



## Introduction

In 1989, the Boston Consulting Group published a short paper called "[Segment-of-one Marketing](#)".

That year, there were just 7 million cell phone users globally, and Tim Berners-Lee was just beginning "Information Management: A Proposal" which led to the development of the World Wide Web. The first GPS satellite was launched, Google's Sergei Brin and Larry Page were still at high school, and Facebook's Mark Zuckerberg was just five.

According to BCG, micro segment marketing up until that point was just a theory - it lacked the enabling technology. The mass-personalization of satisfying consumer needs was not, until then possible. Technologies were becoming available that provided a detailed and readily accessible database of individual customer profiles and the tools to deliver the customized service economically.

The article stated that the success of segment of one implementation was not just about the technology but also the "successful integration of people and systems". The concluding remark was that competitive advantage would be gained by those who "owned" the market and satisfied individuals.

Almost a quarter of a century since, the BCG article seems like a ideological blueprint for Facebook, Amazon and Google and a few select others.

## What is Digital Media Marketing

Digital Media Marketing relates to a broad set of customer engagement activities using digital media and technologies. The underlying principles of marketing do not change, but in contrast to classic marketing, Digital Media Marketing provides feedback channels, often in real time, that create a far deeper, dynamic, sophisticated and cost-aware basis to understand and adapt to customer needs.

In classic marketing, push and pull refers to customer engagement activities that have clearly contrasting objectives and techniques.

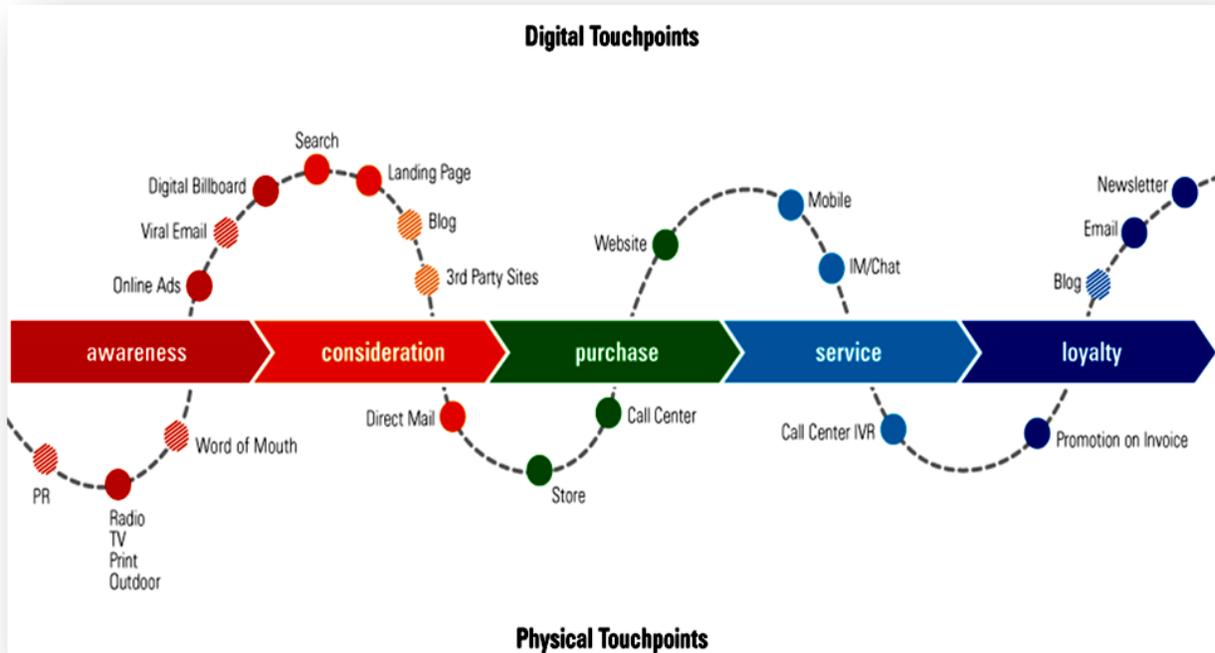
**Push marketing** was about driving customer awareness and buying activity, often through periodic paid mass media campaigns or direct selling, and quickly diminishing market attention. The focus was on the offering, and the hope that the recipient needs it now or in the near future.

In contrast, classic **pull marketing** incrementally built customer awareness by sharing valuable information, establishing dialog and building trust. The focus was about responding to customer needs and interests at any point of the buying cycle.

