EIGHTH EDITION

marketing

grewal·levy

Table of Contents

McGraw Hill

Hello & Welcome

Welcome to this sneak peek of
Marketing, 8th edition!

We are very excited about the publication of this edition, as it is our most extensive revision to date. *Marketing, 8e* continues to emphasize that **marketing adds value**, an essential theme woven throughout. Our eighth edition cover showcases a product that exemplifies the theme of marketing adding value: eco-friendly, reusable water bottles! The resuable water bottle industry and associated products are consistently reinforced in the Chapter 1 opener and case study.

2021 is an exciting time to study marketing! Marketing continues to change and evolve, featuring new innovative products and services, as well as employing new methods and channels by which we understand and reach customers. *Marketing, 8e* reflects this evolution with substantive revisions, new sections, and new conceptual material. Every fact and exhibit have been checked and updated where appropriate. **90%** of the chapter openers are new, **70%** of the informational boxes are new, and **50%** of the end-of-chapter cases are new.

Here are just a few of our favorite updates:

In keeping with the ever-increasing importance of digital marketing, we have added a new section to Chapter 3, **Digital Marketing: Online, Social, and Mobile**, titled **"Influencer Marketing"** that tackles the factors used in picking an influencer partner.

Chapter 10, now titled **Marketing Research and Analytics** has undergone an extensive revision, and it contains a new section on big data that is organized around 5 Vs (volume, variety, velocity, veracity, and value). The other new section in this chapter examines the tools that are used in marketing analytics.

Chapter 20, **Personal Selling and Sales Management**, has a significantly revised section, **"The Personal Selling Process"** that includes the technology that supports the selling process at each step.
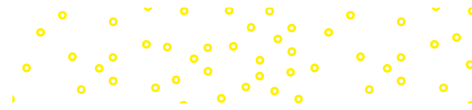
Connect, McGraw Hill's highly reliable, award-winning, digital teaching and learning solution has been updated with new content to reflect our updates and trends and meet the evolving needs of students and instructors. New video cases, new application-based activities/mini sims, additional Marketing Analytics Toolkit exercises, and an updated Marketing Video Library all round out our substantial Connect Marketing offer. These updates, along with our robust Instructor Supplements package complete with our regularly updated author blog, are all intended to ensure currency, relevancy and support to instructors teaching in all course modalities.

We hope you will enjoy this preview of *Marketing, 8e*.
Thank you for your consideration.

Dhruv Grewal
Babson College

Michael Levy
Babson College

brief contents

Marketing Adds Value

Sephora maintains its own YouTube channel with dedicated videos that encourage customers to experience specific product lines, such as the "Kat Von D playlist."

©Steve Jennings/Getty Images

Wayfair engages customers with its "View in Room" feature within its mobile app that enables customers to select an item from its catalog and then, by using the camera within the app, visualize the item in their home or office.

Source: Wayfair LLC

Marketing, 8e continues to emphasize how marketers and firms maintain and rely on value for establishing lasting relationships with their customers. A number of features engage students in this theme:

✓ **Adding Value** features illustrate how companies add value not only in their products and services, but also in their contributions to society. For example, in the sample chapter found at the end of this digital brochure, Adding Value 3.1 discusses how The Portal and Portal Plus from Facebook intend to add value to the growing smart speaker market.

✓ **Ethical & Societal Dilemma** features emphasize the role of marketing in society.

✓ **Marketing Analytics** boxes feature companies that rely on sophisticated data analytics to define and refine their approaches to their customers and their markets. Please see the example provided in the sample chapter found at the end of this digital brochure entitled "Marketing Analytics: Are Algorithms Discriminatory?"

Buy it
Buy it in just a few taps, right on Pinterest
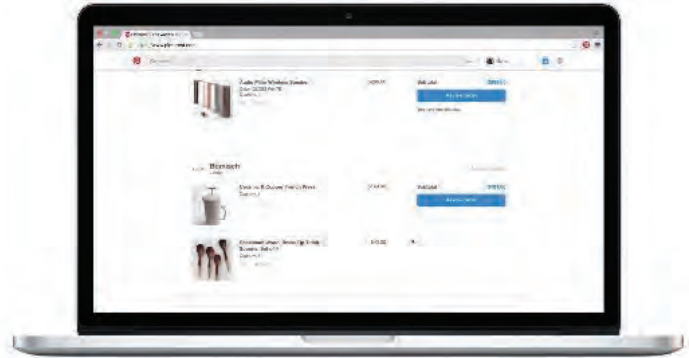
Pay with Apple Pay™ or credit card

✓ **Social and Mobile Marketing** features discuss how companies use social media to market products and services.

✓ **Marketing Digitally**, an end-of-chapter feature, illustrates how marketers successfully use digital media in their marketing campaigns and efforts.

✓ **Chapter Case Studies**, featured at the end of the chapter as well as within Connect, feature real companies faced with marketing decisions and encourage critical thinking.

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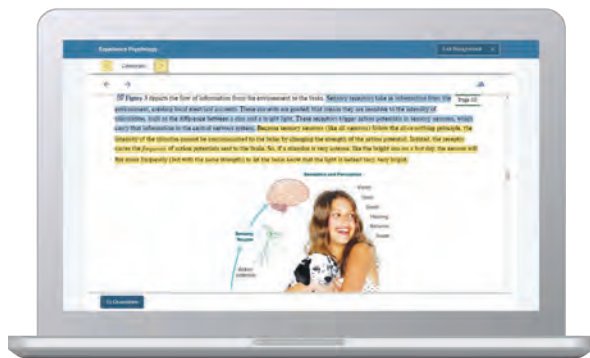
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- Jordan Cunningham,
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Asset Alignment with Bloom's Taxonomy

Principles of Marketing

We Take Students Higher

As a learning science company, we create content that supports higher order thinking skills. Within McGraw Hill Connect®, we tag content accordingly so you can filter your search, assign it, and receive reporting on it. These content asset types can be associated with one or more levels of Bloom's.

The chart below shows a few of the key assignable marketing assets with Connect aligned with Bloom's Taxonomy. Take your students higher by assigning a variety of applications, moving them from simple memorization to concept application.

	SmartBook® 2.0	Click & Drags	¡Seeit! Video Cases	Video Cases/Case Analyses	Marketing Analytics Toolkits	Marketing Plan Prep Exercises	Application-Based Activities	Writing Assignment Plus
CREATE								✓
EVALUATE							✓	✓
ANALYZE				✓	✓	✓	✓	✓
APPLY		✓	✓	✓	✓	✓	✓	✓
UNDERSTAND	✓	✓	✓	✓	✓	✓	✓	✓
REMEMBER	✓	✓	✓	✓	✓	✓	✓	✓

Higher Order Thinking Skills ↑

Lower Order Thinking Skills ↓

SmartBook 2.0

Smartbook 2.0 personalizes learning to individual student needs; continually adapting to pinpoint knowledge gaps and focus learning on concepts requiring additional study.

Click & Drags

These activities help make the connection between theory and application through matching, ranking, or grouping activities.

¡Seeit! Video Cases

Short, contemporary videos provide engaging, animated introductions to key course concepts. Available at the topic level. Perfect for launching lectures and assigning as pre-or post-lecture.

Video Cases & Case Analyses

Video cases and case analyses, featuring real companies, are assignable with corresponding comprehension questions that help students analyze and apply key marketing concepts.

Marketing Analytics Toolkits

These auto-graded marketing analytics activities challenge students to make decisions using metrics commonly seen across marketing professions. The goal of these activities is to give students practice analyzing and using marketing data to make decisions.

Marketing Plan Prep Exercises

These exercises use guided activities and examples to help students understand and differentiate the various elements of a marketing plan.

Application-Based Activities

Highly interactive, application-based activities immerse students in real-world business environments. Placed in the role of a Marketing Manager or business professional, students are challenged to make data-informed decisions and apply multiple concepts while seeing the impact of their decisions immediately.

Writing Assignment Plus

Writing Assignment Plus delivers a learning experience that helps students improve their written communication skills and conceptual understanding. Faculty can assign, monitor, grade, and provide feedback on writing projects efficiently. Built-in grammar and writing review helps students improve writing quality while an originality check helps students correct potential plagiarism before submission. End result? Improved workplace skills of writing and critical thinking.

Regien Paassen/Shutterstock

LEARNING OBJECTIVES

After reading this chapter, you should be able to:

LO3-1 Describe the 4E framework of digital marketing.

LO3-2 Examine the seven critical elements of online marketing.

LO3-3 Understand the drivers of social media engagement.

LO3-4 Understand various motivations for using mobile applications.

LO3-5 Recognize and understand the components of a digital marketing strategy.

LO3-6 Understand the central factors in picking an influencer partner.
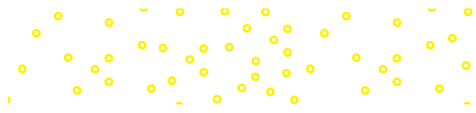
DIGITAL MARKETING: ONLINE, SOCIAL, AND MOBILE

Digital marketing and social media have revolutionized how companies communicate with, listen to, and learn from customers. Modern listening and analysis tools allow firms to identify salient, pertinent trends and customer input, such that they can provide personalized assistance to meet customers' needs. Such techniques are abundantly clear in the social listening efforts demonstrated by the Hilton Hotels chain, which in turn inform its marketing, service provision, and efforts to engage with guests.

The concept of **social listening** refers to how firms monitor and track what people are saying about them on social media. Sometimes those comments are relatively easy to track because they feature hashtags or direct references to the brand, so a company can turn on alerts and be notified anytime its name appears. Hilton works to respond in a timely way to any mention, positive or negative, on any social media platform.[1] In particular, it aims to resolve any complaint within 12 hours, but it also offers charming, interactive responses when guests post about a positive experience at one of its properties.[2]

But in other cases, the reference to Hilton is more indirect. Therefore, in addition to tracking any callouts to the Hilton brand name, the hotel chain empowers about 200 staff members, who have qualified as local experts, to search for, find, and respond to general requests for local insights. For example, when one marathoner asked generally for advice about what to do after finishing an upcoming Chicago Marathon, the official Hilton Suggests Twitter account suggested a visit to the Magnificent Mile.[3]

On the basis of its social listening efforts, Hilton then designs other digital and traditional marketing communications. Its recent "Expect More. Expect Hilton." campaign clearly reveals this influence. The central message of the campaign is that travelers who have been beaten down by their past experiences and developed minimal expectations of their hotels should expect something different, which they can find by visiting Hilton's website and then staying at one of its hotels. The marketing campaign started off with

televised commercials featuring the popular and funny actor Anna Kendrick. After monitoring people's responses, Hilton then expanded the campaign with Snapchat campaigns, Pinterest's new advertising option, and Instagram stories as well as Facebook and Twitter posts.[4]

Throughout the campaign, Kendrick amusingly stalks guests, mobile phone in hand, to show them how they can enjoy the free Wi-Fi on hotel properties (to watch her films while exercising), get the lowest price by booking through the hotel's website, and even unlock their rooms with a digital key

downloaded onto their phones.[5] In Snapchat stories, she uses that free Wi-Fi to host a videoconference call for a "puppy chat" with her dogs while sporting the puppy filter, of course.[6]

The efforts appear to be working, according to various metrics. For example, Hilton has noted increases in direct booking intentions among consumers who usually rely on third-party sites, new visitors to its site and properties, membership in its loyalty program, and the number of younger consumers who include Hilton in the set of hotels they consider and then stay in.[7]

LO3-1 Describe the 4E framework of digital marketing.

THE 4E FRAMEWORK FOR DIGITAL MARKETING

As we will see throughout this book, digital marketing is becoming integral to every integrated marketing strategy and omnichannel communication tactic. **Digital marketing** pertains to all online marketing activities, which includes all digital assets, channels, and media, spanning not just online but also social media and mobile marketing.[8] Among the online marketing activities associated with digital marketing, website design, blogging, and search engine optimization are prominent.

Subsumed within the domain of digital media, the term **social media** refers to online and mobile technologies that create and distribute content to facilitate interpersonal interactions, with the assistance of various firms that offer platforms, services, and tools to help consumers and firms build their connections. Through these connections, marketers and customers share information of all forms—from personal assessments and thoughts about products or images, to uploaded personal pictures, music, and videos.

The changes and advances in online, social media, and mobile technologies have created a perfect storm, forcing firms to change how they communicate with their customers. Traditional ways to market products, using brick-and-mortar stores, traditional mass media (e.g., print, television, radio), and other sales promotional vehicles (e.g., mail, telemarketing), are no longer sufficient for many firms. The presence of online, social media, and mobile marketing is steadily expanding relative to these more traditional forms of integrated marketing channels and communications.

The changing role of traditional media, sales promotions, and retail, coupled with the new online, social media, and mobile media and technology, has led to a different way of thinking about the objectives of digital marketing: the 4E framework (see Exhibit 3.1):

- **E**xcite customers with relevant offers.
- **E**ducate them about the offering.
- Help them **e**xperience products, whether directly or indirectly.
- Give them an opportunity to **e**ngage with the firm's digital marketing activities.

