

DIGITAL MARKETING STRATEGY GUIDE

Your companion to creating or updating
your online channel strategy

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Digital Marketing Strategy

Seven Steps to Success Guide

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About our 7 Steps digital marketing guides

How will the guides help me?

We've created our 7 Step Guides for Expert members to be your constant companion as you learn, review and improve your approach to digital marketing. We know you're busy and under pressure to get results, so they're written to help you do just that. They take you through the questions you should be asking to improve performance and suggesting the right approaches for you.

Our Ebooks are all created to help you:

- ✔ **Improve results.** A focus on getting the best results from your digital marketing.
- ✔ **Review your current approach.** A unique workbook format helps identify priorities.
- ✔ **Apply analytics.** Integrated advice on using Google Analytics to improve performance.
- ✔ **Learn best practice.** Strategy recommendations and practical tips highlighted throughout.

Who are the guides written for?

Our Ebooks are designed to help you and your team if you are actively managing digital marketing. They are also packed full of practical advice if you're working hands-on on a company website or campaigns like search, email or social media marketing. This is how our guides are designed to help different types of people map, plan and manage their digital marketing:

- ✔ **Company owners and marketing managers.** We help you create or refine plans so you can invest in the approaches that matter. We help you set goals and put in place a system to measure and improve since all our guides cover how to get more from Google Analytics.
- ✔ **Digital marketing and Ecommerce managers.** We help you drive efficiencies from each of the key digital marketing channels plus your web and social presences through reviewing your approach using our comprehensive workbook templates.
- ✔ **Digital marketing specialists.** Whether you work on social media marketing, SEO, PPC, email marketing or conversion rate optimisation for the website we have a guide to quickly help you review and improve your approach.
- ✔ **Consultants and agencies.** Many consultants and agencies use our guides to check and refine their approach and recommendations to clients on digital marketing. They're also used to help educate team members on the latest digital marketing best practice and techniques.

Guide features

All our guides include these features to help you improve:

- ✔ Checklists of questions to ask to review your marketing approach
- ✔ Guidance on using Google Analytics to improve performance
- ✔ Colour-coded **definitions**, **key strategy recommendations** and **best practice tips**
- ✔ Diagrams giving frameworks to develop your strategy
- ✔ Lots of examples of best practice through mini case studies and screen captures

Tell us what you think

Dave Chaffey and team have developed these guides based on working with many types of companies and in training. But improvements are always possible, so we'd be grateful if you could email: support@smartinsights.com with your comments, good or bad. In particular, we're interested in ideas on improving these guides or for other guides you would find useful. Thanks!

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Introduction

Convincing others you need a strategy

Creating a digital marketing strategy and plan is no different from creating any other marketing plan, in fact it's increasingly strange to have separate plans for 'digital' and 'offline' since that's not how your customers perceive your business.

However, we're often required to separate plans for "digital" only based on the way teams and reporting are managed and to help the transition to digital – before it becomes "business as usual". A common format helps align your plan to other marketing plans!

To start we have to face the reality that many organisations don't have a digital marketing strategy at all. Many organisations are doing digital marketing, but few have a strategy. That's what one of our reader surveys showed:



This suggests to us that you or your colleagues may not understand the need for a digital strategy, Why not "*Just Do It*" as they used to say in the Nike ads and keep your flexibility?

Well, we've seen many companies, large and small who get this wrong. Rather than strategy, they simply use a series of tactics, like search, social or email marketing, but without a coherent plan.

A lack of structured planning for digital marketing is evident in relatively unsophisticated adopters of digital channels. For early E-commerce adopters, it is best to create a separate E-marketing plan to provide focus and aid transformation, but for more mature organisations, digital marketing activities should be integrated into annual planning.

Strategy Recommendation 1 Create a specific digital marketing plan!

Create a detailed digital marketing plan defining the digital channel strategy for each major market / proposition to provide focus and direction for the future.

Equally, it's important that creating a separate digital plan or separate resource to focus on digital marketing doesn't create a silo. So we see a digital plan as a short-term tool to define your digital future and help transform your business until it becomes part of planning for business as usual.

Strategy Recommendation 2 Ensure your plan is integrated

Although you need a separate digital plan to help you create a strategy it's important to keep it well integrated. That means supporting common business goals and consistent with brand and communication strategy.

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Not convinced of the need for a separate digital plan or need to convince your colleagues? Try out these arguments... We have often seen these 10 typical problems in organisations where detailed plans for digital marketing have not been created or managing the plans do not have clearly defined ownership.

These are risks that can be managed through having a strategy defined in a digital channel plan:

Our top 10 reasons why you DO need a digital strategy

Typical problems when companies don't have a clearly defined digital marketing strategy.

- ❌ **1. You're directionless.** We find that companies without a digital strategy (and many that do) don't have clear strategic goals for what they want to achieve online in terms of gaining new customers or building deeper relationships with existing ones. And if you don't have goals you likely don't put enough resources to reach the goals and you don't evaluate through analytics whether you're achieving those goals.
- ❌ **2. You won't know your online market share.** Customer demand for online services may be underestimated if you haven't researched this. Perhaps more importantly you won't understand your online marketplace – the dynamics will be different to traditional channels with different types of customer profile and behaviour, competitors, propositions and options for investing in marketing communications to target online audiences.
- ❌ **3. Existing and start-up competitors will gain market share.** If you're not devoting enough resources to digital marketing or you're using an ad-hoc approach with no clearly defined strategies, then your competitors will eat your digital lunch!
- ❌ **4. You don't have a powerful online value proposition.** A clearly defined online customer value proposition will help you differentiate your online service encouraging existing and new customers to engage initially and stay loyal.
- ❌ **5. You don't know your online customers well enough.** It's often said that digital is the "most measurable medium ever". But Google Analytics and similar tools will only tell you volumes not sentiment. You need to use other forms of feedback to identify your weak points and then address them.
- ❌ **6. You're not integrated.** It's all too common for digital activities to be completed in silos, whether that's a specialist digital marketer, sitting in IT or a separate digital agency. It's easier that way to package digital marketing into a convenient chunk. But of course it's less effective. Everyone agrees that digital media work best when integrated with traditional media and response channels.
- ❌ **7. Digital doesn't have enough people/budget given its importance.** Insufficient resource will be devoted to both planning and executing e-marketing and there is likely to be a lack of specific specialist e-marketing skills which will make it difficult to respond to competitive threats effectively.
- ❌ **8. You're wasting money and time through duplication.** Even if you do have sufficient resource it may be wasted. This is particularly the case in larger companies where you see different parts of the marketing organisation purchasing different tools or using different agencies for performing similar online marketing tasks.
- ❌ **9. You're not agile enough to catchup or stay ahead.** If you look at the top online brands like Amazon, Dell, Google, Tesco, Zappos, they're all dynamic – trialing new approaches to gain or keep their online audiences.
- ❌ **10 You're not optimising.** Every company with a website will have analytics, but many senior managers don't ensure that their teams make or have the time to review and act

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on them. Once a strategy enables you to get the basics right, then you can progress to continuous improvement of the key aspects like search marketing, site user experience, email and social media marketing.

What is a digital marketing strategy?

The term “digital marketing strategy” is often used loosely when talking about future plans, but what exactly is it and what should be its scope? You may know, but others won't, so it's worth briefly scoping it out so your vision is clear.

Strategy Recommendation 3 Define the scope and labelling of digital strategy

Define which customer touchpoints and channels which need managing as part of a digital strategy so the scope of digital marketing is clear. Depending on your type of organisation and terminology you may label the strategy differently, for example:

- ✔ **Digital marketing strategy** – Integration of website, mobile marketing and digital communications channels for customer acquisition and retention
- ✔ **Ecommerce strategy** – Used for transactional businesses focused on increasing online sales
- ✔ **Ebusiness strategy** – Also typical for transactional businesses, but places emphasis on improving internal processes and integrating with channel partners
- ✔ **Multichannel marketing strategy** – A broader strategy typical for retail companies integrating web and mobile site sales with distribution through physical stores or catalogue phone sales.

So far, so good, but the vision of digital strategy shouldn't be limited by its similarity to other strategies. There is a risk that the Internet and digital media are treated as *'just another channel to market'* without review of the opportunities to offer improved, differentiated online services and content.

What is it? Digital marketing strategy

View the digital strategy as a channel strategy for your brand which requires specific channel targeting, channel propositions and channel partners based on customer preferences. Integration between channels remains important.

This is how we see digital strategy should be tackled since it's a channel strategy. This means that you should:

- ✔ **Understand the channel.** Your strategy should be informed by customer online behaviour and preferences. In particular, understand which intermediary sites influence purchase and how your customers switch between the channels.
- ✔ **Set objectives for future channel contribution.** This includes specific monthly targets for both direct (online) sales and indirect (offline) sales.
- ✔ **Identify and prioritise target audiences.** As with traditional marketing, targeting the right audiences is key. Digital media enable you to micro-target.
- ✔ **Encourage usage of the channel.** You still need to communicate the benefits of using this channel to encourage switching and enhance your brand.
- ✔ **Create propositions to emphasise the differences.** This includes differences between online channels and other channels.
- ✔ **Support integration between channels.** Although you want to emphasise the

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differences, that doesn't mean the channel shouldn't be integrated. Customer journeys should be seamlessly integrated.

- ✓ **Review how competitors use the channel.** Understand their targeting and propositions, where do they excel?
- ✓ **Develop channel partners.** Find the key players and influencers in the value chain or ecosystem and form strategic partnerships.

Best Practice Tip 1 Use similar strategies for individual digital platforms and tools

Whether it's a mobile website, a mobile app, a social media platform or an email newsletter, the essence of defining audience segmentation, targeting, differentiation and proposition apply.

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What should go into a digital strategy?

You can see that a digital strategy has many similarities to the main parts of traditional marketing strategies, but it's focused on managing the specific issues of digital strategies.

To conclude this introduction, these are the big digital strategy questions which we will cover and those which you should think about and aim to answer within your plan:

1. How do we use digital channels to grow our business?
2. How do we use digital channels to add value to our brand?
3. How do we make sure our activities are aligned with our business goals?
4. Which audiences are we targeting? Who are the priority audiences?
5. What is our online value proposition for these audiences?
6. Which digital marketing platforms are best to deliver this proposition?
7. How do we best integrate channels?
8. How do we achieve our goals through intermediaries, partners and publishing sites?
6. How do we achieve sales growth through customer lifecycle strategies?
7. How do we reach our audience?
8. How do we encourage our audience to participate and convert?
9. How do we get our audience to engage through time?
10. How do we resource and manage digital marketing?

Before we move into our main advice on strategy, there's one other point we think it's important to emphasise and that's focus. You can't and shouldn't try to do everything and try to be all things to all people. It's important to decide which strategies NOT to pursue and which functionality is not suitable to implement.

Strategy Recommendation 4 Give your strategy focus

You won't be able to do everything, so your strategy should focus on what will make the biggest difference. Focus!

Using this digital marketing strategy guide with other resources

This 7 Steps Ebook integrates with other Smart Insights resources developed for Expert members. To signpost the relevant resources, look out for this *Recommended Resource* features in this document which link through to the relevant page for download.

Recommended resource? Digital marketing strategy toolkit template

Use the [Digital marketing toolkit](#) templates to prepare a customised plan for your business or your clients. The toolkit contains unbranded Word, Excel and Powerpoint templates for you to amend to help form a plan for your business or your clients' businesses.

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Step 1

Define your approach to managing digital strategy

Q. Approach to managing digital strategy process defined?

Knowing where to start is often the hardest thing when writing a digital marketing plan. So once you have a structure / framework to follow in a table of contents it's then almost a matter of filling in the gaps...

Creating a strategy that works needs an effective overall framework and process to create the strategy. So your first step is straightforward – thinking about how you manage and create your strategy.

A workable strategy:

- Is based on what's happening in a company's marketplace, i.e. it's customer-centred and reviews the importance of potential partners, influencers and competitors
- Has clear objectives to achieve a vision for the future - particularly important for digital marketing
- Gives clear strategic direction to achieve the objectives
- Has a method of tracking and review to keep the strategy on track when you're implementing it.

In all marketing strategies, it's important to focus on building a plan around the customer - not your products and tactics. But this is particularly true online since digital marketing often involves taking advantage of new digital technologies and platforms according to how people interact with them.

Strategy Recommendation 5 Ensure your strategy is customer-centric

Put customers' current use of technology and how they will interact with your brand at the heart of your strategy.

To make sure your digital strategy has these essential features, we recommend the SOSTAC™ structure developed by PR Smith, Dave Chaffey's co-author of *Emarketing Excellence*. This is a great framework for business, marketing or digital marketing plans since it's simple and logical, so it's easy to remember and to explain to colleagues or agencies.

Using SOSTAC® to create and manage a strategy

Q. Do we have the right strategy process framework in place, e.g. SOSTAC defined?

SOSTAC® is a strategic planning process framework that gives you a clear structure to work through to create and manage your plan.

What is it? SOSTAC®

SOSTAC® is a planning process framework to help structure and manage implementation of plans. It stands for Situation, Objectives and Strategy, Tactics, Action and Control originally developed by PR Smith for marketing communications planning. In *Emarketing Excellence* Dave Chaffey and Paul Smith have adapted the SOSTAC® framework to apply it to digital marketing as shown in the diagram on the next page.

Note that each stage is not discrete, rather there is overlap during each stage of planning –



previous stages must be revisited and refined, as indicated by the reverse arrows.

Strategy Recommendation 6 Create your strategy using a planning process framework like SOSTAC® combined with RACE

Use the stages in the planning framework to help create the different parts of your plan. You should also assess and improve the capabilities of your organisation in each aspect of creating and implementing the plan. We recommend reviewing how you can generate value at each customer stage of customer interaction from RACE: Reach-Act-Convert-Engage as we will explain shortly.

Control is a key part of SOSTAC® since it links to the objective setting where you create a budget model and you use it to check that your strategy and tactics are on track.

Best Practice Tip 2 Iterate through the stages of SOSTAC® to refine your strategy

You don't have to work through the model in a linear sense. If anything, working through the process might require you to make refinements to earlier position in order to create a strategy that works for you.

The elements of SOSTAC® planning to help develop digital marketing strategy are:

- ✓ 1. **Situation Analysis means 'where are we now?'** Planning activities involved as this stage include performing a digital channel-specific SWOT analysis reviewing the different aspects of the micro-environment including customers, competitors and intermediaries forming the online marketplace. We cover situation analysis in Step 2.
- ✓ 2. **Objectives means 'where do we want to be?'** This can include a vision for digital channels and also specific numerical objectives for the digital channels such as projections of sales volumes and cost savings. The 5Ss are used here as a simple mnemonic for the range of objectives that should be considered. We cover objective setting in Step 3.
- ✓ 3. **Strategy means 'how do we get there?'** Strategy summarizes how to achieve the objectives for the different decision points explained in this chapter including segmentation, targeting, proposition development. We cover strategy and tactics in steps 4 to 7.
- ✓ 4. **Tactics defines the usage of tactical digital communications tools.** This includes specific details of the marketing mix, E-CRM and digital communications.
- ✓ 5. **Actions refers to action plans, change management and project management skills.** We refer to the issues of modifications to organizational roles and structures later in this guide.
- ✓ 6. **Control looks at keeping plans on track against target.** The use of Management Information including web analytics to assess whether strategic and tactical objectives are achieved and how improvements can be made to enhance results further. This is closely related to goal setting as described.

In Section 3, we provide more details on each stage of strategy development and give examples of the diagnostic tools that can be used to define strategy.

On the next page our infographic by Dave Chaffey and PR Smith shows how to apply SOSTAC® to Emarketing.



The SOSTAC® Planning System

HOW DO WE MONITOR PERFORMANCE?

Optimising through:
 5 S's, KPI's and web analytics
 User experience review
 Conversion rate optimisation
 Frequency of reporting
 Process of reporting and actions

WHERE ARE WE NOW?

Marketplace SWOT:
 5 S's performance and other KPI's (& trend)
 Customer insight (who, why, how?)
 Market Trends
 Competitor analysis
 Internal capabilities and resources

WHERE DO WE WANT TO BE?

5 S's objectives:
Sell - customer acquisition and retention targets
Serve - customer satisfaction targets
Sizzle - wow factor (added value)
Speak - engaging customers
Save - quantified efficiency gains



THE DETAILS OF TACTICS

Who does what and when:
 Responsibilities and structures
 Processes and systems
 Internal resources and skills
 External agencies

HOW EXACTLY DO WE GET THERE?

Marketing mix:
 8 P's
 Incl. Communications Mix
 Content Plan
 Contact Plan

HOW DO WE GET THERE?

STOP & SIT:
 Segments
 Target markets
 Objectives
 Positioning (OVP)
 &
 Sequence (Trust, Try, Buy...)
 Integration (CRM & D/Base)
 Tools (e.g. SEO, PPC)

Created by PR Smith, SOSTAC® is a simple yet powerful planning system, which is easily applied to help create the perfect plan. SOSTAC® is a registered trade mark with SOSTAC® eBook, workbook, webinars & workshops by PR Smith: www.PRSmith.org

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Recommended resource? SOSTAC® – RACE review template

The Smart Insights digital marketing toolkit contains a one page [SOSTAC® Word template](#) to create an initial or summary plan. It also contains a completed example for a fictitious company, *Perfect Lawn*. We suggest you apply these templates specifically to the mobile channel

Digital Marketing Plan Summary				Created for: By:	Date: Version: 1.0
Situation •	Strategy: target segments •	Strategy: content marketing •	Tactics •		
Objectives •	Strategy: value proposition •	Strategy: communications strategy •	Reach: •	Act: •	Convert: •
Actions •	Control •		Engage: •		

You can then move on to a more in-depth [SOSTAC® – RACE](#) templates to prepare a customised plan for your business or your clients.

SOSTAC® Digital Marketing Plan outline incorporating RACE				
SITUATION				
Analysis of current company marketplace performance and opportunities				
Plan	Reach	Act	Convert	Engage
<ul style="list-style-type: none"> • Create Digital SWOT • Customer • Competitors • Intermediaries • PEST/SLEPT • Internal performance, capabilities and governance 	<ul style="list-style-type: none"> • Digital footprint/ search visibility • Social amplification and reputation • Awareness building • Campaign/ • Always-on use • Content assets 	<ul style="list-style-type: none"> • Customer journeys • Value proposition • Engagement devices • Social outpost engagement tools and content • Permission marketing profiling and welcome 	<ul style="list-style-type: none"> • Conversion funnel • Value proposition • Review of automated email follow-up 	<ul style="list-style-type: none"> • E-communications effectiveness • Satisfaction gap analysis • Social conversations and advocacy
OBJECTIVES				
Setting SMART objectives for the future to track through KPIs in CONTROL				
Plan	Reach	Act	Convert	Engage
<ul style="list-style-type: none"> • Management dashboard 	<ul style="list-style-type: none"> • Visits unique visitors • Share of search 	<ul style="list-style-type: none"> • Lead conversion rate % (on/off) 	<ul style="list-style-type: none"> • Sale conversion rate % (on/off) 	<ul style="list-style-type: none"> • Customer satisfaction (NPS)

Integrating the different parts of digital strategy

❑ Q. *Our digital marketing strategy aligns with business strategy?*

The reasons for integration are straightforward, your goals for digital should support your wider marketing strategies. Often when digital exists as a strategy there isn't good integration, either with other strategies or within the different parts of the strategy suggested by SOSTAC®.

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We recommend the grid below as an efficient way to ensure linkage between goals, the situation analysis used to inform them; the strategy to implement them and the KPIs used to track performance towards targets. Here are some examples of how objectives can be linked to strategies and KPIs:

Objectives	Substantiation (informed by situation analysis or insight, example)	Strategies to achieve goals	Key performance indicators (critical success factors)
1. <i>Acquisition objective.</i> Acquire 50,000 new online customers this financial year at an average cost per acquisition (CPA) of £30 with an average profitability of 5%	Based on growth forecast based on current sales of 40,000 sales per year, but with incremental sales arising from new affiliate programme and SEO development	Start affiliate marketing programme and improve SEO. Existing media mix based on pay-per-click and display advertising supported by offline media	Overall CPA for online sales. Incremental number and % of sales from affiliate marketing programme. Number of strategic keywords ranked for in top positions in natural search results page
2. <i>Acquisition (or conversion) objective.</i> Migrate 40% of existing customers to using online 'paperless' bill payment services and e-mail communications within 3 years	Extrapolation of current natural migration coupled with increased adoption from offline direct marketing campaign	Direct marketing campaign using direct mail, phone prompts and online persuasion to encourage adoption. Use of incentive to encourage change	Number and percentage of existing customers registering to use online service. Number and percentage of customers actively using online services at different points after initially registering
3. <i>Conversion objective.</i> Increase the average order value of online sales to £42 per customer	Growth estimated based on current AOV of £35 plus model suggesting 20% increase in AOV	Use of new merchandising system to show users related 'next best product' for different product categories	% of site visitors responding to merchandising / cross-selling messages
4. <i>Conversion objective.</i> Increase site conversion rate to 3.2%	Model showing separate increase in conversion for new and existing customers based on strategies shown on the right	Combination of strategies: <ul style="list-style-type: none"> <input type="checkbox"/> Incentivized e-mail follow-up on checkout abandonments for new customers <input type="checkbox"/> Introduction of more competitive pricing strategy on best sellers <input type="checkbox"/> AB and multivariate messaging improvement of landing pages <input type="checkbox"/> Refinement to quality of traffic purchased through pay-per-click programme 	Variations in conversion rates for new and existing customers in different product categories
5. <i>Retention objective.</i> Increase annual repeat new customer conversion rate by 20%	Business case based on limited personalization of offers to encourage repeat purchases via e-mail.	<ul style="list-style-type: none"> <input type="checkbox"/> Delivery of personalized product offers by e-mail <input type="checkbox"/> 5% second purchase discount voucher 	<ul style="list-style-type: none"> <input type="checkbox"/> Increased conversion rate of retention e-mail contact programme <input type="checkbox"/> Conversion to sale for second purchase discount campaigns



Objectives	Substantiation (informed by situation analysis or insight, example)	Strategies to achieve goals	Key performance indicators (critical success factors)
6. <i>Growth objective</i> . Increase new prospects recommended by friends (viral marketing or 'member get member') by 10,000 per annum	Model based on encouraging 2% of customers to recommend friends annually (based on trial scheme)	Supported by direct mail and e-mail recommendation programme	☐ Response rate to direct mail campaign

Recommended resource? SMART objectives-Strategies grid
 The Smart Insights digital marketing toolkit contains a [SMART Objectives-strategies grid](#) with examples for you to amend for your business or your clients.

Digital channel strategy summary

Objectives	Substantiation (informed by situation analysis or insight, example)	Strategies to achieve goals	Key performance indicators (critical success factors)
1. Acquisition objective. Acquire 50,000 new online customers this financial year at an average cost per acquisition (CPA) of £30 with an average profitability of 5%	Based on growth forecast based on current sales of 40,000 sales per year, but with incremental sales arising from new affiliate programme and SEO development	Start affiliate marketing programme and improve SEO. Existing media mix based on pay-per-click and display advertising supported by offline media	Overall CPA for online sales. Incremental number and % of sales from affiliate marketing programme Number of strategic keywords ranked for in top positions in natural search results page

The key elements of digital strategy involve revisiting and aligning the main thrust of your marketing strategy in an online context, make sure you draw from other plans, if there isn't one then use these headers. Don't get drawn into the details at this stage. That's the tactics.

