes'. On the left, there are several organic search results for bike retailers, each with a star rating and Google reviews. On the right, there is a sponsored section titled 'Shop for bikes on Google' featuring a grid of bicycle images with their respective prices and retailers. Below the sponsored section is a map of the Minneapolis area with four red location markers labeled A, B, C, and D, corresponding to the addresses listed in the organic results.

**Bikes at Walmart**  
 Ad [www.walmart.com/Bikes](http://www.walmart.com/Bikes) 4.2 ★★★★★ advertiser rating  
 Save On Bikes at Walmart. Free Shipping Site to Store.

**Bikes - Find your Trek - Trek Bicycle**  
[www.trekbikes.com/us/en/bikes/](http://www.trekbikes.com/us/en/bikes/) Trek Bicycle Corporation  
 Browse the world's best road, mountain, and city bikes, explore our collections, and browse the archive of past Trek models.  
 Mountain - Road - City - Fitness

**Freewheel Bike**  
[freewheelbike.com](http://freewheelbike.com)  
 4.2 ★★★★★ 28 Google reviews · Google+ page

**The Hub Bike Co-op**  
[thehubbikecoop.org](http://thehubbikecoop.org)  
 4.5 ★★★★★ 38 Google reviews · Google+ page

**Varsity Bike & Transit**  
[varsitybike.com](http://varsitybike.com)  
 4.5 ★★★★★ 21 Google reviews · Google+ page

**Freewheel Bike Eden Prairie**  
[www.freewheelbike.com](http://www.freewheelbike.com)  
 4.3 ★★★★★ 9 Google reviews · Google+ page

**Map results for bikes**

**Shop for bikes on Google** Sponsored

Mongoose Men's Dolomite... \$229.99 Academy Sp... ★★★★★ (16)	26" Huffly Champion W... \$164.20 Walmart	26" Kulana Lua Tandem Bike \$249.00 Walmart	Roadmaster Granite Peak... \$79.97 Walmart
26" Huffly Nel Lusso Wome... \$128.57 Walmart	26" Huffly Cranbrook W... \$95.60 Walmart	Huffy Girls' So Sweet 20" Bic... \$44.99 Academy Sp...	Thruster 700C Men's Fixie Bi... \$92.04 Walmart

Map locations:  
 A: 1812 South 6th Street, Minneapolis, MN (612) 339-2219  
 B: 3020 Minnehaha Avenue, Minneapolis, MN (612) 729-0437  
 C: 1316 4th Street Southeast, Minneapolis, MN (612) 623-0990  
 D: 12910 Plaza Drive, Eden Prairie, MN (952) 377-2230

**Figure 13-14:** Behavioral targeting can be used by bike retailers and manufacturers. Individuals searching online for bikes, or bike paths, or things to do this weekend, can be directed to an ads/links like these that appear in this search.

The second form of behavioral targeting examines an individual's search behavior. It identifies keywords that are typed into search engines and the content that is read based on the keyword searches. If an individual has used a search engine to locate articles and information about new trucks, then he may see an advertisement by Ford or another truck brand. These ads will typically appear on the search engine being used.

The final form of behavioral targeting is based on past visitors. Barnes & Noble uses this form of behavioral targeting to suggest books and movies that may interest a person shopping on the company's website. This form of behavioral marketing typically is triggered when an individual places a book or movie in a shopping basket or wish list. An ad will be generated that says "others who purchased this book have also purchased these books." Several suggestions are made based on combinations of purchases of other customers. However, the concept can also be used to trigger banner ads related to a person's previous purchases.

Behavioral targeting takes place in micro-seconds without a person even realizing it occurs. Algorithms can be written to trigger these ads as the page loads. Even the brand being advertised rotates or changes based on the bidding process brands use for display advertising. In the above example with keyword behavioral targeting, instead of a Ford ad appearing it may be for a Chevrolet or a Toyota, depending on the result of the bidding process that takes place.

