

# Digital Marketing Introduction

# Agenda

## ☐ Syllabus

## ☐ Course Requirements

- Exams
- Assignment
- Group Project

## ☐ Grading

## ☐ Lecture

- Principles of Digital Marketing
  - Discussion of Company Case
-

# Marketing: Definition

Marketing is an **Organizational Function** and a set of processes for **Discovering, Creating, Communicating**, and **Delivering Value to Customers** and for **Managing Customer Relationship** in a way that benefit the Organization and its Stakeholders.

--- American Marketing Association

Marketing activities focuses on assessing and satisfying consumer needs

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# Marketing Environment

- The Players
  - Firm/Organization/Producer/Seller
  - Consumers/Buyer/Individual
- Interaction between Players
  - Transaction
- Factors that Influence Transaction
  - Controllable Factors
    - Marketing Mix (4Ps)
  - Uncontrollable Factors
    - Environmental Factors (CREST)

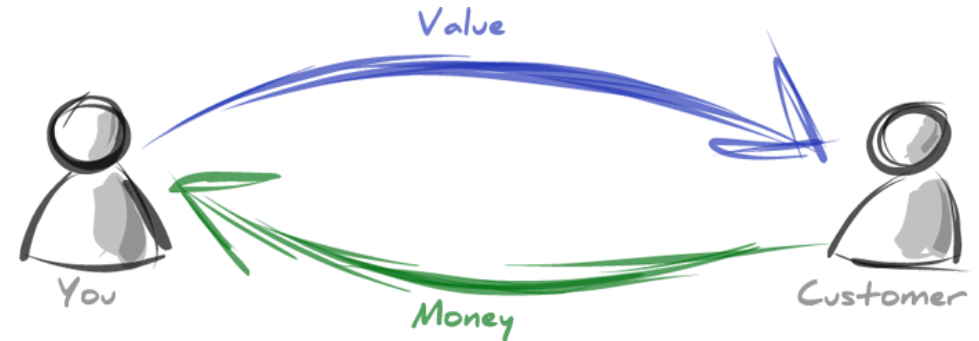
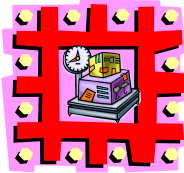


Figure 1 - A  
Summary of the factors that affect an organization's marketing program

