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DIGITAL MARKETING

COURSE CODE: B21BB14DE

Bachelor of Business Administration
Discipline Specific Elective Course
Self Learning Material

SREENARAYANAGURU OPEN UNIVERSITY

The State University for Education, Training and Research in Blended Format, Kerala

SREENARAYANAGURU OPEN UNIVERSITY

Vision

To increase access of potential learners of all categories to higher education, research and training, and ensure equity through delivery of high quality processes and outcomes fostering inclusive educational empowerment for social advancement.

Mission

To be benchmarked as a model for conservation and dissemination of knowledge and skill on blended and virtual mode in education, training and research for normal, continuing, and adult learners.

Pathway

Access and Quality define Equity.

Digital Marketing

Course Code: B21BB14DE

Semester - VI

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(With Model Question Paper Sets)

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SREENARAYANAGURU
OPEN UNIVERSITY

Academic Committee

Dr. Johney Johnson
Dr. Fezeena Khadir
Dr Vijayan K.
Dr. K.G. Satheesh Kumar
Dr. Shanimon S.
Dr. Roshna Varghese
Dr. Nithya U.S.
Dr. Meera Prathapan
Dr Manu M.S.

Development of the Content

Ashish John Ashok,
Mohammed Aslam A
Dr. Kiran Vazhirani
Hamid Suhail V.

Review and Edit

Dr. Saidalavi K.

Proof

Dr. Anas Thayyil Padinharayil

Scrutiny

Ashish John Ashok
Amar Shariar,
Dr. Viji Vijayan
Mohammed Aslam A.

Cover Design

Jobin J.

Co-ordination

Director (IC), MDDC :
Dr. Sajeevkumar G.
Coordinator, Development:
Dr. Anfal M.
Coordinator, Distribution:
Dr. Abdul Razak Kunnathodi

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MESSAGE FROM VICE CHANCELLOR

Dear learner,

I extend my heartfelt greetings and profound enthusiasm as I warmly welcome you to Sreenarayanaguru Open University. Established in September 2020 as a state-led endeavour to promote higher education through open and distance learning modes, our institution was shaped by the guiding principle that access and quality are the cornerstones of equity. We have firmly resolved to uphold the highest standards of education, setting the benchmark and charting the course.

The courses offered by the Sreenarayanaguru Open University aim to strike a quality balance, ensuring students are equipped for both personal growth and professional excellence. The University embraces the widely acclaimed “blended format,” a practical framework that harmoniously integrates Self-Learning Materials, Classroom Counseling, and Virtual modes, fostering a dynamic and enriching experience for both learners and instructors.

The University aims to offer you an engaging and thought-provoking educational journey. The Bachelor of Business Administration programme is highly coveted due to the current demand for skilled professionals in the field. This factor was central to our approach while designing the curriculum for this course. It strikes a balanced combination, providing a profound understanding of theoretical concepts alongside a clear exposition of practical applications. We have been cautious in ensuring that the management modules are balanced, preserving the integrity and distinctiveness of the discipline. The Self-Learning Material has been meticulously crafted, incorporating relevant examples to facilitate better comprehension.

Rest assured, the university’s student support services will be at your disposal throughout your academic journey, readily available to address any concerns or grievances you may encounter. We encourage you to reach out to us freely regarding any matter about your academic programme. It is our sincere wish that you achieve the utmost success.

Warm regards.
Dr. Jagathy Raj V.P. 01-09-2026

Contents

BLOCK - 01

Fundamentals of Digital Marketing

Unit - 1
Internet, Business and Digital Marketing

Learning Outcomes

After completing this unit, learners will be able to:

◊ explain the evolution of marketing and the emergence of digital marketing within the contemporary business environment

◊ analyse the relationship between the Internet, digital technologies and modern business operations

◊ distinguish between traditional marketing and digital marketing using appropriate marketing concepts and business examples

◊ examine the need for and importance of digital marketing for businesses, consumers and society

◊ evaluate the role of the digital economy and digital transformation in shaping customer-centric business strategies

Prerequisite

Imagine two friends, Anita and Rahul, who start identical handicraft businesses in Kerala.

Anita rents a shop on a busy street. She prints brochures, places newspaper advertisements and waits for customers to visit her store. Most of her sales come from nearby residents.

Rahul, on the other hand, creates a simple website, shares short videos of his products on social media, accepts digital payments and lists his products on an online marketplace. Within a few months, he begins receiving enquiries from customers in Kochi, Bengaluru and even overseas.

Both entrepreneurs sell similar products. Yet one business grows beyond geographical boundaries while the other depends largely on local footfall.

What created the difference?

The answer lies not merely in the Internet, but in how digital technologies have transformed marketing, customer relationships, and business models. This unit explores that transformation and explains why digital marketing has become an essential component of modern business strategy.

Keywords

Digital Marketing, Internet, E-Commerce, Digital Economy, Customer Engagement, CRM, Analytics, Personalisation, Platform Economy, Gig Economy, Digital Payments, Digital Transformation.

Discussion

The rapid advancement of information and communication technologies has transformed the way organisations conduct business and interact with customers. The widespread adoption of the Internet, smartphones, digital payment systems and social media platforms has created new opportunities for businesses to promote products and services, understand consumer behaviour and build long-term customer relationships. Consequently, digital marketing has become an integral part of contemporary business strategy, enabling organisations to communicate more effectively with customers and compete in an increasingly dynamic marketplace.