## 13-6 SOCIAL MEDIA MARKETING

Social interaction remains the fundamental basis of social media. It is one consumer talking to another, or to many others. Skilled marketers realize the potential inherent in such exchange. The newness of this type of communication has meant that companies are still developing ideas regarding the best approaches to utilize. The primary methods currently being used are given in **Figure 13-15 (next page)**.



Figure 13-15: Social Media Marketing Methods

manner. It must be two way – both customers and company personnel talking and sharing. This means brands have to devote dollars and personnel to managing the company’s social media efforts.

Social media can provide exposure for a brand. Effective exposure occurs when the social media platform is more than just a sounding board for customers. It should offer a venue for solving problems, gathering useful information, and gaining insights. J.D. Power and Associates research revealed that, among highly satisfied customers of a brand, 87 percent said their online interactions with the brand positively impacted their perceptions of it and the likelihood of a purchase. Individuals with low satisfaction scores indicated social communications decreased the likelihood of future purchases.<sup>20</sup>

Social media can drive traffic to a brand’s website when visitors click on a URL embedded in a social media post. Marketers utilize social media to lead people to retail locations, such as restaurants or car dealerships. In business-to-business programs, social media generates leads to be followed up by members of sales staff, including field salespeople, telemarketers, or the email sales force.

Social media can boost organic search rankings with search engines. These increased rankings occur for two reasons. First, individuals mention the brand name more frequently on social media networks. The search algorithms used by search engines examine numbers of mentions. Second, if content or comments made about the brand fit the search terms, then the quality of those interactions increases and various search engines assign greater credibility to the brand.

Brand managers develop social media marketing campaigns for a variety of reasons. **Figure 13-16** identifies some of the more common.<sup>19</sup> Two frequently reported rationales are to stay engaged with customers and provide a venue for interactions. Unlike any other marketing method, social media is built on the concept of communications and interactions. Brands have the opportunity to engage fans through the brands’ various social media platforms. It offers an active, real-time interaction, 24/7. To be effective, the interaction must be genuine. Both the good and bad must be seen. Brands have to be willing to accept criticism and respond in a humanistic and empathetic



Figure 13-16: Reasons for Social Media Marketing.

Social media can provide valuable information about customers and non-customers. Most companies now engage in listening to social chatter, often called **social listening**. Comments may be negative or positive, but in most cases visitors render honest opinions. Occasionally, social media buzz creates a situation in which the marketing team should react immediately. For instance, when General Mills launched a television advertisement for Cheerios featuring a family with parents from different races, the ad also ran on YouTube. Some of the social media response was immediate, fierce, and unfortunately racist and negative. Within days, the ad had been viewed more than 1.7 million times. Part of the language and views posted on the comment section of YouTube were not family-friendly, which led officials at General Mills to disable the comment function. Although individuals could not make comments about the ad, it could still be viewed.



g-stockstudio/www.shutterstock.com

Despite the negative reactions present on social media, General Mills' management team did not back down. Company leaders believed the ad reflected current American society. According to Camille Gibson, vice president of marketing for Cheerios, "There are many kinds of families, and Cheerios celebrates them all. Despite some serious, negative responses online, it's been a very positive response overall."<sup>21</sup> The Cheerios example illustrates one outcome of gathering customer intelligence. Marketing employees seldom have to react as quickly as those at General Mills.

Social listening offers an excellent source of ideas for company-produced content. Problems consumers face, along with the information they seek, can be presented on various social media pages. By listening, the company appears to be in tune with consumers and seen as striving to meet consumer needs. Social listening can identify customer advocates. These individuals demonstrate a strong commitment to the brand. They make regular, frequent purchases. To these consumers, the brand is the best in the world. Brand managers can recruit these individuals to be advocates. Their recommendations can be extremely valuable in gaining new fans and customers.

Increasing sales constitute the ultimate goals of any marketing program, but should not be the primary purpose of social media marketing. If customers view a social media outreach program as merely a masquerade for selling, they will likely be alienated. Instead, marketers should design social media programs to engage consumers with the brand. Increasing sales should be viewed as a by-product of social media marketing.