Digital media also supports push and pull marketing but the distinctions and trade-offs are more subtle.

For instance, the push marketing of Facebook is based on profiling and personal recommendations, and Opt-in Push is a viable means of marketing as Twitter has demonstrated.

The following diagram (with various sources claimed) is a useful reminder that digital marketing is not separate from traditional marketing activities, but a set of activities within a continuum of the buying cycle.



There are many typologies of digital media activity. The following table is adapted from a graphic developed by Smartinsights.com in 2010 and describes several of the main categories;

Social Networks	Photo and Video sharing	Search Engines	Aggregators and Syndication	Own Brand Properties	Customer Service	Publishers	Social Bookmarking
Facebook	Picasa	Bing	Comparison sites	Blog	How-to	Google display n/w	Reddit
Linkedin	Flickr	Google	Super affiliates	Forum	Twitter	Blogs	Digg
Twitter	Vimeo		Article sites	Mobile apps	Get satisfaction	General media sites	Delicious
Foursquare	YouTube		Directories	RSS feeds	Own support	Niche sites	Stumble-upon
Google+							

Yet this categorization is very high level. To get a more complete sense of the digital marketing world, [this graphic](#) from Gartner shows the key themes and interactions that form the increasingly complex digital universe. It is not necessary for a business to understand the detailed infrastructure of the digital media world but it is useful to understand the broad, integrated nature of subject.

## Current environment

### Internet everywhere

The internet is approaching ubiquity of access (currently 80%) in the developed world, and there are almost 185 million active web sites. According to the [Ericsson Mobility Report](#) of November 2013, the ownership of smart phones will grow from 1.9 billion in 2013 to 5.6 billion by 2019. And those numbers exclude other mobile, data-rich devices. In Western Canada, half the population has a smart phone.

Our research shows that over the past 25 years, global GDP per head has increased over 25% in real terms, reflecting a continuing trend of increased prosperity in the developing world.

### Millions of SMEs in North America

There are, [according to Stats Canada](#), 1.1M businesses in Canada, 87% of which have fewer than 10 people, 11% having between 10 and 49 people, and 1.5% having between 50 and 99 people. The exit and entry rate are found to be between 6 and 7%. The US size demographic across its 27 million businesses is similar.

The millions of businesses in North America, and the large potential market of consumers and businesses using smart devices has created a digital media market that has grown from nothing to an [industry worth \\$62B in 2012 in the US alone](#).

### The automation of customer understanding is still work in progress

A [2013 twin set of studies](#) by the Economist Intelligence Unit polled consumer and executives. Customer data capture and understanding was seen as a major challenge for the executives. Consumers do appreciate truly customized recommendations but are put off by superficial attempts such as personalization. There is a gap between how privacy is seen as more important for consumers than executives. The perceived wisdom that email is out-of-favor may be true for mass mailers but it is still the preferred channel for product research and post sale follow-up.

According to Dave Chaffey from Smart Insights, content marketing, mobile marketing and big data will be the leading [digital marketing trends in 2014](#). These are covered in the contemporary thought section, later in this paper.

## Contemporary thoughts

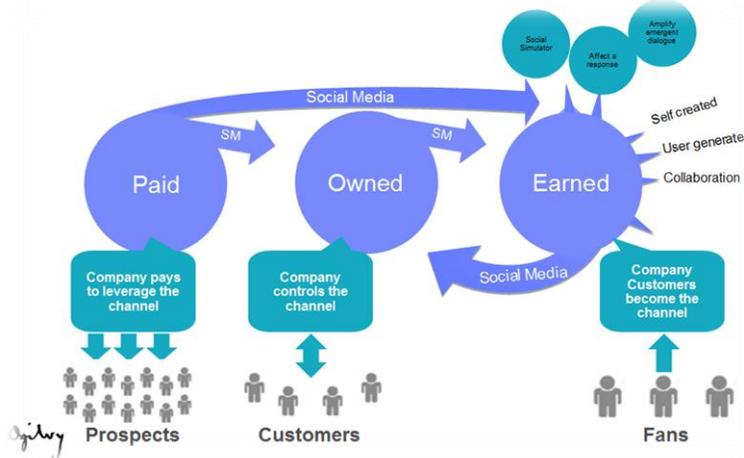
At the SOHO SME Expo held in October in Vancouver, three speakers from the digital media community were invited to share their thoughts about digital media from a B2B perspective.

### Content remains king

[search engine people](#) CEO Jeff Quip sees content creation as essential marketing practice to engage potential customers and promote healthy ranking in search engines.