This unit introduces the fundamental concepts of digital marketing by examining the relationship between the Internet and business, the emergence of digital marketing and its growing importance in the modern business environment. It also discusses the need for digital marketing, compares traditional and digital marketing approaches, and highlights how digital transformation is reshaping business practices.

1.1.1 Evolution of Marketing

Marketing is one of the oldest business functions and has continuously evolved in response to changes in consumer needs, market conditions, technological developments, and the competitive environment. Businesses' approaches to producing, promoting, and selling products have changed significantly over time. Earlier, organisations primarily focused on producing goods efficiently and selling them in large quantities. However, increasing competition, changing consumer expectations, and rapid technological advancements gradually shifted the emphasis from products to customers and, subsequently, to long-term relationships. In recent years, the widespread adoption of digital technologies has given rise to a new marketing paradigm: digital marketing.

The evolution of marketing does not mean earlier approaches have become obsolete. Rather, each stage reflects businesses' changing priorities in response to prevailing economic and social conditions.

1.1.2 Emergence of Digital Marketing

Digital marketing emerged not suddenly, but through continuous technological, economic, and social changes that transformed the business environment. As markets became increasingly competitive, customer expectations evolved, and organisations recognised the need for more effective ways to communicate with customers, build long-term relationships and respond quickly to changing market conditions. The rapid advancement of digital technologies provided businesses with new opportunities to achieve these objectives, leading to the evolution of digital marketing as an integral component of modern business strategy.

a. The Internet and Interactive Platforms

One of the most significant factors contributing to the emergence of digital marketing was the widespread adoption of the Internet. Initially, businesses primarily used the Internet to provide information through static websites. However, continuous technological advancements transformed the Internet into an interactive platform that enabled organisations to communicate directly with customers, conduct online transactions, provide customer support and gather valuable market information. Businesses were no longer restricted by geographical boundaries and could reach customers across regional, national, and international markets at relatively lower cost.

b. The Impact of Mobile Technologies

The increasing use of smartphones and mobile technologies further accelerated the growth of digital marketing. Mobile devices enabled consumers to access information, compare products, read customer reviews, make purchases and communicate with businesses at any time and from any location. This shift encouraged organisations to adopt mobile-friendly websites, mobile applications and location-based marketing strategies to enhance customer convenience and engagement. Marketing communication gradually evolved from periodic promotional campaigns to continuous interaction throughout the customer journey.

c. Social Media and Consumer Engagement

Another major development was the rapid expansion of social media platforms. Unlike traditional media, which largely facilitated one-way communication, social media enabled two-way interactions between businesses and customers. Consumers could express opinions, share experiences, recommend products and engage directly with organisations. This transformed customers from passive recipients of marketing messages into active participants in brand communication. Consequently, businesses began investing in meaningful digital content, responding to customer feedback, and fostering online communities around their brands.

d. The Role of Data and Analytics

The availability of customer data and digital analytics also contributed significantly to the development of digital marketing. Digital technologies enabled organisations to collect and analyse information on customer preferences, online behaviour, purchasing patterns, and engagement levels. Such information allows marketers to understand customer needs more accurately, personalise marketing communications and evaluate the effectiveness of marketing campaigns in real time. Data-driven decision-making has therefore become a distinguishing feature of modern digital marketing.

e. Globalisation and Market Competition

Globalisation and intensifying competition further encouraged organisations to adopt digital marketing practices. Advances in communication technologies enabled businesses of all sizes to compete beyond their local markets. Consumers gained access to a wider range of products, services and information, making them more informed and selective in their purchasing decisions. To remain competitive, organisations increasingly relied on digital platforms to strengthen brand visibility, improve customer experiences and respond rapidly to market changes.

f. Changing Consumer Behaviour

Changing consumer behaviour also influenced the emergence of digital marketing. Contemporary consumers actively search for product information, compare alternatives, read online reviews and seek recommendations before making purchase decisions. They expect businesses to provide timely information, personalised services, convenient payment options and prompt customer support across multiple digital channels. As a result, organisations have shifted from mass communication strategies to customer-centric approaches that emphasise engagement, interaction and long-term relationship building.

Digital marketing therefore represents the natural progression of marketing philosophy in response to technological advancement and changing business environments. Rather than replacing traditional marketing entirely, it complements conventional marketing approaches by integrating digital technologies with customer-focused strategies. Today, organisations employ digital marketing not only to promote products and services but also to create customer value, strengthen relationships, enhance brand experiences and achieve sustainable competitive advantage.

Did You Know?

India is one of the world's largest digital markets, supported by widespread smartphone adoption, affordable mobile data, and rapid growth in Internet usage. The expansion of digital payment systems, e-commerce platforms, and social media has significantly transformed how businesses interact with consumers. These developments have made digital marketing an essential strategy for organisations ranging from small local enterprises to multinational corporations.

1.1.3 Internet and Business

The emergence of digital marketing is closely associated with the growth of the Internet and its increasing integration into business activities. The Internet has transformed how organisations communicate, exchange information, conduct transactions, deliver services, and interact with customers. What began primarily as a way to connect computers and share information has become a fundamental infrastructure for contemporary business.