### 13-6a Content Seeding

People plant seeds into the ground believing that they will germinate and grow into a living plant that bears fruit, vegetables or flowers. The same concept applies to social media marketing. **Content seeding** involves providing incentives for consumers to share content about a brand. The incentive does not have to be financial, although financial incentives tend to be the most frequently used. An incentive can be information, uniqueness, novelty, or anything that engages consumers with the brand and motivates them to share with others.



LStockStudio/www.shutterstock.com

Most people like to compete, especially if they feel they can win. When Microsoft launched a recent version of Windows, the company asked high schools to submit videos for a computer lab makeover. The “School Pride” campaign invited visitors to vote on the best video submission. To add intrigue and encourage sharing, Microsoft used a social graph that allowed web visitors to have friends go to the site and vote for the best entry, thereby increasing a school’s chances of winning. The contest generated an increase of almost 75 percent in traffic to the web site.<sup>22</sup>

One contest that generated a great deal of social buzz was created for Esurance. Rather than spending over \$4 million on a Super Bowl ad, the company purchased the first ad slot after the game at a cost \$2.5 million. The ad announced that one lucky viewer would win the difference, about \$1.5 million, who tweeted the hashtag #EsuranceSave30 within 36 hours of the ad airing. The ad created a tremendous burst of Twitter shares. Leo Burnett, Esurance’s agency, reported the following statistics from the campaign:<sup>23</sup>

- 5.4 million tweets with the #EsuranceSave30 hashtag
- More than 200,000 entries within the first minutes of the television ad
- 2.6 billion social impressions on Twitter
- 332,000 views of Esurance commercial that had been posted to YouTube
- 261,000 new followers on the official Esurance Twitter account
- A 12-fold spike in the visits to the Esurance website within the first hours of the television ad

Appealing to consumer altruism, such as a campaign to donate blood in the wake of a tragedy, offers an additional content-seeding approach. Recent storms in the United States created shortages of blood for the Red Cross. The organization used the Internet to inspire individuals to share. The organization created a badge announcing the shortage and encouraged individuals to share the badge on their social networks and with their friends.

### 13-6b Real-time Marketing

The idea of real-time marketing existed prior to the 2013 Super Bowl but it was the infamous blackout during the game in the New Orleans Superdome that legitimized it as a feasible social media strategy. Oreo sent a message via Twitter that it is okay to dunk an Oreo cookie “in the dark.” The message was placed on an image of an Oreo cookie, set in light, shadow and darkness. That message became a viral hit, being re-tweeted 15,000 times within the first 14 hours.

**Real-time marketing** is the creation and execution of an instantaneous marketing message in response to or in conjunction with a live event. The success of Oreos led marketers for other brands to set up “war rooms” during major live events. These war rooms contain top marketing executives, creatives, digital technicians, and attorneys. The group seeks to strike instantly with an approved message when an opportunity occurs.

Effective real-time marketing does not occur on the fly, without any thought. The ap-

proach requires upfront strategic planning before assembling a war room and prior to any live event. While seeking to display human emotions and reactions to live events, those actions must be carefully planned to ensure they resonate with consumers (or businesses) and remain consistent with the brand's overall brand image and integrated marketing communications plan. The tone presented in a real-time marketing message becomes the key. It should correlate with the tone present in other company advertisements and other social media efforts. During these pre-planning sessions, company leaders discuss and sometimes even prepare messages and ads to be used for various situations that might occur during a live event. While it may seem the message was a quick reaction, it may have been discussed and designed weeks earlier.

Real-time marketing can be utilized in places other than live sporting events. During a recent snowstorm in the Northeast, Starbucks's marketing team put together a social media plan for Facebook and Twitter that focused on conversations about the anticipated blizzard. Snow-themed ads appeared on Facebook and Twitter with the creative focusing on an image of warm cup of java. The Twitter ads appeared when individuals clicked on #blizzard, #snowstorm, and other related hashtags.<sup>24</sup>

### 13-6c Video Marketing

Approximately 58 percent of the U.S. population watches digital videos, and 75 percent of Internet users watch them. Marketing professionals recognize that YouTube and other video sharing platforms present unique opportunities and challenges for social media marketing. **Figure 13-17** highlights some of the primary tactics.