E X H I B I T 3.1 The 4E Framework for Digital Marketing

84
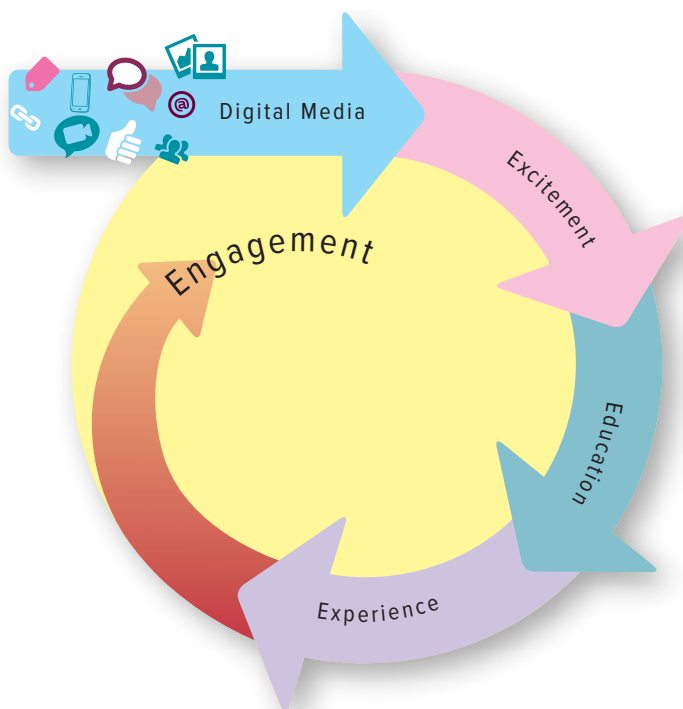
Excite the Customer

Marketers use many kinds of digital offers to excite customers, including mobile applications ("apps") and games to get customers excited about an idea, product, brand, or company. Firms actively use social networks such as Facebook, Pinterest, and WhatsApp to communicate deals that are likely to excite consumers, such as when Lush Cosmetics encourages customers to post pictures of themselves using its products on social media by promising that if they use #LushLife, they might find themselves featured on its official page.[9]

To excite customers, an offer must be relevant to its targeted customer. Relevancy can be achieved by providing personalized offers, which are determined through insights and information obtained from customer relationship management (CRM) and/or loyalty programs. To obtain these insights and information, the firm might use online analytic tools such as Google Analytics.

Lush Cosmetics encourages customers to post pictures of themselves using its products on social media by promising that if they use #LushLife, they might find themselves featured on its official page.

Source: Lush Cosmetics/Instagram

In some cases, location-based software and applications help bring the offer to the customers when they are in the process of making a purchase decision. For instance, Staples may provide a loyal customer a relevant coupon, based on previous purchases through his or her mobile phone, while the customer is in the store—a very relevant and hopefully exciting experience.

Educate the Customer

An imperative of well-designed digital marketing offers is that they have a clear call to action to draw customers through their computers, tablets, and mobile devices into online websites or traditional retail stores. When potential customers arrive at the websites or stores, the marketer has a golden opportunity to educate them about its value proposition and communicate the offered benefits. Some of this information may be new, but in some cases, education is all about reminding people what they already know. Therefore, by engaging in appropriate education, marketers are expanding the overlap of the benefits that they provide with the benefits that customers require.

Especially for efforts to market ideas, this second E of the 4E framework can be a means to improve people's well-being, along with selling the underlying concept. For example, in an effort to educate women about how to perform breast self-exams, the #KnowYourLemons campaign posted pictures of a dozen lemons to teach people about 12 shapes and lumps they should be looking for when they check themselves for cancer each month. It appeared on Facebook, supporting vibrant images that meant that even people with limited literacy skills could understand the message. From that page, interested visitors could click a link to a microsite with more detailed and scientific

Qwertee has created many different ways to win free tees that include liking the company on Facebook and following it on Pinterest, or Instagram. Users who retweet or share Qwertee's comments earn additional chances to win a free tee; in exchange, Qwertee wins the chance to earn new customers.

Source: Qwertee

information, but with a simple picture of lemons and some humorous content, the Worldwide Breast Cancer organization was able to market its preventive message effectively by educating people about a key indicator of women's health. The nonprofit organization also garnered massive increases in donations to support its efforts.[10]

Experience the Product or Service

Although most of the top videos on YouTube are funny, silly, or otherwise entertaining, the site's most useful contributions may be the vivid information it provides about a firm's goods and services—how they work, how to use them, and where they can be obtained. YouTube and similar sites can come relatively close to simulating real, rather than virtual, experiences. Such benefits are very common for products that have long been sold online—so much so that we might forget that it used to be difficult to assess these products before buying them. But today, consumers can download a chapter of a new book to their tablet before buying it. They can try out a software option for a month before buying it. They often view tutorials on everything from how to purchase caviar to how cowboy boots are made. Being able to experience a product or service before buying it has expanded the market significantly.

For other offerings, such as services, digital marketing again offers experience-based information that was not previously available unless consumers bought and tried the product or service. Sephora has perfected the art of customer service in-store, online, and in social media. Customers know they can find beauty advice and makeovers in Sephora stores. But they can also visit Sephora.com for information. The Community section contains thousands of conversations among Sephora customers, and to facilitate these conversational experiences, Sephora suggests a featured topic each week, asking contributors to

To educate women about how to perform breast self-exams, the #KnowYourLemons campaign posted pictures of a dozen lemons to teach people about 12 shapes and lumps they should be looking for when they check themselves for cancer each month.

Source: Worldwide Breast Cancer

Sephora maintains its own YouTube channel with dedicated videos that demonstrate how to use specific products like bright pink eyeshadow.

Source: Sephora USA, Inc.

indicate their favorite eyebrow products, for example. The How-To section contains video tutorials by customers who offer testimonials about their experiences, as well as from beauty professionals who describe how viewers can achieve similar experiences with their hair, nail, makeup, and skin care beauty tools.[11] For customers seeking an experience in other settings, Sephora also maintains its own YouTube channel featuring not only all the tutorial videos but also dedicated videos that demonstrate how to use specific products like bright pink eyeshadow.[12]

Engage the Customer

In a sense, the first three Es set the stage for the last one: engaging the customer. With engagement comes action, the potential for a relationship, and possibly even loyalty and commitment. Through social media tools such as blogging and microblogging, customers actively engage with firms and their own social networks. Such engagement can be positive or negative. Positively engaged consumers tend to be more profitable consumers. When the International House of Pancakes (IHOP) announced on Twitter that it would be rebranding as IHOb, it attracted attention all over social media. The stunt turned out to be part of a marketing campaign to introduce IHOP's new burgers. Thus, the "b" signaled "burgers," but it also reflected a flipped "P," mimicking the very act of flipping, whether pancakes or burgers. Social media users were both intrigued and amused, and the brand experienced a remarkable 6,477 percent increase in social media mentions in one day, ensuring substantial awareness of its new menu offerings. A few months later, however, it changed its name back to IHOP.[13]

Another creative example of customer engagement comes from the Scandinavian furniture and home store IKEA. Using its IKEA Place app, customers can select an item from its catalog and then, by using the camera within the app, visualize the item in their home or office.[14]

When IHOP temporarily rebranded itself as IHOb to introduce its burgers, it experienced an enormous increase in social media mentions, ensuring substantial awareness of its new menu offerings.

*Source: IHOP Restaurants, LLC/Twitter*

IKEA engages customers with its "Place" app that enables customers to select an item from its catalog and then, by using the camera within the app, visualize the item in their home or office.

Source: Inter IKEA Systems B.V.

But negative engagement has the potential to be even more damaging than positive engagement is beneficial. Many companies also seek to leverage the viral appeal of hashtag campaigns, sometimes without thinking through the potential consequences. adidas learned this lesson the hard way with a UK Twitter campaign designed to promote new gear for the popular Arsenal soccer team. Relying on advanced artificial intelligence tools, the company promised to generate depictions of personalized Arsenal jerseys with users' Twitter handles if they included #DareToCreate in a tweet, with the photos posted on adidas's own account. But the Twitter universe contains a lot of terrible users too, so some of the personalized pictures put racist, anti-Semitic, offensive, and obscene Twitter handles on the back of a shirt with the team logo, creating unwanted, unintended, problematic links for both adidas and Arsenal.[15]

Furthermore, social media engagement is moving past talking with companies, as the Wheel of Social Media Engagement that we discuss in a subsequent section reveals. After years of watching users express their deep desire to purchase the products highlighted on their sites, the social media powerhouses Pinterest and Instagram are adopting new initiatives to facilitate purchase transactions. "Buy buttons" enable users to click on a featured post or picture to initiate a sales process. On Instagram, the button is similar in function to the Facebook buy button. Advertisers on the site can include buy buttons in their ads, and when users click, the button links them to an external website where they can complete their purchase. The process is a little different on Pinterest. The presence of "buyable" pins signals to users that they may click on the link to receive detailed information about available colors, sizes, and other information. In addition, Pinterest generates a selection of shopping recommendations for every customer, derived from data generated when they use the platform and pin items they like. Click-throughs from the social media platform to the retail sites selling the recommended products rose 40 percent within a few months of the moment Pinterest introduced the recommendations section.[16]
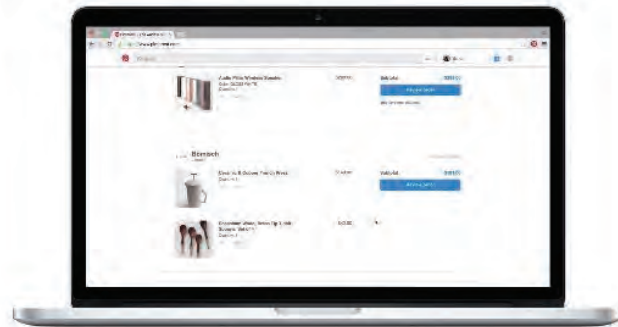
To engage its customers, Pinterest uses "buyable" pins, which signal users that they may click on the link to receive detailed information about products.

Source: Pinterest

ONLINE MARKETING

LO3-2 Examine the seven critical elements of online marketing.

As a primary element of digital marketing, online marketing might be the most familiar and well-established. And it continues to grow rapidly, expanding into innovative new marketing activities in various electronic channels, such as websites and thought-sharing sites, which are more widely known as blogs. Nearly all manufacturers, retailers, and service providers in operation today have created and maintain websites, blogs, and a social media presence (such as on Facebook or Twitter) to enable customers to interact with them over the Internet. Arguably the most powerful and influential online marketer in the United States, the firm that strives 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" is the e-commerce giant Amazon.[17]

Firms use these primary online channels for a variety of goals that reflect the 4Es: informational websites that educate consumers, entertaining websites that excite them, transactional e-commerce channels to help them experience the products they sell, culminating in websites that engage with consumers. With regard to e-commerce, online, and omnichannel retailing, we provide additional details in Chapter 17, when it comes to informational, educational goals, we provide an extended discussion in Chapter 18.

As firms go about developing their online marketing efforts through their websites and blogs, they can turn to the 7C framework for online marketing (Exhibit 3.2).[18] This framework encompasses seven critical elements that marketers must consider carefully when devising an online marketing strategy and designing websites and blogs to target and appeal to both potential and current customers.
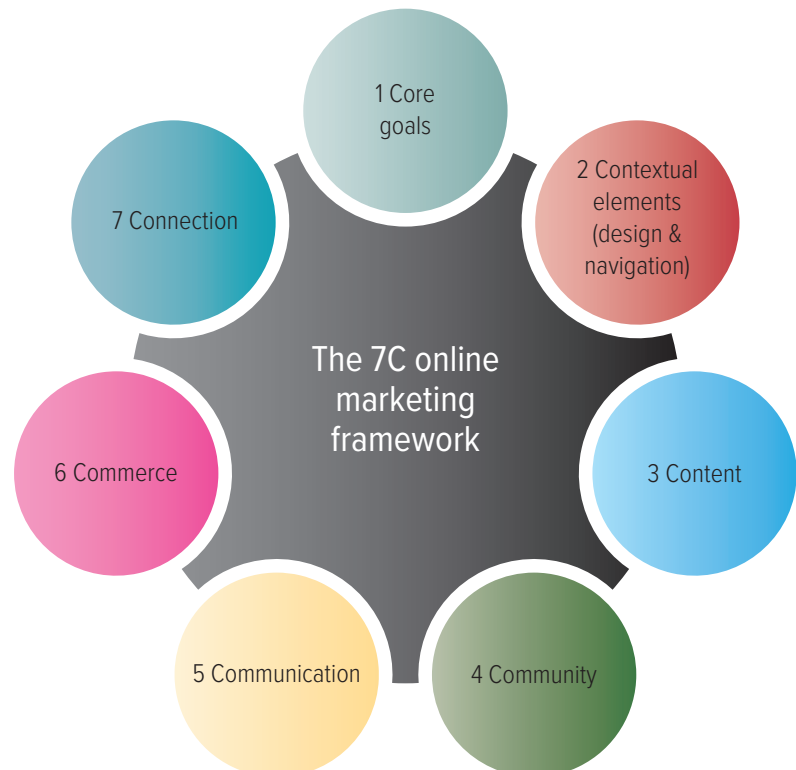
Core Goals

The basis of any marketing strategy is its goals. In general, the primary goal of any website is to engage its users by encouraging them to spend time viewing and interacting with its content. More specifically, however, the goal may be to engage the customer in commerce, as exemplified by Walmart's site (www.walmart.com). Alternatively, it may be to educate the customer (or potential customer) about the product, such as by introducing an offering using appealing, engaging content, like Hasbro's Hanazuki line and related digital content (www.hasbro.com/en-us/brands/hanazuki).