For businesses, the importance of the Internet extends beyond maintaining a website or promoting products online. It has influenced almost every stage of the value creation process, including communication with suppliers, procurement, production coordination, distribution, marketing, customer service, payments and relationship management. For consumers, the Internet has increased access to information, products, services and choices. Understanding the relationship between the Internet and business is therefore essential for understanding the emergence and expansion of digital marketing.

1.1.3.1 Meaning of Internet

The Internet is a global network of interconnected computer networks and digital devices that communicate with one another using common communication protocols. It enables users to access and exchange information and to use a wide range of digital services, including websites, electronic mail, online banking, e-commerce, social networking, video communication and cloud-based applications.

The Internet should not be confused with the World Wide Web (WWW). The Internet refers to the underlying global network infrastructure that connects devices and networks. In contrast, the World Wide Web is one of the services that operates through the Internet and allows users to access interconnected web pages and digital resources through web browsers.

1.1.3.2 Characteristics of the Internet

The major characteristics of the Internet include:

a. **Global connectivity:** The Internet enables communication and information exchange across geographical boundaries.

b. **Accessibility:** Information and digital services can generally be accessed at any time from connected devices.

c. **Interactivity:** Users can communicate with organisations and with one another rather than merely receiving information.

d. **Speed:** Information and messages can be exchanged almost instantaneously across long distances.

e. **Information richness:** Businesses can provide text, images, audio, video and interactive content through digital platforms.

f. **Two-way communication:** Customers can respond to businesses through reviews, comments, enquiries, messages and other forms of digital interaction.

g. **Scalability:** Digital platforms enable businesses to serve a large number of users without requiring a corresponding expansion of physical outlets.

These characteristics have made the Internet an important foundation for modern business and digital marketing.

1.1.3.3 Business and Internet

The Internet has changed business activities by reducing geographical barriers, increasing communication speed, and enabling organisations to interact directly with customers and other stakeholders. Its impact is evident across almost every sector of the economy.

1. **Communication**

The Internet has transformed business communication through email, instant messaging, video conferencing, websites and social media. Organisations can communicate with employees, suppliers, customers and other stakeholders rapidly and at relatively low cost.

2. **Distribution**

Digital platforms have changed the way products and services reach customers. Physical products can be ordered online and delivered through integrated logistics networks, while digital products such as software, music, books and online courses can often be delivered electronically.

3. Banking and Financial Services

Internet banking and digital financial services allow customers to check accounts, transfer funds, pay bills and undertake other financial activities remotely. In India, the expansion of digital payment systems has further strengthened Internet-enabled commerce.

4. **Education**

Educational institutions use the Internet to provide learning materials, online classes, assessments, digital libraries and communication facilities. Open and distance learning has particularly benefited from Internet-based educational delivery.

5. **Tourism**

The Internet has transformed tourism by enabling customers to search destinations, compare prices, read reviews, book accommodation and purchase travel tickets online. Tourism organisations can also communicate directly with potential visitors through digital platforms.

6. Healthcare

Healthcare organisations increasingly use Internet-based systems for appointment scheduling, information dissemination, teleconsultation, digital records and communication with patients. These developments have increased accessibility to several healthcare services.

7. Retail

Retail is one of the most visible areas of Internet-enabled business. E-commerce platforms allow customers to search, compare and purchase products without visiting a physical store. Businesses can also use customer data to improve recommendations and personalise communication.

8. Entertainment

The Internet has transformed how entertainment is distributed and consumed. Streaming platforms, online gaming, video-sharing platforms and digital content services provide consumers with access to entertainment across multiple devices.

Table 1.1.1: Traditional Business and Internet-enabled Business

Basis	Traditional Business	Internet-enabled Business
Market reach	Primarily dependent on physical locations and conventional distribution networks	Can reach customers across geographical boundaries
Communication	Mainly physical, telephone and conventional media	Email, websites, social media, messaging and digital platforms
Operating hours	Often restricted by physical operating hours	Many services can be accessed 24 hours a day
Customer information	Often collected through direct interactions and conventional research	Can be collected through digital interactions and analytics
Customer interaction	Frequently dependent on physical or direct communication	Can occur through multiple digital channels
Transactions	Mainly physical or branch-based	Can be completed electronically through digital platforms

Promotion	Print, television, radio, outdoor advertising and personal selling	Search, social media, email, websites, online advertising and other digital channels
Feedback	Often delayed and dependent on surveys or direct communication	Reviews, ratings, comments and other digital responses can provide rapid feedback

The table demonstrates that Internet-enabled business does not simply mean conducting transactions online. It involves using Internet-based technologies to improve communication, customer interaction, information exchange, service delivery and business processes.

1.1.4 Digital Economy

The increasing integration of digital technologies into economic activities has contributed to the emergence of the digital economy. The digital economy broadly refers to economic activities enabled, supported, or transformed by digital technologies, networks, and data.

The digital economy extends beyond e-commerce. It includes digital payments, online banking, digital platforms, cloud-based services, digital content, online education, app-based services and data-driven business models.

1. Digital Payments

Digital payments enable individuals and businesses to transfer money electronically without relying on physical cash. In India, systems such as UPI have significantly expanded digital transactions and supported the growth of online and mobile commerce.

2. Digital India

The Digital India programme has sought to strengthen digital infrastructure, expand digital delivery of government services and improve digital access. Such initiatives have contributed to the broader digital transformation of Indian society and business.