Because of the popularity of watching videos on YouTube and other video sharing platforms, advertising on videos has grown faster than other forms of advertising. A major reason for this growth is that consumers are more receptive to online video ads. The average time consumers view online video ads is 21.4 seconds, compared to 13.6 seconds for television. The completion rate for online video ads is 88 percent versus 79 percent for TV. Recall and ad likability are also higher for digital video ads.<sup>25</sup>

Ads embedded in videos can be pre-roll (before the video starts), mid-roll (in the middle of the video content), or post-roll (at the end of the content). Advertisements placed at the end of a video experience better click-through rates, because individuals have finished watching the video content. Ads at the beginning of the video result in more impressions while those in the middle have the highest completion rate. Therefore, when creating impressions or enhancing recall constitutes the primary goal, advertisers should front-load ads. When the company seeks to increase brand recognition or enhance brand image, then mid-roll ads represent a better option, because viewers tend to watch the entire ad. Post-roll ads best match direct response-type of advertising with some type of call to action.



Figure 13-17: Video Marketing Tactics

Most companies maintain YouTube channels in order to share various types of videos. Marketers post ads prepared for television to video websites. Most Super Bowl advertisers are now posting their Super Bowl commercial or a snippet of it on YouTube prior to the game. Often, the digital ad will be viewed by more people than those who see the actual commercial during the Super Bowl. In addition to ads, advertisers post background scenes or videos explaining how the ad was produced. Viewers find these interesting, and the approach often increases engagement with the brand.

Companies often will produce informational or instructional videos. These videos are designed to provide useful information to consumers and answer questions they may have about the brand. Providing a tutorial on how to use a product, especially a complex item, can be useful.

Another approach involves posting videos with public relations or cause-related marketing messages. Duracell produced a video about firefighters and emergency personnel telling their personal stories. Advil produced a video featuring Melissa Stockwell, who lost her leg in Iraq. John Deere produced a video about a Mexican immigrant who came to the United States with nothing and now owns his own business. This type of video seeks to generate goodwill.



Daniel Krason/www.shutterstock.com

Many consumers use videos to conduct product research. Rather than visiting various websites, Amazon.com, or brand sites to obtain reviews, consumers turn to YouTube. An increase in YouTube's popularity as a source of product reviews can be attributed to the three causes.<sup>26</sup> First, any product can be reviewed on video, and almost any product a person can think of has been reviewed on YouTube. Second, videos are more engaging because they provide both visual and spoken content. Third, videos represent the best place for early adopters to learn about a new product.

### 13-6d Influencer Marketing

Messages posted on social media by companies are often ignored. As a result many marketing teams have turned to locating individuals to share information and other facets of a brand. **Influencer marketing** involves an individual marketing a brand through social media. It is word-of-mouth communication from individuals who are seen as thought or opinion leaders within their social circles or as experts within particular fields. A number of agencies now specialize in matching potential influencers with brands seeking to take advantage of influencer marketing.

The size of an individual's social network does not always correlate with the extent of her influence. An individual can have 20,000 followers, but not be seen as an opinion leader within that particular field. The most effective influencers are those individuals that lead conversations and shape opinions. While celebrities have large followings, they are not always the best choices for influencer marketing campaigns.



Velychko/www.shutterstock.com

share methods of creating unique special effects with a Canon or Nikon camera. She might share information about a photo contest hosted by Canon or special online seminars by the company.

To be effective, influencers must be deemed authentic and not as paid spokespersons for companies. Consumers are not opposed to an influencer pitching a particular brand as long as it appears to be genuine praise. For instance, Birchbox worked with lifestyle blogger Emily Schuman to promote a makeup box on Instagram. Emily reaches more than 280,000 followers. The Birchbox campaign with Emily yielded more than 18,000 likes and touched more than 50,000 consumers. Most of these consumers were individuals who were not part of Birchbox's original fan base.<sup>27</sup>

### 13-6e Viral Marketing

Preparing a marketing message to be passed from one consumer to another through digital venues or social media is **viral marketing**. It can be an email, a video posted to a personal blog or on YouTube, or a posting on one of the social media platforms. It then evolves into a form of advocacy or word-of-mouth endorsement. The term "viral" derives from the image of a person being "infected" with the marketing message and then spreading it to friends, like a virus. The difference is that the individual voluntarily sends the message to others.