Specifically, Hasbro has embraced online marketing to reflect its core goals. To introduce this brand called Hanazuki, it developed an entire series, just like it did when it launched My Little Pony. But whereas shows featuring the ponies appeared

EXHIBIT 3.2 The 7C Online Marketing Framework

The 7C online marketing framework

1 Core goals
2 Contextual elements (design & navigation)
3 Content
4 Community
5 Communication
6 Commerce
7 Connection

on television, Hanazuki's Moonflowers are available on the brand's own website and YouTube, anytime that viewers want to watch.[19] Then the advertising appearing in conjunction with the online series was matched to its content (as we discuss in the third C of the 7C framework), rather than reflecting more traditional approaches. With this online marketing approach, the company also could assess how well it was engaging and connecting with (the seventh C) customers in real time, so then it also adjusted its communications (the fifth C) to their preferences, such as adding music at specific points.

Contextual Elements

The second element of website design involves the traditional contextual elements, such as design (e.g., color, font) and navigation. These contextual elements must be in alignment with the target market(s). Because Walmart's core goal is to encourage purchases, its commerce-oriented website features a simple look and feel, which help consumers browse and find the products they want easily—similar to Amazon.com (its primary online competitor). In contrast, the Hanazuki page is filled with animation, movement, and bright colors, encouraging visitors to take their time exploring the different characters, watching videos, downloading apps, and perhaps shopping too. Looking closely at the design and color schemes of the websites shown here, notice that Walmart's home page aligns with its adult target market, while Hanazuki's bright, bold colors and large font are in line with its female, preteen target market.

Content

The information content on the site (text, graphic, video, and audio) is critical to being successful with the 4Es of digital marketing discussed earlier in this chapter. Marketers
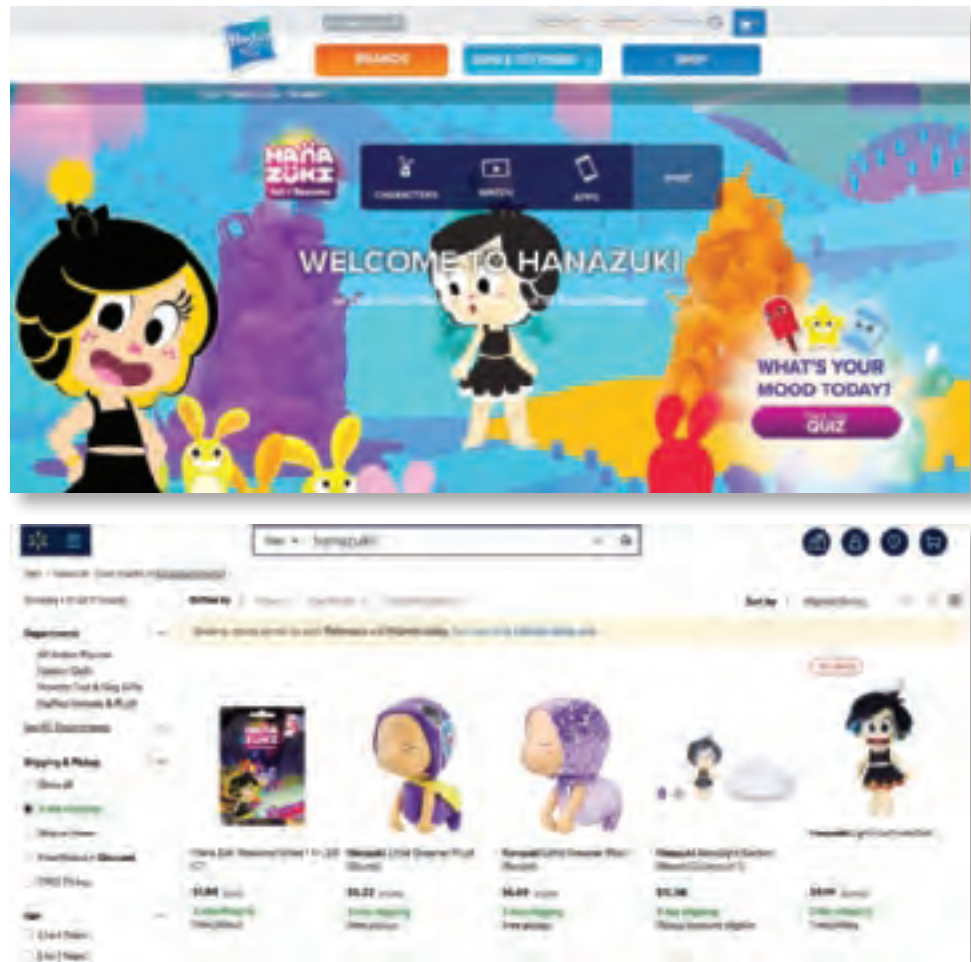
The Hasbro site (top) is focused on selling the Hanazuki brand or experience and thereby driving sales on a more subconscious level. Compare this to the Walmart website (bottom), which is more traditionally focused on selling Hanazuki merchandise with little concern for the brand itself.

(Top) Source: Hasbro, Inc.; (bottom) Source: Walmart Stores, Inc.

must continually monitor the content they share digitally to ensure that the information is relevant to their target market(s) and creates excitement, such that users will be interested in engaging more with both the website and the firm.[20] By providing the right content, the firm anticipates visitors' questions and attempts to answer those questions through its content. The home page is particularly important in this regard. When visitors land on this page, the firm's purpose must be clear; if not, visitors will quickly exit the site.

It is critical that the content aligns with the target market and that content is not always directly about the firm's products or services. For example, nearby is a Facebook post from Alex and Ani. Notice the nature of the post. The company is not showcasing its jewelry per se, but rather providing a motivational quote that resonates with young females, its primary target market. Likewise, examine the Fidelity tweet that appeared during April when income taxes are due. Fidelity is not pushing one of its product offerings, but instead is providing much desired advice on how to lower one's tax bill. While the goal of e-commerce is to convert website visitors to paying customers, firms should resist the temptation to continually and exclusively sell, sell, sell.

In the modern, online environment, every online channel helps customers interact with the firm. Therefore, firms not only have to present the content to feature rich information, but they also need to devise appropriate **keywords** to describe that content. When a user enters a keyword in a search engine like Google, an **organic search** ensues that determines the ranking that appears on the search engine's page. These rankings are not based on money obtained by firms appearing in the search. The more relevant the key term, the higher the ranking will be on the search engine's page.

The content of these messages must resonate with its target market but need not always showcase merchandise or services, as in the Facebook post from the jewelry firm Alex and Ani (top) and the Fidelity tweet prior to the April income tax deadline (bottom).

(Top) Source: Alex and Ani, LLC; (bottom) Source: Fidelity Management and Research LLC

But because consumers often consider only the first few entries in a list of search results, search engine marketing is becoming an important component in any firm's digital marketing strategy to improve a key term's position on the search engine's page. **Search engine marketing (SEM)** is an activity used in online searches to increase the visibility of a firm by using paid searches to appear higher up in search results. **Paid search** is similar to conventional advertising because firms pay to appear higher up in the search results, and also often pay an additional fee every time a user clicks on their entry.[21]

Community

Firms also use their websites and blogs actively to allow their customers to interact, socialize, share information, and create a sense of community by posting comments,

Basketball player Steph Curry may be more influential on Twitter than the firms he tweets about, like Under Armour.

VCG/Getty Images

reviews, responses, images, videos, and suggestions for new products or services. Thought-sharing sites are particularly effective for creating a sense of community, whether they take the form of personal, corporate, professional, or micro blogs. The different types of blogs have varying degrees of efficacy with regard to the 4E framework of digital marketing depicted in Exhibit 3.1.

Whereas they previously might have been confined to a journal or diary, kept hidden in a person's room, **blogs** (from "weblog") or **microblogs** (e.g., Twitter) allow people to share their thoughts, opinions, and feelings with the entire world. **Personal blogs** are created by and usually for individuals, with relatively few marketing implications.

But for firms, **corporate blogs** created by the companies themselves are central to their digital marketing efforts. These blogs can *educate* customers as they discuss their products or services and create *excitement* when they promote special offers. Although they do not have control over customers' posts, and sometimes the customers' posts are negative, this two-way dialog with end users is very *engaging*. For example, the American Express OPEN Forum site invites business experts to share their wisdom in various posts. Because the information is so engaging and educational, the site draws many visitors, and though American Express does not create the content (or, hopefully, have to pay for it), it retains editorial control.[22] Corporate blogs can also post videos that are not only educational, but also help customers simulate the *experience* of using the product or service.

Professional blogs instead are written by people with some particular expertise, who review and give recommendations on products and services. Marketers often offer free products or provide modest remuneration to top-rated professional bloggers in the hopes of getting a good product or service review. Marketers have less control over professional bloggers than they do their own corporate blogs. But consumers seem to trust professional bloggers' reviews—except when they realize that professional bloggers are being compensated for positive reviews. Similar to corporate blogs, professional blogs can be *exciting* and *educational* by exposing customers to the nuances of different products or services. They are also excellent *experience*-creating mechanisms when, for instance, bloggers post videos of themselves or others using the products or experiencing the service. These factors taken together with customers' ability to post responses to the blogs make this community development mechanism very *engaging*.

Influential bloggers can make all the difference. Steph Curry is great on the basketball court, but his activities on the web help establish his reputation as a reliable source of information, leading brands as varied as Under Armour and Brita to seek him out to share information about their products.[23] Under Armour might have almost a million Twitter followers,[24] but Steph Curry has 13.7 million.[25] As part of his partnership, in his Twitter profile and cover pictures, Curry sports Under Armour gear. In parallel, Under Armour's Twitter cover picture features Curry prominently.[26]

Another way to build a community is by **crowdsourcing,** in which users submit ideas for a new product or service and/or comment and vote on the ideas submitted by others. For example, Betabrand has built its entire business by crowdsourcing clothing designs. Customers submit design ideas and provide feedback on items before they are manufactured, which means they become invested in each item the brand brings to market and thus may be more likely to purchase them.[27]

Betabrand uses crowdsourcing by having its customers submit clothing design ideas and feedback on items before they are manufactured.

Source: Betabrand

Communication

Digital communities rely on clear, helpful, meaningful content (the third C). The communication vehicles that appear on any website or blog determine how effectively the firm can interact with, educate, and engage site visitors. Virtually all websites provide a mechanism for customers to communicate with them through live chat, instant message, telephone, or e-mail. The various types of blogs described in the previous section also can engage consumers by providing a compelling platform for two-way communications. In particular, Twitter continues to evolve as the preferred method for many people to interact with firms, to inform them about concerns or complaints. A thorough discussion of these methods of communicating digitally with customers is found in Chapter 18.

Commerce[28]

When it comes to actual purchases, consumers exhibit varying preferences for the types of digital marketing tools they want to use. Some consumers rely on websites; others want a mobile app that enables them to shop quickly. Yet despite the predominate use of apps for checking social media or the weather, desktop usage is greater, and conversion rates are higher, for online purchases.[29] Many people might start searching online but then visit a physical store in person for their actual purchase. The most loyal customers use multiple channels. Customers thus demand that firms offer them a range of options, consistently and constantly, so that they can pick and choose the channel from which to purchase at any specific time.

Warby Parker connects customers with four call-to-action buttons inviting visitors to get started, order frames to try on at home, take a quiz, and shop online.

Source: Warby Parker

Sephora, the specialized beauty product retailer, has developed innovative methods for capitalizing on this desire. Although it has long maintained a good reputation for its interactive website, the company remains in constant pursuit of a strategy that enables it to reach both current and potential new customers through the most channels at the most frequent times. Its mobile app encourages customers to sign up for the loyalty program and create a Beauty Insider account, which grants them a mobile version of Sephora's loyalty card. The app provides an in-store companion tool that allows them to check their loyalty points at any time, access their past purchase history, receive personalized recommendations, and scan items while in stores. The close alignment across these channels provides a seamless experience. Furthermore, users of the app can leverage Sephora's Visual Artist to try on products virtually using their mobile devices. The Visual Artist analyzes facial features and makes recommendations for applying the products. Finally, to reach customers through even more channels, Sephora has partnered with Google Home to create the Sephora Skincare Advisor, which issues announcements on skin care advice, tips, and product recommendations.[30]

Through Sephora's mobile app, Beauty Insider account holders can check their loyalty points, access past purchase behavior, receive personalized recommendations, scan items while in stores, and much more.

Source: Sephora USA, Inc.

Connection

The final E of the 4E framework involves engagement; but it also might be called *connection*. A good website or blog engages customers and provides them with a call to action—whether to buy, post, review, comment, or share. Call-to-action buttons such as Buy Now, Learn More, or Show Your Support encourage visitors to delve deeper into a website, to explore other pages and, in general, spend more time on the site. The Warby Parker website includes four call-to-action buttons that invite visitors to get started, order frames to try on at home, take a quiz, or shop online.[31]

These online marketing activities are geared to get customers to interact and engage with the firm continuously and in a positive manner (e.g., purchase, repurchase, share positive word of mouth). We discuss engagement and connection strategies, according to the "listen, analyze, and do" framework, in the last section of this chapter.

THE WHEEL OF SOCIAL MEDIA ENGAGEMENT[32]

**L03-3** Understand the drivers of social media engagement.

Marketers recognize the importance of engaging customers; social media engagement offers a profitable way to engage customers by taking into account their current behavior while also setting the stage for future behavior. The growth of social media and their effects in turn stem from several related factors.