3. Platform Economy

A platform economy consists of digital platforms that facilitate interactions between different user groups. For example, an online marketplace may connect buyers and sellers, while a service platform may connect consumers with service providers. The platform creates value by facilitating these interactions.

4. Gig Economy

The gig economy involves work arrangements in which individuals undertake short-term, task-based or flexible work, often facilitated through digital platforms. Delivery services, transportation platforms, and freelance marketplaces show how digital technologies have influenced employment and service delivery.

The digital economy has therefore changed not only how businesses market and sell products but also how value is created, exchanged and consumed.

The Internet has therefore become much more than a communication network. It has become an important business infrastructure that supports information exchange, transactions, customer interaction, and value creation. These developments have created the environment in which digital marketing has flourished. The next section examines the meaning, characteristics and scope of digital marketing in greater detail.

1.1.5 Need and Importance of Digital Marketing

The growth of the Internet, smartphones, social media, digital payments, and online commerce has significantly changed how consumers search for information, evaluate alternatives, and interact with businesses. Customers can now discover a product through a search engine, compare competing offers, read reviews, communicate with a brand, make a digital payment and share their post-purchase experience without necessarily visiting a physical store. Consequently, businesses need marketing approaches that work in this changing environment.

Digital marketing gives organisations opportunities to reach customers through digital channels, communicate more interactively, understand their preferences, and measure marketing performance. Its relevance extends beyond large technology companies and e-commerce businesses. Small retailers, manufacturers, service providers, entrepreneurs and traditional businesses can also use digital channels to improve their market presence and customer relationships.

1.1.5.1 Need for Digital Marketing

The need for digital marketing arises from fundamental changes in the business environment and consumer behaviour. Traditional marketing remains relevant, but relying exclusively on conventional channels may limit an organisation's ability to respond to customers who increasingly use digital media for information, communication, and transactions.

1. Changing Consumer Behaviour

Consumers have become more informed and connected. Before making a purchase, they may search for product information, compare alternatives, examine customer ratings and reviews, watch demonstrations and seek recommendations through digital platforms. The decision-making process can therefore begin long before the customer contacts a salesperson.

Businesses need digital marketing to participate in these stages of the customer journey and provide relevant information when potential customers are searching for it.

2. Expansion of Digital Channels

The Internet has created multiple channels for businesses to communicate with customers. Websites, search engines, email, social media, mobile applications and other digital platforms enable organisations to communicate beyond the limitations of physical locations and conventional media.

Digital marketing therefore becomes necessary for businesses seeking to maintain visibility in an environment where customers spend increasing time on digital platforms.

3. Increasing Competition

Digital technologies have lowered some barriers to market access. A business can promote its products beyond its immediate geographical market without establishing physical outlets in every location. This has also increased competition because customers can easily discover alternative brands.

Businesses consequently need to establish a distinctive digital presence and communicate their value proposition effectively.

4. Demand for Convenience

Customers increasingly expect convenient access to information, products and services. They may want to enquire about a product outside conventional business hours, compare prices while travelling or complete a purchase using a smartphone. Digital marketing enables businesses to communicate and provide information across multiple touchpoints, supporting greater customer convenience.

5. Need for Measurable Marketing

Conventional marketing activities can sometimes make it difficult to determine precisely how individual customers responded to an advertisement. Digital environments generate measurable indicators such as website visits, clicks, engagement, enquiries, conversions and purchases. This lets marketers monitor campaign performance and use the findings to improve future activities.

6. Need for Customer Engagement

Modern marketing is not limited to informing customers about products. Businesses need to engage with customers before, during and after purchase. Digital platforms give organisations opportunities to respond to enquiries, receive feedback, address complaints, share useful content, and maintain relationships over time.

7. Need for Personalised Communication

Customers differ in their needs, preferences and purchasing behaviour. Digital technologies allow businesses to use available customer information to provide more relevant messages and offers. Personalisation, when used responsibly and transparently, can improve the relevance of marketing communication and customer experience.

1.1.5.2 Importance of Digital Marketing for Businesses

Digital marketing is important to businesses because it contributes to several aspects of marketing and customer relationship management.

1. **Wider Customer Reach**

Digital channels enable organisations to communicate with customers beyond the geographical boundaries of their physical outlets. A small business can use a website, social media or a digital commerce network to make its products visible to customers in other locations.

The Open Network for Digital Commerce (ONDC), for example, states that sellers participating in its network can become discoverable through multiple buyer applications and can accept orders even when their physical stores are closed.

2. **Brand Awareness**

Digital marketing gives businesses opportunities to build awareness and communicate their brand identity through websites, social media, content, search platforms, email, and other digital channels. Regular and relevant communication can help customers recognise a brand and understand its offerings.

3. **Lead Generation and Sales**

Digital channels can move potential customers from awareness to consideration and purchase. Search, social media, websites, email, and other channels can generate enquiries and direct interested customers to products, services, or online purchasing facilities.

4. **Better Understanding of Customers**

Digital interactions generate information about customer interests, engagement and purchasing behaviour. Marketers can analyse this information to understand customer preferences and improve marketing decisions.

This is particularly important because digital marketing enables organisations to move from broad assumptions about customers towards more evidence-based marketing decisions.