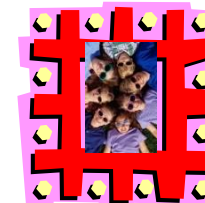


# Changes in Marketing Environment



## Product Centric Business Model

- Product
- Price
- Promotion
- Place

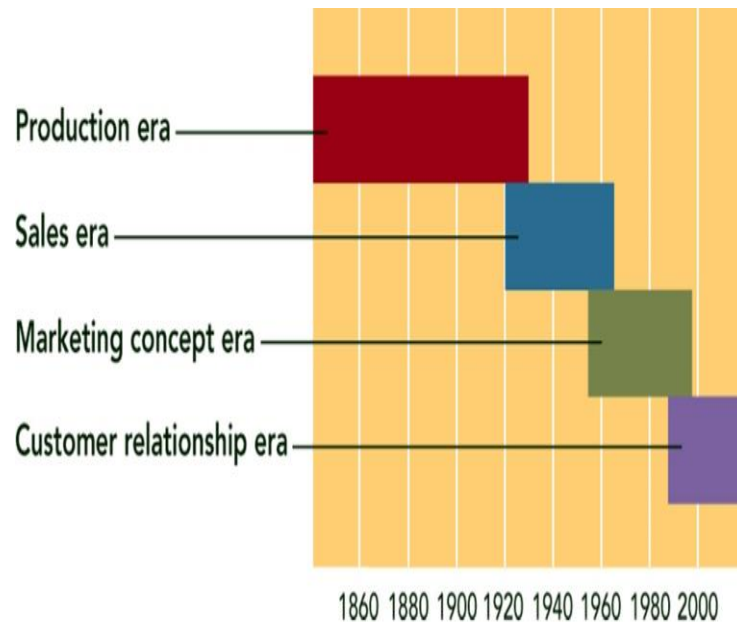


## Customer Centric Business Model

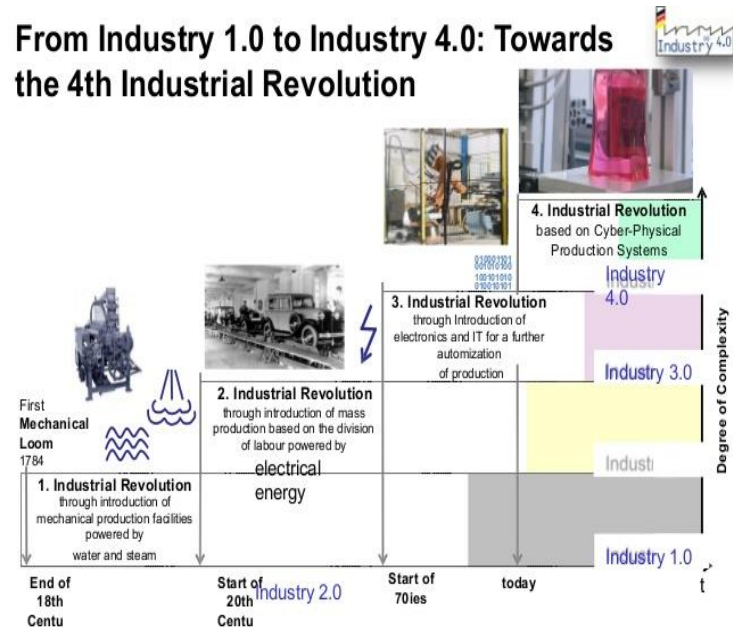
- Customer
- Cost
- Communication
- Channel

OLD APPROACH	NEW APPROACH
PRODUCT PROFITABILITY	CUSTOMER PROFITABILITY
CURRENT SALES	CUSTOMER LIFETIME VALUE
BRAND EQUITY	CUSTOMER EQUITY
MARKET SHARE	CUSTOMER EQUITY SHARE

# Marketing Orientation to Customer Orientation

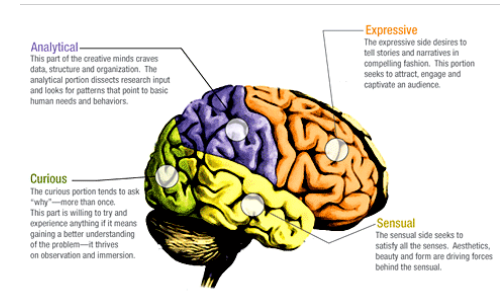


## From Industry 1.0 to Industry 4.0: Towards the 4th Industrial Revolution



# Basic Marketing Activities: Understanding Consumer

- Understanding Consumer Behavior
  - Purchase Behavior
  - Psychological Behavior
  - Social Behavior
- STP Marketing
  - Segmentation
  - Targeting
  - Positioning



# Consumers in Digital Environment

- Consumers in digital marketing environment are empowered
  - More options
  - More information
  - Simpler transactions

Understanding Consumer Needs/Behaviors

Marketing strategy to satisfy those needs

Implementation of marketing strategy efficiently and effectively

Building long term customer relationship

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# Basic Marketing Activities: Optimizing Firm's Objective

$$\pi = p \times (MKTSZ \times MKTSH) - [c \times (MKTSZ \times MKTSH) + FC]$$

where,

$\pi = Profit$

$p = UnitPrice$

$MKTSZ = MarketSize$

$MKTSH = MarketShare$

$c = UnitCost$

$FC = FixedCost$

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# Basic Marketing Tools: Controllable