Viral marketing messages may include advertisements, hyperlinked promotions, online newsletters, streaming videos, and games. For instance, about a dozen videos were posted on YouTube of a man claiming to be the "world's fastest nudist." He streaks through various locations in New York City wearing only tennis shoes, tube socks, and a fanny pack positioned strategically in front. The links to the videos were emailed from individual to individual. They were posted on popular blogs such as The Huffington Post and Gawker. One appeared on CNN on *Anderson Cooper 360*. The campaign turned out to be a viral video campaign for Zappos.com, an online shoe and apparel store. The viral campaign highlighted that Zappos was selling clothes, because additional videos were posted that showed a van screeching up to the "fastest nudist" and several people jumping out wearing Zappos T-shirts. As the van leaves, the video shows the nudist dressed in pants and a shirt.<sup>28</sup>



one photo/www.shutterstock.com

Research regarding the impact of viral messages suggests that 61 percent of individuals

exposed to a viral message or video had favorable opinions about the brand. Purchase intentions increased around 5 percent, but were greater if the viral message was recommended by a friend via social media rather than a company.<sup>29</sup>

While companies strive to produce a viral message, in most cases it does not happen. Individuals must have some incentive to pass the message along. A message with entertainment value is one type of incentive. Other incentives may be financial, such as free merchandise or a discount for messages passed along to friends that lead to purchases, logging onto a website, or registering for an e-newsletter. The incentive could also be found in the campaign's uniqueness. A personalized message has a greater chance of being passed along.

The many forms of digital and social media marketing mean that viral marketing has lost some of its luster. Many consumers have lost enthusiasm and are less willing to re-send messages. The marketing team can take advantage of the ability to track the results of a viral campaign and analyze the results to determine whether such a program will have the best chance of being effective.

### Summary

**1. Discuss current Internet usage.** Globally, Internet penetration is at 51 percent. The highest penetration is North America with 88 percent of the population having access to the Internet. Europe and Australia are next, at 80 percent and 70 percent, respectively. Internet access is now available on smartphones and tablets as well as PCs and laptops. Internet usage varies based on the platform that is being used. Email, searches, and texting are the primary activities performed on the Internet by individuals.

**2. Identify the benefits of digital marketing.** Internet marketing provides the benefits of sales, interactivity, multimedia capabilities, global reach, flexibility, cost efficiencies, real-time information, communication, and database warehousing.

**3. Discuss the importance of e-commerce.** An e-commerce site has three primary components: a catalog, a shopping cart, and a payment system. Bricks-and-clicks operations must have a fourth component: a location finder. The catalog is a visual presentation of the merchandise to be sold. The shopping cart is some type of mechanism that allows a consumer to select merchandise and put it into a virtual shopping cart until he or she is finished making selections. For bricks-and-clicks operations, where individuals may want to locate or purchase from a bricks-and-mortar site, it is important to include a locator that will provide an address and a map to the facility. Although online purchases are growing at a rapid rate, many consumers are still not sure about making online purchases for two reasons: security issues and purchase behavior habits. Many consumers are afraid to use credit cards because of concerns that their credit card number will be stolen. Others are concerned about fraud and dishonest e-commerce websites that will take their money and never ship the merchandise or ship poor-quality merchandise. In terms of purchasing habits, consumers feel more comfortable purchasing products from retail outlets because that is the way they have always shopped.