5. **Customer Relationship Management**

Digital marketing supports CRM by enabling continuous communication with customers. Organisations can send relevant information, provide support, collect feedback and maintain communication after a purchase. Digital channels therefore complement CRM activities by making customer interaction more frequent and accessible.

6. **Marketing Automation**

Automation can support certain repetitive marketing activities. Examples include automated email responses, reminders, notifications, lead-nurturing messages and customer communications triggered by specific actions.

Automation does not eliminate the need for human decision-making. Instead, it can reduce repetitive work and let marketers focus more on strategic and creative activities.

7. Measurement and Performance Evaluation

Digital marketing provides numerous measurable indicators that help marketers assess campaign performance. These may include impressions, clicks, engagement, enquiries, conversions, website traffic and customer acquisition measures.

Consequently, digital marketing supports a continuous process of planning, implementation, measurement, and improvement.

DIGITAL MARKETING

↓

Business Benefits
Customer reach • Brand awareness • Lead generation • Sales • Analytics • CRM • Automation

↓

Consumer Benefits
Convenience • Information • Choice • Reviews • Personalised experiences • Interaction

↓

Societal Benefits
Digital inclusion • Employment opportunities • MSME participation • Wider market access • Digital entrepreneurship

Figure 1.1.1: Benefits of Digital Marketing

1.1.5.3 Importance of Digital Marketing for Consumers

Digital marketing matters not only to businesses but also to consumers. The digital environment has changed the way consumers obtain information and interact with sellers.

a. Convenience

Consumers can search for products, communicate with businesses, and complete transactions using connected devices without visiting a physical outlet. Digital channels can therefore save time and provide access to services beyond conventional business hours.

b. Greater Choice

Digital platforms enable consumers to discover products and services from businesses in different geographical areas. This expands the range of alternatives available to consumers and makes comparison easier.

c. Access to Information

Customers can access product descriptions, specifications, demonstrations, FAQs, reviews, and other information before making a purchase decision. Greater information availability can help consumers make more informed choices.

d. Customer Reviews and User-generated Content

Online reviews, ratings, comments, and other forms of user-generated content provide consumers with information based on other users' experiences. This information can influence purchase decisions and encourage businesses to pay closer attention to service quality.

e. Personalised Experiences

Digital platforms can provide recommendations, offers and communications based on customers' previous interactions and preferences. Appropriate personalisation can make digital experiences more relevant to individual consumers.

However, personalisation also raises issues concerning privacy, consent and responsible use of customer data. Therefore, the benefits of digital marketing should always be considered alongside ethical responsibilities.

1.1.5.4 Importance of Digital Marketing for Society

The significance of digital marketing extends beyond individual businesses and consumers. It can contribute to wider participation in the digital economy.

a. Employment and Entrepreneurship

The growth of digital businesses has created opportunities in areas such as digital content creation, social media management, search marketing, online customer support, analytics, e-commerce operations and digital design. Digital platforms have also enabled individuals to develop entrepreneurial activities with relatively modest physical infrastructure.

b. Digital Inclusion

Digital technologies can connect businesses and consumers who may previously have faced geographical limitations. Initiatives that expand digital access can therefore support participation in digital commerce and services.

c. Opportunities for MSMEs

Small and medium-sized businesses often struggle to reach wider markets and compete with established brands. Digital channels can provide additional opportunities for visibility, customer communication and online commerce without requiring an extensive network of physical outlets.

d. Wider Market Access

Digital platforms can connect local businesses with customers outside their immediate geographical areas. This can be particularly valuable for specialised products, handicrafts, regional products and small-scale businesses seeking new markets.

Digital marketing should therefore not be viewed simply as the online version of traditional advertising. It represents a broader approach to marketing that integrates digital technologies with customer-centric strategies, data, communication, and relationship management.

1.1.5.5 Traditional Marketing versus Digital Marketing

Traditional marketing and digital marketing share the fundamental objective of creating, communicating and delivering value to customers. The major difference lies in the channels, technologies, interaction mechanisms and methods used to reach and engage the target audience. Traditional marketing relies primarily on established media and physical channels such as newspapers, magazines, television, radio, outdoor advertising, direct mail and personal selling. Digital marketing uses digital technologies and Internet-enabled channels such as websites, search engines, email, social media, mobile applications and online advertising.

The distinction does not mean that traditional marketing has become irrelevant. Many organisations continue to use traditional and digital channels together. For example, a business may advertise a new product through television while simultaneously using social media and search advertising to reach specific customer segments. The appropriate choice depends on the target audience, marketing objective, nature of the product, available resources and communication context.

Understanding the differences between the two approaches helps marketers determine how to integrate different channels to achieve marketing objectives.

a. Communication

Traditional marketing has historically relied heavily on one-to-many communication. A newspaper advertisement, television commercial or billboard communicates a message to a large audience, but immediate individual interaction is generally limited.

Digital marketing offers greater opportunities for interactive, two-way communication. Customers can comment on social media posts, send messages, submit enquiries, participate in online communities and communicate directly with businesses. Consequently, digital marketing can transform marketing communication from a predominantly broadcast model into an interactive process.

b. Cost

Traditional marketing can involve substantial expenditure on media space, printing, production, distribution and physical infrastructure. For example, the cost of placing an advertisement in a major newspaper or on a television channel may vary by audience size, placement, and duration.