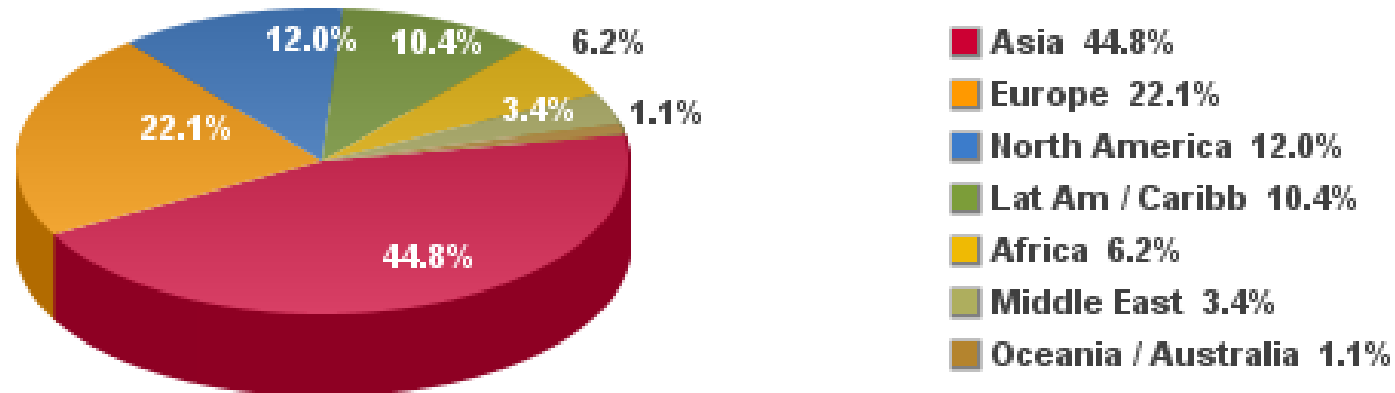
- Marketing Mix Strategies
    - Product
      - New Product Development
      - Category/Brand Management
    - Price
      - Sales
      - Profitability analysis
    - Promotion
      - Advertising
    - Place
      - Distribution Channels
-

# Basic Marketing Tools: Uncontrollable

- Environmental Factor (CREST)
    - Technology is very important
  - Technological Advancement
    - Internet
    - Digital Era
  - Huge Impact on:
    - Buyer Behavior
    - Seller Behavior
-

# Internet Usage

## Internet Users in the World Distribution by World Regions - 2011



Source: Internet World Stats - [www.internetworldstats.com/stats.htm](http://www.internetworldstats.com/stats.htm)

Basis: 2,267,233,742 Internet users on December 31, 2011

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# Digital Technologies

- Hardware
  - Digital computing tools
    - Computers, laptops, tablets, mobiles, wearables, smart devices
  - Networks
    - First generation, 2G, 3G, 4G, 4GLTE

- Software
  - Internet Protocols



**Digital Network**



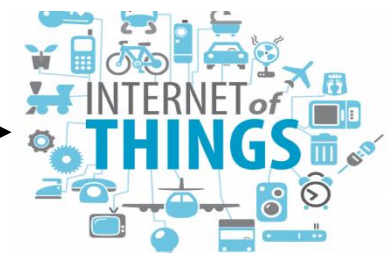
# Impact of the Internet on Businesses

- Empowering People and Business
  - Information Sharing
- New Ways of Conducting Business
  - Brick-and-mortar vs. Click-and-mortar
- Constantly Changing Marketing Landscape
  - Dynamic Environment
  - Intense Interactions
- Knowledge based Economy
  - Creation
  - Dissemination

Communication Media

Distribution Channel

Connecting Services



# Marketing Strategies in the Digital Environment

- E-business
    - Use of electronic platform to conduct business (information exchange)
      - To sell
      - To build better customer relationship
  - E-commerce
    - Buying and selling process by electronic means (The Internet)
      - Online Transaction, Mobile Transaction
    - E-marketing
      - Marketing side of e-commerce (promote, sell, service over the Internet)
    - E-purchasing
      - Buying side of e-commerce
-

# What is Digital Marketing?

- Digital marketing uses the *Internet* and *information technology* to extend and improve traditional marketing functions.
  - ‘Digital’ in Digital Marketing represents technological trends
    - Computing
    - Networking
    - Communication tools
    - Automation tools
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Questions?