**4. Identify and explain the various digital marketing strategies.** Digital marketing strategies include geo-marketing, content marketing, blogs and newsletters, email marketing, digital advertising, search engine optimization, and behavioral targeting. Because of the GPS embedded in mobile phones, companies can use geo-marketing strategies. These strategies involve send-

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ing some type of marketing or text message based on a person's location. Content marketing is the publishing of useful information to the web to connect with consumers and businesses. Blogs and newsletters can be used to engage individuals with a company and provide opportunities for interaction. Email marketing provides a low cost method of reaching consumers. Digital advertising can be through banner ads or search engines. SEO is the process of optimizing search marketing strategies to increase the chances an ad or organic search result appears. Behavioral targeting uses web analytics to send targeted messages to individuals.

**5. Examine strategies that can be used in social media marketing.** Social media provides a mechanism for firms to interact with consumers and engage them with the brands. Content seeding involves using incentives or placing content in social media that encourages individuals to respond and become engaged. Real-time marketing looks for opportunities during live events to utilize social media to promote the brand. Influencer marketing involves recruiting brand ambassadors to post about a brand in an effort to influence others in a positive manner. Viral marketing attempts to create unique content that is shared from one consumer to another through some digital means.

### Key Terms

**behavioral targeting:** The utilization of web data to target individuals.

**blogs:** Online musings that cover a wide range of topics.

**bricks-and-clicks:** Firms that operate both a bricks-and-mortar facility and an Internet e-commerce site.

**clicks-only firms:** Organizations that sell only over the Internet.

**content marketing:** Also known as branded content, content that is authentic and useful for businesses and/or consumers.

**content seeding:** Providing incentives for consumers to share content about a brand.

**digital marketing strategies:** refers to all marketing strategies regardless of the device a consumer (or business) uses: desktop, laptop, tablet, or mobile phone.

**e-commerce:** The selling of goods and services over the Internet.

**geo-targeting:** A mobile marketing tactic that reaches customers where they are located based on their mobile device.

**influencer marketing:** involves an individual marketing a brand through social media, and is word-of-mouth communication from individuals who are seen as thought or opinion leaders within their social circles or as experts within particular fields.

**mobile marketing:** refers to the development and application of marketing strategies for smartphones.

**real-time marketing:** The creation and execution of an instantaneous marketing message in response to or in conjunction with a live event.

**search engine optimization (SEO):** The process of increasing the probability of a particular company's website emerging from a search.

**social listening:** listening to social chatter, where comments may be negative or positive, but in most cases visitors render honest opinions.

**sponsored content:** A brand sponsors the content of a blogger or related website.

**viral marketing:** Preparing a marketing message to be passed from one consumer to another through digital venues or social media.

### Discussion Questions

1. Have you used the Internet to research a product before making a purchase? If so, how much time did you spend conducting online research? How did the information influence your decision? Where did you make the final purchase? Provide specific examples.

2. Access Nielsen/NetRatings. What information is available on the website? Report on at least three articles or pieces of information that interest you. Use a screen capture to place the content from the website in your document.
3. Section 13-4 describes three types of retail stores (bricks-and-mortar, bricks-and-clicks, and clicks-only). Discuss each type in terms of your personal shopping experiences. How much shopping do you do at each and what types of products do you buy in each? Talk to your parents and grandparents. Compare your responses to those of your relatives.
4. In Section 13-4, reasons for shopping online are given. Re-order the list based on your personal reasons for shopping online. Explain why you placed them in the order that you did.
5. Pick one of the following product categories. Access three companies that operate in that particular industry. Compare and contrast each company in terms of the e-commerce components and incentives discussed in Section 13-4.
  - a. football equipment and fan memorabilia
  - b. cheerleading supplies and uniforms
  - c. dishes
  - d. jeans or another type of clothing
6. What are your thoughts about geo-marketing? Have you personally experienced marketing messages through geo-marketing? If so, provide details. If not, would you be receptive to geo-marketing messages? Why or why not?
7. What are your thoughts about behavioral targeting? Does it influence your purchase decision or thoughts about a brand? Why or why not?
8. Pick one of the following product categories and access two companies that operate in that particular industry. Evaluate their websites based on the information provided in Section 13-5, Digital Marketing Strategies. Which strategies do you believe are being used? Provide support from the website and explain why you think the brand is using the strategy.
  - a. sports equipment and fan memorabilia
  - b. electronics such as radios, TVs, or stereos
  - c. household appliances such as electric mixers, toasters, or coffee makers
  - d. jeans or another type of clothing
  - e. shoes
9. Go to the Internet and locate a company-sponsored blog. Discuss how the blog is being used and the benefit you see for the blog.
10. In your opinion is email marketing effective? Why or why not? What type of email marketing messages work with you?
11. How effective is digital advertising to you personally? Discuss at least two incidents where you clicked on an advertisement or accessed content through a digital advertisement. Explain why the digital ad worked.
12. Do you pay attention to search engine ads? Why or why not? Do you think SEO is important for companies? Why or why not?
13. Identify the social media sites, such as Facebook, Twitter, Instagram, YouTube, etc. that you use. Discuss how much time you spend on each one and what type of activities you conduct with each.