Digital marketing offers a wider range of cost structures. Some digital activities, such as maintaining an organic social media presence or publishing content on a website, may require relatively limited direct media expenditure, while paid search, social media advertising and display advertising involve advertising costs. Therefore, digital marketing should not automatically be considered "cheap"; its potential advantage lies in the flexibility to select audiences, budgets and campaign objectives.

c. Measurement

One important distinction is the availability and speed of performance measurement. Traditional marketing can be measured through methods such as readership estimates, television ratings, circulation figures, surveys, coupon responses and sales comparisons, but some measures may be indirect or available with a time lag.

Digital marketing can generate detailed information about online interactions, including impressions, clicks, website visits, engagement, enquiries and conversions. These measurements allow marketers to monitor campaign performance and make adjustments during or after a campaign.

d. Targeting

Traditional media can reach large audiences but may provide relatively limited control over the characteristics of the audience exposed to a particular message. Some forms of traditional media, however, can achieve useful targeting through programme selection, publication type, geographic coverage or location.

Digital marketing can provide more granular targeting based on factors such as demographic characteristics, interests, online behaviour, location and previous interactions, subject to platform capabilities and applicable privacy requirements. This allows marketers to design campaigns for specific audience segments rather than relying entirely on broad mass communication.

e. Personalisation

Traditional marketing generally communicates a standard message to a broad audience. Although direct marketing and database-based approaches can provide some degree of personalisation, the scope may be comparatively limited.

Digital technologies allow businesses to use customer information and interactions to provide more relevant content, recommendations, offers and messages. For example, an e-commerce platform may recommend products based on a customer's browsing or purchase history. Such personalisation can improve relevance, but it also requires responsible collection and use of customer data.

f. Reach

Traditional marketing can achieve extensive reach through national newspapers, television networks, radio and outdoor media. However, geographical expansion may involve additional distribution and media costs.

Digital marketing can make business information accessible to audiences across geographical boundaries through websites, search engines and digital platforms. A small business can therefore make its products visible to potential customers outside its immediate locality without establishing a physical outlet in every market.

g. Feedback

Traditional marketing often involves a time gap between communication and customer response. A business may need surveys, sales data, telephone enquiries or other methods to determine how customers responded to a campaign.

Digital platforms allow customers to provide immediate feedback through comments, ratings, reviews, messages, reactions and other forms of interaction. This helps businesses identify customer concerns, understand perceptions, and respond more quickly.

h. Analytics

Analytics refers to the systematic examination of information to understand marketing performance and customer behaviour.

Traditional marketing also uses analytical methods, but the information available may be based on estimates, surveys or aggregated market research. Digital marketing generates large quantities of interaction data that digital analytics tools can analyse.

For example, a business can examine which pages visitors viewed, how visitors arrived at the website, which content generated engagement and how many users completed a desired action. Such information supports data-informed marketing decisions.

i. Customer Relationship

Traditional marketing can support customer relationships through personal selling, direct communication, loyalty programmes, after-sales service and other relationship-building activities.

Digital marketing adds additional opportunities for continuous interaction. Businesses can communicate with customers through email, social media, messaging platforms, websites and mobile applications. These channels can support customer service, content sharing, feedback collection and relationship management throughout the customer journey.

j. Return on Investment

Return on Investment (ROI) is an important consideration in marketing because organisations need to determine whether the resources invested in an activity generate sufficient returns.

Digital marketing provides several mechanisms for linking marketing activities to measurable responses such as clicks, leads, enquiries, conversions, and online purchases. This can make performance evaluation and attribution more detailed than in some traditional campaigns.

However, neither traditional nor digital marketing can be assumed to provide a universally higher ROI. The outcome depends on the marketing objective, target audience, product, channel, campaign quality, costs, and implementation effectiveness. Organisations should therefore select and evaluate marketing channels based on their specific objectives rather than assuming that one approach is always superior.

Recap

- ◊ Marketing has evolved from production-oriented approaches to customer-centric and relationship-based marketing philosophies.
- ◊ Digital marketing emerged through the combined influence of the Internet, mobile technologies, social media, data analytics and global competition.
- ◊ The Internet functions as a global communication and business infrastructure that supports information exchange, transactions and customer interaction.
- ◊ Internet-enabled business has transformed communication, banking, retail, tourism, healthcare, education and entertainment.
- ◊ The digital economy extends beyond e-commerce and includes digital payments, online platforms, cloud services and data-driven business models.
- ◊ Digital marketing has become necessary because consumer behaviour has shifted towards digital information search, comparison and online interaction.
- ◊ Businesses use digital marketing to expand customer reach, generate leads, strengthen brands and support customer relationship management.
- ◊ Consumers benefit from convenience, wider choice, personalised experiences and access to user-generated reviews and information.
- ◊ Digital marketing contributes to society by supporting MSMEs, digital inclusion, entrepreneurship and wider market access.
- ◊ Traditional and digital marketing share common marketing objectives but differ in communication, targeting, measurement, interactivity and analytics.
- ◊ Digital transformation integrates technologies such as cloud computing, AI, big data and automation into business operations and customer experiences.