A unifying framework, the Wheel of Social Media Engagement, comprises these fundamental drivers of social media engagement as five related effects, as Exhibit 3.3 shows. In the Wheel of Social Media Engagement, we propose that the hub is a repository of past and current social media engagements, and the circles around the wheel are the five effects that drive social media, as detailed next.

The Information Effect

The **information effect** is the outcome of digital marketing in which relevant information is spread by firms or individuals to other members of their social network. Information—whether because it is funny, cute, instructive, surprising, or interesting—is the key to turning the wheel. But the relevance of the information, and therefore its impact, depends on its context and the receiver. Marketers work hard to provide information that is somehow

E X H I B I T   3.3   The Wheel of Social Media Engagement
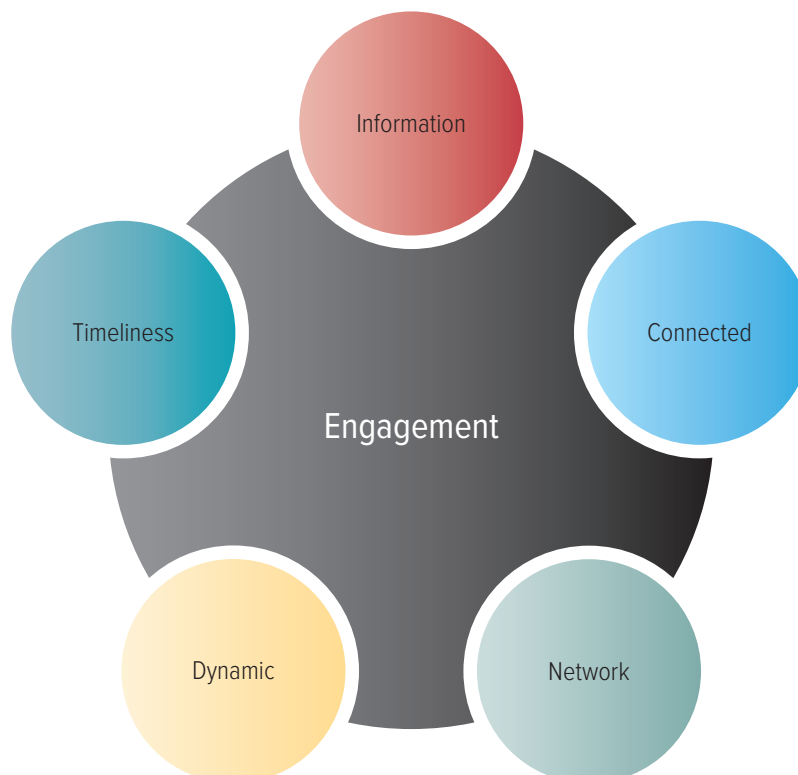
Marketing Analytics **3.1**   Are Algorithms Discriminatory? Questions about How Facebook Targets Advertising[i]

The sophisticated algorithms that Facebook and other digital platforms use to segment consumers are widely touted as benefits for advertisers and users of their platforms. By using the vast available information to identify and specify consumers who are interested in particular ideas, products, or services, companies can ensure that their marketing goes to an interested audience of likely buyers. But the flip side of this capability is less rosy: If the algorithms can specify a target market, they also can enable discriminatory practices by advertisers that seek to exclude certain populations from accessing their products.

According to a warning issued by the U.S. Department of Housing and Urban Development (HUD), Facebook's segmentation capabilities enable unethical housing providers to prevent their ads from being seen by people whose prior activities on the social media platform suggest they are disabled or members of protected racial or religious minorities. For example, if a user has liked posts by service animal organizations or searched for disability service providers, some rental housing companies might exclude them to avoid having to provide appropriate access to potential renters with disabilities. Realtors and renters also might exclude people who signal their racial or religious identity through their searches. Such modern versions of **redlining**—the historical practice by which housing providers have prevented certain protected classes of citizens from moving into an area, using subtle and difficult-to-prove methods of discrimination—raise serious concerns. According to HUD, these forms of discrimination are the responsibility of the digital platforms to address.

But the government warning and its related demands create several problems for Facebook and other platforms. First, they work hard to keep their proprietary algorithms private and protected from the risk of being stolen by competitors. If HUD ultimately demands that they disclose those practices to determine if they are discriminatory, the platforms would have to make some key intellectual property and sources of competitive advantage public and available to anyone. Second, they note that providing information about how their targeting works also would expose consumers' data, creating an array of ethical and privacy issues.

In some cases, the discrimination appears less intentional and more a function of how the targeting tactics have developed over time. For example, a study of Facebook advertising showed that advertisements for jobs in the logging industry were relayed overwhelmingly to white men, whereas calls for secretarial jobs were routed mostly toward black women. When the test ads featured pictures of people of other races and genders, the automated algorithms continued to display the stereotypical targeting. Yet the simple addition of a picture of a football versus a flower led to increased gender-biased targeting of advertising, even if they had nothing to do with the actual product being advertised. Thus, even if a company is not actively attempting to discriminate against some class of consumers, the digital platforms might be leading them into discriminatory behaviors—and limiting any good-faith efforts to seek out and pursue more diverse pools of potential employees or purchasers.

contextually relevant, such as interjecting a humorous advertisement into a social network of users who like to joke around and share funny pictures.

As we think further about the information effect and the incredible magnitude of information being conveyed through reviews, Facebook posts, tweets, Snaps, and so on, it raises the question: What can and should marketers do with all of it? The amount of information available can be overwhelming, even for the best marketers. Even when they know a lot about potential customers, marketers continue to find it challenging to create appeals that consumers embrace and to leverage the information they obtain from consumers in ways that encourage shoppers to purchase from them.

To assist them in this effort, Facebook promises retailers that it can help them achieve effective advertisement placements and increased sales through its Dynamic Ad option. This feature allows customers to complete purchases without leaving the Facebook app, but more pertinently for retailers, it specifically targets advertising to users according to their previous visits to retail websites or apps. In so doing, it targets customers who already have indicated some interest in the retailers' products. Yet this element of the information effect also raises some questions, in that Facebook has gotten into trouble in the past for allowing businesses to target their advertising on the basis of Facebook user data. The potentially negative repercussions of using information gathered from Facebook to target ads are discussed further in Marketing Analytics 3.1.

The Connected Effect

The **connected effect** is an outcome of social media that satisfies humans' innate need to connect with other people. This connection in social media is bidirectional: People learn
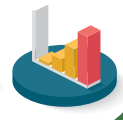
Adding Value **3.1**   The Portal from Facebook with an Assist from Amazon[ii]

The Portal and Portal Plus from Facebook are video-enabled smart speakers that support easy video chats. Designed to follow users as they move, the wide-angle camera embedded in the Portal makes people's digital interactions more fluid and natural rather than forcing video chatters to sit still or else adjust the screens manually anytime they move. It also offers touchscreen functionalities and links seamlessly with Facebook's Messenger service.

The introduction seemed logical; an estimated 400 million people already use Messenger to make calls each month. It also aligns with Facebook's stated mission of bringing people together, encouraging them to make visual contact with loved ones far away, even as they go about their daily activities. With the Portal, people who likely already use Facebook to keep in touch thus can continue to do so, through an alternative channel that is richer, more personal, and more immediate.

But in other ways, the introduction appears less than logical. In particular, Facebook is not known for its hardware. Applying its brand to a physical product, rather than a social media site, may seem foreign to consumers, and in previous efforts, such as a Facebook-branded smartphone, the experiments have not met with great success. Noting this concern, Facebook accordingly entered into a collaboration with an apparent competitor to produce the Portal. That is, the Portal represents an extended use of Amazon's Alexa technology, moving from solely voice-activated to video options. The insights and technical knowledge it gained from this collaboration helped Facebook innovate in a field in which it has little experience.

Other challenges may require a bit more consideration, though. In particular, Facebook has been rocked by several recent privacy scandals, making questions about how the Portal will collect and use people's personal conversations, appearance, and locations highly salient. To address concerns that it

Facebook helps connect people via video chats through its Portal hardware.

Josh Edelson/AFP/Getty Images

might listen in without permission, the Portal features a passcode lock, and users can shut down the microphone and video functions with a single button. Furthermore, Facebook promises users that all the data from their video chats are encrypted and never saved. However, such promises may not be very convincing in the modern era of data breaches and hacks.

Still, the appeal of the devices—such as letting two friends share a Spotify listening session or giving grandparents a means to read a story to their distant grandchildren—may overcome these concerns. An estimated 16 percent of U.S. shoppers indicate that they plan to purchase a smart speaker sometime soon, so getting in on this growing market has clear appeal for Facebook.

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what their friends are interested in, but they also broadcast their own interests and opinions to those friends. Humans seek connections to other people, and social media have provided them with a new, easy, and engaging way to do so. In particular, people can connect by sharing different types of information, whether their location, the food they have consumed, exercises they have completed, or a news article that they find interesting. And they achieve this connection by checking in, posting a picture to Instagram, uploading a video to YouTube, or sharing a link to an article they have liked on Facebook. Social media platforms constantly add features to foster such connections. Facebook expanded its messenger feature to allow video chats through its Portal hardware, as discussed in Adding Value 3.1. Brands like Hallmark

Brands like Hallmark seek to leverage the connected effect. Using #CareEnough, Hallmark encourages people to reflect on their connections with their loved ones—as well as to remember to buy them a card.

Source: Hallmark Licensing, LLC

seek to leverage this sense of connection. Using #CareEnough, Hallmark encourages people to reflect on their connections with their loved ones—as well as to remember to buy them a card.[33]

The need to connect with others has been a powerful evolutionary force throughout human history, driving communities as well as civilizations, including our modern technology civilization. Today, humans are less physically connected because they shop online and have products delivered instead of interacting with the local shopkeeper, and they telecommute instead of working in an office with colleagues. But social media empower them to connect in novel ways. Some connections involve existing friends and colleagues; others refer to acquaintances who might not have been connected in an offline world or with firms, brands, or news outlets that were not available before social media created the link.

This increased connection allows consumers to seek social approval for themselves and provide social approval to others. For example, consumers click to express their liking of various posts by members of their social networks. However, the increased forms of connection created by this effect also might threaten to annoy users who start looking at their smartphones every time they ding. Markets for filters could emerge to help consumers categorize posts and updates in ways that reflect their own preferences.[34] Furthermore, whereas different platforms currently serve distinct purposes (e.g., Facebook for personal and LinkedIn for business), these social media outlets might seek to grow by encouraging users to visit their platform exclusively, then sort the various purposes from that point. Facebook already owns Instagram, which it has used to establish links between social networking and picture-sharing platforms.[35]

The Network Effect

The connected effect enhances human interaction on a one-to-one basis and enables the impact of the interaction to expand exponentially. The **network effect** is the outcome of social media engagement in which every time a firm or person posts information, it is transferred to the poster's vast connections across social media, causing the information to spread instantaneously. That is, when a person or company posts something on social media, other people or firms in their network might repost it, as when one "shares" on Facebook. The credibility and influence of the original poster and the network partners that choose to share the post will determine the ultimate influence of the post. From a marketing perspective, people who discuss products are more likely to buy them.[36]

One way companies extend their network effects is by paying celebrities or pseudo-celebrities with large followings (i.e., bigger networks), hiring them to write posts about or upload pictures with their products. CoverGirl may have over 600,000 Twitter followers,[37] but one of its CoverGirls, Katy Perry, has more than 100 million.[38] If Katy Perry tweets a close-up of her eyelashes, lengthened using her favorite CoverGirl mascara, CoverGirl will have instantly reached all her millions of followers. The message here is clear: By using influencers as brand ambassadors, a firm can use the power of digital marketing to exponentially spread its message. Influencer marketing is discussed in greater detail in the last section of this chapter.

If Katy Perry tweets a close-up of her eyelashes, lengthened using her favorite CoverGirl mascara, CoverGirl will have instantly reached all her millions of followers.

Harry Durrant/Getty Images

The Dynamic Effect

The impact of the **dynamic effect** of social media engagement is twofold. First, it describes the way in which information is exchanged to network participants through back-and-forth communications in an active and effective manner. This back-and-forth exchange promotes engagement, which makes consumers more likely to buy. The dynamic nature of social media is a very efficient way to get information or to resolve disputes, and it can provide the firm with insights into how to best provide a product or service in the future. Customers can communicate their level of satisfaction with an issue and suggest further actions to be taken.

Social & Mobile Marketing **3.1**

Just Don't Eat the Detergent! Who Is Responsible for Consumers' Risky Behaviors?[iii]

The Tide Pod challenge may be about the dumbest thing available on social media. But it's also extremely risky and quite serious, as dozens of teenagers suffered damage to their health when they intentionally ingested the small packets of detergent, despite extensive warnings on the packaging to avoid just that behavior.

Faced with a public relations nightmare, Tide has taken to social media, which is also the source of inspiration for most of the people eating the Pods, then uploading videos of themselves doing so. The company pleads with teens not to eat the detergent. It has also released a public service announcement to highlight the dangers, and it has asked other advocacy groups to help it discourage the practice. It brought in New England Patriots' Rob Gronkowski to issue a skeptical video that it posted on Twitter, Facebook, and YouTube. Then on various social media platforms, it has asked the providers to remove content depicting the dangerous behaviors.

But ultimately, there is little that Tide can do if teens, aware of the risks and dangers, choose to consume a product that clearly is not designed for human consumption. Most of them appear driven by a desire for Internet notoriety. This desire is powerful; whereas in 2017, there were 53 cases of accidental ingestions of detergent, in just the first month of 2018, poison control centers reported 40 cases, many of which were not accidental.