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14. For you personally, how effective is social media marketing? Give examples of good social media approaches being used by brands and poor approaches you have seen.
15. What are your thoughts about influencer marketing? Have you had any personal experiences with influencer marketing? If so, provide information and discuss what you liked and disliked. If not, would you be receptive to messages through an influencer? Why or why not?

### Review Questions

#### True or False

1. The global Internet penetration rate is 51 percent.
2. A major benefit of the Internet is it has the capability of being interactive.
3. In the United States, online sales now accounts for about 8 percent of all retail sales.
4. Geo-marketing is possible because of the GPS mechanism in mobile phones.
5. Behavioral targeting consists of providing useful information and product-use solutions to potential customers.
6. Search engine optimization is the process of increasing the probability of a particular company's website emerging from a search.
7. Content seeding involves producing material that is useful to consumers or businesses and posted on a company's website.
8. Viral marketing takes place as one customer passes along a message to other potential buyers.

#### Multiple Choice

9. The average number of hours individuals spend on the Internet per day is
  - a. 3.4 hours
  - b. 5.6 hours
  - c. 6.9 hours
  - d. 8.3 hours
10. The category with the highest online sales is
  - a. autos and parts
  - b. apparel and accessories
  - c. books, music, and videos
  - d. computers and electronics
11. Providing useful information or product-use knowledge to consumers on a website or through digital marketing strategies is
  - a. content marketing
  - b. geo-targeting
  - c. email marketing
  - d. behavioral targeting
12. Of the three types of SEO results, the best is:
  - a. paid search insertions
  - b. organic search results
  - c. paid search ads
13. Reaching customers where they are located based on their mobile devices is known as:
  - a. search engine optimization

- b. interactive marketing
  - c. geo-targeting
  - d. behavioral targeting
14. All of the following are social media strategies, except:
- a. content seeding
  - b. real-time marketing
  - c. geo-targeting
  - d. viral marketing

Answers: 1) T 2) T, 3) T, 4) T, 5) F, 6) T, 7) F, 8) T, 9) b, 10) b, 11) a, 12) b, 13) c 14) c

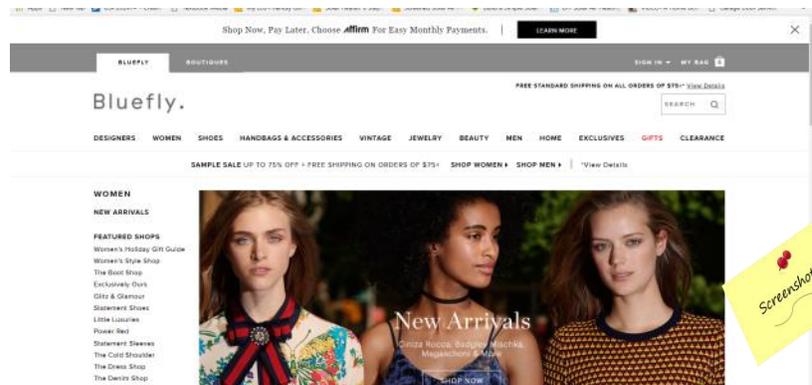
### Case: Bluefly

Founded in 1999, Bluefly.com was created as an online retailer of designer brand clothing and the latest fashion trends. The headquarters is located in New York City in the heart of the fashion district. The company's fashion buyers are constantly searching for the newest fashions and accessories from more than 350 fashion designers. Everything sold by Bluefly is of the highest quality, but sold for at least 40 percent below other fashion retailers.