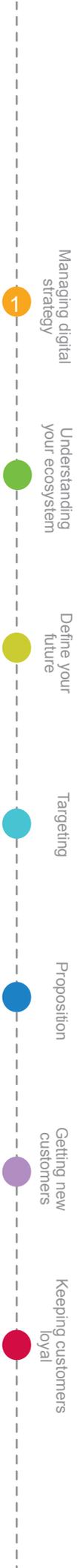
But you may want to summarise the essence of some or all of the digital strategies below. How are you going to leverage the potential of digital marketing to your business, and how does that meet the objectives? This is about your approach only, not the detail.

Consider breaking it down as well, it's often easier to explain in smaller, bite-size chunks, this also helps when it comes to tactics which should hang from the strategies below:

Key components of digital strategy

As you're constructing your overall strategy, it's worth thinking about the main thrusts of your strategy. We will cover these from Step 4 onwards, but we thought it would be useful to introduce the main parts here and you can start outlining a longer-form digital marketing plan in a Word document if you want to use this approach rather than the shorter summaries mentioned so far.

You will recognise many of these from traditional marketing planning. In many ways digital strategy is about revising existing marketing communications approaches which suit the unique character of the online marketplace and communications.



Recommended resource? Word Strategy planning template

The Smart Insights digital marketing toolkit contains a [Word Strategy planning template](#). This is a simple template using the SOSTAC® planning headings and prompts to help you create a long-form Word planning document.

2. Goal-setting. Where do we want to be?	6
Setting useful, actionable objectives	6
3. Strategy. How are you going to achieve the goals? Setting a meaningful strategy 7	
A. Targeting and segmentation	7
B. Positioning	7
C. Proposition and the marketing mix	7
D. Brand strategy	8
E. Online representation or presence	8
F. Content and engagement strategy	8
G. Digital channel acquisition communications strategy	8
H. Digital channel conversion strategy	9
I. Digital channel retention communications strategy	9
J. Data strategy	9
K. Multichannel integration strategy	9
L. Social media marketing strategy	9
M. Digital marketing governance strategy	9

A. Targeting and segmentation

- ❑ A company's online customers have different demographic characteristics, needs and behaviours to its offline customers. It follows that different approaches to segmentation may be required and specific segments may need to be selectively targeted through specific content and messaging on your site or elsewhere on the web. This capability for "micro-targeting" is one of the biggest benefits of digital marketing.
- ❑ Specific targeting approaches to apply online include: demographic, value-based, lifecycle and behavioural personalisation.

B. Positioning

- ❑ How do you position your online products and services in the customer's mind?
- ❑ Reinforcing your core proposition. How do you prove your credibility?
- ❑ Define your online value proposition. This should flow from your positioning and be what the customer sees immediately when they interact with you online.
- ❑ Define these in key messages for different audiences, e.g. prospects against existing customers, segments with different value.
- ❑ You need clear messaging hierarchies to effectively communicate your positioning both in online and offline media.

C. Proposition and the marketing mix

Think about the digital marketing mix - how can you provide differential value to customers through varying the 4Ps online through Product, Price, Promotion and Place and how can you add value through service. And don't forget what PR Smith calls the Eighth P of "Partnering"

Particularly if you sell online, you will want to explain how you will modify the marketing mix. For example:

- ❑ **Product.** Can you offer a different product range online. How can you add value to products through additional content or online services?
- ❑ **Price.** Review your pricing and consider differential pricing for online products or services.
- ❑ **Place.** Identify your online distribution issues and challenges. Should you create new intermediaries or portals or partner with existing sites?
- ❑ **Promotion.** Discuss the problems and opportunities of the online communications mix.

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These will be detailed in the acquisition and retention communications strategies. Review approaches for online promotions and merchandising to increase sales. You may want to include exclusive promotions to support the growth of different digital channels, i.e. email, mobile, Facebook, Twitter.

- People.** Can you use automated tools such as FAQ to deliver “web self-service” or should you provide online contact points through Live Chat or Phone Call-back?
- Processes.** List the components of process and understand the need to integrate them into a system.
- Physical evidence.** Identify the digital components that give ‘evidence’ to customers of your credibility such as awards and testimonials
- Partners.** The eighth P. So much of marketing today is based on strategic partnerships, marketing marriages and alliances that we have added this ‘P’ in as a vital ingredient in today’s marketing mix.

D. Brand strategy

Gaining ‘street cred’ online is now paramount to success, how and where are you going to do that - brand favourability follows credibility and trust. So you need to understand the reasons to engage with your brand, why will people interact and recommend, or not? How will you demonstrate credibility online?

E. Online representation or presence

This includes your “owned media” which we explain at the start of step 2. It includes your web site strategy (one site or four, sub-domains, what are the site goals and how will they be achieved...) and priorities for social presences. Our digital marketing radar (<http://bit.ly/smartradar>) helps you prioritise your online presence to reach and engage your audience.

F. Content and engagement strategy

Ask which content will feature to gain initial interest, support the buying process (text and rich media product content and tools) and stickiness and to promote return visits (blogs and community). Remember user-generated content too, such as reviews, ratings and comments. You will have to prioritise content types and ensure you devote sufficient resource to it to create quality content which helps you compete. All effective online companies see themselves as publishers!

G. Digital channel acquisition communications strategy

Outline how you will acquire traffic, what are the main approaches you will use? Don’t forget to consider how you drive visitors through offline media and integrated campaigns.

Key digital media channels for traffic acquisition include:

- Search engine marketing (natural and paid)
- Social media marketing and online PR (think brand strategy)
- Partner and affiliate marketing
- Display advertising
- Email marketing to leads database

Here for reference are the key digital channels we’ll review in Step 6 and our other guides.

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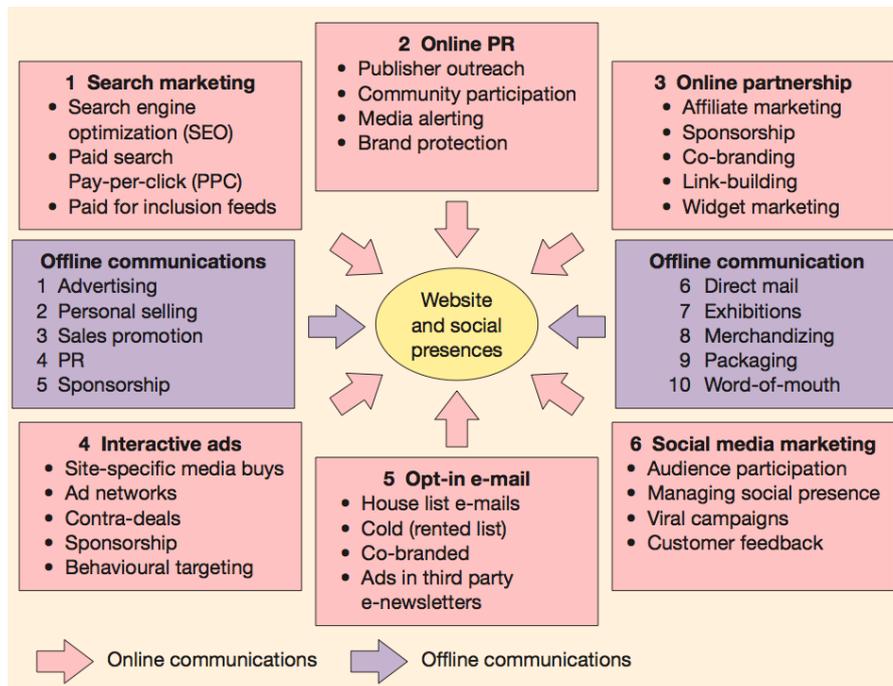
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H. Digital channel conversion strategy

How does the user experience, which depends on information architecture, page template design, merchandising, messaging and performance help you make it easy for visitors to engage and convert?

I. Digital channel retention communications strategy

Often neglected, what will be the main online and offline tactics to encourage repeat visits and sales? Again integrated campaigns involving offline touchpoints are crucial here.

J. Data strategy

What are your goals in permission marketing and data capture - what/where/how/when/why, what tools and value adds are you going to use? You might alternatively reference these in the conversion strategy. Some of the practical implications here are covered in steps 6 and 7.

How do you improve the quality of your customer data across channels to help increase the relevance of your messages through personalisation

K. Integration strategy

How you integrate traditional and digital channels should run through every section of your strategy since it's key to success. One way to structure this is to map customer journeys across channels as channel chains.

L. Social media marketing strategy

We would argue that social media marketing is part of a broader customer engagement strategy plus brand, acquisition, conversion and retention strategies, but many organisations are grappling with how they get value from this, so it may help to develop an overall social media marketing strategy.

M. Digital marketing governance strategy

In larger organisations how you manage digital marketing is a big challenge. Questions that the governance strategy seeks to answer are how do we manage internal and external

resources through changes to structures and skills needed for digital and multichannel marketing.

Benchmarking your capabilities compared to your competitors

Q. Marketing capabilities scored and compared to competitors?

We're big fans of scoring the current digital marketing capabilities of a company, so you can show your colleagues how your different digital marketing activities rate now and how they need to be improved in future. This is a core technique for arguing for additional investment in digital marketing and for reporting on progress.

Strategy Recommendation 7 Score your digital capabilities to review how you can improve and to win the case for investment

Use the stages in the planning framework to help create the different parts of your plan. You should also assess and improve the capabilities of your organisation in each aspect of the plan.

You may be interested to know that this approach originated via software process capability maturity models devised by Carnegie Mellon Software Engineering Institute¹. These are used to help organizations improve their software development practices by evaluating them using different criteria of how well their processes work, for example:

- ✓ Level 1. Unmanaged.
- ✓ Level 2. Managed.
- ✓ Level 3. Defined.
- ✓ Level 4. Quantitatively Managed.
- ✓ Level 5. Optimizing.

Recommended resource? Smart Insights Benchmarking Tools

We have developed a series of tools to help develop strategy and to make the case for more investment in digital marketing. These are:

- ✓ [Digital Marketing Healthcheck](#). Score your company or clients in the 5 key areas of PRACE. This is more suited to small and medium sized companies.
- ✓ [Digital marketing audit](#). A more detailed spreadsheet based technique for assessing a company in 6 key areas. More suited to larger organisations.
- ✓ [Business case template](#). Improvement needed can be justified through this template and the companion Ebook.

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1 [CMMI Institute: Benefits of CMMI](#)

Step 2

Understand your ecosystems

Q. Marketplace reviewed for growth opportunities and threats?

To develop a sound digital strategy today involves understanding a more complex, more competitive buying environment than ever before. Previously, marketers have talked about marketplace and situation analysis, but these terms hark back to previous times when life and commerce were simpler. Today, it's becoming more common, particularly amongst US investment circles, to talk about ecosystems describing the different types of media, websites and other digital platforms that digital channel users interact with.

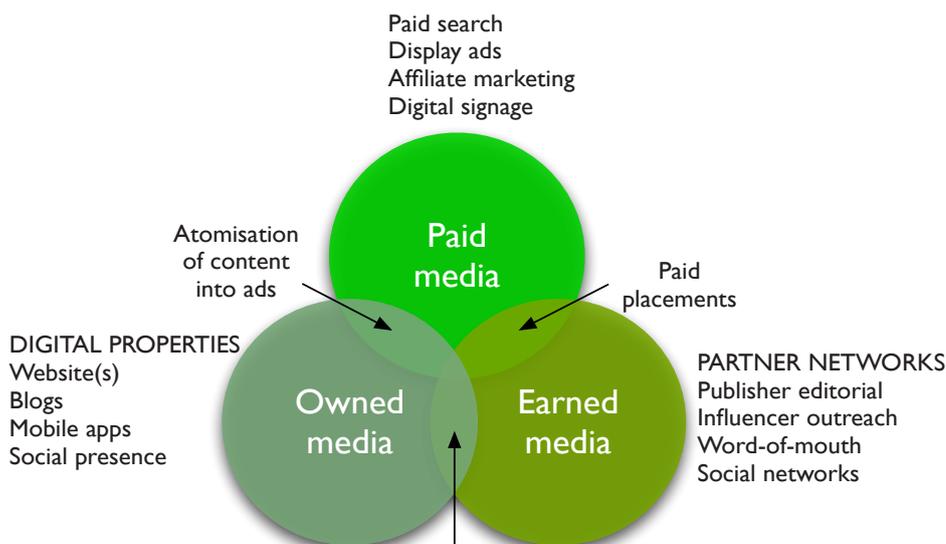
What is it? Company online ecosystem

The dynamic interactions and dependencies between different digital media using different digital technology platforms such as mobile. These form the media options for reaching and interacting with online audiences.

So we start Step 2 with an introduction to the different media options for the modern digital marketplace. This is important, since with the rise in importance of social media and online PR, we're seeing more companies change their method of budgeting and reporting to reflect the types of sites where audiences spend their time online. The trend is to review their investments in media buckets of earned, shared and paid, which each give opportunities to influence customers.

It's a positive move since it poses questions about how best to measure the returns from social media and PR and set investments at the right level.

The intersection between these new "channels" is shown by this diagram. It's a great way to think about your online representation:



The main types of media channels you need to consider today as part of a digital strategy are:

- 1. **Paid media.** Simple. Paid or bought media are media where there is investment to pay for visitors, reach or conversions through search, display ad networks or affiliate

marketing. Offline traditional media like print and TV advertising and direct mail remain important, accounting for the majority of paid media spend.

- ✓ 2. **Earned media.** Traditionally, earned media has been the name given to publicity generated through PR invested in targeting influencers to increase awareness about a brand. Of course, it's still an investment. Now 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. It's useful to think of earned media as developed through different types of partners such as publishers, bloggers and other influencers including customer advocates. Think of earned media as different forms of conversations between consumers and businesses occurring both online and offline.
- ✓ 3. **Owned media.** This is media owned by the brand. Online this includes a company's own websites, blogs, mobile apps or their social presence on Facebook, Linked In or Twitter. Offline owned media may include brochures or retail stores.

It's useful to think of a company's own presence as media in the sense that they are an alternative investment to other media and they offer opportunities to promote products using similar ad or editorial formats to other media. It emphasises the need for all organisations to become multi-channel publishers.

You can see on the diagram above that there is overlap between the three different types of media. It is important to note this since achieving this overlap requires integration of campaigns, resources and infrastructure. Content on a content hub or site can be broken down (atomised) and shared between other media types through widgets powered by program and data exchange APIs such as the Facebook API.

Define your marketplace map

□ Q. *Marketplace reviewed?*

Your online marketplace where you compete for engagement and commerce is shaped by the needs of customers and how services are provided to them through the competitors, intermediaries, influencers.

A business owner or marketing manager who has worked with a company for a while will know their traditional marketplace inside-out, but perhaps not their online marketplace. This can be quite different in terms of customer needs and behaviours, influencers and competitors for interactions and sales.

Since the online marketplace is less familiar and constantly evolving we suggest you create a marketplace map to understand your main customer behaviours, competitors and influencers. This is essential for consultants and agencies working with a new client or new marketplace.

Strategy Recommendation 8 Create a marketplace map to summarise your understanding of the dynamic online marketplace.

Put the customers' current use of technology and how they will interact with your brand at the heart of your strategy.

This diagram explains the main players in the marketplace you need to review.

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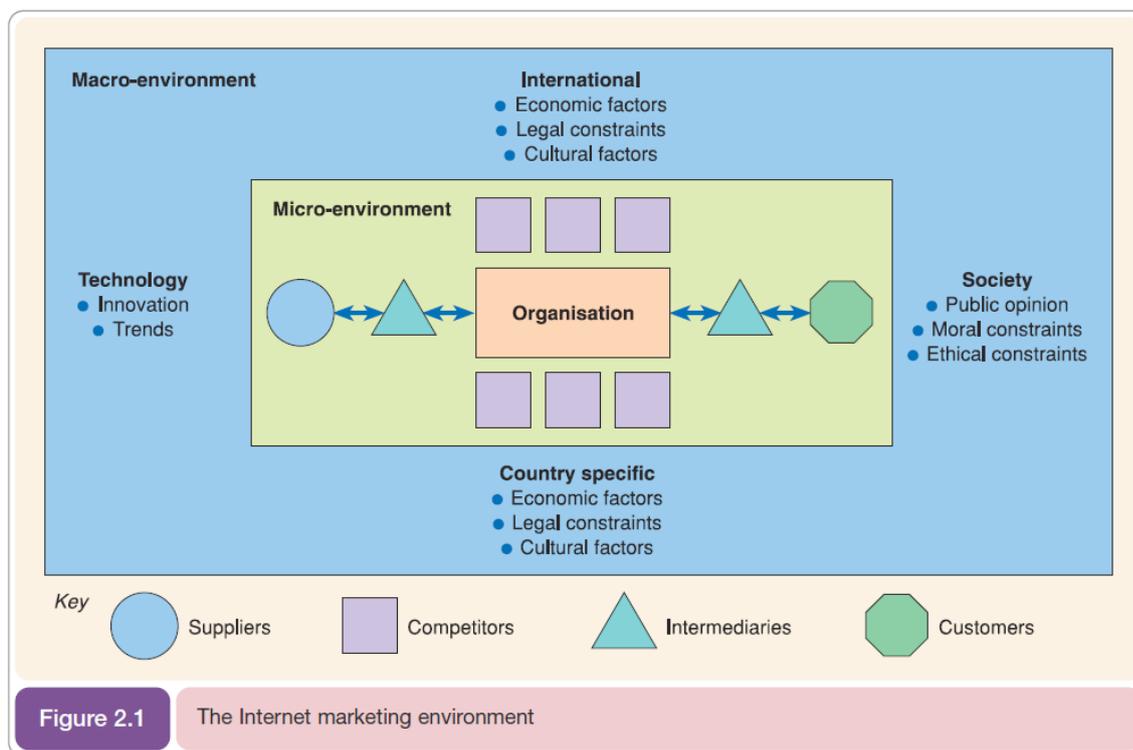
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Source: Chaffey et. al. (2012) *Digital Marketing: Strategy, Implementation and Practice FT-Prentice Hall. 5th edition*. With permission. Pearson Education.

Then you need to drill-down to review the different marketplace influences in more detail.

Review main marketplace influences

Q. Main marketplace influences reviewed?

A. Our customers

Always start with the customer, their characteristics, behaviours, needs and wants. Your analysis should define:

- Options for segmenting and targeting. You should apply your traditional segments, but also consider the new microtargeting options available online – see <http://bit.ly/smarttargeting>.
- Ideal customers. Characteristics summarised in named personas (covered in the targeting section) are useful to get started, think about demographics, searching and product selection behaviours and unmet needs - detail here is very useful to talk about “What would John do.. or think about...”. Also consider what your data tells you in regard to your most profitable, and potentially profitable customers.
- Target search behaviours. Search marketing is still really important as a driver of leads and sales so make sure you have good quality keyphrase analysis and an idea of how you are reaching demand - your share of search.

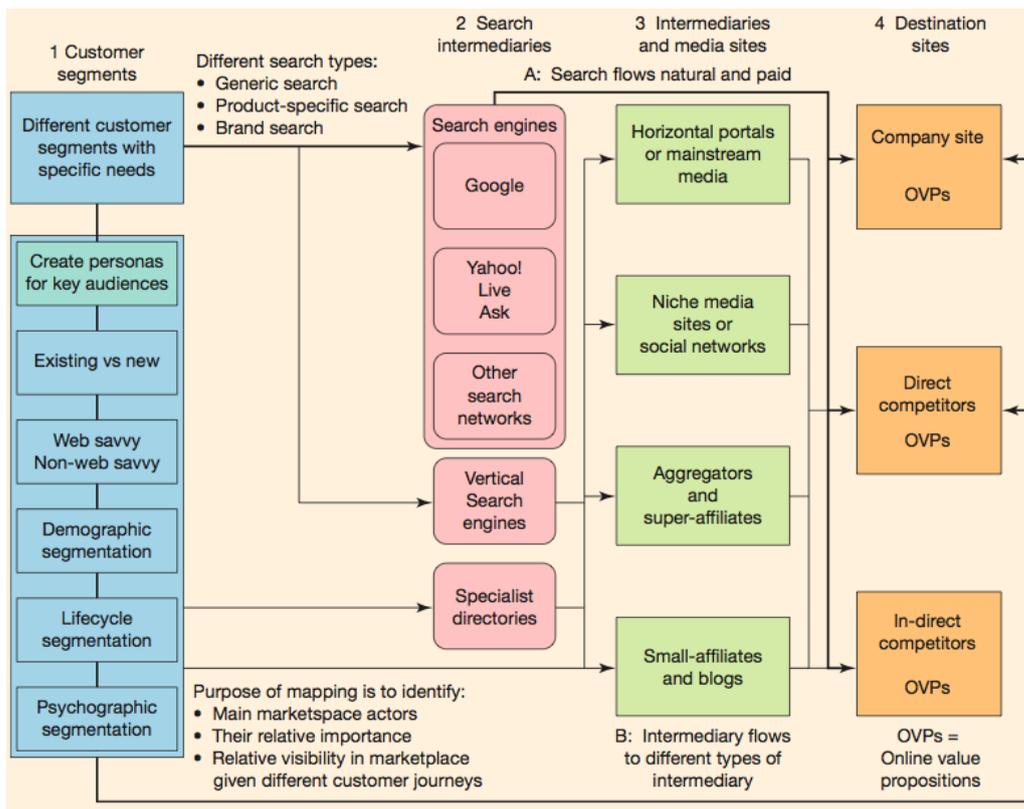
What is it? Keyphrase analysis

Keyphrase analysis involves identifying the keyphrases your customers are likely to use when searching for your products or services and the sequence they use before conversion. Potential keyphrases to be used for promotion are then selected.

Strategy Recommendation 9 Ensure you have good visibility of customer search behaviour against results delivered.

Define target groups of target keyphrases and develop content strategies to reach these audiences.

The marketplace map layout below is our suggestion on how you can summarise customer interactions with online players, particularly when search is a big part of their customer journey.



Source: Chaffey et. al. (2012) *Internet Marketing: Strategy, Implementation and Practice FT-Prentice Hall. 5th edition*. With permission. Pearson Education.

B. Our market

- **Market description.** Focus on actionable needs and trends - are you meeting them, what are they - this insight is useful for other teams and you should find out what other teams know, what exactly is growing in the market, is there evidence you can draw from

C. Our competitors

- **Benchmark online marketing mix.** Benchmark against competitors for your customer personas (covered in the targeting section) and scenarios against the criteria given in the strategy section, in particular their marketing mix.
- **Benchmark digital communications channel.** For key digital tactics like SEO and social media marketing, it's also important to benchmark against competitors.

Recommended resource? [Competitor benchmarking guide](#)

See our [competitor benchmarking guide](#) for how to complete competitor benchmarking and free and paid data sources.

D. Intermediaries, influencers and potential partners

- Customer use of online intermediaries.** Review customer use of different types of sites which may influence their decision for example, search engines, specialist news sites, aggregators, social networks and bloggers.
- Influencer strength.** You can monitor your reputation across different influencers using <http://bit.ly/smartreputation>.