There are three categories of media, and he contrasted them in terms of effectiveness, trust, cost, scalability and effort. Paid media was seen as effective, lower trust, very expensive but scalable. Owned media is high effort, high trust and leads to predictable growth and strategic barriers. Earned media is highly effective, highly trusted but difficult to scale.

These two graphics (not shown during the presentation) illustrate the differences;



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

54869

Source: Forrester Research, Inc.

Quip believed that small businesses had a window of opportunity to compete with larger organizations. This was underlined by showing the comparative paucity of content that larger organization often had compared to smaller ones.

The role of content applies across the engagement cycle, and should be shareable, useful and not unduly focused on the firm. The metrics shown demonstrated that blogging companies having more visitors and leads.

Resource or educational content may not have the same volume spike as news, but it promotes a more valuable, long-term and cumulative effect.

The psychology of blog writing and reading is worth understanding to help organizations design copy which is most likely to be read and appreciated.

### **The opportunity to transact is now**

Shelly Wilson, from the [Glacier Media Group](#) discussed the favourable demographic for potential Canadian online purchasers.

Today's consumers are both passive and active in their interactions with organizations. Pre-purchase research is the norm and recommendations are highly valued. In Canada, whereas half the population has made an online purchase, only 4% are habitual online purchasers.

Research has show that free shipping and returns and the biggest factors in augmenting online buying. The business community would be wise to understand the female demographic in terms of their control over household spending and influence in other areas.

The baby boomer generation is also an important segment, being active online and having a high disposal income.

In terms of purchasing habits, most online buyers search and buy within a day, as their device is with them all the time and many consumers use it for 2 hours per day, and a typical mobile consumer might check their device 150 times per day, 7 times more than they would realize or admit.

The large underserved market in Wilson's view presents a big opportunity for SMEs, especially those who are willing to create a high quality mobile presence to compete with established brands.

### **Window of opportunity for businesses who mobilize**

Kyle Grant from [Mediative](#) spoke about the opportunity for businesses to exploit a gap in the B2B and B2C mobility segment.

The internet is now part of mobile-driven consumer lifestyle, in contrast to the static activity it used to be. The importance of its usage in B2B decision making was illustrated by the growing segment of executives making high-value purchases (currently a quarter), and the three quarters using smartphones for research.

Half of Canadian firms use mobile marketing, and 60% of mobiles in Canada are smart phones. Yet three quarters of web sites are not mobile optimized.

The opportunity for companies is obvious, but it has to be done in the right way otherwise executives will veer towards the competition even if it was initially not their preferred choice.

The answer to having a mobile presence lies in terms of convenience, speed, conversion, simplicity and follow-up. Initial client engagement is not the only activity where mobile can help. Event sign-ups, sales force automation and post-sales analytics have high potential value for firms.

Right now, consumers are more likely to read mail on their web device, and the overall volume of mail being delivered on that device is increasing.

A subsequent one-to-one discussion with Kyle revealed a highly sophisticated set of tools and services designed to help businesses, both large and small, capitalize on the mobile channel. Mediative specializes in B2B services and is part of the Yellow Pages Group.

### **Big Data, Location Based Services and consent**

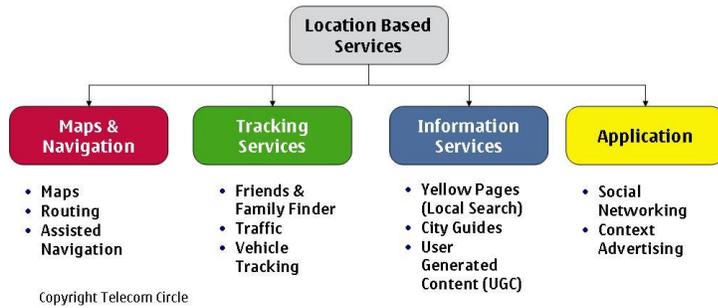
**Big data** refers to a broad category of problems and solutions where the data set is large, dynamic, complex and difficult to manage using traditional technologies or techniques such as relational databases. Much of the complexity relates to the explosion of existing data volumes, the disparate data sets of video, text, audio and semi-structured data, and the velocity of its creation and update.

[Gartner](#) has articulated the challenges and describes the 4 categories of data available by examining information which can be personal (company owned) or anonymous (paid for) and behavioral or social.