The name Bluefly.com was selected because the founders believed that because it was an online retailer, they would have to be hard to catch and always be nimble, fast, and ready to change directions on a dime. The "fly" appeared to be a perfect symbol of these objectives. The idea of "blue" came from the desire to convey the company has a "friendly personality." Because Bluefly has no brick-and-mortar stores, they had to develop ways of enticing consumers to browse and shop at their website. One of the primary incentives used was contests. They have designed several types of contests since their opening in 1999 and always have some type of promotion on their website. The goal of these promotions is to attract individuals to the website and to encourage them to make a purchase.

One contest held by Bluefly.com offered visitors an opportunity to win a \$1,000 shopping spree or a much-sought after Herme`s Birkin bag, similar to the one that was shown on HBO's Sex and the City. The handbag was valued at \$20,000. To enter the contest, individuals had to supply their email address, but they could enter the contest daily to improve their chances of winning. The idea was to get them to access the site on a regular basis. Although they may not make a purchase on the first visit, the founders of the company believed that if they kept coming back, they would make a purchase. The Herme`s handbag promotion added more than 100,000 names to Bluefly.com's database. The financial benefit of using this methodology to acquire customers is that the average cost of acquisition for each new customer was only \$23.07, compared with an average order of \$154.

Another promotion offered by Bluefly was "30 Bags in 30 Days." It was a sweepstakes directed toward fashion-oriented consumers who had the opportunity to win accessories that even celebri-



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ties and socialites were waiting months to purchase. The promotion resulted in a 100 percent increase in visits to the website and a 62 percent increase in sales. Some customers asked Bluefly to send them a daily email to remind them to register for the sweepstakes.

In addition to the contests, Bluefly uses one-time discounts for new customers, follow-up emails after a purchase, e-newsletters, and personalization of the web software based on the person's past purchases and browsing behavior. The website is attractive and easy to navigate, and the checkout process is among the best. It encourages customers to purchase when they see a product they like because when the inventory is gone, they pull the product from their virtual store. Knowing a particular piece of clothing may not be available tomorrow encourages customers to make a purchase while they are on the website. Another tactic used by Bluefly is the development of a blog called flypaper, which was designed to keep their customers updated on fashion trends.

In advertising, Bluefly has taken a more controversial approach. Its primary target market is women ages 25 to 49 who are fashion conscious and have a desire to wear the latest fashion trends by fashion designers. But its ads often use naked or scantily clad females that one might expect for a beer commercial. For instance, a recent \$3 million campaign featured a TV spot depicting a woman standing nude in front of her closet, which was full of clothes. Unable to find anything appropriate, she goes to the party completely naked. Some TV stations refused to show the ad, others allowed the ad but it had to be edited. In a print ad, a naked woman is shown boarding a train. Bluefly ran a contest asking web browsers to supply the caption. Of the over 1,000 suggested, the winning caption, supplied by Julie Navarro, was "I think I forgot to turn off the stove—no wait, that's not it." Before answering the questions that follow, visit Bluefly's website.

### Questions

1. What has Bluefly done to attract customers to their website and to encourage them to make a purchase?
2. Examine the various digital strategies listed in Section 13-5. Discuss each one in terms of a potential strategy for Bluefly.
3. Because customers cannot try on the clothes before they are purchased, how can Bluefly assure customers to go ahead and make a purchase?
4. What is your opinion of their advertising approach?
5. Examine the social media strategies discussed in Section 13-6. How can Bluefly.com use each of these strategies to promote its website? Provide at least one example for each.
6. What is your evaluation of the Bluefly website and their overall business approach?

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