Whose fault is it that people, mostly young people, are eating detergent pods in the Tide Pod challenge?

JLMcAnally/Shutterstock

That figure represents only people who sought help for the ill effects of eating the detergent; many others simply waited out the nausea, vomiting, and gastrointestinal suffering at home.

Second, the dynamic effect expands the impact of the network effect by examining how people flow in and out of networked communities as their interests change.[39] Consider a social network community that is concerned with water bottles. As it evolves and matures, its members develop varied interests—some want to know where to buy the best water bottles, while others are concerned about the water bottles' ecological benefits. New people join the community, while others leave; and people's interests change, causing them to seek out new and different information. Because the community is dynamic, water bottle social media sites can specialize to meet the needs of their varied constituents. From a marketing perspective, this dynamic effect is powerful. Marketers can provide very specific information, which should be well received by the interested parties.

The Timeliness Effect

The **timeliness effect** of social media engagement is concerned with the firm being able to engage with the customer at the right place and time—that is, 24/7 from any location. To be effective, firms must, in fact, respond quickly or the timeliness effect benefit diminishes. Such benefits can be especially necessary when the marketing involves ethical issues as Social & Mobile Marketing 3.1 reveals. Responding in a timely manner can impact customers' buying intentions: 80 percent of people expect a response to social media complaints within 24 hours, and 50 percent

Using beacon technology, Coca-Cola is able to engage customers in a timely manner by offering moviegoers a free Coke at the moment they walk into a movie theater.

SeongJoon Cho/Bloomberg/Getty Images

of them will not buy from companies in the future if there is no response. Customers have grown accustomed to an incredibly fast pace on social media. On average, companies offer Twitter responses in 1 day, 7 hours, and 12 minutes, and yet 64 percent of users still expect a response within just 1 hour.[40]

Many customers enjoy the timely interactions with firms when they engage with them at the point of purchase. To reach customers at the right time, Coca-Cola relies on **beacon technology**—that is, technology that allows companies to detect where customers (who have enabled the feature) are at each moment through their smartphones.[41] Its pilot campaign offered moviegoers a free Coke at the moment they walked into the theater if they had already downloaded the appropriate app from the brand.[42]

As the Wheel of Social Media Engagement shows, intimate connections can arise between a firm and customers. Firms increasingly are not only investing time and money in creating engagement, but also in capturing engagement data. Social media posts contain rich information that a well-equipped company can mine to understand its customers better. As a consequence, firms are striving to make profitable customers even more profitable through increased engagement. The power of the Internet, mobility, computing, and analytics that harness the power of social connections all have led to a leapfrog advance in the potential to create meaningful engagement with customers. According to the Wheel of Social Media Engagement, understanding how to engage effectively with consumers thus is important for marketing managers.

PROGRESS CHECK

1. What are the five drivers of social media engagement described in the Wheel of Social Media Engagement?

LO3-4 Understand various motivations for using mobile applications.

With over 20 million users, McDonald's mobile app enables customers to order, pay, and then pick up their order curbside, inside, or via the drive-thru. Or they can use the Uber Eats app and have it delivered.

Ira Berger/Alamy Stock Photo

GOING MOBILE AND SOCIAL

In the United States, 81 percent of adults own a smartphone,[43] and more than half of them make purchases on these devices.[44] More than 200 billion apps were downloaded globally in 2018,[45] and customers are expected to spend $189 billion on mobile apps by 2020. Although lots of apps are free to download, many have in-app features for purchase and display ads. Remarkably, 98 percent of the revenue generated from apps is made from these "free" apps.[46]

McDonald's sees an opportunity to help cut labor costs, increase its mobile presence, and boost customer satisfaction all at the same time through a new mobile application that sends orders directly to the kitchen and shortens wait times for hungry customers. To help customers develop the new habit of choosing their phone, rather than the person at the counter, to place their orders, the fast-food giant temporarily offered free fries on Fridays to mobile app users. McDonald's hopes that once customers start using the mobile app to fulfill their meal and snack cravings, the resulting habit will be tough to break. Business insiders predict that fast-food sales through mobile orders will increase, especially as a result of the COVID-19 pandemic. With more than 20 million registered users of the mobile app already, McDonald's is a current leader in this space. Customers can order and pay through the McDonald's app, then pick up their order curbside, inside, or via the drive-thru. Or they can use the Uber Eats app and have it delivered.[47]

Research has highlighted seven primary needs that apps meet: the needs to find "me time," socialize, shop, accomplish, prepare, discover, and self-express.[48]

- The most popular need is all about entertainment and relaxation—that is, "me time." People spend nearly half their time on their smartphones seeking fun, whether by playing Candy Crush Saga or by watching *Stranger Things* through their Netflix app.

- Because apps enable people to stay connected with friends both near and far, specialized entrants are growing to meet people's need to *socialize.* For example, in China, the social networking app Weixin (pronounced way-SHEEN), known as WeChat outside China, allows users to shop, read news, share videos, make payments, and more.[49] In 2019, WeChat had over 1.16 billion monthly active users, with over 50 percent of those users between the ages of 25 and 35 years. Nineteen percent of the users are between 19 and 24 years old. Forty-five billion messages are sent on WeChat daily.[50]

- Shoppers want to *shop* anytime they choose. In a process that facilitates 24/7 shopping called **showrooming**, a customer visits a store to touch, feel, and even discuss a product's features with a sales associate, and then instantly compares the prices online to see whether a better deal is available. Using the showrooming Amazon app, if the Amazon price is better, the customer can buy the product online with a single click.

- On the flip side of the need for fun, the need to *accomplish* means that people seek to manage their finances, improve their health, or become more productive through apps.[51] MyFitnessPal allows users to track their daily exercise, calories, and weight loss, and its social component enables people to post their successes. This app also can interact with Fitbit, Jawbone UP, and iHealth Wireless Scales.[52]

- Calendars, flight trackers, and trip planning apps help consumers meet their need to *prepare*.[53] For example, Google Travel helps people plan vacations by storing and organizing all their travel information, such as flight itineraries and hotel reservations. In addition, it offers customized tours and maps for when you get to your destination. Google links with your Gmail account to gather your travel information and stores it offline so you have access to it even if you don't have access to Wi-Fi.[54]

- When people seek information due to their need to *discover,* they now turn to weather and news apps. Flipboard produces a full-screen magazine, aggregating multiple news and entertainment sources to provide top stories, entertainment, local news, and business news personalized to your interests. Its social component also allows readers to send selected stories to friends.[55]

- Finally, people have diverse interests and tastes and thus a need for apps that allow them to *express themselves.* Tapatalk aggregates tens of thousands of interest groups into a single app, making it easy to connect aficionados of just about any interest or hobby.[56]

As you can see from this discussion, apps can meet several needs at once. Sharing an interesting story with friends via Flipboard can meet the needs of discovery and socialization. Consider the person who purchases Chinese food via GrubHub's app on her ride home; she's not only shopping, but she's also avoiding making dinner to get some extra "me time." With this information in mind, apps (and advertising within those apps) can be designed and targeted in ways that better apply the 4Es. This is especially true if the app requires a user to create a profile. At that point, the user moves from obscurity to someone advertisers are willing to pay organizations to reach. For example, IBM, owner of the Weather Channel app, does not know much about its users since

With more than 3 billion downloads, Candy Crush Saga clearly fulfills for many people an important need for unproductive "me time."

Alexat25/Shutterstock

Weixin, known as WeChat outside China, has over 1.16 billion monthly active users. The app allows users to shop, read news, share videos, make payments, and more.

Source: WeChat

Not only does Flipboard aggregate all of the news important to you in one place, its unique format also gives the app the look and feel of a printed magazine.

Alliance Images/Alamy Stock Photo

the app is simply downloaded. On the other hand, Puma knows its users' gender, birthday, height, weight, and exercise preferences because its Pumatrac workout app captures this information.

App Pricing Models

A key decision for firms producing apps is what to charge for them. There are four basic ways of generating revenue from apps—ad-supported apps, freemium apps, paid apps, and paid apps with in-app purchases.

Ad-supported apps are free to download, but ads appear on the screen. They generate revenues while users interact with the app. Although there are many of these types of apps, the majority of app revenue is generated from the remaining three pricing models, discussed next.

Freemium apps are apps that are free to download but include **in-app purchases** that enable the user to enhance an app or game. In Candy Crush Saga, you get five lives to play in the game. When you lose a life, it takes 30 minutes in real-life time to get that life back. This is where in-app purchases come in. For just $0.99, you can get all five lives back immediately so you can keep playing.[57] Candy Crush Saga is estimated to earn the developer about $2.5 million *a day* in revenue from in-app purchases.[58]

Paid apps charge the customer an up-front price to download the app ($0.99 is the most common), but offer full functionality once downloaded. Similar to the freemium model, **paid apps with in-app purchases** require the consumer to pay initially to download the app and then offer the ability to buy additional functionality.

PROGRESS CHECK

1. What are the seven types of customer motivations for using mobile apps?
2. What are the four options for pricing mobile apps?
3. What are some of the most popular types of mobile applications?

HOW DO FIRMS ENGAGE THEIR CUSTOMERS?

LO3-5 Recognize and understand the components of a digital marketing strategy.

Now that we have an understanding of various digital marketing options at the firm's disposal, it is important to determine how firms should go about engaging customers through online, social, and mobile media. The three-stage process found in Exhibit 3.4 involves *listening* to what customers have to say, *analyzing* the information available through various touchpoints, and implementing (or *doing*) social media tactics to excite customers.

Listen

From a marketing research point of view, companies can learn a lot about their customers by listening to (and monitoring) what they say on their social networks, blogs, review sites, and so on. Similar to being at a party or in class, it is best to listen before engaging in a conversation. Listening can help marketers determine their digital marketing objectives. If no one is talking about a product or brand, then stimulating brand awareness or excitement may be required.
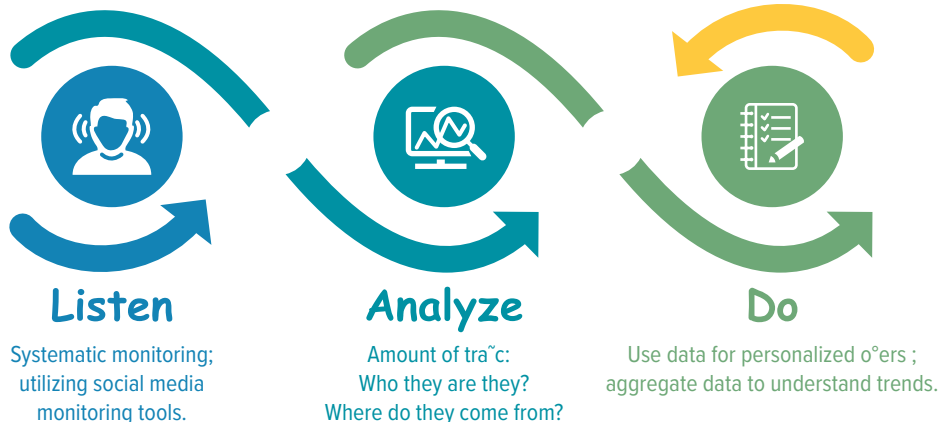
If the conversation is negative, firms should respond immediately, possibly using a social media platform like Twitter, so that customers and the firm can communicate directly and quickly to resolve an issue. If the conversation is positive, listening will help the firm understand how to propagate the conversation and where the conversation should take place. If, for example, potential customers are talking primarily on LinkedIn, the firm should be there. If they are talking within an online community, perhaps a wine site, then the firm should be there, with the objective of subtly directing the community to the firm's website.
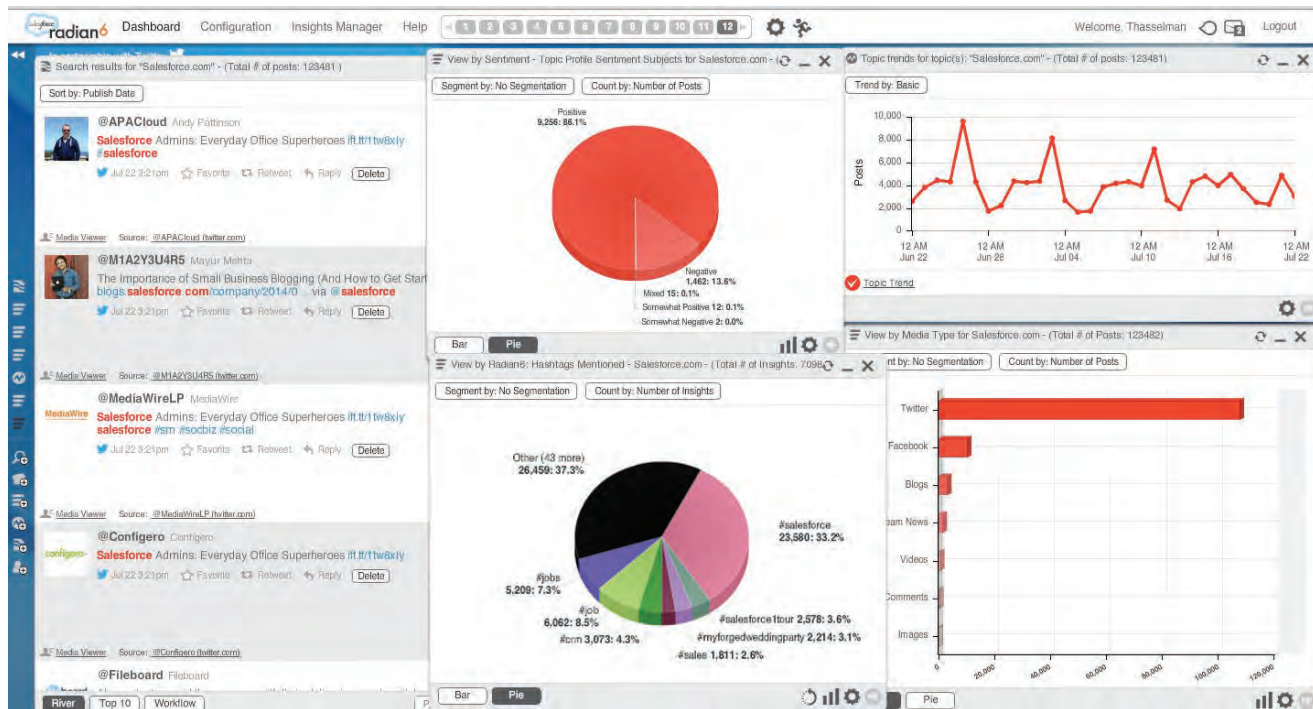
Using a technique known as **sentiment analysis**, marketers can analyze the content found on sites such as Facebook, Twitter, and online blogs and reviews to assess the favorableness or unfavorableness of the sentiments. Sentiment analysis allows marketers to analyze data from these sources to collect consumer comments about companies and their products. The data are then analyzed to distill customer attitudes and preferences, including reactions to specific products and campaigns. Scouring millions of sites with sentiment analysis techniques provides new insights into what consumers really think. Companies plugged into this real-time information and these insights can become nimbler, allowing for numerous quick changes such as a product rollout, a new advertising campaign, or reactions to customer complaints.