A [CEB/MLC survey](#) conducted in 2011 showed that customers did not typically engage with sales until well over halfway through the purchase process. The potential for organizations to address this void is high, using analytics of existing and paid-for data.

**Location based services** (LBS) provide information about the physical location and time detail for devices which have the appropriate technology. GPS, cell phone networks and RFID are examples of the more popular systems that may be used.

In the view of Telecom Circle, [LBS](#) fall into four categories;



GPS itself is not new, but the applications built around making sense of the rich data sets which are generated have resulted in a new generation of social media and advertising capabilities.

### Privacy and consent

As much as consumers may want timely, accurate and relevant marketing content delivered to them, it comes at a price. Location and raw need alone do not describe the real requirements of any but the simplest searches.

The consumer's budget, mood and preferences are highly relevant but may not be offered readily or freely by the consumer. The combination of smart phone technology, applied consumer psychology and big data analytics give companies the potential to market on a personal, contextual basis. This may overstep the line of implied consent, if not carefully considered. Whereas Generations X and Y may have less inhibitions and objections to information sharing, the older, financially advantaged boomer generations do.

Nonetheless, for a business wishing to establish a serious digital marketing capability as part of its marketing strategy, the ethical concerns, in the first stages, should be seen in the light of the existing company culture and governance structure within which it is bound.

## Digital Marketing Platforms

Digital Marketing Platforms are designed to help digital marketers devise, provision and manage campaigns and client interactions. Whereas the first generation of websites were mostly simple, presenting a steady stream of content update that was static/brochure-centric in nature. The second generation required content management and simple translation tools.

Today's systems, according to [Christopher Marsh](#) of Sitecore, need local marketing optimization, innovation architecture, distributed development and sophisticated tooling. These needs are driven by a global consumer who seeks different levels and intensities of interaction with a company, and who is weary of the "pollution" of existing advertiser.

Our own review of market offerings has shown that systems must serve a variety of digital channels, fit in with an organizations existing infrastructure and enable third parties to integrate their own capabilities and interactions where appropriate.

The organization needs the digital marketing platform to manage;

- dynamic content and hosting
- personalization based on location, need and point of engagement
- projects and campaigns including social media, search engine and email
- testing
- application marketplace
- customer data including security, lead scoring and segmentation
- analytics from customer, technology and company perspectives

This [link](#) provides a detailed assessment of some of the more popular platforms.

Gartner sees four types of digital marketing platform in their white paper "[What's a Digital Marketing Platform? What Isn't?](#)" published in June 2013. These are defined by i) their ability to customize and integrate (extensibility) and how many digital marketing environments they fit in (breadth).

Organizations will have different audiences and market needs, and this taxonomy can be a way to guide platform selection.

## Market Opportunities

In our view, there are 5 potential options for a business to take advantage of digital media marketing;

1. build and manage the **digital market ecologies** for consumers and producers to participate, such as Facebook, Google, Twitter, Amazon and LinkedIn
2. create apps or build **complementary products and services** to the digital market ecologies
3. build **digital media platforms** for agencies or larger organizations to manage their marketing campaigns.
4. provide **expertise and services** to businesses participating in those ecologies, such as Mediative, Glacier Media and Search Engine People.
5. gain competitive advantage as a business by **embracing digital media**

For most businesses, the fifth option of establishing a credible digital media presence and competence will be the most productive option. Right now, it's an open window of opportunity which will inevitably become standard marketing practice.

## Concluding remarks

This white paper highlights some of the themes and trends of digital media marketing, but is written from the perspective of a business considering making an investment into DMM.

The segment of one is now a reality, but right now, there are untapped customers who have smart phones, needs and context but they are not being adequately served.

The choices can appear overwhelming at first, so starting with simple objectives is important, as is finding partners and tools to manage the initial set-up and automation of the process.

Organizations should research their market segments to determine the extent to which digital marketing provides an improved way of finding and satisfying clients in existing and new segments. A reputable digital marketing organization will be able to provide case studies in same or similar industries to provide tangible evidence of the economic benefits.

## About hathway management consulting

We are a management consultancy specializing in business technology and strategy. Please feel free to contact us with any comments about this paper or other enquiries.

### Dan Hathway

 604-441-1579

 Suite 170, 422 Richards St, Vancouver, BC V6B 2Z4

 [dan@hmconsulting.ca](mailto:dan@hmconsulting.ca)

 [www.hmconsulting.ca](http://www.hmconsulting.ca)

 [ca.linkedin.com/in/danhathway/](https://ca.linkedin.com/in/danhathway/)