Objective Questions

1. Define digital marketing.
2. What is meant by the Internet?
3. Distinguish between the Internet and the World Wide Web.
4. State any two characteristics of the Internet.
5. What is meant by the digital economy?
6. Define platform economy.
7. What is the gig economy?
8. What is customer engagement in digital marketing?
9. Define Customer Relationship Management (CRM).
10. State any two benefits of digital marketing for consumers.
11. What is meant by digital transformation?
12. Define digital payments.

Answers

1. Marketing conducted using digital technologies and digital channels
2. A global network of interconnected computer networks and digital devices
3. The Internet is the infrastructure; the World Wide Web is a service operating through it
4. Global connectivity, accessibility, interactivity, speed, information richness, etc.
5. Economic activities enabled and transformed by digital technologies and data
6. A digital platform that facilitates interaction between different groups of users

7. Flexible or task-based work enabled through digital platforms
8. Continuous interaction between businesses and customers through digital channels
9. A systematic approach to developing and managing customer relationships
10. Convenience and wider choice (or any other valid two)
11. Integration of digital technologies into business processes and customer experiences
12. Electronic transfer of money without the use of physical cash

Self Assessment Questions:

1. Explain the evolution of marketing from production orientation to digital marketing.
2. Discuss the major factors responsible for the emergence of digital marketing.
3. Explain the meaning and characteristics of the Internet.
4. Describe how the Internet has transformed business communication and service delivery.
5. Examine the concept of the digital economy with suitable examples.
6. Why has digital marketing become essential for modern businesses?
7. Discuss the importance of digital marketing from the perspective of consumers.
8. Explain the societal significance of digital marketing in promoting entrepreneurship and MSMEs.
9. Compare traditional marketing and digital marketing with appropriate examples.
10. Discuss the role of digital transformation in reshaping contemporary business models.

Assignment Questions:

1. Analyse the evolution of marketing philosophy and explain how it led to the emergence of digital marketing.
2. Examine the role of the Internet in transforming business operations across different sectors with suitable examples.
3. Evaluate the need and importance of digital marketing for businesses, consumers and society in the digital economy.
4. Compare and contrast traditional marketing and digital marketing based on communication, targeting, measurement and customer relationships.
5. Discuss the impact of digital transformation and the digital economy on contemporary business strategy and customer value creation.

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Unit - 2

E-Commerce, E-Marketing and Online Marketing

Learning Outcomes

After completing this unit, learners will be able to:

- ◊ explain the concepts of e-commerce, e-business, e-marketing, CRM and online advertising
- ◊ distinguish between the different types of e-commerce and their applications in business
- ◊ analyse the relationship between e-marketing, customer relationship management and online advertising
- ◊ examine the major components of online marketing and their role in customer acquisition and retention
- ◊ evaluate how integrated online marketing supports customer engagement and business growth

Prerequisite

Imagine that Meera wants to buy a pair of running shoes. She searches on Google, reads a blog comparing different brands, watches a short product video, visits an online shopping website, checks customer reviews, places an order using UPI and receives regular delivery updates. A week later, she receives an email recommending sports accessories and a loyalty discount for her next purchase.

Did Meera simply shop online? Not exactly.

Behind this single purchase are several interconnected business concepts—E-Commerce, E-Marketing, CRM, Online Advertising and various Online Marketing Components. This unit explains how these concepts work together to create seamless digital customer experiences.

Keywords

E-Commerce, E-Business, E-Marketing, Internet Marketing, Online Marketing, Online Advertising, B2B, B2C, C2C, C2B, B2G, G2B, G2C, SEO, Content Marketing, Email Marketing, Social Media Marketing, Mobile Marketing, Affiliate Marketing, Video Marketing, Influencer Marketing, Marketing Analytics, Lead Generation

Discussion

E-Commerce is the purchase or exchange of a product or service through an electronic network. The broader use of digital technologies in areas such as procurement, operations, customer service and internal business processes forms part of E-Business. E-Marketing refers to activities undertaken to communicate with and market products or services to customers through electronic and digital channels. These concepts are closely connected, but they are not interchangeable. Understanding their meaning, scope and relationship is essential for developing a sound foundation in digital marketing.

1.2.1 E-Commerce

The growth of the Internet has transformed how commercial transactions are initiated, negotiated, and completed. Customers can search for products and services, compare alternatives, place orders and communicate with sellers through digital platforms. Businesses, in turn, can use electronic networks to reach customers, exchange information, receive orders and coordinate transactions across geographical boundaries. These developments have contributed to the growth of Electronic Commerce, commonly referred to as E-Commerce.

E-Commerce is an important component of the digital business environment. It is not limited to online retailing or purchasing physical products through websites. Transactions involving services and digital products can also be conducted through electronic networks. E-Commerce can take place between businesses, businesses and consumers, consumers and other consumers, consumers and businesses, and government-related entities. The following discussion examines the meaning, definitions, features, advantages and limitations of E-Commerce.

1.2.1.1 Meaning of E-Commerce

The term E-Commerce is derived from Electronic Commerce. The word "commerce" broadly refers to activities associated with the exchange of goods and services between parties. When such commercial activities are conducted through electronic networks, they are described as electronic commerce.

E-Commerce therefore refers to commercial transactions that use electronic networks to facilitate the ordering or exchange of goods and services. The Internet is the most widely recognised network through which contemporary E-Commerce takes place, although electronic commerce can also involve other computer-mediated networks.