E. Wider macro environment

These are the big picture strategic influences. We recommend you don't go into too much depth on these, instead review the influence of the main macro factors for digital; social, legal and technology in the context of customer analysis and competitor benchmarking.

- Social** - how have consumer attitudes changed?
- Legal** - checking your online marketing activities comply with privacy and online trading laws before problems arise?
- Environment** - is your approach ethical and sustainable.
- Political** - can you take advantage of government funding schemes?
- Technology** - review of the latest technology.

F. Our own capabilities

Once you have looked outwards (often missed), only then should you turn inwards and look at your own capabilities which can be summarised as part of the strengths and weaknesses on a SWOT .

Create a digital channel SWOT

- Q. Digital channel specific SWOT created?*

A digital channel SWOT summarises your online marketplace analysis findings AND links to strategy. It's specific to the Internet and digital channels rather than a more general SWOT.

In a large organisation, or for a more complete summary, complete a separate SWOT for:

- Customer acquisition and conversion and customer development
- Different brands
- Different markets
- Different competitors – direct and indirect
- We recommend using a TOWS matrix for SWOT: <http://bit.ly/smartswot> since this helps integrate your analysis with your strategy rather than the analysis being placed on the shelf and forgotten.

Here's more detail on how we approach SWOT analysis on consulting projects. You'll want to skip this part if you've completed lots of digital SWOT analyses.

A SWOT analysis is an essential part of any business or marketing plan. It allows you to create a plan of action based not on what you're interested in doing or on your gut-feel, but what you need to do given the opportunities presented to you in your marketplace. It considers your capabilities for marketing against competitors plus looks at opportunities created as new technologies are introduced.

What is a SWOT?

As you'll know it's a 2 X 2 matrix summarising the internal Strengths and Weaknesses against external Opportunities and Threats. These external opportunities and threats are

available to all competitors in the marketplace.

When creating a digital marketing plan, SWOT analysis is also an essential step. We think it's sometimes seen as an academic exercise and there's the feeling that the time should be spent on improving the execution of the tactics like email or search marketing or improving the site.

Strategy Recommendation 10 Create a TOWs digital SWOT matrix

When we develop SWOT, we find the so-called TOWs matrix approach invaluable. The power of the TOWs matrix format is in the way it not only provides a great summary, but also helps you create strategic options to help you compete.

Recommended resource? SWOT TOWs matrix

The Smart Insights digital marketing toolkit contains a [SMART TOWs matrix](#) with Powerpoint and Word examples for you to amend for your business or your clients.

Digital marketing SWOT

Append each bullet with a letter for main activity it applies to in RACE and others, e.g. (B) Brand development, (G) Governance or resourcing.

	Strengths: • • • • •	Weaknesses: • • • • •
Opportunities (Market specific): • • • • •	SO Strategies • • • • •	WT Strategies • • • • •
Threats: • •	ST Strategies • •	WT Strategies • •

The example below shows how it reviews not only the situation in internal strengths and weaknesses and external opportunities and threats around the edge, but also shows 4 box for creating strategies to succeed in the marketplace.

So make sure your SWOT or SWOTs are:

- ✓ 1. Based on existing SWOT for the business.
- ✓ 2. Uses a TOWs matrix approach
- ✓ 3. Is created specific for digital marketing channel.
- ✓ 4. Considers key digital marketing activities
- ✓ 5. Have further details on specific markets as required by the size of the company

The SWOT analysis will give you the strategic view of the main opportunities and challenges available from online marketing. The high-level view will help you see the most important issues which need to be managed for your online success.

Best Practice Tip 3 Generate your SWOT across the full range of the customer lifecycle

Use the parts of our RACE framework plus brand positioning and governance to review all the digital strategy issues to be managed.

The organization	Strengths – S 1 Existing brand 2 Existing customer base 3 Existing distribution	Weaknesses – W 1 Brand perception 2 Intermediary use 3 Technology/skills 4 Cross-channel support
Opportunities – O 1 Cross-selling 2 New markets 3 New services 4 Alliances/co-branding	SO strategies Leverage strengths to maximize opportunities = Attacking strategy	WO strategies Counter weaknesses through exploiting opportunities = Build strengths for attacking strategy
Threats – T 1 Customer choice 2 New entrants 3 New competitive products 4 Channel conflicts	ST strategies Leverage strengths to minimize threats = Defensive strategy	WT strategies Counter weaknesses and threats = Build strengths for defensive strategy

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While any form of SWOT analysis is much better than none, we have found through working on many SWOT, that the technique works best for digital marketing when these 7 issues are reviewed when creating the SWOT. You can mark them up on your SWOT as follows.

- ☑ R: **Reach**. Reaching prospects and customers, and raising awareness on your site or other online presences to encourage site visits.
- ☑ A: **Act**. Achieving interaction and participation to achieve leads.
- ☑ C: **Convert**. Conversion to sale online or offline.
- ☑ E: **Engage**. Build long-term relationship building with customers.
- ☑ B: **Brand**. Positioning and perception of the brand. Marketing mix.
- ☑ M: **Multichannel**. How the digital channel integrates with traditional channels.
- ☑ G: **Governance**. Issues which affect capability to deliver like resource.

Here is a specific example of a digital marketing SWOT (without this coding):

As is often the case with SWOT analysis, the opportunities available to a company are the opposites of the threats presented by other companies. The strengths and weaknesses will vary according to the company involved, but many of the strengths and weaknesses are dependent on the capacity of senior management to acknowledge and act on change.

Best Practice Tip 4 Create a “key issues” summary from your SWOT

If you’re like us, you’ll pack a lot into your digital marketing SWOT, so identify 4-8 key issues that are important to future for success so that you can stress these to colleagues.

The next page shows an example of the TOWs format of SWOT (but without the RACEBMG coding applied).

An example of strategic digital channel options developed using a TOWs matrix.

The organisation	Strengths – S 1 Existing brand 2 Existing customer base 3 Existing distribution	Weaknesses – W 1 Brand perception 2 Intermediary use 3 Technology/skills (poor web experience) 4 Cross-channel support 5 Churn rate
Opportunities – O 1 Cross-selling 2 New markets 3 New services 4 Alliances/co-branding	SO strategies Leverage strengths to maximise opportunities = attacking strategy Examples: 1 Migrate customers to web strategy 2 Refine customer contact strategy across customer lifecycle or commitment segmentation (e-mail, web) 3 Partnership strategy (co-branding, linking) 4 Launch new web-based products or value-adding experiences, e.g. video streaming	WO strategies Counter weaknesses through exploiting opportunities = build strengths for attacking strategy Examples: 1 Countermediation strategy (create or acquire) 2 Search marketing acquisition strategy 3 Affiliate-based acquisition strategy 4 Refine customer contact strategy (e-mail, web)
Threats – T 1 Customer choice (price) 2 New entrants 3 New competitive products 4 Channel conflicts 5 Social network	ST strategies Leverage strengths to minimise threat = defensive strategy Examples: 1 Introduce new Internet-only products 2 Add value to web services – refine OVP 3 Partner with complementary brand 4 Create own social network/customer reviews	WT strategies Counter weaknesses and threats: = build strength for defensive strategy Examples: 1 Differential online pricing strategy 2 Acquire/create pure-play company with lower cost-base 3 Customer engagement strategy to increase conversion, average order value and lifetime value 4 Online reputation management strategy/E-PR



Step 3

Define your future

Q. Goals, vision and objectives for digital marketing channels defined?

You should start with a simple way of looking at your future. Ask why and what? Why are you using digital platforms now and into the future? What do you want to achieve?

Start by thinking about the 5Ss which are a great, simple framework for thinking through how you will use digital channels. Then look at longer-term vision - we'll show you some examples of companies who have developed a vision to communicate their long-term ambitions for digital media. Only then should you drill down into the details of specific goals you want to achieve. Look out for our detailed grid of KPIs which we structure within our RACE framework. This will give you a comprehensive set of KPIs you can use to help develop your own dashboard.

To define your future we suggest this hierarchy of measures may help in larger organisations:

- 1. Mid-long term **vision** to help communicate the transformation needed in a larger organisation
- 2. Top-level broad **goals** to show how the business can benefit from digital channels
- 3. Specific **SMART objectives** to give clear direction and commercial targets
- 4. **Key performance indicators (KPIs)** to check you are on track

You'll see all of these in this step.

We hope you agree that the reasons for setting objectives are obvious; if you don't know where you're going and when you hope to get there, you won't know your progress on the journey and so make adjustments when you go astray.

So, it's best to start with the top-level goals which help inform the vision before going onto specific objectives. This is where the 5S goals can help!

Introducing the 5S goals for digital marketing

The 5Ss of digital marketing is a good, simple starting point to help check you're covering the whole of digital marketing, not just sales!

I developed the 5Ss of digital marketing with PR Smith, my co-author on *Emarketing Excellence* around 2000, and although basic it's still used by many when planning their digital marketing strategy.

As we run through each of the 5Ss, I'll show some questions you should be asking in each area and look at some examples of how these broad goals have translated into strategies and tactics for online retailer ASOS.com.

5S: Sell – Set goals to grow sales?

Q. Sales goals set?

Start with goals for your most important transactions which will lead to revenue and profit! That's sales, or if you don't sell online, the leads that your online marketing will deliver, which will convert through to sales or donations if you're a not-for-profit.

As you'd expect, ASOS are all about selling, but it's worth looking at how this translates to a clear sales offer delivered across the whole site below the navigation bar, and at the bottom

of this page.

ASOS discover fashion online

Start your style search here

Welcome to ASOS Join / Sign In Bag / Saved £135.00 (3)

WOMEN | MEN | OUTLET | KIDS | LIFE

FREE DELIVERY WORLDWIDE FOR CHRISTMAS* - ON ALL ORDERS, EVERYWHERE.

SHOPPING BAG

Sign in to link items to your account, or view items already in your account

ITEM DESCRIPTION	YOUR OPTIONS	PRICE
<p>Motel Fitted Stretch Dress With Shoulder Strap Detail Reserved for another 1 hour, 58 minutes</p> <p>SAVE FOR LATER REMOVE</p>	Colour: Black Size: XS Quantity: 3	£ 135.00

You've qualified for Free UK Standard Delivery on your order. Don't forget to enter the code STANDARD at checkout.

SAVE BAG | EMPTY BAG (bag items are saved for later on expiry)

Subtotal before Delivery Charges £135.00

UK - Style Saver £0.00 £0.00

Total Cost £135.00

SECURE SHOPPING We make spending safe with SSL Technology.

FREE RETURNS Not quite right? No worries. Send it back for free

FREE NEXT DAY DELIVERY ...for a whole year with ASOS Premier MORE INFO

Sign up for ASOS style news Enter Email Address WOMEN MEN

Here are some key questions to answer to help increase the quality of your sales goals:

Create conversion model to help define realistic goals

Q. Conversion model used to calculate realistic targets for goal volume?

Strategy Recommendation 11 Develop conversion models to set realistic online channel goals

Conversion models can help you set realistic goals from online marketing.

A conversion model helps set quantitative targets to hit. Use this spreadsheet we have developed to help set the right goals: <http://bit.ly/smardownloads>.

Look at options to increase sales through expanding our reach

Q. Options to extend reach reviewed?

Often online marketing can focus on selling to existing markets without looking for new opportunities. Use benchmarking and search demand tools to prove how it's possible to increase sales beyond your typical customer base.

See: <http://bit.ly/smartbenchmarking> and <http://bit.ly/smartdemand>.

Review options to increase sales through conversion enhancements

Q. Options to increase conversion rate possible?

We have said it's worth looking at how to add more prospects to the top of the funnel, but there are also opportunities to increase sales through increasing the efficiency of customer journeys on the site, both at the top of the funnel as they navigate to find relevant services and further down the funnel in the add-to-basket and checkout processes.

Set separate sales goals for existing and new customers

❑ Q. *Separate goals and tracking defined for new and existing customers?*

To manage online sales, it's useful to isolate incremental online sales and new sales. Keeping incremental sales volume trending right is most important. You can use analytics or ecommerce sales systems to deliver this insight.

Tracked goals through analytics

❑ Q. *Goal types and value defined in analytics?*

We have a more detailed section explaining how to do this in our guide to Google Analytics or online here².

Define multichannel goals

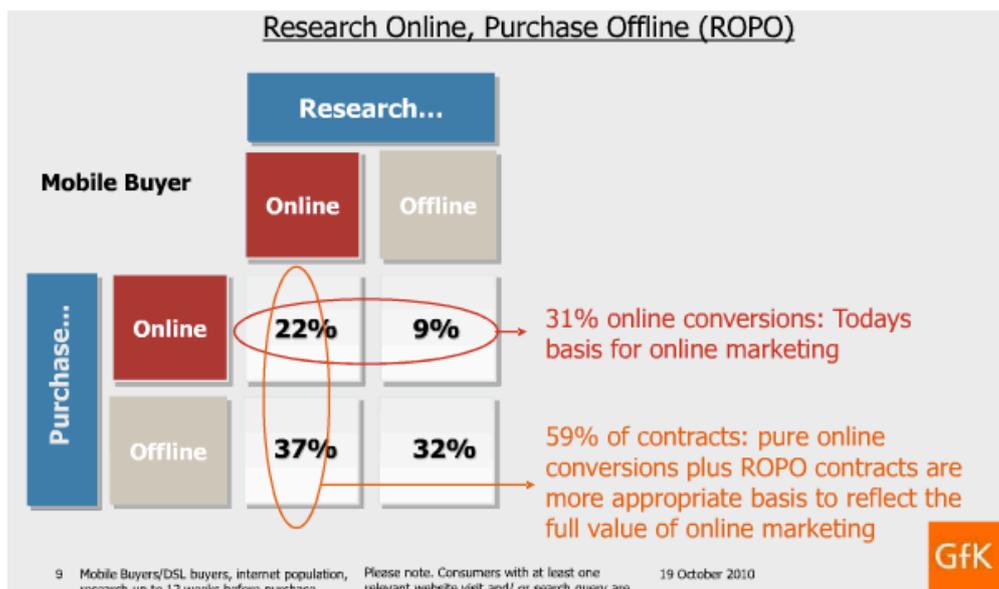
❑ Q. *Online channels goals defined as online contribution of revenue or profit?*

Sales might be direct if the product can be sold online or indirect where they are generated offline. Still many people research online and then purchase offline, so it's key for many companies to think how they use online channels to influence offline sales.

Strategy Recommendation 12 Ensure your goal-setting reflects channel switching

Users switch channels during the purchase process, so make sure you set goals, measures and support these cross-channel behaviours.

Here's one example³, showing the importance of offline purchase (37% of mobile phone contracts after online research):



2 [Smart Insights: Set goals in Google Analytics](#)

3 [GfK-Ropo-Vodafone multichannel ROPO study](#)

5S: Speak – Set goals to get closer to customers

Q. Communications goals defined?

Digital channels are not only sales channels, they excel as communications channels to engage your audience. We say engage since we don't mean SHOUTING, we mean getting the balance right between communicating your offer and interacting with your audience.

ASOS is a fantastic example of a brand that has a coherent approach to communicating through it's blog and communities. It has developed a content marketing strategy to help think about it's online communications in a more strategic way. Read our content marketing strategy guide for more depth on how you can approach this.

The screenshot shows the ASOS website interface. At the top, there's a search bar and navigation links for WOMEN, MEN, OUTLET, KIDS, and LIFE. A banner for 'FREE DELIVERY WORLDWIDE FOR CHRISTMAS*' is prominent. Below this, a 'REFINE BY' sidebar offers filters for SIZE (UK 3-12), COLOUR (various colors), PRICE RANGE (£0-£730), and PRODUCT TYPE (Bags, Belts, Blazers, etc.). The main content area features a 'Shop the magazine' section with a featured ASOS magazine cover and a grid of clothing items, each with a price and a 'MORE COLOURS' link.

We recommend creating detailed conversion or budget models, which allow you to set goals by digital channel for reaching and influencing your audience.

On a website, it's useful to know how many people are at the top of the funnel who are searching, and browsing products in different categories. We'll look at some examples of these models at the end of this report.

Strategy Recommendation 13 Set goals and track engagement for visitors at the top of the purchase funnel

Set goals for how many visitors search for and engage with products at the top of the purchase funnel.

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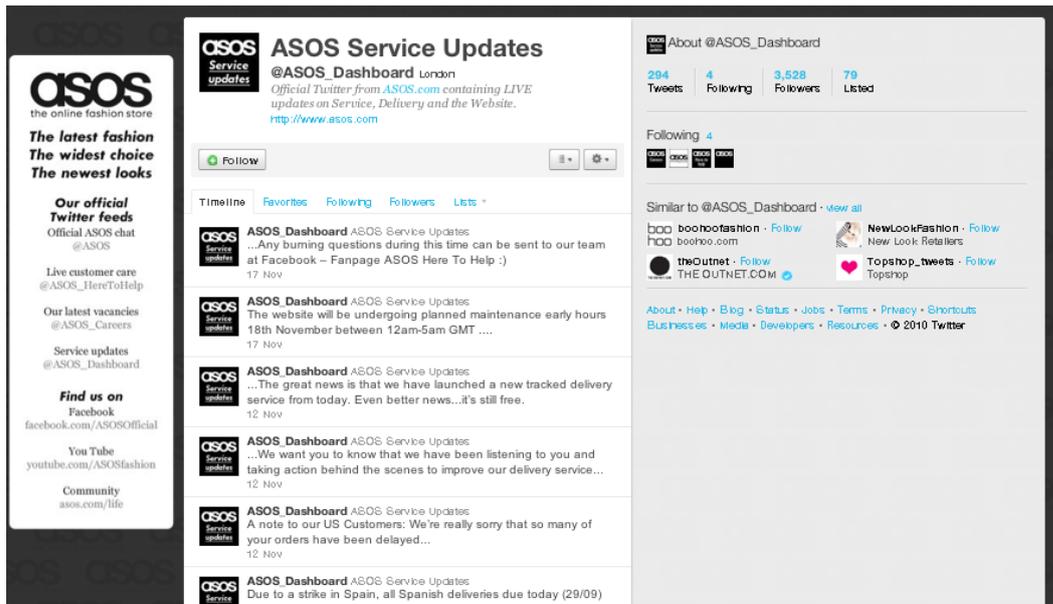
Since digital channels work best when joined with other channels, the goals here should also include online visits prompted by traditional offline media.

5S: Service – Have we set goals to online customer service goals?

❑ Q. Are goals set for customer care, service and satisfaction?

The company website and social customer service sites are a natural place for customers to go to get their questions answered or to complain. Paying attention to the quality of service you offer is also key to support your capability to Sell, Speak, Save and Sizzle.

Again ASOS has thought this through with a separate Twitter channel for responding to customer service.



So you need customer satisfaction goals to assess how you good you are at customer service and then improve it further.

Give customers extra benefits online, and guide new product development with online dialogue and feedback. There are lots of excellent tools we list at <http://bit.ly/smartfeedback>.

Strategy Recommendation 14 Build in feedback mechanisms to your sites

Get feedback on online experience and experience of the brand into your site and then prioritise and improve.

5S: Save – Set cost-saving goals

❑ Q. Goals set around cost savings?

Less glamorous than the sizzle of building your brand and social media engagement, but you can also show the value you gain through using online cost savings to reduce service costs and save on traditional media like print and post.

This is most relevant for a multichannel retailer or service company who can set goals for number of catalogues downloaded or number of service transactions compared to other channels.

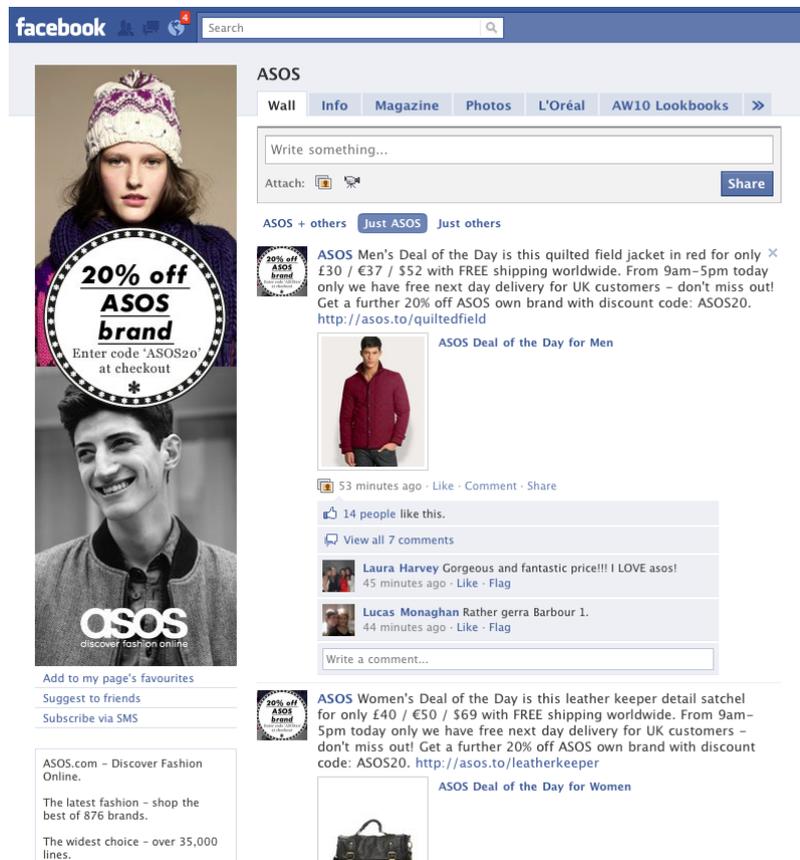
If you're fighting for budget for online channels, the savings you can demonstrate to your finance director or budget holder will improve your cause.

5S: Sizzle – Adding value to your brand online

Q. Goals set for brand engagement and advocacy?

Putting the sizzle into your digital marketing will really help your sales and speak goals, but it's not too easy to set goals for and then to track. So what is the "Sizzle in your Sausage"?

Sizzle is about building your brand online. Think about what makes for a positive online brand experience for your audience and you.



We have already said it's important to set goals and track the quality of the experience online, but you should also check the temperature of your sizzle through how shareable and likeable your brand is.

Strategy Recommendation 6 Encourage and measure sharing of your brand

Provide tools to support and track viral sharing and recommendations about your brand. You will also want to track positive and negative sentiment.

If the experience is effective, the benefits of engaging with your digital presence will be clear; the interactions within the site and with other channels will be smooth and the visitor will want to use your online services again, and tell their friends and colleagues about it.

So, key goals here are about levels of satisfaction and recommendations or advocacy. ASOS have invested heavily in community platforms and social media to deliver the sizzle!

Define vision

Q. We have a defined mid-long term vision for the future contribution of our digital marketing channels?

We believe that developing a specific vision or mission statement for your digital channels

can really help explain the need for digital channel initiatives within a company. They also show where the focus of digital marketing activities and investment should be.

Strategy recommendation 15 Define a vision for how digital channels will support your customer and brand

Provide tools to support and track viral sharing and recommendations about your brand. You will also want to track positive and negative sentiment.

You're probably thinking 'we've already got a corporate mission statement that everyone pokes fun at, so why would we want to define a vision statement?' or 'why should we bother?'