Several companies specialize in monitoring social media. For example, Radian6 from Salesforce.com offers sentiment analysis that helps its clients such as Farmers Insurance, Canon, and Toyota engage with their customers.[59] Using sentiment analysis techniques, it processes a constant stream of online consumer opinions from blogs, Facebook, and other networking sites. The Salesforce.com tools for managing consumer sentiment data allow companies to identify opinion trends that might warrant an online corporate response. It is also useful for identifying influencers—pinpointing where they are talking and which specific content is liked and shared the most.

Other companies perform their own analyses, effectively leveraging their existing capacities for listening to customers. Zappos is known for its remarkable customer service; accordingly, it attracts plenty of buzz about its offerings from happy customers. In its social media campaigns, it takes the information it gathers from listening to customers to design strategies that emphasize what they like most.[60]

EXHIBIT 3.4 Social Media Engagement Process

Listen
Systematic monitoring; utilizing social media monitoring tools.

Analyze
Amount of traffic: Who they are they? Where do they come from?

Do
Use data for personalized offers; aggregate data to understand trends.

Salesforce.com's Radian6 website analyzes customer sentiment for its customers, which enables them to identify opinion trends that might warrant an online corporate response.

Source: Salesforce.com, inc.

Zappos takes the information it gathers from listening to customers to design strategies that emphasize what they like most.

Source: Zappos.com, Inc

Analyze

Fortunately, the companies that help facilitate listening also provide analytic tools to assess what customers are saying about the firm and its competitors. There are three main categories of analysis used for understanding data collected from social media.[61]

First, it is important to determine the amount of traffic using their sites, visiting their blogs, or tweeting about them. A measure used for this purpose is the number of **hits** (i.e., total requests for a page). More useful, however, is the number of unique visitors and **page views**. If, for instance, Sam visits a site once, but Sol visits it five times, there are six hits, two unique visitors, and Sam has one page view, while Sol has five page views—Sol is potentially a more important customer than Sam.[62]

Second, although knowing how many people are using a firm's social media is important, it is even more critical to learn who those visitors are, what they are doing, and what engages and excites them. To analyze these factors, marketers use metrics such as the **bounce rate**, which refers to the percentage of times a visitor leaves the site almost immediately, such as after viewing only one page. The bounce rate is similar to walking into a store, taking a quick look, and leaving. So, the higher the bounce rate, the less effective the site. Analyzing which pages are the most frequent entry and exit locations provides direction on how to make a website more effective. Similarly, following visitors' **click paths** shows how users proceed through the information—not unlike how grocery stores try to track the way shoppers move through their aisles. A firm can use frequent entry and exit locations and click paths to improve the way users navigate through the site so they can more quickly find what they are looking for. One of the most important data analysis tools is the **conversion rate**, a measure that indicates what percentage of visitors or potential customers act as the marketer hopes, whether by clicking, buying, or donating. Not only does it measure how well the site is achieving its goals, it can also signal a serious problem. For instance, a sudden drop in the conversion rate may signal a navigation problem or even a broken navigation path.

Third, some companies want to analyze data that come from other sites, such as measuring where people have come from to get to the company's site. Did they search through Google or Amazon? Did they receive a referral from a friend? Which keywords did they use to find the firm? As mentioned earlier, firms can use **keyword analysis** to determine what keywords people use to search on the Internet for their products and services. With this information, they can refine their websites by choosing keywords to use on their site that their customers use. These keywords should be placed on the website pages, in the page titles, and in the website's URLs. Then they can assess the return on investment (ROI) made by improving the site. This would be done by calculating the incremental profit increase divided by the investment on the site improvement. For digital marketing, it is more challenging to determine ROI than for more traditional marketing applications because the revenue generated by the digital media is often not directly related to the expenditure. So, instead of traditional ROI measures, firms often examine questions such as: Does having more Twitter followers correlate with having higher sales? Do the company's Facebook fans buy more than nonfans do?[63]

These analyses require well-trained marketing managers, marketing analytic software, and sometimes help from consulting specialists (e.g., IBM, SAS, PricewaterhouseCoopers). But almost everyone seems to be turning to Google Analytics these days because it offers a sophisticated, in-depth form of analysis, all for free. For example, by simply signing on to Google Analytics and embedding the tracking code into a website, a firm can view the origin of its traffic. In particular, it can view if the origin is from an Internet search, a social media platform like Instagram or Twitter, or a third-party site. With these data, it can determine which outlets have been successful, and provide clues to direct future marketing efforts. A firm can also determine the physical location of its visitors, which pages they visited, and how long they stayed on each page. Additionally, the firm can analyze user demographic and interest data collected from their browser cookies or from their search activities if they are logged in to a Google account. Finally, Google Analytics is also highly customizable.[64]

Do

Even the greatest analysis has little use if firms fail to implement what they have learned from analyzing their social and mobile media activity. That is, social media may be all about relationships, but ultimately, firms need to use their connections to increase their business. They might launch a new Facebook campaign, actively blog, or provide mobile offers.

Partnering with Snapchat, Taco Bell created the ability for users to see their own faces depicted as a taco and then encouraged them to send their taco face to their friends, thus creating an excellent opportunity to build its brand and increase sales.
Source: Yum! Brands, Inc./Snapchat

Taco Bell uses social media successfully to connect with customers, and then translates this engagement into viral marketing campaigns. Partnering with Snapchat to create a taco filter, just in time for Cinco de Mayo, Taco Bell prompted 224 million uses of the filter. That is, by introducing a fun interaction—and the ability for users to see their own faces depicted as a taco—Taco Bell also encouraged Snapchatters to send its advertising messages to their friends. Awareness of its brand thus spread far and wide, especially among its target Millennial market.[65] For its 2 million followers on Twitter,[66] Taco Bell also has created a sassy persona that posts funny messages they can retweet, further spreading brand awareness at very little cost to the company.[67] Building on its social media popularity, the fast-food favorite even opened a branded Taco Bell Hotel for a weekend, a stunt that made the news when rooms sold out in mere minutes.[68] Taco Bell also invited social media influencers to stay for a night, ensuring brand promotions to millions of followers, even beyond its own pages.[69]

To illustrate how firms might go about undertaking such campaigns, consider the steps involved in developing and implementing a digital marketing campaign using Facebook (Exhibit 3.5).[70] These steps are not unlike the steps used in any integrated marketing communications (IMC) program. (See Chapter 18 for more details.) Assume a marketer is developing a Facebook marketing campaign for a new product that his or her firm has designed.

1. **Identify strategy and goals.** The firm has to determine exactly what it hopes to promote and achieve through its campaign. Does it want to increase awareness of the product? Is it hoping more potential customers might visit and "like" its Facebook page? Is its focus mainly on increasing sales of the product? Depending on what the company aims to achieve, it might focus on developing a Facebook page, creating a Facebook app, or hosting a Facebook event.

2. **Identify target audience.** The next step is to determine whom the firm is targeting. Facebook enables the firm to perform targeting that is based on location, language, education, gender, profession, age, relationship status, likes/dislikes, and friends or connections. The marketers' aim is to find an audience big enough that they reach all those who might adopt their product, but not so big that they end up trying to appeal to someone way outside their target audience, as Exhibit 3.6 illustrates. For firms with multiple target markets, this analysis should be performed iteratively because both the marketing messages and digital channels likely will be different among and between the segments.
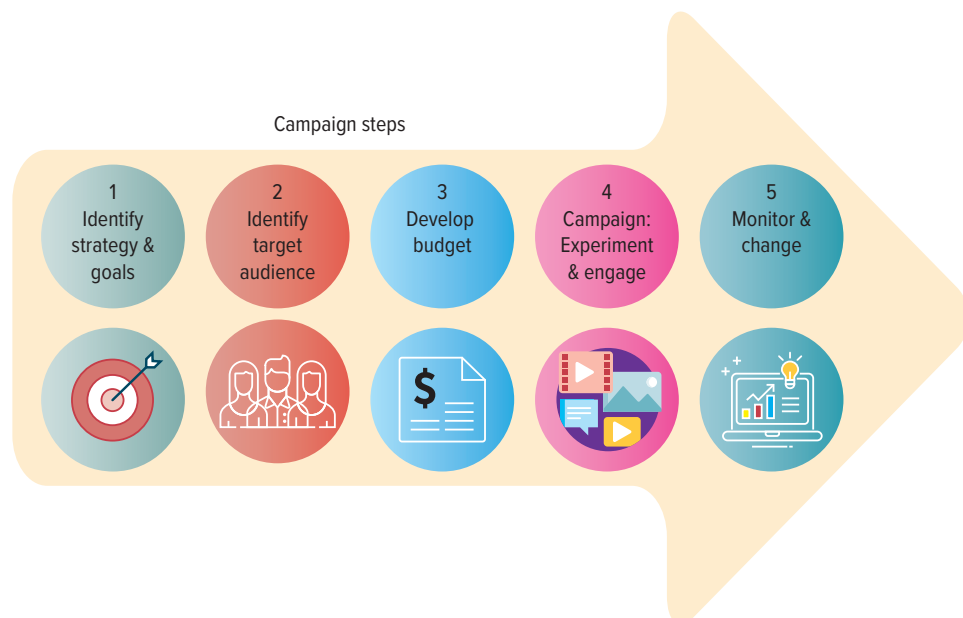
EXHIBIT 3.5 How to Do a Digital Marketing Campaign

Campaign steps

| 1 Identify strategy & goals | 2 Identify target audience | 3 Develop budget | 4 Campaign: Experiment & engage | 5 Monitor & change |

EXHIBIT 3.6 Example Facebook Targeting Choices

2. Targeting

Location

Country: (?)   New York
- ○ Everywhere
- ○ By State/Province (?)
- ● By City (?)

Demographics

Age: (?)   24 ⬍ – 35 ⬍

Demographics

Age: (?)   24 ⬍ – 35 ⬍
☐ Require exact age match

Sex: (?)   ● All   ○ Men   ○

Interests

Precise interests: (?)   Cooking

Switch to Broad Category Targeting (?)

Estimated Reach (?)

266,920 people
- ▪ who live in the United States
- ▪ who live within 50 miles of New York, NY
- ▪ between the ages of 24 and 35 inclusive
- ▪ who are in the category Cooking

Source: Facebook

3. **Develop the budget.** Budgeting is key. Facebook allows advertisers to set a daily budget: Once their costs (usually per click) reach a certain level, the ad disappears for the rest of the day. Of course, this option can be risky if the firm is getting great feedback and all of a sudden a compelling ad disappears. Therefore, similar to the campaign content, budgets demand nearly constant review. For example, if a competitor lowers its price significantly, it might be necessary to follow suit to avoid being excluded from customers' consideration sets. In addition to an advertising and content development budget, money should be allocated for digital marketing—management tools that allow the marketing staff to post content to multiple platforms and to schedule posts throughout the week. Hootsuite's autoscheduling feature is particularly useful in this regard. It posts content based on when its algorithms have determined the majority of a firm's target market is online.

4. **Develop the campaign: Experiment and engage.** Now that the firm knows whom it is targeting, the next step is to develop the communications, including the copy and images. Here again, the process is not very different from any other IMC campaign. There should be a call to action that is clear and compelling. Strong, eye-catching images and designs are important. And the campaign must appeal to the right customers. However, an aspect that is more critical with social media than with other forms of IMC is that the images and messages need to be updated almost constantly. Because people expect changing content online, it would be inappropriate to run the same campaign for several months, as the firm might if it were advertising on television, for example.