Dell.com	Online Analytics, Testing & Targeting
To be the technology e-commerce leader by offering the most relevant experience and solutions to drive high customer loyalty	To become an innovation engine through insightful analytics & the best-in-class testing capability to enable constant and rapid changes

It's too corporate and we're just a small business, we just get on with selling our products. Good questions! But we still think it's helpful to have a vision for your online marketing for all different types of organisation. We say this since the opportunities from digital marketing are too big to not have a vision of how you will use digital media in the future. If you don't define the opportunity you won't be able to grasp it because there will be too many other distractions. They

may also take time to be achieved. Look at how Dell⁴ set their long-term vision, both for their online channel as a whole and how online analytics will support it.

A good vision statement for your digital marketing activities can help:

- ✓ Show how digital marketing or Ebusiness can transform your organisation in the future if you innovate and invest
- ✓ Show where you need to focus your effort – is it customer experience and service to build loyalty or are you also looking to expand your reach into new markets?
- ✓ Energise colleagues by showing the future potential of digital marketing and communicating that it's a strategic priority through a senior manager or director who is a sponsor of digital marketing
- ✓ Set top-level goals without going into detailed KPIs.

We're not talking about mission statements of what your company currently is, instead, a vision is an inspiring, ideal future state. A vision is almost certainly not going to be 100% attainable, but you must feel as if it is possible.

Let's look at some examples of inspiring vision statements taken from the US SEC filings for these companies:

- ✓ **Amazon.com**
Our vision is to be earth's most customer centric company; to build a place where people can come to find and discover anything they might want to buy online.
- ✓ **Dell**
Dell listens to customers and delivers innovative technology and services they trust and value.
- ✓ **eBay**
eBay pioneers communities built on commerce, sustained by trust, and inspired by opportunity. eBay brings together millions of people every day on a local, national and international basis through an array of websites that focus on commerce, payments and communications.

4 [Smart Insights: Dell case study](#)

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✔ **Facebook**

Facebook is a social utility that helps people communicate more efficiently with their friends, family and coworkers. The company develops technologies that facilitate the sharing of information through the social graph, the digital mapping of people’s real-world social connections. Anyone can sign up for Facebook and interact with the people they know in a trusted environment.

✔ **Google**

Google’s aim is to *organize the world’s information and make it universally accessible and useful.*

Note that some of these examples are better described as mission statements and for use beyond a company. Remember that mission and vision statements are two very different things and we’re focusing on digital vision statements here. At a corporate strategy level, a company should have a vision statement, and a mission, and goals by which to achieve these. The mission is what your company currently is; a vision is an inspiring, ideal future state.

We give more examples and why it’s important to have a long-term vision in in our goal-setting guide.

Some examples of vision statements for digital channels

Here’s a real example of a BHAG⁵ digital vision statement for a multichannel company.

✔ 1 x 2 x 3:

✔ Largest online audience share (No.1) in Europe by XXXX
By XXXX, 1 in 2 of total sales will be generated on-line

✔ 1 in 3 of our people and our customers love our online services and will recommend them to a friend

✔ 2 in 3 customer service contacts will be electronic by XXXX

Best Practice Tip 5 Set BHAG: “Big Hairy Audacious Goals”

These ambitious targets are used to gain attention for an initiative and attract investment and resources to it. They were popularised in a 1996 Harvard Business Review article by James Collins and Jerry Porras on Building Your Company’s Vision.

You can see this is simple yet specific enough to link to future targets unlike many vague mission statements.

Here’s another example of a vision statement for a retailer which is less specific about goals but emphasises the strategic focus:

“Our digital channels will make it easy for shoppers to find, compare and select products using a structured approach to merchandising and improving conversion to produce an experience rated as excellent by the majority of our customers.”

Different aspects of the vision statement can then be expanded upon when discussing with colleagues, e.g.

✔ *Digital channels* = the web site supported by email and mobile messaging

✔ *Find* = improvements to site search functionality

✔ *Compare and select* = Using detailed product descriptions, rich media and ratings

5 [Smart Insights: BHAG examples](#)

- ✔ *Merchandising and improving conversion* = Through delivery of automated merchandising facilities to present relevant offers to maximise conversion and average order value. Additionally, use of structured testing techniques such as AB testing and multivariate testing will be used.
- ✔ *Experience rated as excellent* = We will regularly review customer satisfaction and advocacy against direct competitors and out-of-sector to drive improvements with the web site

You can see this example focuses on the online experience, but is not so good at highlighting channel integration.

Best Practice Tip 6 Define a simple label which triggers the focus on digital amongst your colleagues

It's useful to apply a simple reminder to staff of the importance of a focus on digital in strategy and implementation. We have seen this used type of label successfully in several different companies, for example:

- ✔ *Digital by default*
- ✔ *Digital First*
- ✔ *Digital DNA*

Checklist - creating your vision statement

We think you should include these features in your vision statement. Check yours:

- 1. Shows how digital channels will help the customer. What value will you provide?
- 2. Shows the benefit to the company in terms of efficiencies or profitability?
- 3. Link vision to specific goals in the future?
- 4. Is simple and memorable?
- 5. Is inspirational?

Define specific SMART objectives in your performance improvement framework for digital marketing

- Q. *Right measurement frameworks and dashboards defined?*

Measurement frameworks are essential to give you focus – rather than reviewing hundreds of measures you can just focus on top-level performance measures which are critical to improve performance. These are summarised on dashboards.

Strategy Recommendation 16 Define the right measurement framework and dashboards

You can't measure everything, far from it! So define the measures and KPIs that you can review regularly to really drive your business and develop an automated method of reporting via dashboards.

And remember that dashboards count for nothing if they're not reviewed and actioned. Avinash Kaushik, the web evangelist at Google famously said :

"If you have \$100 to make smart decisions on the web, invest \$10 in tools, spend \$90 on people. This is the 10/90 rule."

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Strategy Recommendation 17 Invest sufficient time in the people, process and tools to support performance improvement

If you don't invest sufficient in the supporting processes and people your careful specification of goals and objectives will have been pointless. So make sure you put in place the right approaches to review and take action depending on your numbers.

We talk more about how to make this happen in our guide to improving results through goal-setting and keep it brief here. Check that:

- Q. *There is a defined measurement framework to review and take action?*
- Q. *Our KPIs are aligned to business success?*
- Q. *The dependencies between KPIs is clear?*
- Q. *Individuals are responsible for KPIs?*
- Q. *Our measurement framework includes the right efficiency measures?*
- Q. *Our measurement framework includes the right effectiveness measures?*
- Q. *Measures can be distributed and reviewed in a top-level report or dashboard?*

Best Practice Tip 7 Identify your “critical few” KPIs - make sure they're SMART

Use the SMART mnemonic to review your measures to define the KPIs that matter to improve results.

Measures you consider should be simplified to a dashboard to limit the information that needs to be reviewed to the “critical few” or the “measures that matter”.

SMART stands for:

- Specific** – Is the objective sufficiently detailed to measure real-world problems and opportunities?
- Measurable** – Can a quantitative qualitative attribute be applied to create a metric?
- Actionable** – Can the information be used to improve performance? If the objective doesn't change behaviour in staff to help them improve performance, there is little point in it!
- Relevant** – Can the information be applied to the specific problem faced by the manager?
- Time-related** – Can the information be constrained through time?

Define your measurement framework

We have found that still, many companies don't have a clear objective setting and reporting system summarized as digital marketing dashboards. But there seems to be a hunger to create and use these.

In our guide to improving online results we consider 3 different performance management frameworks. But here, we'll just use our RACE framework since this has the fullest range of KPIs for different managers.

We've developed “RACE” as a practical framework to help manage and improve the commercial value that companies can gain from digital marketing. It will help simplify your approach to reviewing the performance of your online marketing and taking actions to improve its effectiveness.

RACE consists of four steps designed to help engage prospects, customers and fans with brands throughout the customer lifecycle.

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- ✔ **Stage 1 Reach** – Build awareness of a brand, its products and services on other sites and in offline media and build traffic by driving visits to web presences
- ✔ **Stage 2 Act** – Engage audience with brand on its website or other online presence
- ✔ **Stage 3 Convert** – Achieve conversion to marketing goals such as new fans, leads or sales on web presences and offline
- ✔ **Stage 4 Engage** – Build customer relationships through time to achieve retention goals

Best Practice Tip 8 Use a grid of RACE vs seniority to define your goals.

In the rows, it isolates more detailed metrics that drive performance from the customer-centric KPIs and Business value KPIs, so it identifies the measures that really matter or Key Key Performance Indicators (KKPIs) at the bottom of the matrix. More senior managers will review the performance drivers at the bottom of the grid.

This Acquisition, Conversion, Retention approach is adapted from an approach recommended by analytics specialist Neil Mason on his courses.

You can see it is most practical to use in a larger organisation with different tiers of management. The idea is to select the most relevant KPIs to form dashboards for different people as shown in the left column.

Metric	Reach audience	Encourage Action and Leads	Convert to Sale	Engage customers to Retain & Grow
Tracking metrics <i>(Digital specialists)</i>	<input type="checkbox"/> Unique visitors <input type="checkbox"/> New visitors <input type="checkbox"/> Visits <input type="checkbox"/> Conversation volume	<input type="checkbox"/> Online opportunity (lead) volume <input type="checkbox"/> Offline opportunity (lead) volume (online influenced)	<input type="checkbox"/> Online sales volume <input type="checkbox"/> Offline sales volume (online influenced)	<input type="checkbox"/> E-mail list quality <input type="checkbox"/> E-mail response quality <input type="checkbox"/> Transactions
Performance drivers (diagnostics) <i>(Digital managers)</i>	<input type="checkbox"/> Share of audience compared to competitors <input type="checkbox"/> Share of search <input type="checkbox"/> Brand / direct visits	<input type="checkbox"/> Bounce rate and duration measures <input type="checkbox"/> Macro-conversion rate to opportunity and micro-conversion efficiency	<input type="checkbox"/> Conversion rate to Sale <input type="checkbox"/> E-mail conversion rate	<input type="checkbox"/> Active customers % (site & e-mail active) <input type="checkbox"/> Active social followers <input type="checkbox"/> Repeat conversion rate
Customer Centric KPIs <i>(Brand and Product managers)</i>	<input type="checkbox"/> Cost per Click and per Sale <input type="checkbox"/> Brand awareness <input type="checkbox"/> Conversation Polarity (sentiment)	<input type="checkbox"/> Cost per Opportunity <input type="checkbox"/> Customer satisfaction	<input type="checkbox"/> Cost per Sale <input type="checkbox"/> Customer satisfaction	<input type="checkbox"/> Lifetime value <input type="checkbox"/> Customer loyalty index <input type="checkbox"/> Customer advocacy index <input type="checkbox"/> Products per customer
Business Value KPIs <i>(Business managers)</i>	<input type="checkbox"/> Audience share <input type="checkbox"/> Share of conversations	<input type="checkbox"/> Goal value per visit <input type="checkbox"/> Online product requests (n, £, % of total)	<input type="checkbox"/> Revenue per visit <input type="checkbox"/> Online originated sales revenue and profit (n, £, % of total)	<input type="checkbox"/> Retained sales growth and volume <input type="checkbox"/> Revenue per 1000 emails sent

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Recommended resource? RACE KPI grid

The Smart Insights digital marketing toolkit contains a [RACE KPI Grid](#) with examples for you to amend for your business or your clients.

Let's look at the key performance indicators for each of the four steps and where you can find the reports in Google Analytics.

Stage 1 Reach involves building awareness of a brand, its products and services on other sites and in offline media and building traffic by driving visits to web presences. KPIs include:

- ✓ **Unique visitors.** The size of your audience at the top of the funnel with the potential to convert. This measure is available on your dashboard. You may want to review your reach into social network sites like Facebook and Twitter also if you're active on these.
- ✓ **Audience share.** You can benchmark this through comparing your unique visitors to competitor sites using Google AdPlanner. Share of audience is particularly important for search marketing which often accounts for 50% or more of a catalogue site's audience. You should compare visits from search in your keywords report against the potential demand for search engines using a gap analysis to see where your missing.
- ✓ **Revenue or goal value per visit.** As described above, these measures enable you to see the value that each referring campaign, site or keyword is generating. Through reviewing how you promote your site through these traffic sources you can aim to increase revenue per visit. Of course increasing conversion rate will also help increase revenue per visit.

Stage 2 Act stands for interact, your aim is to achieve the initial engagement of your visitors when they enter your site. KPIs include:

- ✓ **Bounce rate.** Bounce rate is a great measure to use as part of your aim of increasing sales. Review the top sources of traffic report and keywords reports to identify traffic sources with the highest bounce rate and aim to reduce this figure. Oftentimes more than 50% of visitors will bounce meaning the investment in media is wasted. Likewise review the landing page or entrance page reports to identify pages that aren't effective in engaging visitors.
- ✓ **Pages per visit.** If you can encourage more browsing and searching, you are likely to increase conversion rates. The average figure for visits which involve a search is around 30% in the UK for retailers, according to Coremetrics. Check how you compare and then look to increase the proportion of searches and searches that are followed by an exit because the right product is unavailable.
- ✓ **Product page conversion.** Conversion rates for some products will naturally be higher than others so work on increasing conversion rates where you have "problem products" with a relatively high volume of page views, but relatively low conversion rate. You can use the Advanced filter feature in the reports to help whittle down to these pages.

Stage 3 Convert – Achieve conversion to marketing goals such as new fans, leads or sales on web presences and offline. The well-known KPIs include:

- ✓ **Conversion rates.** Again it's worth understanding how these vary for different visitors sources. So always segment conversion rates further.
- ✓ **Sales transactions.** The number and value of sales broken down by category.
- ✓ **Revenue and margin.** Revenue is readily reported, but margin will be usually reported through a back-end system.

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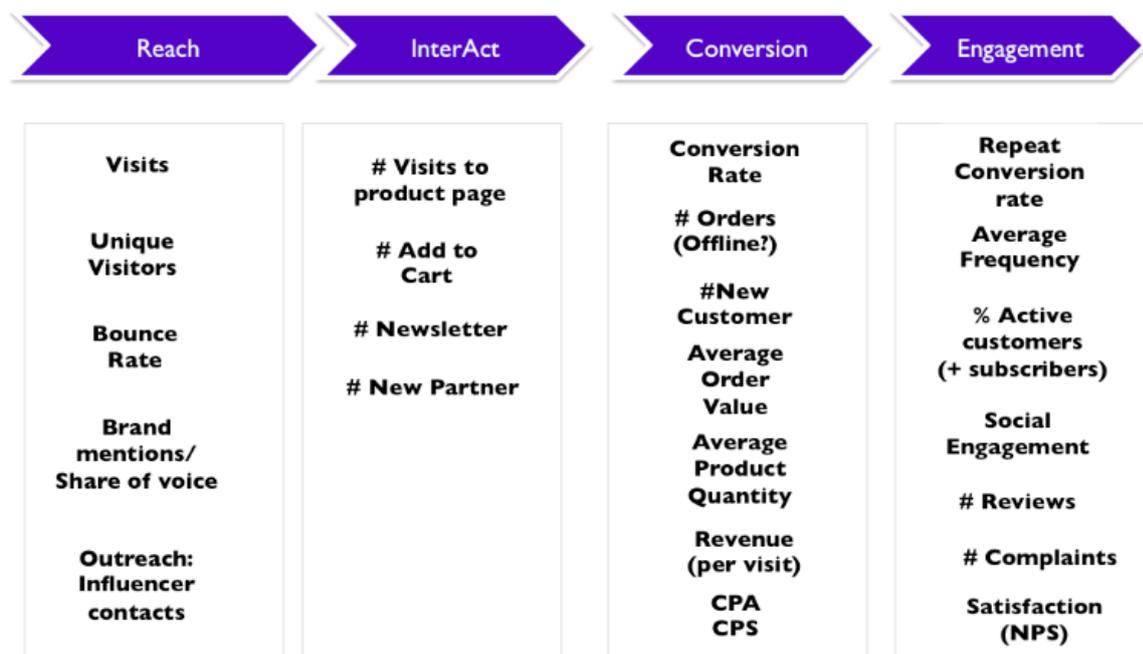
Stage 4 Engage. Build customer relationships through time to achieve retention goals. Google is less satisfactory in this area since it doesn't have suitable metrics and you may have to derive these through your sales systems. KPIs include:

- ✔ **% returning visitors.** This gives you a simple indication of the importance of returning visitors to your business.
- ✔ **% active hurdle rates.** These have to be extracted from the CRM database - you should look at the percentage of customers who make a purchase in a 3 or 6 month period. ASOS uses a 6 month period to define active customers.
- ✔ **Repeat conversion rate.** This is the proportion of first-time purchasers who buy again.

Best Practice Tip 9 Define dashboards for different team members

You can use Google Analytics custom reports or spreadsheet worksheets to have different tabs for different levels of seniority and involvement with digital.

This example shows how one Expert member used the “menu” of KPIs in the table above to select the most relevant measures for them to put into their reporting.



Step 4

Strategy: Targeting

Q. *Customer segmentation and targeting approach defined?*

Digital channels offer exciting potential to target customers more closely. For a long-time marketers have talked about the nirvana of one-to-one marketing enabled by technology.

While there are opportunities for smart targeting with technology, the reality is that many communications aren't targeted at any level! Yet Relevance, Relevance, Relevance should be the mantra that underpins your online marketing. Without delivering relevant communications you're dead in the water.

In this step we recommend you target these groups of customers or segments to help grow your audience:

- A Overall targeting approaches - strategic segmentation
- B Owned media targeting approaches - main audiences and web design personas
- C Paid media options for targeting through different digital media channels
- D Earned media targeting options

You can see that these targeting approaches are closely related to the next 3 steps: the propositions you offer to these segments, how you grow your reach and how you engage existing customers.

At a practical level, you can target specific audiences either through your website and other owned media like your social presence, bought or earned media, so we will look at the targeting options in each of these areas.

A Set strategic segmentation

Q. *Strategic market segments defined?*

Before we dive into the tactical segmentation of how to target existing audiences better, we should look at the bigger picture of the main markets you're targeting. This is your strategic segmentation.

What is it? Strategic segmentation

A definition of the main markets and audiences you are targeting.

Define core audiences to target

Q. *Core audience demographics defined.*

You can't be all things to all people, you need to focus to offer a targeted proposition, so you should specify who are your core audiences. These will be likely 2-6 main audiences. Online media like ad networks give opportunities to buy media by demographic criteria, so clearly define different groups by age, gender and social groupings.

These audiences will form the web design personas we describe in the next section.

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Checklist – audiences by priority

List audience by priority of volume or by value to the organisation.

1. _____
2. _____
3. _____
4. _____
5. _____
6. _____

Define international audiences *to target*

Q. International marketing options defined

We all know the web is global and indeed, thanks to the search engines, every site will receive visits from many different countries. But certain markets will be much more important, so you have to identify these and group them in a meaningful way such that you can tackle them. Of course, your primary market may be in your local country simply because you can only deliver products or services locally, in which case you will need to exclude all other countries in analytics unless people buy from abroad.

Best Practice Tip 10 Group international target markets in a meaningful way

To help manage markets you should group them into three or four tiers according to the amount of business they generate or based on future potential, e.g. emerging markets.

Define opportunities to reach new markets and audiences

Q. Options to reach new markets and audiences reviewed?

Through reviewing strategic segmentation, you can think through the opportunities available to sell into new markets through online channels. These could involve taking advantage of the low cost of advertising internationally without the necessity for a supporting sales infrastructure in the customer's country. For example, the Internet has helped low-cost airlines such as easyJet and Ryanair to enter new markets served by their routes cost-effectively. This is a relatively conservative use of the Internet but is a great opportunity for SMEs to increase exports at a low cost, though it does require overcoming the barriers to exporting.

Strategy Recommendation 18 Review opportunities of digital media to target new audiences and new markets

Don't limit your online ambitions to sell into existing markets. Instead, review opportunities to reach new audiences - either completely different to those that exist already or through micro-targeting

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There may also be opportunity to sell to new market segments or different types of customers. For example, B2B company [RS Components](#), a supplier of a range of MRO (maintenance, repair and operations) items, found when it first launched its site that 10% of the web-based sales were to individual consumers rather than traditional business customers. It also uses the website to offer additional facilities for customers placing large orders online. The UK retailer Argos found the opposite was true with 10% of website sales being from businesses when their traditional market was consumer-based. EasyJet also has a section of its website to serve business customers. The Internet may offer further opportunities for selling to market sub-segments that have not been previously targeted. For example, a product sold to large businesses may also appeal to SMEs that they have previously been unable to serve because of the cost of sales via a specialist sales force. Alternatively a product targeted at young people could also appeal to some members of an older audience and vice versa. Many companies have found that the audience and customers of their website are quite different from their traditional audience.

Common online targeting priorities

Let's look at some examples of how we can select segments for targeting online that are most attractive in terms of growth and profitability. These may be similar or different compared with groups targeted offline. Some examples of B2C and B2B customer segments that you should think about reaching or influencing through your site and ecosystem include:

- ❑ **The most profitable customers.** Using the Internet to provide tailored offers to the top 20% of customers by profit may result in more repeat business and cross-sales;
- ❑ **Customers that are difficult to reach using other media.** An insurance company looking to target younger drivers could use the web as a vehicle for this;
- ❑ **Customers that are brand-loyal.** Services to appeal to brand loyalists and influencers can be provided to support them in their role as advocates of a brand, as suggested by Aaker and Joachimsthaler (2000);
- ❑ **Customers that are not brand-loyal.** Conversely, incentives, promotion and a good level of service quality could be provided by the website to try and retain such customers.
- ❑ **Larger companies (B2B).** Think about how you can reach these audiences through digital media and then how you appeal to them on your site through specific site sections or messages on a web page;
- ❑ **Smaller companies (B2B).** Large companies are traditionally serviced through sales representatives and account managers, but smaller companies may not warrant the expense of account managers. The Internet, especially through the software-as-a-service (SaaS) model can be used to reach and serve smaller companies more cost effectively;
- ❑ **Specific members of the buying unit (B2B).** Again, the site can provide detailed information for different interests which supports the buying decision, for example technical documentation for users of products, information on savings from e-procurement for IS or purchasing managers, and information to establish the credibility of the company for decision makers;

As we will see at the end of this step, the digital media channels like affiliate, search and social media also give opportunities to reach to smaller segment sizes, this is micro-targeting.

Tactical segmentation methods review

- ❑ **Q. Tactical segmentation reviewed?**

The next two sections also review tactical segmentation options. Before we look at these,



one other segmentation method to consider is psychographic segmentation. In plain language this is how audiences think about products and brands and how they behave through the buying process. It involves understanding their buying criteria and behaviour.

For example, laser eye treatment company Ultralase discovered that leads on their website were generated through two distinct behaviours. First some leads were generated rapidly within a day of the first visit, but another group of visitors took much longer, using a more considered approach involving many visits over a longer time period.

Don't forget that at a practical level, your options to target your email list will be based on your customer knowledge. Since we are looking to learn more through time, we need a structured approach to customer data capture. This can be achieved through a **common customer profile**.

What is it? Common customer profile

A definition of all the database fields that are relevant to the marketer in order to understand and target the customer with a relevant offering. It is best if different levels, 1-3 of profile can be defined to encourage more customers to sign-up.

Once defined, the common customer profile can then be used as a means of structuring e-permission marketing and refining understanding about the customer. A plan with targets for each level can be created about how to learn more about the customer.

Best Practice Tip 11 Identify key profile fields

Identify the profile fields you really need to be able to understand your audience and target them with future messages. These are level 1 or 2 of the common customer profile.

A structured approach to customer data capture is needed otherwise some data will be missed, as is the case with the utility company that collected 80,000 e-mail addresses, but forgot to ask for the postcode for geo-targeting!

The customer profile can have different levels to set targets for data quality:

- ✓ Level 1 is contact details and key profile fields only
- ✓ Level 2 includes preferences
- ✓ Level 3 includes full purchase and response behaviour

B Owned media targeting options

Q. Owned media targeting options reviewed?

The company website is still the main owned media option for most companies to interact with prospects and customers. It's important to think of methods of personalisation to use. But for some, such as FMCG brands social platforms are becoming more important - often their Facebook pages are larger than their website by audience and interactions. For others, mobile platforms like the mobile website and mobile apps are becoming ever more important. We'll look at each of these in this section.

Define company website targeting approach

Q. Website audience targeting approach defined?

We discuss company website targeting options in detail in our 7 Step Guide to Improving Results from your Website.

The main point we emphasise here is to think about using personas to help make the site

more customer-centric.

Strategy Recommendation 19 Create web personas to help define your site audience

Personas can help improve your site so it's based on the psychology and needs of the visitor. In short, it makes pages more customer-centric.

Web design personas are a powerful method of thinking about your audience needs and priorities. You can read more about approaches to creating them in this post: <http://bit.ly/smartpersonas>

What is it? Web design personas

A thumbnail summary of the characteristics, needs, motivations and environment of typical site users.

Recommended resource? Personas toolkit

See our [Personas toolkit](#) showing key issues to consider when creating personas and with examples of different styles of personas.

Define social presence targeting approach

Q. *Social media platform targeting approach defined?*

You can apply the approach of personas to your website social presence. You will likely find that the demographics and preferences of users of your social presences are quite different from those of your main website. There will also be differences between different social sites like Facebook, Twitter and of course LinkedIn for business users.

Best Practice Tip 12 Audit users of your social presence to create a social profile for each site

Review a sample of profiles and comments on your social media presence to understand the types of audiences and their preferences.

Targeting using email marketing

Q. *Options for targeting through email house-list reviewed?*

Email is most effective for marketing when using your in-house list. Your capability here for targeting will be part of your wider E-CRM strategy. But at a practical level it will depend on the fields you have available on the database for your audience and whether they have been populated.

In our 7 Steps Guide to Excellent Email Marketing, we run through 5 options for email targeting. Of these, we think the customer lifecycle and activity levels are particularly important levels of targeting to consider.

Checklist – 5 email targeting approaches

- 1. *Customer profile characteristics (demographics).*
- 2. *Customer value (current and future).*
- 3. *Customer lifecycle groups.*
- 4. *Customer behaviour in response and purchase (observed and predicted).*

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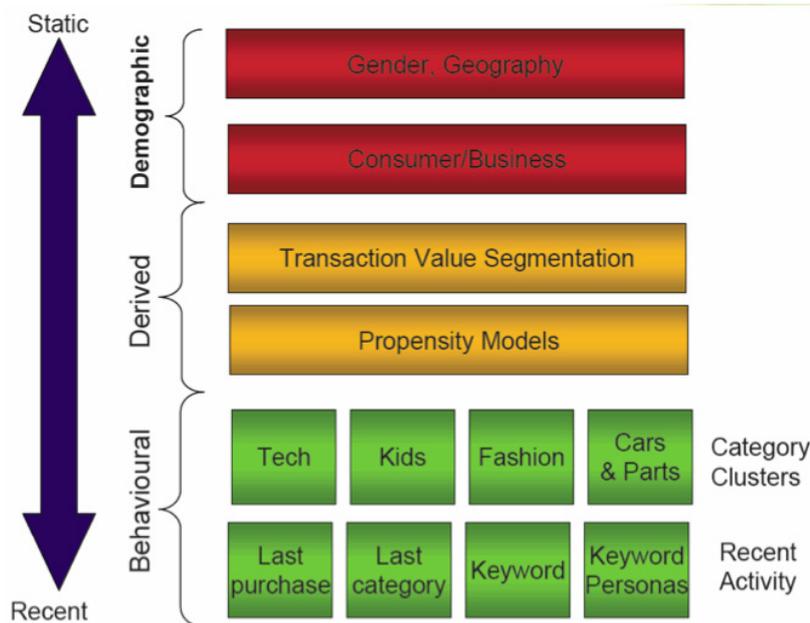
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- ❑ 5. Customer multi-channel behaviour (channel preference).
- ❑ 6. Customer personas including psychographics.

Best Practice Tip 13 Summarise your segmentation in a layered form

It can be useful to summarise different targeting options for colleagues through a layered segmentation as shown in this approach used by eBay UK shared at a recent email marketing conference.



C Paid media targeting options

- ❑ Q. Paid-media audience targeting approach defined?

We will look at the paid media targeting approaches in more depth in Step 6, but for completeness we have a quick review of the targeting options here.

Targeting using search marketing

- ❑ Q. Search marketing targeting approach reviewed?

Of course search marketing involves both paid and owned media, the owned media being the natural search engine optimisation (SEO). But both share similar targeting options.

At a strategy level, the most important thing to get right is investing time in targeting the keyphrases that will get you the best results. Methods of keyphrase research and targeting are covered in more detail in our guides on paid and natural search marketing and a later section which reminds us that the Google Display Network (GDN) can be used for targeting on third-party sites.

Targeting using display advertising

- ❑ Q. Opportunities for reaching audience through display advertising reviewed?

Although search marketing is effective at reaching visitors who have a defined need they are searching, for it is less effective for generating hidden demand through targeted ads on niche sites or reaching a mass-market audience through larger sites. Many companies don't invest in display since they can't see beyond the low clickthrough rates. But if you check our 7 Step Guide to Display Advertising you will see that there are other benefits for investing.

Targeting using affiliates and partners

Q. Relevance of affiliate marketing reviewed?

Marketing via partners is another method of targeting audiences using third-party sites which can complement your other traffic-building efforts. These can give new potential sources for reaching audiences that aren't aware of your brand or specific products and services. For example, retailer Tesco's has good levels of brand awareness in many markets, but some offerings like their financial, diet or wine products may be less well known, so they use affiliate marketing to raise awareness of these services with higher levels of commission.

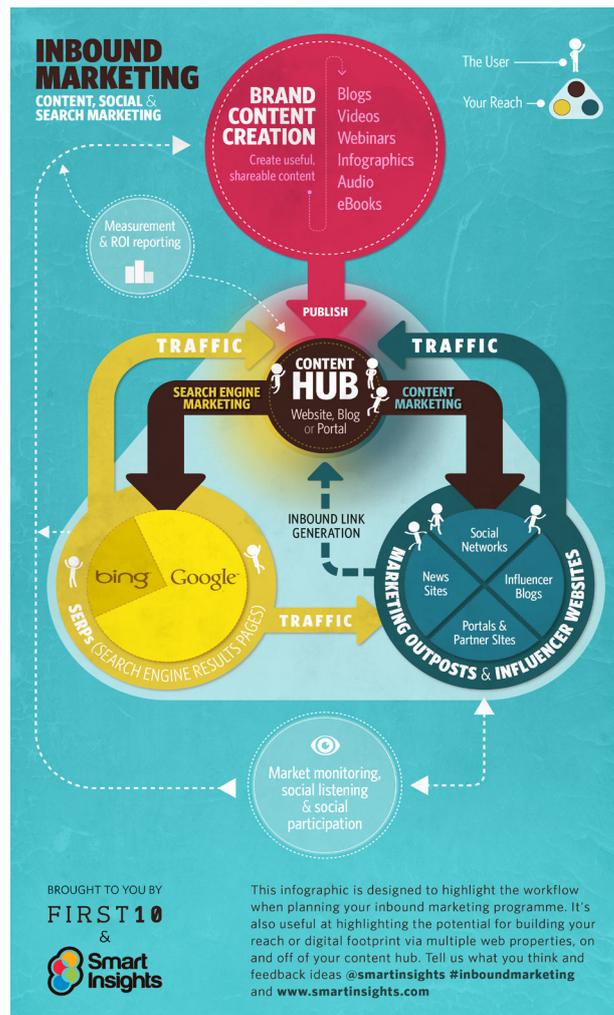
D Earned media targeting options

Q. Earned-media audience targeting approach defined?

Reaching your audience through online public relations is another tactical method of targeting. Here we are looking to deliver a message to our audience through editorial produced by influencers such as bloggers, celebrities or online publications.

Strategy Recommendation 20 Ensure you invest sufficient in influencer outreach

Segmenting and then forming relationships with relevant bloggers and content sites is a key part of influencer outreach, but it's often an under-resourced part of content marketing. Our inbound marketing infographic (bottom right) reminds us it's a key component of using earned media.



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Step 5

Strategy: Proposition

- Q. Are we continuously reviewing our digital channel proposition and how we communicate it?

Despite all the talk of tactics online, what really helps companies succeed online is the strength of their brand and what it can offer customers. Since digital channels are still quite new and many consumers are still switching to use them there are two issues to consider when developing your proposition.

First you can think about how you communicate the core features of your brand and in particular what makes you different? This is where you aim to position your brand and its products and services relative to competitors.

Second, you should take a channel-based view of your proposition and communicate what your channel offers compared to your own offerings in this channel and others. Through doing this you can encourage visitors to start and continue using your website, social network presence, email communications, mobile site or app.

Strategy Recommendation 21 Ensure your online presences communicate both core brand essence and product features but also channel value

Users of your digital platforms will compare these platforms to your other channels and to competitors, so you have to communicate these through the interface design and messaging.

Communicating the core features of your brand

- Q. Have we reviewed how effectively we communicate the core features of our brand online?

Once we have understood our audiences and what we will offer them, key messages should be defined which can be communicated to customers on the site itself and in offline communications.

Strategy Recommendation 22 Ensure the key brand offer is clearly defined

Make the basics clear: Who you are? What you offer? Where you offer it? What makes you different?

Remember that for your website or social sites, the majority of visitors won't know you so well. Think about what we call the "Four Familiarities" for a new site visitor.

They will differ in:

- Familiarity of the customer with the different digital platforms
- Familiarity of the customer with a brand
- Familiarity with your products and services
- Familiarity of a customer with your online channels

So, the main brand messages need to explain what you offer to these different groups.

Given that we have this range of familiarity, it's useful to define the core of what you offer,

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particularly for new customers. Check it's clear your visitors can answer these questions:

- ❑ 1. *Who you are? Clear brand names and idents?*
- ❑ 2. *What you offer? Clear products and services?*
- ❑ 3. *Who your offer appeals to? Less important, but this can help define your positioning.*
- ❑ 4. *Where you offer it? Particularly important if you serve local markets!*
- ❑ 5. *What makes you different? Often missed and the most important! What truly differentiates you?*



For example, this site has a clear “Why Choose Us?” message on the home page, important since it is a less well known provider in its sector.

It's also important that these type of messages detailing the offer and linking to supporting information are visible over the entire site since not everyone arrives on the home page and reminders work. Here's two examples and we have more in post here⁶:

Best Practice Tip 14 Ensure key brand messages are visible across the site
Use containers above or below the menu or in the sidebars to communicate your key messages aimed at increasing conversion.

6 [Smart Insights: OVP examples](#)

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Why choose Swiftcover?

- We're fast. Get a quote in under 60 seconds
- We're secure. Pay for your policy online.
- It's instant. Print your certificate immediately.
- It's easy. Change your details online anytime!

Get a car quote >

Great reasons to buy online...



- Find our best value tariffs online
- Free delivery
- Keep your number
- 14 day return guarantee

Buy online or call
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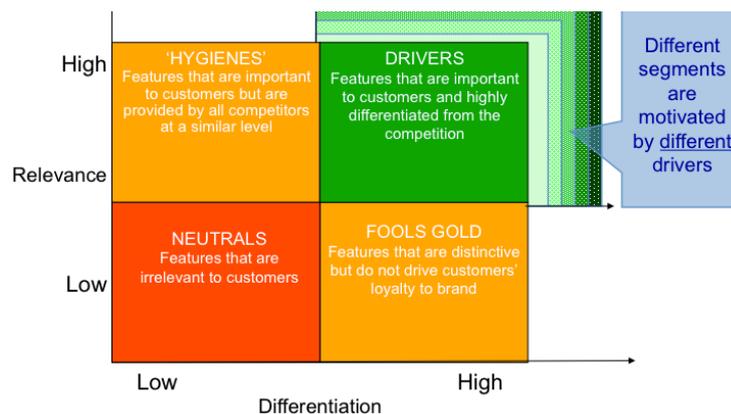
Differentiate!

Q. Have we developed a sufficiently distinct positioning?

Marketers know the importance of communicating features and benefits of their products, services or platforms well. They also know that it's the benefits that you should stress rather than the features. But what is less well known, is the need to really differentiate through the driver features that are important to customers and differentiated from the competition.

Strategy Recommendation 23 Identify key differentiators

Don't fall into the trap of only communicating low relevance or low differentiating value - make sure you identify the key drivers of relevance and differentiation that are right for your customer segment(s).



Source: Adapted from: *Better Branding*. Aufreiter, Elzinga, and. Gordon, 2003, McKinsey Quarterly. Issue 4

Adding value to your brand online

Q. Have we reviewed our online value proposition for different online platforms?

Really, creating and adding more value to your brand is one of the most powerful aspects

of digital channels, since it will engage your audience and encourage them to share the proposition, so it's essential to think this through clearly.

What is it? Online value proposition

Each digital channel should have its own OVP defined and there is a collective OVP.

You can communicate the OVP indirectly through the menu options, design style and tone of voice of your digital platforms whether that's a website, blog, mobile app or email campaign. But it's also useful to formalise and develop specific messaging to explain your proposition, so we will look at examples of these later in the section.

Strategy Recommendation 24 Define the overall OVP for your digital channels and individual channels and communicate them effectively

If you don't define your OVP, it's likely you're not really taking advantage of the unique benefits of digital channels to provide better experiences for customers. You also won't be able to communicate the OVP well if it's ill-defined. It's important this communication happens both online and in other channels.

Checklist - different OVPs

- Website OVP
- Social media platform OVP
- Email marketing content OVP
- Service OVP
- Mobile platform, app OVPs

Recommended resource? Improving results from your website 7 Steps Guide

Our [improving results from your website guide](#) shows how to review your key customer journeys and brand messaging for quick wins to help boost conversion.

Review management of content marketing

- Q. *We have reviewed our content marketing strategy?*

You can see that the quality of content and the editorial control of how it is published underpins all of these OVPs. Check our content marketing guide for a detailed review of developing a content marketing strategy.⁷

Strategy Recommendation 25 Review and improve content marketing capabilities

Content marketing is at the heart of how you reach, convert and engage audiences, so ensure it is managed coherently. Successful online business have a content marketing strategy.

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7 [Smart Insights: 7 Steps Content marketing guide](#)

Recommended resource? Content marketing 7 Steps Guide

Use our [content marketing strategy guide](#) to define a plan to develop the most relevant content to grow your audience through sharing (amplification) and brand appeal. The content marketing matrix is a key technique to review current use of content marketing and identify new types of content.



Benchmark your OVP against competitors through the customer lifecycle

Q. We've reviewed our content marketing strategy

The details of the OVP really covers all aspects of the buying cycle, so auditing against competitors and then refining your proposition and how you communicate this is the best way to give you an edge.

Best Practice Tip 15 Refine your OVP through benchmarking across the lifecycle

Think about how often you benchmark. It's maybe an annual planning activity, but should be more often in dynamic marketplaces, for example retail, travel and telecommunications.

To develop an OVP requires for you to review the needs of customers throughout their lifecycle against what you offer now and competitors offer. The so-called ECRM Egg shows how you can review customer needs across the lifecycle. We recommend you use this to benchmark against competitors using our benchmarking checklist.

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How strong is your brand personality?

Q. Have we reviewed how we communicate our brand personality online?

Rohit Bhargava, a VP at Ogilvy New York and author of *Personality Not Included* stresses the importance of developing a brand that is sufficiently distinctive and energetic to encourage interaction and discussion that will amplify brand messages through word-of-mouth. We recommend Rohit’s book or site (www.rohitbhargava.com) to learn more. For us, this is one of the most important marketing books of the last few years, this millennium even!

Strategy Recommendation 26 Review and refine brand personality
 Is your brand personality distinct and energetic enough to encourage engagement and sharing, if not you will find getting cut-through increasingly difficult.

Rohit nails it when he describes personality as:

“the unique, authentic, and talkable soul of your brand that people can get passionate about”

He goes onto say:

“Personality is not just about what you stand for, but how you choose to communicate it. It is also the way to reconnect your customers, partners, employees, and influencers to the soul of your brand in the new social media era”.

Rohit and others, like Jay Baer of *“Convince and Convert”* recommend that you combine your brand personality with your “one big thing”. Online, this has become particularly important to communicate since interactions can be so fleeting.

Best Practice Tip 16 Communicate your “one big thing”
 Particularly true for the core differentiating features of a startup business, but valuable for defining the brand of established companies, communicating your main point of difference is key.

Entrepreneur Jason Goldberg recommends⁸ that online startups you should answer these questions:

1. What’s the one thing your product will do?

8 [Beta Shop](#)

2. What's the one thing that your startup will do and do better than everyone else?

3. What's the one thing your brand will represent?

4. What's the one thing you will do day-in and day-out, to the exclusion of all other things?

He says "The answer to all 4 of those questions should be exactly the same. And that's your one thing". He gives these examples:

- Twitter: Share short updates
- Foursquare: Check-in
- Instagram: Share pretty photos
- Dropbox: Easy cloud storage
- YouTube: Upload a video
- Groupon: One great local deal per day
- The original Google: Algorithmic search
- LinkedIn: professional networking

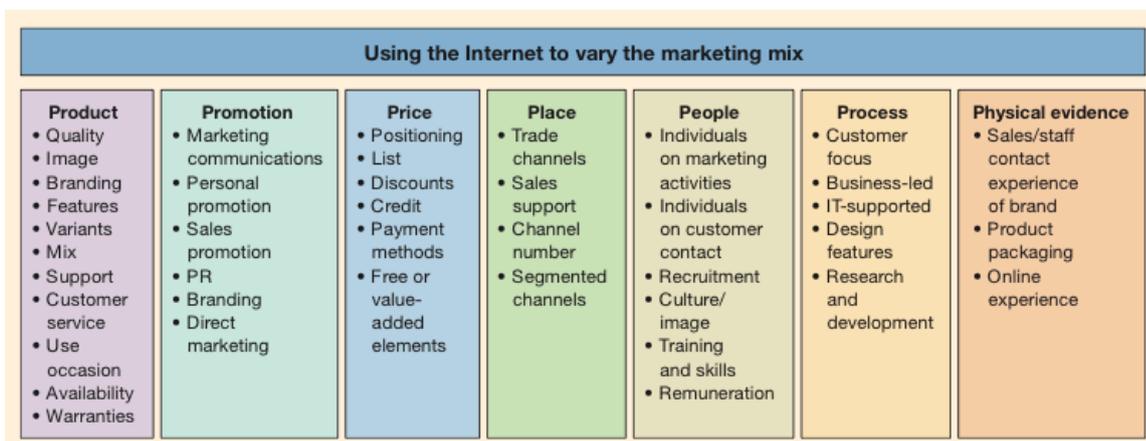
Options for mixing-up your marketing mix for online channels

Q. Options for reviewing marketing mix of digital channels reviewed?

The well known 4 Ps of Product, Price, Place and Promotion is still used as an essential part of implementing marketing strategy by many practitioners. The 4 Ps are often extended to the 7 Ps by including three further elements that better reflect service delivery: People, Processes and Physical evidence.

As part of developing your digital proposition it's helpful to review each element of the mix, in particular, product, price and place (promotion is separate and we reference this in the final two steps).

Here's a summary of all the elements of the marketing mix. As you review this, the question to ask is how can we use our digital channels to enhance and differentiate our offering for different segments?



Let's now look at each element of the main elements of the mix in more detail and I'll call out some of the main areas to consider. You'll see many of these are most relevant for transactional sites like retail. We'll look at Promotion in the final two sections.

Review product options of marketing mix

- ❑ Q. *Product options of marketing mix for digital channels reviewed?*

The main issues to review for Product are:

- ❑ **Product range** - can it be extended or reduced. For example Tesco have launched many products and services online through it's web platform from financial services and mobile to dieting. Other companies have offered a more limited range, perhaps to manage conflicts with other channel partners. For example, 3M Select sell new products and remaindered products which other distributors can't support so well.
- ❑ **Product partners** - can we partner to sell or cross promote partner products?
- ❑ **Extended product** - can we add value - this is the online value proposition we have looked at earlier in this section. It can also be development of new brand experiences. For example: development of a gaming app for a non-gaming company.
- ❑ **New digital versions or service components of products**. Example: Garmin has created Garmin Connect to allow runners and outdoor folks to map and share where they have been on their activities.
- ❑ **New revenue sources from new services**. Example: many retailers like ASOS offer advertising as an additional revenue source.
- ❑ **Bundling products**. Add value by offering related products or services together to encourage purchase.
- ❑ **Customised products**. Example: car manufacturers and clothing manufacturers have offered options to "mass-customise" products through linking web channels up to fabrication and distribution facilities.

Review pricing options of marketing mix

- ❑ Q. *Pricing options of marketing mix for digital channels reviewed?*

The main issues to review here are:

- ❑ **New payment models**. Most relevant to digital products, options include pay per view, subscription or ad-supported.
- ❑ **Dynamic pricing**. For online retailers there are options to change pricing more rapidly
- ❑ **Price discovery**. It is arguably easier to trial different pricing models in the online channels.
- ❑ **Auction pricing models**. Often auctions will be completed through an intermediary. eBay is the obvious example.
- ❑ **Aggregated buying**. Example: Groupon enables companies to promote products at a lower price-point due to the viral effect of group buying.

Review place options of marketing mix

- ❑ Q. *Place options of marketing mix for digital channels reviewed?*

The main issues to review for Place are:

- ❑ **Online direct sales channel**. A company that has not previously sold direct can sell direct, although there will often be channel conflicts to manage.

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- ❑ **Increasing sales to international markets.** The web enables sales channels to be opened in countries where this wasn't previously possible.
- ❑ **New direct sales partner distribution channels.** Are there new options for partners to distribute products online. Many companies have opened an eBay or Amazon store to extend their reach to new audiences. 3M Select has again used this approach, but only for a subset of their product range.
- ❑ **Use of online marketplaces.** These can use auction or bid based approaches to sales.
- ❑ **Referral engine or affiliate model.** Nokia trialled the online direct sales channel model, but instead has found it is more cost effective to build a service to compare deals from different retailers and network operators.
- ❑ **Virtual organisations.** The creation and sale of products through collaboration online by companies that are physically separate.
- ❑ **Multichannel propositions.** With multichannel propositions we can offer customers an experience that bridges the offline and online world. The most common approach is to encourage offline sales to support site visitors who are researching products online. This is a ROPO model that we discussed earlier in this guide in the section on goal setting.