5. **Monitor and change.** The final step is to review the success of the campaign and make changes as necessary. After analyzing their digital marketing analytics as well as their website traffic data, firms should make the necessary changes to increase their brand presence online and improve their digital conversion rate. Too often, companies collect, store, and analyze data but do not make the necessary changes to increase the ROI from their online activities.

LO3-6 Understand the central factors in picking an influencer partner.

INFLUENCER MARKETING

Influencer marketing is a marketing strategy that uses opinion leaders, popular on social media, to drive marketing messages to a targeted audience.[71] Firms hire (or encourage) these well-known names to promote brand messages to their networks of followers. Some estimates suggest that around 75 percent of marketers have turned to influencer marketing, and they anticipate doing even more of it in the future.[72]

Although many influencers originally gained fame in other domains, such as sports and entertainment (e.g., Ariana Grande, Dwayne "The Rock" Johnson, Neymar), some have solidified their influence primarily through social and mobile channels (e.g., James Charles, Murad Osmann). As Exhibit 3.7 demonstrates, the amount of leverage an influencer has can be measured in several ways, such as the number of followers who voluntarily agree to receive messages from them or the amount of money they can demand for a sponsored post. Even if they are not traditional celebrities, influencers like James Charles (19.7 million followers),[73] Murad and Nataly Osmann (4 million followers),[74] and Massy Arias (2.7 million followers)[75] can widely promote messages about cosmetics, travel, or fitness on Instagram—and often earn money for doing so.

Assessing the Efficacy of Influencers

But simply counting followers may not be sufficient to determine the value of an influencer, especially considering the growing problem of fraud, as when unethical "click farm" service providers offer to sell followers to social media personalities.[76] Therefore, when brands decide how much to offer influencers to carry their messages, they need a method to predict the value they will receive. One way to do so is to consider the 4Rs: relevance, reach, response, and return.

Relevance The notion of relevance encompasses both the focal influencer and her or his followers (i.e., targeted audience) and how they link with the brand and its message. Influencer marketing is more effective if relevant influencers, with expertise in some related

Big-time influencers like Ariana Grande have millions of followers and can command almost a million dollars for a sponsored post.

Lev Radin/Shutterstock

EXHIBIT 3.7	Top 10 Influencers on Instagram, Posts, and Followers		
Influencer	**Number of Followers (millions)**	**Number of Posts**	**Cost of Sponsored Post**
Cristiano Ronaldo	206	2,744	$ 975,000
Ariana Grande	175	4,512	996,000
Dwayne "The Rock" Johnson	172	4,807	882,000
Selena Gomez	168	1,589	886,000
Kylie Jenner	163	6,334	1,266,000
Kim Kardashian	161	5,044	910,000
Lionel Messi	144	573	648,000
Beyoncé	142	1,869	785,000
Neymar	134	4,678	722,000

Sources: Joshua Boyd, "The Top 20 Most Followed Instagram Accounts," *Brandwatch,* February 21, 2020, www.brandwatch .com/blog/top-most-instagram-followers; Instagram, "Stats," March 4, 2020, www.instagram.com.

element, share a pertinent brand message. Thus, Cristiano Ronaldo clearly can promote soccer cleats (or, as he would call them, football boots) as well as his current team brand and various forms of exercise equipment.[77] But influencers also can have relevance for much broader messages, especially when they actively seek to move beyond their original area of expertise. Cristiano's Instagram page also features his line of cologne, available to anyone, even consumers who might never consider getting on the pitch. In that sense, relevance also depends on who the followers are. Enthusiastic fans of Ronaldo and football (soccer) might be more interested in messages about sports than in learning which baby foods his four children prefer.

Influencers like Selena Gomez can reach millions of potential customers for Coca-Cola with an Instagram post like this one, which depicts her drinking a Coke with the lyrics from one of her songs on the bottle.

Source: Selena Gomez/Instagram

Reach As we discuss in Chapter 18, the general concept of reach refers to the percentage of a target population exposed to a specific marketing communication at least once. For the specific context of influencer marketing, reach depends on the number of followers, the level of activity by the influencer, and the degree of engagement between followers and the influencer as well as with others (i.e., friends of followers). Such engagement might result from the appeal of the influencer or the post; for example, an entertaining, hedonic post likely spreads further than a basic, informational one.[78] Influencers accordingly seek to present exciting messages, even if their underlying goal is to market a brand. The most liked Instagram post in one recent annual accounting came from Selena Gomez. The attractive photo of the talented and beautiful singer depicted her drinking from a bottle of Coca-Cola that was personalized with lyrics from one of her songs, as she noted in the caption to the post.[79] Followers adored the post, liked it on the app, commented on it, and then shared it with their friends. Therefore, millions of people were exposed to the message, signaling its impressive reach.

Response Once followers engage with the message, the brand also needs them to go further and respond in ways that benefit it. The measure of the response depends on what the campaign aims to achieve. For example, if the goal is primarily exposure or awareness (see Chapter 18), it can assess how many people liked or commented because those actions indicate they likely can identify the brand and its message. However, if the goal is to prompt sales, the firm needs to determine whether the influencer is the source of a subsequent purchase by one of his or her followers, a measurement that is difficult to accurately obtain. Exhibit 3.8 depicts how a company can use an influencer to broadcast its message to its network and ultimately influence the followers' purchases.

Return While financial returns can be measured using different techniques,[80] return on investment (ROI) is often used. ROI refers to the revenue earned from some action, less the cost of that action, divided by the cost. So for example, the ROI of an influencer marketing campaign would equal the revenue earned from it, less the costs of paying the influencer, divided by those costs. To determine which influencer to collaborate with, firms thus must

EXHIBIT 3.8 Influencer Marketing Chain of Events

Brand and its message → Influencer → Influencer's followers → Impact
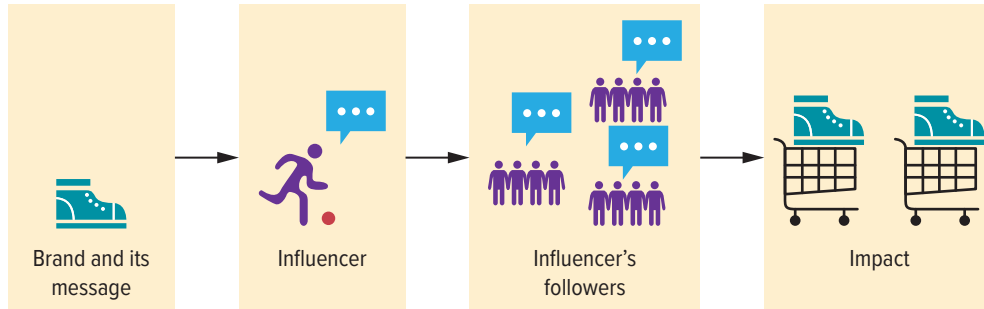
consider the objective of the message and the market it is attempting to reach in addition to its projected ROI. A high ROI may be achieved if Fiat Chrysler incurred the high cost of influencer soccer star Cristiano Ronaldo to endorse its Jeep brand because the message would reach millions of people. Alternatively, a less expensive micro influencer (described in the next section) like Sydney Loveleigh Nelson may provide an equally high ROI for endorsing a more targeted market like NUX Active athletic apparel. The message would reach fewer people, but the people it reached would be more likely to be in its target market.

Determining the ROI of an influencer marketing campaign remains difficult though.[81] In particular, it is hard to tell if consumers buy a Coke or new shoes or any other marketed product because they have seen their favorite influencer use it. The only direct measure is if the post contains a direct link that would allow followers to purchase. However, such links can have negative effects because such obvious sales tactics tend to be unpopular. Followers want to believe the influencer is posting for fun and to engage with fans, not that their favorite source of entertainment is just trying to sell them something.[82]

Types of Influencers

Influencers are not all the same; they can be classified according to their role and expertise (e.g., celebrity or specialized influencers), number of followers (e.g., micro-influencers), or preferred channel (e.g., blog or social media influencers), for example.[83] Exhibit 3.9 defines several familiar types of influencers, the campaigns that marketers likely should pursue with each type, and a general range of the costs of hiring them.

Which influencer is a better investment? Soccer star Cristiano Ronaldo is expensive but reach millions of people. Sydney Loveleigh Nelson is much less expensive but also has a much smaller following. The answer depends on the objective of the message and the market it is attempting to reach.

(Left) ph.FAB/Shutterstock; (right) Source: Sydney Loveleigh Nelson/Instagram

EXHIBIT 3.9	Types of Influencers

Type of Influencer	Definition	Example	Key Channels	Average Cost per Post
Celebrity	Large following, widely recognized	Nespresso relies heavily on George Clooney to promote its products in marketing across platforms, leveraging his cool image to enhance its appeal but also his reputation for environmental sustainability to promote its own efforts along these lines	Social media, print, television	$3,000–$500,000
Micro	Modest following, niche interest	NUX Active (athletic clothing brand) worked with Sydney Loveleigh Nelson, whose health and fitness posts have earned her about 21,000 followers	Posts on social media sites, shared promo codes	$80–$500
Blog	Writes for a blog and has attracted readers and subscribers with that content	The FaceGym spa sponsored a blog post by lifestyle blogger Hannah Bronfman to provide information about its services and treatments	Reviews on blog, guest blog posts	$400–$5,500
Social media	Popular on social platforms (Instagram, YouTube, Twitter) among followers in specific target audiences	LaCroix worked with nutritionist Joy Bauer to create a Twitter post of a recipe she had created, using the product	Pictures posted with the product, shared hashtags, videos featuring the product	$100–$500,000
Specialized	Key opinion leader or expert in a specific field	BoxyCharm, a subscription beauty box service, worked with Kandee Johnson, a professional makeup artist, to make videos that explained each product included in a box	Social media, tutorials, reviews, blog posts, sponsored print articles, articles in academic journals	$500–$5,000

Source: Kristen Baker, "What Will Influencer Marketing Look Like in 2020?," *HubSpot,* December 2, 2019, https://blog.hubspot.com/marketing/how-to-work-with-influencers.

Ethical Considerations for Influencer Marketing

As we noted previously, several ethical situations have arisen with the growth of influencer marketing. These concerns involve not only fraud committed by influencers seeking to falsely represent their reach and relevance but also issues with whether posts are clearly labeled as advertising and whether the promotions are sincere.

Opinion leader and makeup artist Kandee Johnson worked with BoxyCharm, a beauty box service, to make videos that explained each product included in a box.

Source: Kandee Johnson/Instagram

E X H I B I T 3.10	The Do's and Don'ts for Social Media Influencers

Do's (FTC Recommendations)	Clearly disclose when you have a financial or family relationship with a brand	Ensure your sponsorship disclosure is hard to miss	Treat sponsored tags, including tags in pictures, like any other endorsement	On image-only platforms like Snapchat, superimpose disclosures over the images
Don'ts	Don't assume followers know about all your brand relationships	Don't assume disclosures built into social media platforms are su'cient	Don't use ambiguous disclosures like "Thanks," #collab, #sp, #spon, or #ambassador	Don't rely on disclosures that people will see only if they click "More"

Source: https://blog.hootsuite.com/influencer-marketing/.

Fraudulent Influence An influencer who has 2 million followers, instead of 20,000, can charge higher rates for each post. This incentive to boost follower numbers accordingly has led to various unethical behaviors. There are lots of "booster" services that use bots and set up millions of false accounts. For a small fee, they will program their bots to follow a particular influencer, such that the numbers appear higher. But in reality, there are no actual consumers behind those follows.[84] A brand would thus overpay, anticipating higher reach, but actually achieve a lower financial return. A bot can't make a purchase, no matter how many accounts it follows.

Disclosing Advertising Intent If an influencer is being paid to promote a product, that information should be clear in the post. Otherwise, consumers may be fooled into thinking that the endorsement is a natural recommendation, not a paid effort. The FTC has published guidelines to help influencers engage in ethical marketing and be transparent about their motives. For example, it calls on them to include the hashtag #ad as the first entry in any listing of various hashtags, which signals to the follower that the endorsement is a paid advertisement. During livestreams or TikTok videos, the influencer also should repeatedly mention that the endorsement is paid.[85] Although the guidelines are not legally enforceable, it would be wise for both influencers and the brands that hire them to adopt them now because more legislation seems likely, as influencer marketing continues to grow.[86] Some confusion persists, though, regarding what constitutes a payment. For example, if a brand simply sends free samples of its products to a blogger and the blogger then talks about them, does it constitute a payment that requires disclosure? Exhibit 3.10 provides more explicit guidelines about disclosing advertising intent.

Sincerity Effective influence attempts require followers to believe that the influencer actually likes and appreciates the product. If a beauty blogger claims to use a particular mascara, to great success, but instead relies on false lashes to get a particular look, the influence attempt is both unethical and likely ineffective. But for the purposes of understanding and designing influencer marketing campaigns, the key is to ensure that the influencer actually

uses the promoted offering and shares an honest, sincere evaluation of it.[87] Unfortunately, in many cases the content of the influencers' messages appears to be inauthentic. For example, one micro influencer claimed that a series of posts depicting an international scavenger hunt organized by her boyfriend, culminating in a romantic proposal, were totally spontaneous. Instead, the couple had designed the entire trip in advance, and then solicited various brands to participate and fund the trip in return for their products appearing in the posts, seemingly "naturally."[88]

PROGRESS CHECK

1. How should firms choose and assess the efficacy of influencers?

Reviewing Learning Objectives

LO3-1 Describe the 4E framework of digital marketing.