Review service options of marketing mix

- ❑ *Q. Service options of marketing mix for digital channels reviewed?*

The main issues to review for service are the delivery of these forms of customer services. These aspects of the mix involve balancing the costs of service delivery, but at the same time maximising service quality.

- ❑ **Pre-sales web service.** The use of frequently asked questions, chat and phone callback can all help support sales and often are within the remit of customer service rather than sales - the areas are now less distinct..
- ❑ **Post-sales web self-service (own site).** How can this be encouraged to improve customer experience and reduce costs?
- ❑ **Intermediary site customer service.** Sites like Get Satisfaction enable customers to get feedback from other customers. These must be managed and responded to by company staff as appropriate.
- ❑ **Website feedback.** Satisfaction with the service and the customer experience can be reviewed online through surveys and a whole host of feedback tools available from <http://bit.ly/smartfeedback>.
- ❑ **Social network service.** Today customers and prospects will discuss opinions of brands and their products online. These should be reviewed through the range of reputation management tools described in our social media guide and compared at <http://bit.ly/smartlistening>.



Step 6

Strategy: Getting New Customers

In previous steps we have looked at how to best define the audiences we should target and how to develop online and multichannel propositions to engage and sell to them.

In this step, we look at how to get sales from new customers through reaching them and then converting them to customers. In big organisations, this is called a customer acquisition strategy.

To gain new customers online, it's helpful to think about the many and varied methods available to reach customers today. So we start by looking at where to find and influence customers on other types of sites and develop customer journeys leading to offline or online sale. Next we look at how to develop conversion pathways.

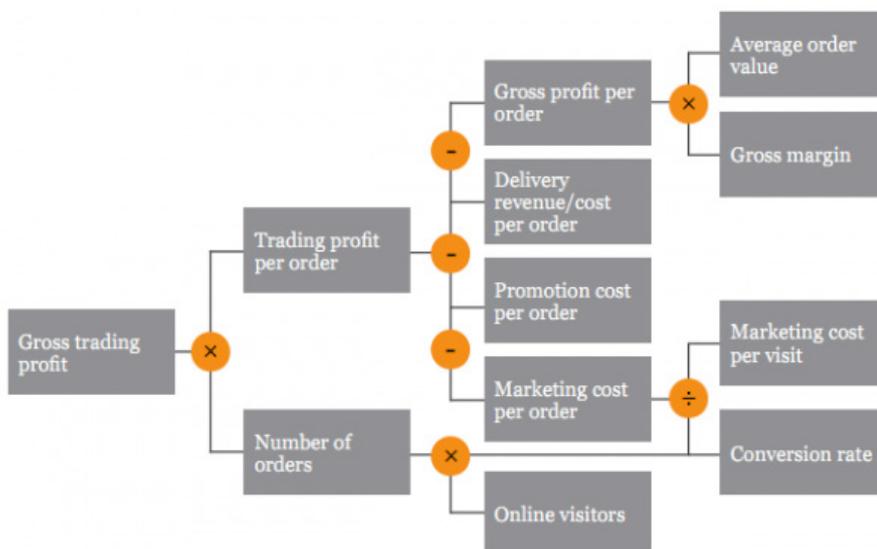
This is quite a short section since much of the success of customer acquisition strategies is based on the execution of the different strategies that are described in other guides in our seven step series like display advertising, search marketing, social media marketing and conversion rate optimization.

In this guide, we will focus on answering the BIG questions that you need to answer successfully to get the best results! We start with selecting the right media to drive visitors to a site or social presence and then look at converting the visitor to the outcome you seek.

Set acquisition goals

- ❑ Q. Do we have visibility of actual against target performance in support of our business goals?

There's the popular marketing mantra – 'you can't manage what you can't measure'. This is the place to start from when planning to grow the effectiveness of your digital acquisition. The benchmarking process starts with a clear understanding of how you perform across a range of channels, and to then understand the relationship between traffic or reach based KPIs and their impact on marketing or sales conversions, including lead generation. Try to map out how KPIs impact on this. eCommera recommend you use this approach - we think it's a great way of mapping out Ecommerce KPIs for retailers.



Attribution and the path to purchase

If you're investing a lot, it's essential to put time into the tricky discussion⁹ of which channel gets the credit – last or first referring, or is it weighted? Keep it simple initially and pick one. Even if you're not investing so much, you can use free tools like Google Analytics Multichannel analysis¹⁰ to understand your customer journeys.

Strategy Recommendation 27 Analyse your customer "path to purchase" to credit channels and keywords correctly

Use attribution modeling to adjust your investment in the media mix.

More on this in the section on selecting the right mix, but we wanted to flag it up here, since it's so important.

Define allowable cost per acquisition

Q. *Realistic minimum cost per acquisition defined?*

Digital media are often costly because of the targeting they offer. So it's essential to set a realistic maximum cost of using different digital media channels to attract visitors and convert them. This is the cost-per-acquisition (CPA) (sometimes cost-per-action or sale).

Strategy Recommendation 28 Define allowable cost per acquisition

An allowable cost per acquisition will help you control your costs and CPA enables you to compare media.

To control costs, it is important for managers to define a target allowable cost-per-acquisition such as £30 for generating a business lead or £50 for achieving sign-up to a credit card. If you run a transactional business, then it's fairly obvious to set a CPA based on your average order value and a conversion model. But this is less obvious if you're not selling online. You can still try to apply the principle though - work out the value of a lead or email signup.

What is it? Cost per acquisition

The cost of acquiring a new customer or achieving a sale. Typically limited to the communications cost and refers to cost per sale for new customers. May also refer to other outcomes such as cost per quote or lead.

Using a CPA-led approach is sound, but it does have the disadvantage that it will favour direct response media such as search and affiliate marketing and may not give sufficient credit to media that work best at generating awareness and for demand generation. This is particularly true if you're just assessing media using the last-click model to assess media effectiveness. We'll explain more in the section on media attribution.

Best Practice Tip 17 Balance your mix to include sufficient awareness-building approaches

Display advertising and PR activities can work as part of your mix to drive awareness, so it's important to invest sufficient in these.

9 To read more about crediting your channels, read our in-depth [post on media attribution](#).

10 An introduction to [Google Analytics multichannel Social Reports](#)

Define channel mix

Q. *Appropriate mix of digital media channels reviewed?*

Before you go into the details of how to use individual channels better, you need to select the best channels for you and decide how much you should invest in them. How to do this? Well it's quite a challenge! The best approach is to test and learn from what has worked for you in the past or others in your sector. This shows what your customers have responded to. Try varying the mix to see what works best for you, for acquiring different types of offers.

Best Practice Tip 18 Test varying your mix for different products or campaigns or markets

You won't learn what works best if you always use the same media. So vary it in different situations. Some try an online only launch for certain products to help gauge the effectiveness of different approaches.

Getting the paid, owned, earned media balance right

Q. *Balance of time and money spend on different media types right?*

Before you look at individual channels like search or social media, it's best to start with the bigger picture. Do you remember that in Step 1, we reviewed paid, owned and earned media? Well, it's worth revisiting this way of breaking down media and considering their benefits and challenges in your marketing and whether you need to adjust your priorities.

Successful companies maximise the overlap between the three different types of media. Achieving this overlap requires the integration of acquisition campaigns. Content on your blog or hub site can be broken down and re-shared into other media types. It's useful to also think of a company's own presences as 'media' in this sense – these being an alternative investment in time or budget to other media that offer opportunities to promote products using ad or editorial formats.

The one-line take-away is to ensure that there's emphasis on a plan to become multi-channel publishers, and stop separating 'media' from 'social or online PR'.

This table will help you think through the options, don't forget to consider how these different media types can best be integrated.

Media type	Benefits	Challenges	Strategies	KPIs
Paid media	<ul style="list-style-type: none"> ☐ Predictable reach within budget availability ☐ Targeting ☐ Control of reach with budget 	<ul style="list-style-type: none"> ☐ Cut-through ☐ Cost ☐ Targeting ☐ Short-term returns ☐ Needs to integrate with owned and earned for effectiveness 	<ul style="list-style-type: none"> ☐ Use for short-term demand-generation supporting of owned/earned media ☐ Use for continuous presence (e.g. in SERPs, niche sites) 	<ul style="list-style-type: none"> ☐ Volume: % Visits, audience share ☐ Quality: Conversion rate and site engagement ☐ Value: CPC, CPA, revenue per visit, LTV

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Media type	Benefits	Challenges	Strategies	KPIs
Owned media	<ul style="list-style-type: none"> □ Potential lower CPA of inbound marketing (search, content) □ Influencing existing customers at low cost □ Longer-term cut-through 	<ul style="list-style-type: none"> □ Cut-through □ Cost □ Targeting □ Short-term returns □ Needs to integrate with owned and earned for effectiveness 	<ul style="list-style-type: none"> □ Use inbound marketing to create continuous targeted demand □ Tactical campaigns influence footfall created by brand engagement 	<ul style="list-style-type: none"> □ As above plus.. □ Value per content unit
Earned media	<ul style="list-style-type: none"> □ Gain additional reach over search and media guides □ Endorsement by influencers can boost conversion □ Engagement with audience boost brand affinity 	<ul style="list-style-type: none"> □ Difficult to predict ROI of PR and viral marketing □ Negative mentions and hijacking □ Potential cost-efficiency but can require paid media investment 	<ul style="list-style-type: none"> □ Listening and response required □ Investment in an influencer network □ Use of tactical viral campaigns integrated with paid and earned media 	<ul style="list-style-type: none"> □ Conversation volume □ Share of conversation □ Conversation polarity (sentiment)



Review your 'referral mix' in analytics

□ Q. *Site traffic mix reviewed?*

Going down to a layer of detail, you can inform your future priorities by checking how well the channel mix is currently working for you in driving traffic.

Though we want more traffic, and we're assuming that its commercial value is understood and benchmarked, the traffic mix is important since it helps manage against weaknesses and highlight new opportunities for growth. For example, there's a risk if "too many of your eggs are in one basket", particularly on natural search since then you are too reliant as Google changes its algorithms...

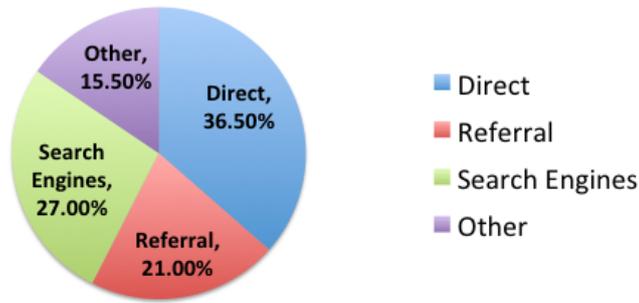
There are all kinds of complexities that can affect reporting on traffic mix, where too much is tagged as "direct" or "other" due to emails or campaigns not being properly tagged. The key thing is that once traffic mix is on your agenda you can spot changes and start to manage the mix.

You can spot opportunities to vary your mix if you compare to industry averages like the one below. For example, ask are you getting enough (commercially relevant) traffic from social media or influential industry sites, maybe that would highlight opportunities to consider a tactical or campaign focus within LinkedIn.

This compilation from Google gives a typical breakdown for visitors to a site across all the sites measured by Google Analytics¹¹. How does your site compare? The "right mix" will vary drastically between types of sites, for example e-commerce vs publishing platforms, and of course by industry where the types of users differ.

¹¹ See Dave's post for a definition of the different types of referrer: [Smart Insights: Marketing Mix](#)

Percentage of traffic - Google Analytics average



To test which media work best for you, with your offers and your audience, there is no substitute for testing to identify the best mix.

Best Practice Tip 19 Test varying your mix for different products or campaigns or markets

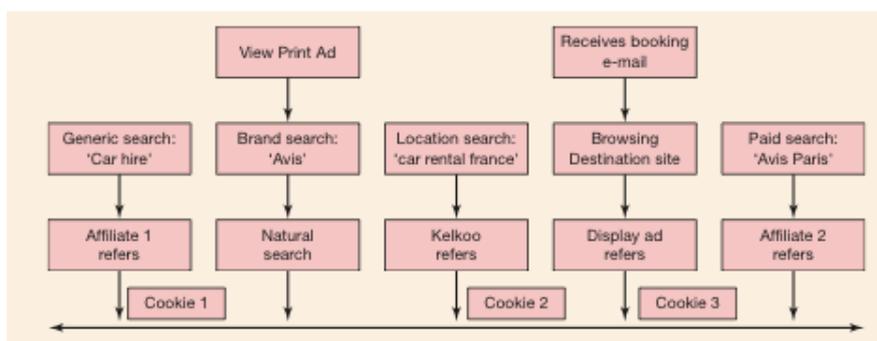
You won't learn what works best if you always use the same media. So vary it in different situations. Some try an online only launch for certain products to help gauge the effectiveness of different approaches.

Understanding which channels are most effective

Q. Attribution models and conversion models applied?

If you've heard of attribution, which you likely will if you've managed a budget in the millions, then you can skip this section. But, I've found that many with smaller budgets haven't and we think it's useful to understand the principles and it can help you adjust your mix.

The most common approach to attributing the influence of different online media a customer consumes before purchase has been the 'Last-click method' of digital media channel attribution, best known as 'last click wins'. As you can see from this example, this has the benefit that we don't credit multiple traffic sources with sale – only Affiliate 2 is credited with the sale, a process known as 'Digital media de-duplication'. But it has the disadvantage that it simplifies the reality of previous influence or digital media 'assists' and previous referrals influenced by other customer touch points on other sites are ignored, such as the natural search or display ad.



What is it? Last-click method of digital media channel attribution

The site which referred a visitor immediately before purchase is credited with the sale. Previous referrals influenced by other customer touch points on other sites are ignored.

So, for the most accurate interpretation of the contribution of different media, the online

marketer needs to use tagging and analysis tools to try to build the best picture of which channels are influencing sales and then weight the media accordingly.

For example, a more sophisticated approach is to weight the responsibility for sale across several different referrers according to a model – so just considering the affiliates, Affiliate 1 might be credited with 30% of the sales value and Affiliate 2 with 70% for example. This approach is useful since it indicates the value of display advertising – a common phenomenon is the halo effect where display ads indirectly influence sales by creating awareness and stimulating sale at a later point in time.

Increase channel efficiency for digital media channels

Q. Success factors for main media channels reviewed and prioritised?

We introduced the six main digital media channels at the start of the guide:



Which of these channels is most important to a company will vary dramatically, but within each there are some common success factors that will affect your returns from each channel.

We will highlight these here and then you can drill-down to read more about them in the individual 7 Steps Guides or discuss them with your agency or team members responsible for them.

Recommended resource? Search and social media marketing guides

We believe that search and social media marketing are the most important channels for growing your audience cost-effectively. See our detailed 7 Step Guides to these channels for a DIY approach to improving their effectiveness or reviewing with your agency/clients:

- ✓ [Search Engine Optimisation \(SEO\) 7 Steps Guide](#)
- ✓ [Google Adwords Paid Search 7 Steps Guide](#)
- ✓ [Social media marketing 7 Steps Guide](#)

For each of these you should review your current capabilities and then tackle the success factors that you feel are the biggest levers that are going to get you results.

Strategy Recommendation 29 Identify the main success or efficiency factors for each channel to make them more effective and then work with specialists to improve efficiency.

Effectiveness describes how successful each media is in meeting your overall business goals of delivering the right message and outcome. Efficiency is the quality of execution in delivering cost efficiencies and response.

1. Making search more efficient

Q. Search marketing acquisition strategy reviewed?

The search marketing strategy is in two main parts - to gain visibility in the paid and natural results and so encourage brand awareness and click through.

Q. SEO acquisition strategy reviewed?

You will see from the 7 Steps Guide to SEO that the main success factors are:

- Keyphrase research and targeting*
- On-page optimisation (match of content and document markup to keyphrases searched)*
- Universal or blended search (images, videos, maps, product content)*
- Off-page optimisation (link-building), particularly through attracting links through content*
- Internal linking and site structure*
- Social media optimisation (integration with SEO and online PR)*

Social media signals are increasingly important to SEO, so it's important to integrate with E-PR activities.

Q. Adwords acquisition strategy reviewed?

- Keyphrase targeting - gap analysis with Google Analytics*
- Quality score review*
- Campaign structure*
- Match type review including balance between broad and negatives*
- Excluding or harnessing the Google Display Network (GDN)*

2. Making social media more efficient

Q. Social media acquisition strategy reviewed?

- Priority of social presence*
- Quality of messaging and offer to sign-up on social channels*
- Review of ecommunications strategy (effectiveness of value and engagement messages and frequency)*
- Quality of interactions and sharing on social channel*
- Integration of social channels with business goals*
- Social media optimisation including integration of social media content and sharing into a site*

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3. Making online PR more efficient

- Q. *Online PR acquisition strategy reviewed?*
- Use of influencer networks and outreach
- Reputation management and social listening
- Integration of PR with SEO and social media activities

4. Making partner marketing more efficient

- Q. *Partner marketing acquisition strategy reviewed?*

For affiliate marketing this includes:

- Share of key super-affiliates and segmentation of other affiliate types
- Affiliate partner communications and management
- Use of appropriate commission levels

5. Making display advertising more efficient

- Q. *Display advertising acquisition strategy reviewed?*
- Balance of direct site advertising and ad networks
- Quality of engagement devices
- Creative quality
- Direct response efficiency and branding effectiveness (awareness generation)

6. Making acquisition email marketing more effective

- Q. *Email marketing acquisition strategy reviewed?*
- Identification of suitable list partners
- Quality of engagement devices
- Engagement and response follow-up

Working more with partners

- Q. *Value and efficiency of offer to encourage acquisition of new leads defined?*

Across the six channels, putting enough time into working with partners to keep things integrated is important. We suggest you identify potential influencer and partner sites and then select them carefully to ensure that you get the three-for-one benefit of referral traffic, social sharing and inbound link equity.

Strategy Recommendation 30 Put sufficient resource into influencer marketing

Review your influencers and put in place a method to communicate with them to encourage sharing and collaboration.

Influencers are key in modern marketing, as Jay Baer comments:

“With a disproportionate ability to spread information and add credibility, influencers are human TV stations and magazines.”

Nokia are a good example of a company that now lives by this mantra. Previously with a tendency to be secretive about new technologies and device releases, Nokia use agency “1000 Heads” to manage an advocate network of thousands of bloggers in different

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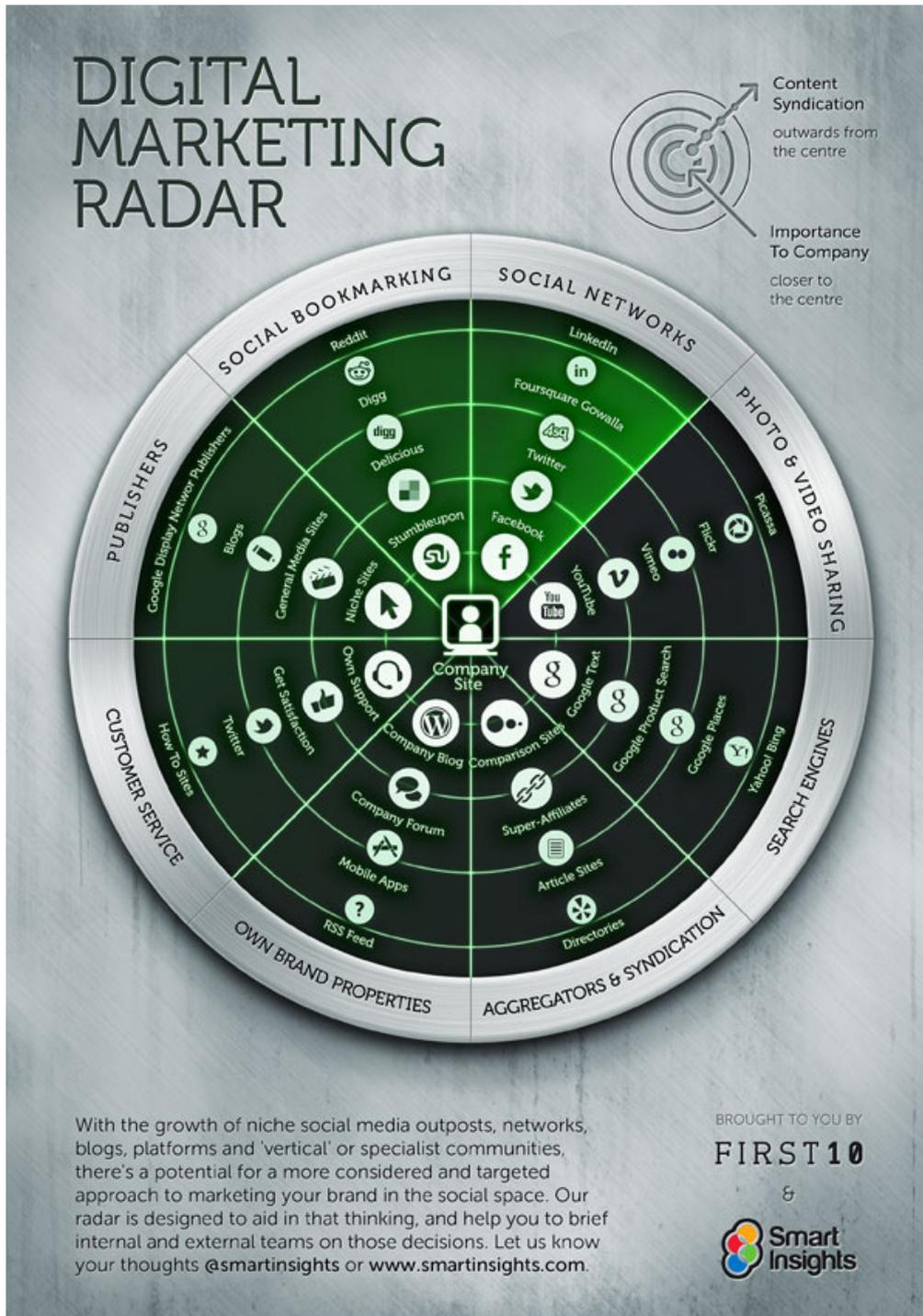
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countries. They use a microsite “Nokia Connections” and social sites to keep them updated, plus personal invites to events.

It can help to think about influencers with a hub and spoke model in mind, your site being the hub, with influencers on different spokes. Our social radar diagram (below) helps you think that through and prioritise different outposts, some of which will be more powerful influencers. Our radar was inspired by Brian Solis’ Conversion Prism but we found it unclear, if not beautifully designed.

Once identified, true influencers and partner sites need to be treated with the respect they deserve, your business is effectively in a relationship, and like any relationship it develops over time and is based on respect, trust and a lot of giving. You wouldn’t expect a relationship to develop any other way.



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Making your conversion more effective

Q. Conversion effectiveness reviewed?

To find out how to boost customer conversion based on a detailed review, check out our other 7 Step Ebooks¹² where we describe ways to work on CRO in more detail.

What is it? Conversion Rate Optimisation (CRO)

A structured approach to reviewing and improving the commercial value generated by conversion.

Define lead acquisition offers and engagement devices

Q. Value and efficiency of offer to encourage acquisition of new leads defined?

So far, we have looked at how we can use media to drive visitors to a site, but as you'll know you can lead a horse to water, but you may need to encourage it to drink! This is where thinking about the strength of content and lead generation offers will help. Remember that in Step 4 we talked about using personas as a way of understanding customer needs and in step 5, offering relevant types of value.

Of course you need to establish these *before* you plan your campaigns since these devices will feature in your ads and communications.

This is particularly important for non-transactional sites which is often the case in business-to-business service sites and high-value, high-consideration consumer sites, like Laser eye treatment. We'll take a look at some examples in a moment. The need is also the case with transactional sites where you can encourage the first purchase through a loyalty bonus or "hero products".

But, going back to non-transactional sites, here you need to go back to basic permission marketing principles for success.

Permission marketing

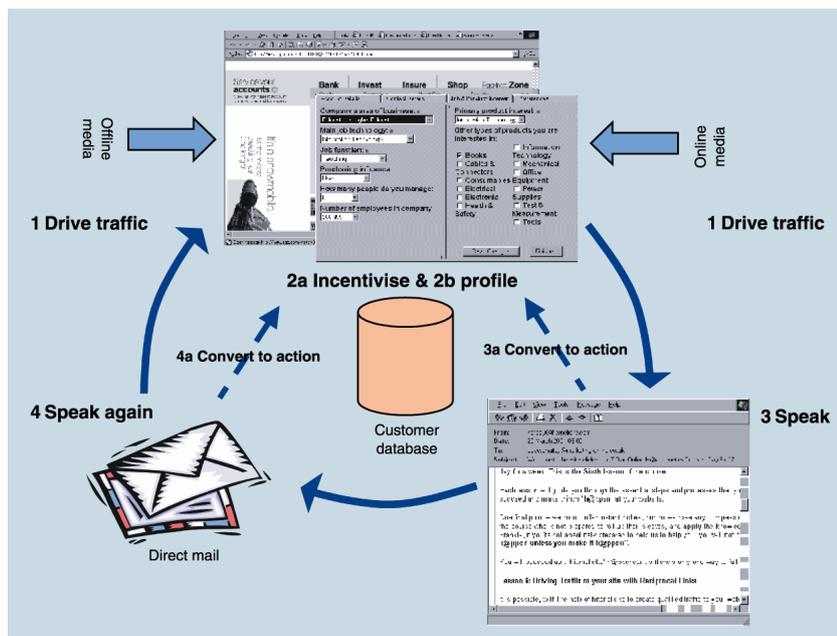
Permission marketing is an established approach that still gives a practical foundation for CRM and online customer engagement. '*Permission marketing*' is a term coined by Seth Godin way back in 1999, but it's still valid and we think that many still don't work hard enough to get permission.

What is it? Permission marketing

Customers agree (opt in) to be involved in an organization's marketing activities by email, social networks or traditional channels in return for the value offered.

The classic exchange is based on information or entertainment – a B2B site can offer a free report in exchange for a customer sharing their e-mail address and details, while a B2C site can offer a newsletter or company Facebook page with valuable content and offers. This is stage 2 in this process:

12 [7 Steps to getting better results from your website](#) and [7 Steps to landing page success](#)



It's worthwhile optimising this process to ensure you're using the best engagement devices, messaging and placement to maximise lead generation.

What is it? Engagement devices

A call-to-action that encourages visitors to the site to interact. If these also enable capture of leads, these are lead-generation devices.

To improve the effectiveness of your permission marketing, ask these questions:

E-permission marketing checklist - how effective are our engagement devices?

- Appeal and range of devices? How effective compared to competitors?
- Balance of lead-generation and non-lead generation devices
- Placement - engagement devices have to be located within the right type of content, for example, product pages or brand pages.
- Call-to-action? Lead generation offers need to have clear benefits stated
- Ability to track (see the section on event tracking in our Google Analytics guide)
- Type of engagement device
 - Videos
 - Content download
 - Poll, survey or interactive quiz
 - Social recommendation (share through social networks or email)

Strategy Recommendation 31 Review engagement and lead-generation devices

Check that you have the best methods of generating leads within your budget. Review the range of engagement devices you have against competitors. Use testing to review the messaging and placement of offers to maximise conversion. It's best to use a mix of engagement devices that include both those that include lead generation and do not require registration to maximise reach.

Create a conversion model to help define realistic goals

Q. Conversion model used to calculate realistic targets for goal volume?

Strategy Recommendation 32 Develop conversion models to set realistic online channel goals

Conversion models can help you set realistic goals from online marketing. Once your goals are defined you can review your progress towards them and make the improvements necessary to succeed.

A conversion model helps set quantitative targets to hit. Use this spreadsheet we have developed to help set the right goals: <http://bit.ly/smardownloads>.

See the 'Read me' on the spreadsheet or drop us a line if you'd like more information on how to set these up.

	A	B	C	D	E	F	G	H
1	Home		Online Media Mix model - based on % budget - with example of 'aver					
2	Input parameter table	Overall budget	£100,000					
3		Average order value	£50	Blue cells = input variables - vary these for 'what-if' analysis				
4		Gross profit margin	30.0%	Orange cells = output variables (calculated - do not overtyp				
5								
6			Advertising		Search		Partners	
7			Ad buys (CPM)	Ad network (CPM)	Paid search (CPC)	Natural search	Affiliates (CPA)	Aggregators (CPA)
8	Media costs	Setup/ creative / Mgt costs	£0	£0	£0	£0	£0	£0
9		CPM	£10.0	£10.0	£4.0	£0.4	£10.0	£20.0
10		CPC	£5.0	£5.0	£0.20	£0.20	£5.0	£10.0
11		Media costs	£10,000	£10,000	£30,000	£10,000	£10,000	£10,000
12		Total cost:setup & media	£10,000	£10,000	£30,000	£10,000	£10,000	£10,000
13		Budget %	10%	10%	30%	10%	10%	10%
14	Media impressions & Response	Impressions or names	1,000,000	1,000,000	7,500,000	25,000,000	1,000,000	500,000
15		CTR	0.2%	0.2%	2.0%	0.2%	0.2%	0.2%
16		Clicks or site visits	2,000	2,000	150,000	50,000	2,000	1,000
17	Conversion to Opportunity (Lead)	Conversion rate to opportunity	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
18		Number of opportunities	2,000	2,000	150,000	50,000	2,000	1,000
19		Cost per opportunity	£5.0	£5.0	£0.2	£0.2	£5.0	£10.0
20	Conversion to Sales	Conversion rate to sale	100.0%	100.0%	100.0%	100.0%	50.0%	100.0%
21		Number of sales	2,000	2,000	150,000	50,000	1,000	1,000
22		% of sales	1.0%	1.0%	72.7%	24.2%	0.5%	0.5%
23		Cost per sale (CPA)	£5.0	£5.0	£0.2	£0.2	£10.0	£10.0
24	Revenue	Total revenue	£100,000	£100,000	£7,500,000	£2,500,000	£50,000	£50,000
25	Costs	Cost of goods sold	£70,000	£70,000	£5,250,000	£1,750,000	£35,000	£35,000
26		Media costs	£10,000	£10,000	£30,000	£10,000	£10,000	£10,000
27		Total costs (inc media)	£80,000	£80,000	£5,280,000	£1,760,000	£45,000	£45,000
28	Profitability	Profit	£20,000	£20,000	£2,220,000	£740,000	£5,000	£5,000
29		Return on Investment	25.0%	25.0%	42.0%	42.0%	11.1%	11.1%

Understand your conversion drivers (and barriers)

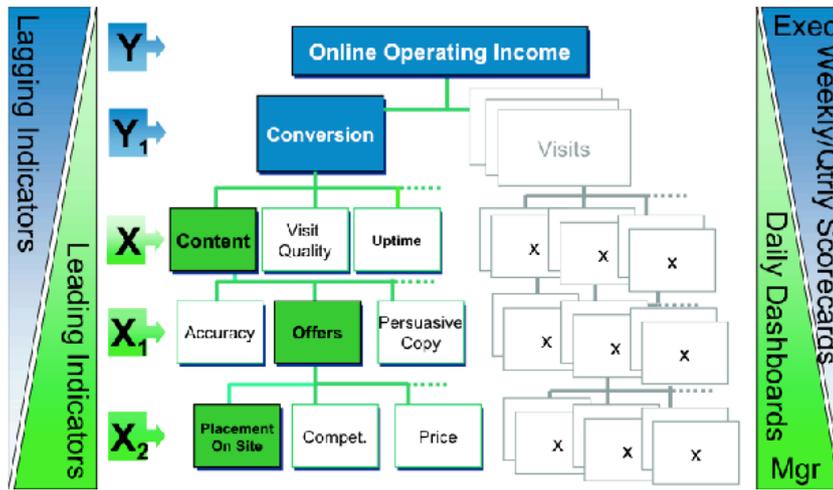
Q. Loyalty drivers understood?

Success factor mapping is a useful approach to improve any aspect of your digital marketing, but it's particularly important to apply when trying to improve conversion and loyalty.

Strategy Recommendation 33 Understand conversion drivers for purchase and interaction

Analyse, through web analytics and customer research, which factors are most important in facilitating or blocking the path to purchase and other forms of engagement on the site.

Here's an example of how Dell apply this approach to their retail site. It highlights the main levers that need to be pulled to improve results.



Using structured experiments to improve performance

Q. We have evaluated the relevance of AB and multivariate testing?

Once you have identified the levers which affect conversion on your site that will give you the biggest potential improvements, we recommend you invest in a structured improvement or CRO programme if your site is big enough to warrant it.

Developing a conversion rate optimisation strategy is far from one-dimensional, it means bringing a lot of disciplines to the table, including understanding traffic sources, visitor psychology, and the company's position in the marketplace, including its core strengths and weaknesses. On top of that there's usability testing, copywriting, and web design factors to look at. All of these elements go into creating a hypotheses for testing, and then getting maniacal about testing. The aim is not to throw a series of "best practices" against the wall to see if anything sticks. Best practices should not be the answer to optimizing a website, they are the starting point for formulating a test strategy.

Consider reviewing different visitor segments¹³, though a head-line conversion may look strong, maybe a bounce rate <25%, you want to go beyond the over-arching conversion rates to find problems and opportunities at the deeper level.

Best Practice Tip 20 Check you're using segments to analyse behaviour
 Use a structured approach to segment visitors with different needs and characteristics and then apply these segments to Google Analytics – e.g. from search, affiliates, first time customers.

Think about where people are being routed through your site, much like an air traffic controller landing your planes on the right runway according to their origin and then routing them to the right terminal gate as efficiently as possible by using the best signposts and scent trails. Google makes this relatively straight forward, though of course you can layer this on top of those visitor segments if it made sense to dig deeper.

Since some of the tools are free, the main cost is learning about the tools and running the tests, so it could even be worthwhile for smaller sites.

Strategy Recommendation 34 Invest time in "conversion rate optimisation" (CRO) experiments to improve pages and journeys

¹³ Read this post on [Advanced Segment options in Google Analytics](#) to see how you can understand different customer groups better.

AB and multivariate testing enables you to test improvements to site layout, messaging and offers in a structured way rather than based on gut feel and ad-hoc testing.

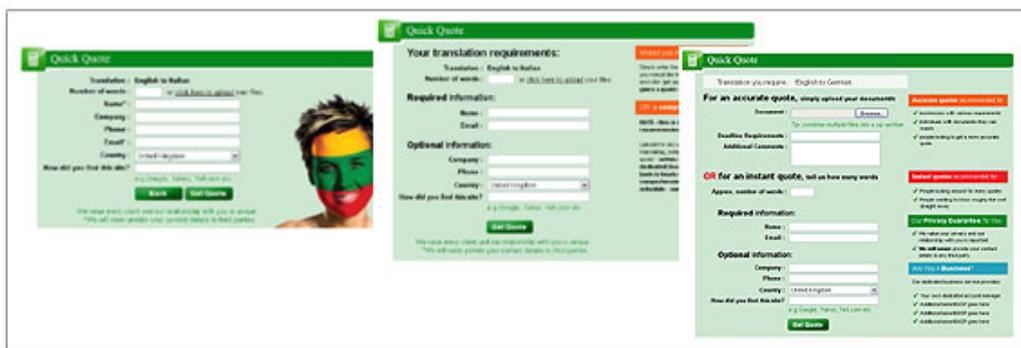
What is it? AB testing

AB testing refers to testing two (or more) different versions of a page which contain different page elements such as a heading, images or button against a control which is the original page.

Best Practice Tip 21 Use the right tools for managing page optimisation experiments

Tools like Google Content Experiments enable you to modify existing pages through Javascript while others such as Ion Interactive and Unbounce manage the creation of landing pages also. www.whichmvt.com provides a great summary.

Here is an example of the benefits of this form of testing where landing page conversion rates have been improved by 86 percent and acquisition costs were almost halved. In this case it was found that the addition of additional bullet points on the right of the screen increased conversion.



Source: PRWD

Survey visitors about their visit intent and satisfaction with their experience

Q. Visitor intent-satisfaction surveys completed?

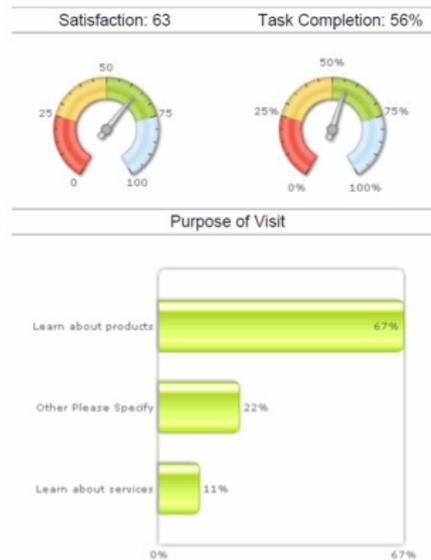
A visitor intent survey involves asking the user why they visited the site through an exit survey. We think they're essential since your web analytics will only tell you so much – what visitors DO, not what they FEEL. See this post for the full range of tools available¹⁴

Strategy Recommendation 35 Ensure you use qualitative tools to get feedback from site visitors

Use visitor intent surveys and site feedback tools to understand journeys and satisfaction with the content you offer.

[4Q Survey](#) is a free exit survey tool we recommend for rating intent (reason to visit site) and satisfaction – so you can see which journeys are most common and which are most broken. The free-form text comments will give you qualitative info on which factors are causing problems as will other tools like Kampyle.

14 [Smart Insights: Website feedback tools review](#)



Perhaps more importantly, you can use the website as a platform to get feedback on your whole proposition. For example Userveice enables a customer panel to suggest and rate ideas for new products.

Best Practice Tip 22 Use feedback tools to get customer panel feedback

Using services such as Userveice and Ideascala you can gain ideas and ratings on new product and service ideas.

A couple of higher-end enterprise services less suited to the small business that can be used for this purpose are [Confirmit](#) and [Forseerresults](#).

Use your analytics system to identify broken customer journeys

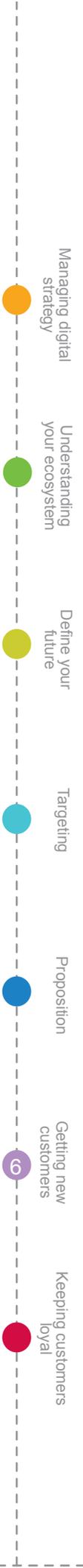
Q. Do we have optimisation processes for reviewing and improving performance?

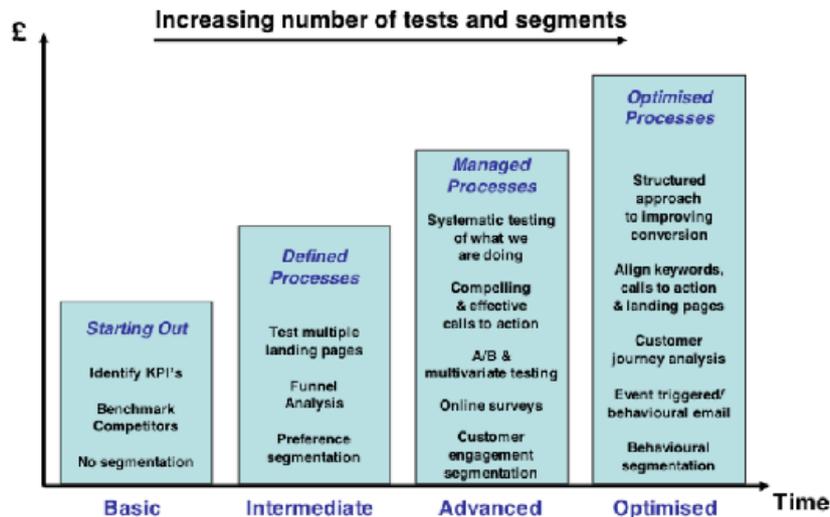
Many sites have Google Analytics or other systems installed, but it's not so often used for in-depth analysis. There are many reasons why this could be, but it's most likely that management doesn't provide the resources to make this happen, so staff work on operational issues like content and campaigns rather than optimisation.

Strategy Recommendation 36 Provide sufficient resource for site optimisation

To compete and grow resource and process has to be found for optimisation to happen continuously. This sets apart the most capable digital marketing companies from the also rans.

Think of your capabilities. How do you rate compared to these four stages. Is optimisation happening continuously, occasionally or not all?





Source:  Conversion Report in association with RedEye
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CRO is relatively easy to tackle if you're a retailer since at the business level, you're going to look at conversion rate to sale, sales units and basket value. This is great of course but also look at the whole funnel – not just the checkout, but the top of the funnel too. Review how many are engaging with different types of products, responding to offers and even getting beyond the home page?

If you're not a retailer, then you have to identify other ways to demonstrate value to the business from CRO. This is serious stuff since web investment and marketing activity need to align from the perspective of sales managers or managing directors. It's easier to do that you might think, as marketing managers working within the TUI Travel Group at www.i-to-i.com we needed to be able to define the value of leads based on average order value and conversion rate to sale. Knowing a brochure enquirer is worth, say £1 changes everyone's perspective, knowing that people who completed 3 lead types are worth £50 changes perspective at the business level again (those sample values are made up of course!). Management is immediately empowered to enter in to healthy and relevant discussion surrounding website conversion and all that encompasses. All the best for convincing your colleagues of the need for CRO.

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- Keeping customers loyal

Step 7

Strategy: Keeping customers engaged and loyal

Much of what is written about online marketing looks at using tactics like Adwords, SEO, Social media and landing pages to increase acquisition of new customers. But savvy business people know that it's a massive mistake to neglect communications and service for existing customers.

Engaging with existing customers is also one of the biggest challenges in online marketing. Sure, you may be able to get someone to visit or buy from your site once. But getting them to do the same again is just as challenging. Even more challenging if you don't get their experience right the first time.

To get this part of your online marketing right you need a strong brand. At this level, competing effectively is simply down to the strength of one brand against another. So you have to work out which aspects of your brand encourage loyalty and advocacy from your audience. A brand that is strong online will offer:

- ✔ **Great experience.** Ease of use and enjoyable interactions combined with quality service.
- ✔ **Great communications.** Compelling, relevant communications which engage and will be shared.
- ✔ **Great community.** Gives customers a reason to belong - to be part of a tribe or community
- ✔ **Great connections.** Links to complimentary partners or to the offline experience of the brand.
- ✔ **Great value.** Value through great deals, great product and great content.

Putting this together we need to open and maintain conversation, ask questions, listen, build better products and market in a more relevant way; to add value to the relationship with the consumer. There are no quick tips we can give here, but we can offer this structure which will step you through the decisions you need to make to work towards long-term relationships

We start Step 7 by looking at how to encourage online brand engagement since understanding the reasons for the current level of online engagement is key to boosting future online interactions. What we need to understand are the loyalty drivers and barriers. What will encourage and discourage customers from making future purchases and interacting with our brand online?

Understand current levels of online brand engagement

- Q. Approaches to encourage brand engagement reviewed?

In 2007, Forrester heralded customer engagement as "*Marketing's New Key Metric*" due to the rapidly increasing online media fragmentation and increasing importance of social media marketing. We agree about the importance of understanding and improving engagement - that's why we made it the 'E' in our RACE framework! For customer engagement in an online context, it's a mistake to restrict understanding of engagement to engagement on a single occasion, like a visitor dwelling on a site for a significant time or converting to sale.

Instead engagement *really* refers to the long-term ability of a brand to gain a customer's attention on an ongoing basis whether the engagement could occur on site, in third-party social networks or in email or traditional direct communications.

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Strategy Recommendation 37 Review engagement and use it to drive retention

Find out how engaging your brand is now for different segments and what it's most important to do to enhance engagement.

Forrester analyst Brian Haven says:

“Using engagement, you get a more holistic appreciation of your customers’ actions, recognizing that value comes not just from transactions but also from actions people take to influence others. Once engagement takes hold of marketing, marketing messages will become conversations, and dollars will shift from media buying to customer understanding.”

Richard Sedley of Seren (www.seren.com) has developed this definition of engagement which works well.

What is it? Customer engagement

Repeated interactions that strengthen the emotional, psychological or physical investment a customer has in a brand.

Richard explains this in our interview with him¹⁵:

“The two key words here are ‘repeated’ and ‘investment’. A simple focus on maximising conversions can, in some circumstances, decrease the likelihood of repeat conversions. Think of that pushy door-to-door salesman.

You might buy something from him but what is the likelihood that you will repeat that purchase, or recommend his services to a friend?

Customer engagement places the strategic emphasis on the creation of valuable relationships and encourages both parties to see mutual advantage in that relationship. Frequently this will mean that your tactics require a multi-channel approach incorporating the best of digital and traditional media. I see the ability to effectively blend media in its type, quantity and timing (known as Right-touching) as one of the key challenges in the coming years.

Forrester developed a framework you can apply to measure engagement through the customer lifecycle and also away from a brand's own site, such as on publisher sites or social networks.

According to Forrester, engagement has four parts which can be measured both online and offline:

1. **Involvement.** Forrester says that online, this includes web site visits, time spent, pages viewed.
2. **Interaction.** This is contributed comments to blogs, quantity/frequency of written reviews, and online comments as well as comments expressed in customer service. [We could add the recency, frequency and category of product purchases and also ongoing engagement in email marketing programmes as discussed later in this chapter are important here]
3. **Intimacy.** This is sentiment tracking on third-party sites including blogs and reviews, as well as opinions expressed in customer service calls
4. **Influence.** This is advocacy indicated by measures such as like likelihood to recommend, brand affinity, content forwarded to friends, etc. It should be measured by data collected both online and offline.

¹⁵ [Smart Insights: Richard Sedley on Customer Engagement](#)

Set goals to improve engagement

Using hurdle rates to assess and set goals

Q. *Hurdle rates used to assess and set goals for customer engagement?*

Although the idea of hurdle rates seems to be quite widely used within finance and investment circles, we rarely hear it discussed with digital marketing. But they're one of the most important types of measures for improving online retention marketing since they enable you to set actionable goals.

What is it? Hurdle rate

The hurdle rate for engagement is simply the percentage of customers who perform an activity, they have jumped over the hurdle target you set.

A hurdle rate is the proportion of customers that fall within a particular level of activity or engagement with a brand typically within a time period. This is usually expressed as a target percentage and the number who have achieved it.

For example, the percentage of members of an email list that click on the email within a 90 day period, or the percentage of customers that have made a second purchase within 90 days, or the percentage of your audience that has logged into your network within 90 days.