The 4E framework recognizes that marketers must excite customers with relevant offers; educate them about the offering; help them experience products, whether directly or indirectly; and give them an opportunity to engage.

LO3-2 Examine the seven critical elements of online marketing.

Online marketing now has a long history and is fairly established with marketing activities in various electronic channels, such as websites and blogs. There are numerous types of blogs, ranging from corporate, professional, personal, and micro.

LO3-3 Understand the drivers of social media engagement.

The Wheel of Social Media Engagement highlights five factors that focus on the uniqueness of social media in driving engagement. The five spokes of the wheel are the information effect, connected effect, network effect, dynamic effect, and timeliness effect.

LO3-4 Understand various motivations for using mobile applications.

As mobile users increase in number and diversity, the applications developed to appeal to them are spreading as well. Although there are well over a million apps, they meet seven basic customer motivations: for "me time" and to socialize, shop, accomplish, prepare, discover, and self-express. By meeting a multiple of these motivations, companies can attract large numbers of customers. When choosing how to charge for apps, firms have four options: ad-supported, freemium, paid apps, and paid apps with in-app purchases.

LO3-5 Recognize and understand the components of a digital marketing strategy.

Firms engage with customers through social and mobile media using a three-step process. First, they listen to the customer using techniques like sentiment analysis. Second, they analyze the data collected in the first step using metrics like the bounce rate, click paths, and conversion rates. Finally, they use this information to develop tactics to engage their customers in a way very similar to the process described in Chapter 18.

LO3-6 Understand the central factors in picking an influencer partner.

Influencer marketing is a marketing strategy that uses opinion leaders, popular on social media, to drive marketing messages to a targeted audience. Firms can assess how well these people can influence their target markets by considering the 4Rs; relevance, reach, response, and return. Relevance assesses how well the influencer links with the brand and its message. Reach refers to the percentage of a target population exposed to a specific marketing communication at least once. Response refers to the extent to which those exposed to the influencer's message respond in a way that is favorable to the firm. Finally, return measures the financial impact that the influencer's message has on the firm. There are several types of influencers: celebrity, micro, blog, social media, and specialized. The appropriateness of using each type is dependent on the target market and the objective of the message being conveyed. Unfortunately, influencer marketing is fraught with serious ethical considerations including fraudulent influencers seeking to falsely represent their reach and relevance, posts that aren't clearly labeled as advertising, and promotions or posts that are not sincere.

Key Terms

- ad-supported apps, 102
- beacon technology, 100
- blog (weblog), 92
- bounce rate, 105
- click path, 105
- connected effect, 96
- conversion rate, 105
- corporate blog, 92
- crowdsourcing, 93
- digital marketing, 84
- dynamic effect, 98
- freemium apps, 102
- hit, 104
- in-app purchase, 102
- influencer marketing, 108
- information effect, 95
- keyword, 91
- keyword analysis, 105
- microblog, 92
- network effect, 98
- organic search, 91
- page view, 104
- paid apps, 102
- paid apps with in-app purchase, 102
- paid search, 91
- personal blog, 92
- professional blog, 92
- redlining, 96
- search engine marketing (SEM), 91
- sentiment analysis, 103
- showrooming, 101
- social listening, 83
- social media, 84
- timeliness effect, 99

Marketing Digitally

1. Go to ads.google.com to learn how to build ads and measure performance. What are some of the things that Google suggests someone consider when creating advertisements? What kinds of analytic tools does Google offer to its clients?

2. Go to HubSpot.com and check out its top case studies. How do these case studies provide insights into how listening and analytics can help firms improve their social media marketing?

3. Learn about Tide's "#TideAd" social media campaign on YouTube by searching for advertisements that use the hashtag. Which of the 4E components does this campaign leverage?

4. A student who graduates with a marketing degree likely has a good foundation for jobs that utilize social media. Go to Monster.com and search for jobs in your area using the keyword "social media." Would you be interested in pursuing one or more of these positions? Why or why not?

Marketing Applications

1. Which component of the 4E framework does Red Bull's digital media strategy leverage most frequently?

2. Using the components of the 4E framework, outline how an entrepreneur marketing low-sugar candy might apply it to his or her marketing mix efforts.

3. Suppose an herbal tea company introduced a new product called Mint-Enhanced Tea—a mint and lemon herbal tea. How should it go about creating excitement using various social and mobile media tools?

4. If you were marketing a new running shoe, what sort of mobile applications might enhance your marketing efforts?

5. Assume you work for a large consumer packaged-goods firm that has discovered that its latest line of snack foods is moving very slowly off store shelves. Recommend a strategy for listening to what consumers are saying on blogs, review sites, and the firm's website. Describe how your strategy might provide insights into consumers' sentiments about the new product line.

6. As an intern for Starbucks, you have been asked to develop a social media campaign for a new latte. The objective of the campaign is to increase awareness and trial of this new line. Use the listen–analyze–do framework to outline a new campaign.

7. You were just hired by a company that wants to produce apps that help people become healthier by exercising, eating well, and reducing stress. On which customer motivations would you recommend the company focus? Describe the app you would design, the customer motivations it meets, and why your app is the right design for your potential customers.

8. The company loves the idea for the app you suggested in the previous question, but is concerned about how it will make money on the app. Suggest a pricing model for the app and discuss why this model will maximize profits.

Quiz Yourself

1. Downloading a chapter of a new book before buying it or listening to a few seconds of a song before purchasing it are examples of which aspect of the 4E framework?

    a. Engage the customer

    b. Excite the customer

    c. Experience the product

    d. Employ the product

    e. Educate the customer

2. How is advertising intent guidance provided to influencers?

    a. The federal government reviews all posts and prosecutes those who fail to disclose advertising motives.

    b. The FTC publishes recommendations to help influencers engage in ethical marketing such as mentioning endorsements or using #ad in their posts.

    c. The sponsoring brand reviews the post to ensure that the advertising intent is unmentioned so it appears more genuine to the audience.

    d. No regulations or guidance are offered to influencers regarding advertising intent.

    e. Consumers host frequent forums to communicate their advertising preferences to influencers.

(Answers to these two questions can be found in the Quiz Yourself Answer Key section.)

Chapter Case Study

 McGraw Hill connect

IMAGES, SALES, BRANDS: HOW RED BULL USES VARIOUS DIGITAL AND SOCIAL MEDIA TECHNIQUES TO ACHIEVE ALL ITS OBJECTIVES

It isn't as if the digital social media strategy adopted by Red Bull—the energy drink that "gives you wings"—is a trade secret. Granted, the private company has a policy that discourages employees from giving interviews. But its overall strategy is clear from its actions and their outcomes. The success it has accrued from this strategy therefore isn't a matter of doing things differently from anyone else. It's a function of doing them better.

To begin, Red Bull distinguishes its goals for leveraging contacts. Is it hoping for more brand exposure, or is it pursuing sales increases? Depending on its focus, it adopts distinct, appealing methods that are specific and unique to each digital and social media platform. Then it implements these tactics consistently and comprehensively to increase the chances that they will be widely shared and recognized.

Name Recognition

Perhaps one of the most famous Red Bull events was when Felix Baumgartner (purposefully) fell to Earth from 127,852 feet up, and broke all sorts of records. His jump was from the highest height ever achieved by a human. During the 4-minute, 20-second freefall, he also reached greater speeds—up to Mach 1.25, faster than the speed of sound—than anyone else ever has. The event was a breakthrough on various levels. Baumgartner's pressure suit was the first version to be able to protect the human body in space but still enable maneuverability. To address the threat of ebullism (i.e., when liquid in the body evaporates due to high altitudes, causing a person's blood to literally boil), Baumgartner and his team derived new medical techniques with widespread applications. His parachute also adopted a new "reefed" design to reduce drifting, with clear implications for airdrops of materials and supplies.[89]

In reporting on all these remarkable feats, Baumgartner's name was mentioned frequently—though not as frequently as the project that sponsored his jump and all the technology that went into supporting it: the Red Bull Stratos project. Every official mention of the event included

Sponsored by Red Bull, Felix Baumgartner's jump reached speeds of Mach 1.25.

Jay Nemeth/ZUMA Press/Newscom

the full name, such that *Red Bull Stratos* often appeared as a single term. It was not just the Stratos project. It was the Red Bull Stratos project.

And what a project it was, leading to the creation of not just scientific advances but also a remarkable video. That video, taken from the camera mounted on Baumgartner's helmet, features vast, picturesque views of Earth and the sense of plummeting. Red Bull immediately made it available for people to check out at their leisure. But the real targets—the people whom Red Bull hoped would be most engaged by the video and the stunt in general—were extreme sports fanatics. These folks willingly put their bodies at risk on a regular basis to perform some cool stunt to cause their friends to marvel. For them, there may be no better stunt than having some guy fall from space.[90] In full awareness of this appeal, Red Bull made sure that the video was prominent on its website and YouTube channel. On the day of the jump itself, approximately 8 million viewers streamed the video live and in real time. Also on that day, the number of subscribers to Red Bull's YouTube channel increased by a remarkable 87,801.[91]

On Twitter, recognizing that 140 characters was not nearly enough to communicate the awesomeness of the stunt, it simply used hashtags and links to connect followers to the video, whether through YouTube or on a Red Bull site. Although Red Bull's main Twitter feed did not exhibit any notable differences, the dedicated Red Bull Stratos Twitter feed prompted more than 20,000 mentions in tweets by others on that day.

The Red Bull Stratos Facebook page featured several photos during and after the jump. Just one shot of a landed Baumgartner, still in his space suit and on his knees beside his reefed parachute, prompted more than 20,000 comments, more than 50,000 shares, and nearly half a million likes.[92]

The example of the Red Bull Stratos project and its attendant coverage through digital and social media suggests several things Red Bull did well. It knew its audience and its own goals, and it understood how different channels could help it attain those goals. To ensure that it appealed to the target audience, it engaged them in an exciting, never-before-tried daredevil experience. Moreover, it shared the scientific lessons learned through the project to give those who wanted it an education. But it also spent a lot of money to get Baumgartner to space and back down again. And that meant it needed to translate some of the brand awareness it developed into sales. Luckily for Red Bull, its social media strategy also has room for that effort.

Performance

Red Bull does not just send athletes to space. It also sponsors them on the pitch, in the form of the New York Red Bull MLS team, which plays in Red Bull Arena in Harrison, New Jersey. In one game, the team's star forward Thierry Henry scored yet another goal. Afterward, he leaned, with his right arm up against the goal post and left hand on his hip. The pose, caught on camera, almost immediately became a Twitter meme as amateur photo editors placed him against a variety of backgrounds.[93]

The team was quick to move on this social media coup. It rapidly posted the photo to its website and encouraged fans to vote for it as their favorite shot of the season. Immediately above and below the encouragement to engage with the brand also appeared links that would allow fans to purchase tickets for a full season, half season, or individual games.[94]

Beyond these fun, consumer-oriented efforts, Red Bull makes sure that it has advanced capabilities for supporting the retail vendors that sell its products. For example, all its mobile sales representatives are equipped with their own tablet computers, loaded with proprietary mobile software. Thus, on visits to retail sites and vendors, the salespeople can provide the latest inventory information. They also present detailed analytics to show vendors how best to position their coolers of Red Bull products and how to line up the cans in the display case to encourage sales.[95]

Combining the Uses of Digital and Social Media

When you are as good at engaging and exciting people as Red Bull is, the next step might be to make digital social media your main focus. In a sense, it has transformed itself into a media company that just happens to sell energy drinks. Red Bull continues to sponsor extreme sporting events and stunts; it also has its own record label, which finds, pursues,

and produces artists who make high-energy music.[96] On the dedicated Red Bull Records YouTube channel, it highlights these artists, then pairs their output with some of its sponsored events. For example, it creates playlists for skydiving events and X-fighters, featuring not just its own artists but also other popular musicians.[97]

Furthermore, Red Bull offers a slew of applications for smartphones and tablets, including several gaming apps featuring snowboarding, biking, and car and airplane racing games, along with a "Mind Gamers" puzzle. At the same time, it provides a radio app and Red Bull TV;[98] the Red Bull TV app can be downloaded on mobile devices or streamed directly to consumers' televisions through Apple TV, Chromecast, Xbox, or PlayStation. The various channels available through this app include not just the expected coverage of all types of extreme sports but also channels dedicated to music, festivals, and original films—one of which documents the Red Bull Stratos mission, of course.[99]

This move toward a greater focus on different media channels is well in line with Red Bull's long-standing social media strategy. For example, it maintains a plethora of Facebook pages and Twitter accounts for various events and locations, yet virtually none of them ever feature pictures of its drinks. Instead, they offer exciting in-sport shots or humorous images. Fans can—and do—comment, but Red Bull rarely responds. Its primary goal appears to be establishing an edgy, entertaining, exciting image as a lifestyle brand, which it feels confident will translate ultimately into product sales.[100]

Questions

1. What social and mobile media tools is Red Bull using?

2. Evaluate Red Bull's social media marketing strategy using the 4E framework.

3. How should Red Bull assess the effectiveness of these campaigns? Describe how it should respond to insights gained by this assessment.

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Quiz Yourself Answer Key

1. Downloading a chapter of a new book before buying it or listening to a few seconds of a song before purchasing it are examples of which aspect of the 4E framework?

   Answer: (c) Experience the product

2. How is advertising intent guidance provided to influencers?

   Answer: (b) The FTC publishes recommendations to help influencers engage in ethical marketing such as mentioning endorsements or using #ad in their posts.

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