So, hurdle rates enable you to assess how many of your audience are engaged with your marketing activities. You can then set targets to use communications to encourage more customers to "jump the hurdle" or engage with you.

Hurdle rate examples

Here are some examples we've used in different areas of digital marketing:

- Email marketing* – the level of emotionally unsubscribed – the % who never open or never click in a 6 month period .
- Email marketing* - the level of active subscribers – the reverse – the % of visitors that have clicked within a 6 month period.
- Social media and community* – likewise – the % of active followers – if you have a Facebook page, Facebook will tell you the proportion of monthly active users. Similarly you could calculate average clickthrough rates across a month in Twitter to see how many of your audience responded. I'm not sure of a simple way to do this. Any ideas?
- Banking* – The % of active online account holders – 90 day active is a standard we believe – the % of online customers who log in at least once in that period. You can also set goals for different activities like checking a balance, using online payment services, etc.
- Intranet or communities* – the same principle can be applied to how many log-in to a subscription site and the activities they perform. How many bloggers leave comments for example.
- Retail* – how hurdle rates can be used for Recency, Frequency and Monetary value. We picked up this concept from Jim Novo a while back - this is original post which is still worth a read, particularly if you work in retail¹⁶.

Understand your loyalty drivers (and barriers)

Q. *Loyalty drivers understood?*

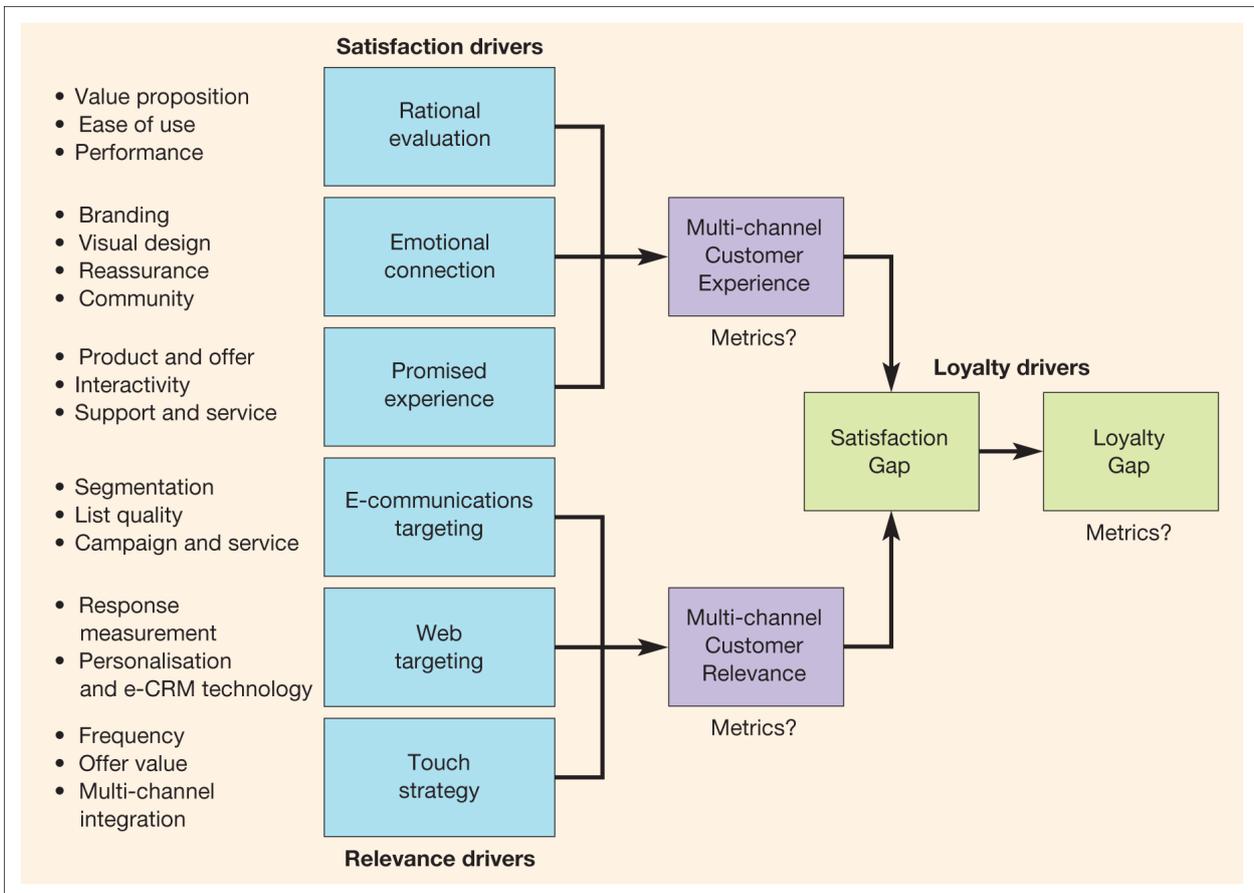
¹⁶ <http://www.jimnovo.com/RetailCustomerRetention.htm>

Success factor mapping is a useful approach to improve any aspects of your digital marketing, but it's particularly important to think of with improving loyalty. A general analysis of loyalty drivers for a retail site is shown on the loyalty map below.

Strategy Recommendation 38 Understand loyalty drivers for purchase and interaction

Analyse through customer research which factors are most responsible for continued purchase. It's also useful to understand what influences continued social following and interaction. Once you understand the loyalty drivers you can work to knock down the barriers that may prevent these.

You may know this technique as 'cause and effect analysis', Ishikawa or 'fishboning'. With this approach, the ultimate objective is placed at the right of the diagram and the success factors or performance drivers that will help achieve this outcome are placed on the left of the diagram (a more typical format for this diagram is shown later).



Note: Touch strategy includes social network interactions.

For online retention marketing, our ultimate goal on the right of the diagram is customer loyalty. The factors on the left help to deliver two main drivers of loyalty.

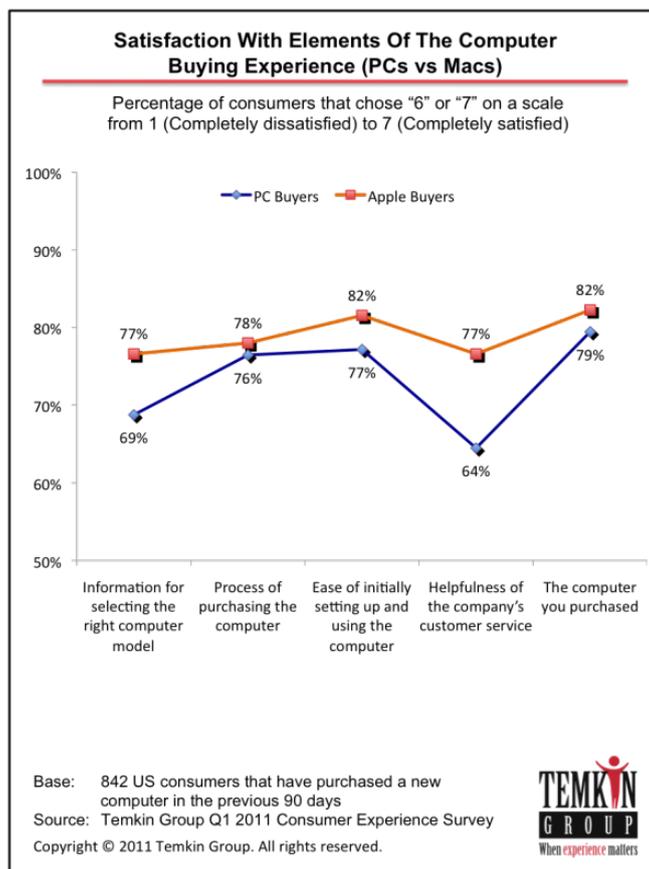
First, we're looking for emotional loyalty where loyalty to a brand is demonstrated by favourable perceptions, opinions and recommendations including social sharing. The success factors at the top of the diagram which are all related to the customer experience of your online services. These tend to influence emotional loyalty the most and these are important in determining customer satisfaction. Of course, a favourable customer experience is, very important to achieving repeat purchases – how many online sites have you continued to use after a poor level of service was delivered?

The second type of loyalty is behavioural loyalty where loyalty relates to repeat sales, repeated site visits, social interactions and response to marketing campaigns. To achieve these repeat sales, companies work hard to deliver relevant marketing communications either through e-mail or web-based personalisation or through direct mail.

Examples of satisfaction gap analysis

Let's now look at a couple of computer-related examples of this gap analysis.

First, a computer manufacturer looked at the buying experience across the customer lifecycle:



You can see there is a big gap in service here. For each of the factors you can think through how the web channel can help, although here the offline channel needs fixing!

Here's an example of how Dell tackle this. Dell treat loyalty seriously; over 10 years ago they created a customer experience council that researched key loyalty drivers across different channels, identified measures to track these and put in place an action plan to improve loyalty. Examples of their loyalty drivers and KPIs they used to review performance are:

1. *Order fulfilment.* Ship to target. % that ship on time exactly as the customer specified.
2. *Product performance.* Initial field incident rate – the frequency of problems experienced by customers.
3. *Post sale service and support.* On-time, first-time fix – the percentage of problems fixed on the first visit by a service rep who arrives at the time promised.

You can see that similar loyalty drivers can be identified for an e-retailer, i.e. Deliver on target, time to resolve different queries and returns.

Once the problems have been identified you will have to look at the reasons inside the company for the inefficiency. This is an example of a "fish-tail" analysis from Dell. It's an

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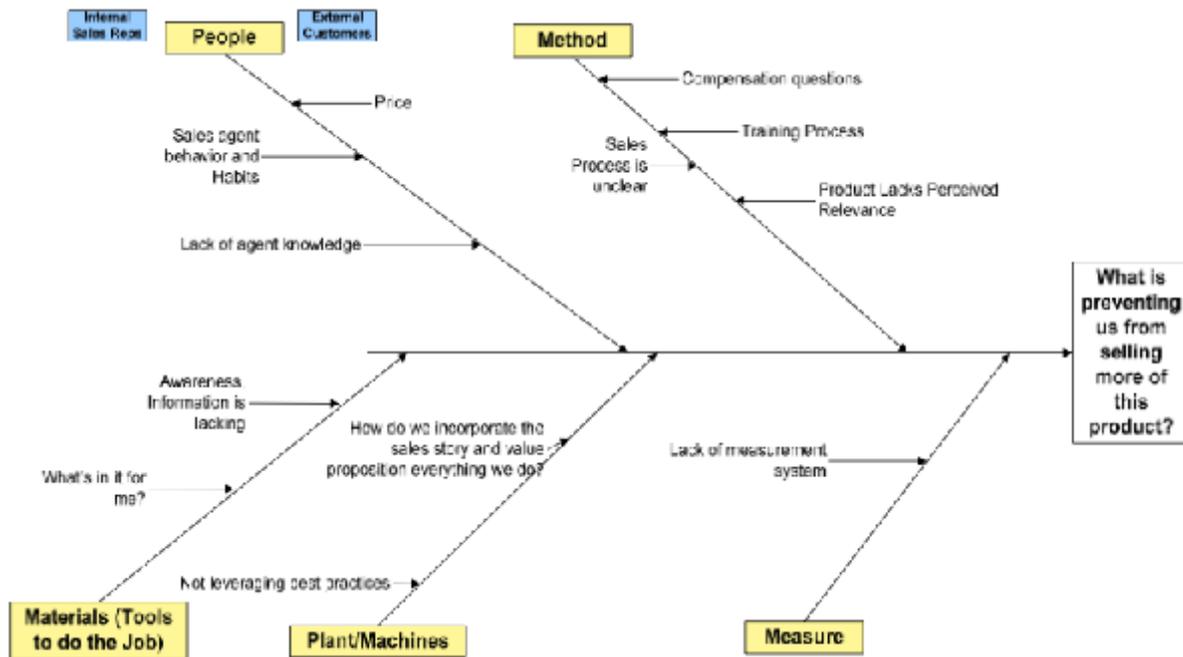
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approach we recommend to help nail problems and opportunities.



Once you're able to understand and leverage consumer motivation, need, intent and/or purchase history then there's the potential to re-market and so re-engage with someone much more easily, since you can really speak to them. How this is done is dependent on what kind of organisation you are in terms of budgets and resources available.

Recommended resource? Ecommerce Success Mapping
 Our [Ecommerce Success Mapping template](#) can be used as a management tool to help you review and work on improving the key factors that drive online sales.

Asking customers what they think

- Q. *Customer feedback obtained regularly?*

So, how can you get this data? We will talk about quite a few different feedback tools here¹⁷. Here are some ideas:

- On site survey tools.** Get data from those masses who do nothing on your site, tools like 4Q and Kampyle are great since they're low commitment, fast and anonymous. It's important to learn what people are interested in and why people are losing interest and leaving.
- Email surveys.** Good if you lack a steady stream of data and prefer to ad-hoc, mass questioning of your database, annually for example. It's the most common form of insights gathering though often done last minute when things feel broken. Better is designing insight capture into the marketing and sales process in a robust way, for example using email sequences since it brings the consumer to the marketing table. Of course you can target particular groups of customers with email, so they're powerful in this sense.
- Ask during key processes.** Avoid asking everything at once! Build relevant data capture at key buyer stages so that you learn more about your consumer as they near purchase, and beyond. This can be as simple questions built into existing enquiry, purchase and post purchase forms using tools like Qualaroo that are specifically designed for this. Think

¹⁷ [Smart Insights: customer feedback tools review](#)

also about using tools such as Get Satisfaction for feedback too since it offers you progression into a feedback community and crowd-sourcing. You can also use the “Watch don’t ask” approach of using analytics to see what customers click on or don’t click on.

Encouraging online brand engagement

Q. Approaches to encourage brand engagement reviewed?

Valuable content is at the heart of online brand engagement. On-topic content enables you to demonstrate a continued relevance to consumers who are buying certain types of products from you, or at least they’re giving you indicators as to what is motivating and helping solve problems in their world. A great example of this are the enewsletters from Lakeland¹⁸.

Blogs are a way to centralise this, to form the content hub, then repurposing your content into Facebook, Twitter, LinkedIn and Google+ represent additional ways to reach (with permission) and so re-connect. Layer on segmented email communications to such solid social media programme and you’re pioneering brand communications! Being useful adds an incomparable value to a consumer relationship post purchase as well as keep you front of mind.

This approach has obvious potential for re-promotion of your products in the right way, and at the right time, adding value and re-engaging re-affirms relevance and earns you that right. It’s right-side up marketing in that sense since it has an inbound effect over interruptive outbound promotions that feel random to the recipient.

You may say it’s simplistic, but we think it’s worthwhile brainstorming all the ways to encourage repeat visits to an online presence like a website or social site. Here’s our braindump from the simple question: “*What will encourage site visitors and customers to visit our website or social network community again in future?*”

We’ve tried to keep it general, so it applies to different types of business. Techniques tend to work both for websites and your Facebook presence. Here are some ideas. What would you add?

Value

This is more important than the push comms, ask how your site can add real value to help people’s day-to-day life and business. This based on the need for a content strategy.

- ❑ **Regular features.** It’s publishing 101, readers return to what they like. So find your most popular content and offers and encourage visitors to return to it.
- ❑ **Exclusive deals.** Likewise it’s merchandising 101, make your audience on a channel make feel special through special online-only or channel-only loyalty rewarding deals and keep them regular.
- ❑ **Different content offers and formats.** Different strokes for different folks. What’s popular will vary, so don’t make your content and formats too narrow. In the content marketing guide we talk about the sell-inform-entertain balance; you need a bit of each with the balancing varying depending on your audience.
- ❑ **Community.** People like to hang-out, share ideas, so make sure you emphasise the watercooler conversations offer, not just the content and deals you offer.

Push communications

Next, think how you can best communicate these engagement offers. Let’s start with the

¹⁸ Lakeland Enewsletter example entertains, educates and sells through investment in quality content

most obvious techniques:

- Email marketing** : Enewsletters and campaign offers still work if the relevance is right!
- Social channels**: Facebook, LinkedIn, Twitter, Google+
- Display advertising**: Remarketing is good at reminding previous site visitors to go through to the site
- Traditional communications**: If you're using direct mail as part of your marketing mix, then offer reminders of the value available online

Encouraging customer advocacy

- Q. Approaches to encourage advocacy reviewed?

As you develop your retention communications think how you can encourage and reward loyalty and sharing.

E-CRM and data profiling approach reviewed?

- Q. E-CRM and data profiling approach reviewed?

We can refine Seth Godin's permission marketing ideas, which have been described in the previous steps, to make them more practical to apply to retention marketing.

Permission marketing	E-permission marketing
Opt-in	Selective opt-in
Opt-out	Selective opt-out
Initial profiling	Communications preferences
Continued profiling	Sense
Targeted communications	& Respond

These are some of the key features of E-CRM implementation we suggest you work through for your organisation.

- 1. **'Offer selective opt-in to communications'**. Offer choice in communications preferences to the customer to ensure more relevant communications. Some customers may not want a weekly e-newsletter, rather they may only want to hear about new product releases. Remember opt-in and providing opt-out is a legal requirement in most countries.

Four key opt-in options, selected by tick-box are:

- Content – News, products, offers, events
- Frequency – weekly, monthly, quarterly, or alerts
- Channel – Email, direct mail, phone or SMS
- Format – Text vs HTML vs Mobile and now a choice of mobile as Amazon have in their preference centre

This is an example of a preference centre or customer profile. Although many mega-brands use these, they are now within the reach of smaller companies through low-cost E-CRM tools, IF they have a strategy that acknowledges their importance.

Best Practice Tip 23 Create a customer communications preferences centre

A preference centre enables customers to adjust the frequency and type of communications so increasing the likelihood of engagement.

- ❑ 2. **Create a ‘common customer profile’.** Following on from the idea of a preferences centre. A structured approach to customer data capture is needed otherwise key data is needed for delivering targeted e-mails will be missed. You don’t want to ask for lots of details straightaway, so a preference centre enables you to gradually add data.
- ❑ 3. **‘Don’t make opt-out too easy’ (selective opt-out).** A bit radical, but my view is that we often make it too easy to unsubscribe. Yes, providing a straightforward opt-out is part of permission marketing and in many countries, a legal requirement. Although offering some form of opt-out is now a legal requirement in many countries due to privacy laws, a single click to unsubscribe is arguably making it too easy. Instead, wise e-permission marketers use the concept of ‘My Profile’. Instead of unsubscribe, they offer a link to a web form to update a profile, which includes the option to unsubscribe to some or potentially all communications. Amazon’s communications preferences page is a good example of this approach. Remember though that offering opt-out that works is a legal requirement. Many opt-out processes still don’t work so instead subscribers may report as spam which can hit your overall deliverability. Still, we still think there’s some merit in what we said way back: The use of ‘My Profile’ can be tied to the principle of ‘selective opt-in’ – you could call it selective opt-out. Put the ‘My profile’ option in the e-mail prompt the user to keep their contact details up-to-date. Take care though since opt-out is a legal requirement, many opt-out processes still don’t work so instead subscribers may report as spam which can hit your overall deliverability.
- ❑ 4. **‘Watch don’t ask’ – use ‘Sense and Respond’.** The need to ask interruptive questions to better profile customers can be reduced through the use of monitoring of clicks to better understand customer needs and to trigger follow-up communications or

‘Sense and Respond’. Some examples of personalisation through this technique include: Monitoring click-through to different types of content or offer. The interests of individual list members can be assessed through monitoring what they click through to. Lastminute.com reputedly tailor their newsletters to many different template types according to content clickthrough. For example, if you click through to theatres or city-breaks, then you will receive more of this type of content in future.

- ✔ Monitoring the engagement of individual customers with e-mail communications. This is achieved by monitoring trends of opening and click-through by individual customer. These metrics indicate the level of interest of individual customers and we can monitor how these vary through time and use follow-up communications. For example, perhaps a buying signal is suggested by a customer who has not previously responded to e-mails who starts clicking through to the web site more frequently. This could be followed up by a tailored e-mail communication or a phone call.
- ✔ Follow-up of response to a specific e-mail. If a B2B vendor offers information about a new product launch which encourages click through to a landing page then they have two main choices of follow-up. First, the form could contain a question asking about the future buying intentions or whether contact from a sales rep is required. Alternatively, if there is a capability to monitor an individual who has clicked through to a page, then it may be best to use this to prompt a call from an account manager or sales person. The second approach may result in more sales, but of course there is a danger that the customer may react negatively to monitoring or ‘stalking’ of this type and it is arguably not permission marketing.

Refine Ecommunications strategy

- ❑ Q. Communications strategy in place to deliver quality content and dialogue?

You will have some form of Ecommunications strategy in place if you’re using enewsletters and social media marketing, but you need to make it sing. Will look at how in this final section

Strategy Recommendation 39 Update your ecommunications strategy to manage sustained content sharing and dialogue

To maintain a strong voice online requires commitment to continuous distribution of content. But there is also a need to encourage conversation and dialogue to maintain interest and sharing.

Create a content hub

- ❑ Q. Content hub created?

Your Ecommunications strategy should be centred on a central location for content, a “content hub”. What do we mean by a hub? Essentially it’s a place around which you can grow a network of interested individuals, *a place where interaction or engagement with your content and your brand can take place*. This interaction will happen because of the quality of your content marketing.

What is it? Content marketing hub

Ideally this is a central branded location where your audience can access your content marketing and interact with it. It should integrate with your other content.

Think of the hub as the home for your content, a place for feedback and dialogue and the

connector to a number of out-posts where your brand is present (Facebook, Slideshare etc) and being shared and discussed. You can increasingly use a social network like Facebook as the place to build your hub, but Facebook is not an asset you can truly own in terms of features and functions so that is risky (you never know!). Facebook also remains external to your main brand presence, so we'd suggest that a hub is the bridge between the your commercial or main website, and external out-posts like Facebook.

At a physical level of a site the content hub can be:

- ✔ A blog – effectively the home page
- ✔ A customer magazine
- ✔ Your online news section
- ✔ A resource centre

Does the label matter? Yes it will vary by audience, so often in B2B, “Blog” or “News” is the best approach whereas consumers may not be so familiar with blog, so a magazine may be the best label. Here’s a good example from www.asdamagazine.com which originally used the Wordpress blog platform, but is positioned as a magazine:



Strategy Recommendation 40 Create a central branded hub

A hub gives you a focus for your audience to find and share your content and to participate.

So what should go into an Ecommunications strategy? Well we cover all of these in detail in our content marketing 7 Steps guide¹⁹. Ensure you have

- 1. Guidelines for regular content update frequency
- 2. Guidelines for content types and formats
- 3. Create core content marketing resources
- 4. Review options for creating and sourcing content
- 5. Content atomization, repurposing and syndication
- 6. Create and update your editorial calendar
- 7. Communicate your content marketing proposition

¹⁹ [Smart Insights: Content marketing strategy guide](#)

Review social media engagement strategy

Q. Social media engagement strategy reviewed

The ecommunications strategy is closely-related to the content and social media marketing strategy. Read our detailed [guide on social media marketing](#).

So, those are our seven recommended steps for developing a digital strategy. All the best for developing and refining your plans. Any questions or comments, do [contact us](#). Thanks.

Dave Chaffey and Dan Bosomworth, Smart Insights.