An E-Commerce transaction may involve several activities, including:

- displaying information about products or services
- searching and comparing alternatives
- communicating with sellers or buyers
- placing an order electronically
- confirming the transaction
- making or arranging payment
- coordinating delivery
- providing after-sales support

For example, when a customer selects a mobile phone through an online shopping platform and places an order electronically, the transaction constitutes E-Commerce. The product may subsequently be delivered physically to the customer's address. Thus, the product itself does not have to be digital for the transaction to qualify as E-Commerce.

Similarly, when a customer subscribes to a digital streaming service through an online platform, the service is ordered electronically and delivered digitally. Both physical and digital products and services can therefore be involved in E-Commerce.

This distinction helps clarify the scope of E-Commerce. The essential feature is the electronic method used to place or receive the order, rather than whether payment or delivery is subsequently completed electronically.

1.2.1.2 Definitions of E-Commerce

Different institutions and authors explain E-Commerce from slightly different perspectives. Some definitions emphasise the electronic exchange of goods and services, while others focus specifically on the electronic ordering process.

The Organisation for Economic Co-operation and Development (OECD) defines an E-Commerce transaction as the sale or purchase of a good or service conducted over computer networks by methods specifically designed for receiving or placing orders. The definition includes transactions between businesses, households, individuals, governments and other public or private organisations.

The World Trade Organisation (WTO) uses a broader understanding of electronic commerce, referring to activities involving the production, distribution, marketing, sale, or delivery of goods and services by electronic means.

E-Commerce is broader than simply buying a product from an online shopping website. It encompasses electronically mediated commercial transactions involving goods, services and digital products and can occur between different combinations of businesses, consumers and government entities.

The defining characteristic is the use of an electronic network for the commercial ordering process. Payment and delivery may occur electronically or through conventional means.

1.2.1.3 Features of E-Commerce

E-Commerce possesses several characteristics that distinguish electronically mediated commerce from conventional forms of commercial exchange. These characteristics have contributed to its adoption by businesses and consumers.

a. Ubiquity

E-Commerce reduces dependence on physical locations to initiate commercial transactions. Customers can access online stores and services from anywhere with Internet connectivity. This provides greater convenience and expands the opportunities for businesses to interact with customers.

b. Global Reach

An online presence can make a business visible to customers beyond its immediate geographical market. A business may therefore use digital platforms to explore markets that would be difficult or expensive to serve through physical outlets alone.

c. Continuous Availability

Online platforms can generally be accessed beyond the conventional operating hours of physical establishments. Customers can search for products, obtain information and place orders at times convenient to them.

d. Interactivity

E-Commerce enables interaction between buyers and sellers through digital interfaces. Customers can ask questions, provide ratings and reviews, communicate with sellers and receive updates regarding their transactions.

e. Information Richness

Digital platforms can provide detailed information through text, images, videos, product specifications, demonstrations, reviews and other forms of digital content. This helps customers evaluate alternatives before making a purchase.

f. Convenience

Customers can search, compare and order products or services without necessarily travelling to a physical outlet. This can reduce the time and effort associated with several stages of the purchasing process.

g. Electronic Transaction Capability

E-Commerce enables orders and related commercial information to be exchanged electronically. Depending on the nature of the transaction, payment, documentation, confirmation and other processes may also be handled digitally.

h. Greater Customer Choice

Customers can compare products and services offered by multiple sellers through digital platforms. Increased visibility of alternatives can improve consumer choice and encourage businesses to compete on factors such as price, quality, service and customer experience.

i. Personalisation

Digital platforms can use information about customer interactions and preferences to provide personalised recommendations, offers or content. Personalisation can make the online experience more relevant to individual users.

j. Data Generation

Digital transactions generate information about searches, orders, interactions and customer preferences. When collected and used responsibly, such information can support business decisions, customer service and marketing activities.

1.2.1.4 Advantages of E-Commerce

Adopting e-commerce can create benefits for both businesses and consumers. The nature and extent of these benefits depend on the type of business, product or service, target market and digital infrastructure.

Advantages for Businesses

a. Wider Market Access

E-Commerce enables businesses to make their products and services accessible beyond the geographical limits of a physical outlet. A local business can use an online platform to reach customers in other cities, states or countries, subject to its delivery and operational capabilities.

b. Reduced Dependence on Physical Outlets

An online channel lets a business display products and receive orders without relying entirely on physical stores. This does not mean that physical outlets are unnecessary; rather, E-Commerce provides an additional channel through which businesses can serve customers.

c. Greater Customer Reach

Businesses can communicate with a large number of potential customers through websites, applications and digital marketplaces. This can be particularly valuable for businesses seeking to expand their customer base.

d. Data Generation

Electronic transactions generate information that helps businesses understand purchasing patterns, product preferences, and customer interactions. Such information can support inventory planning, customer service and marketing decisions.

e. Scalability

Digital platforms can help a business serve more customers without establishing a physical outlet in every geographical market. However, effective scaling still requires appropriate logistics, technology, customer support and operational capacity.

f. Convenience in Business Operations

Electronic ordering, digital documentation, automated notifications and integrated payment systems can simplify several commercial processes and reduce dependence on manual procedures.

Advantages for Consumers

a. Convenience

Customers can search for products and services and place orders without necessarily visiting a physical store. This can save time and effort.

b. Wider Choice

Digital platforms can provide access to products and services from numerous sellers, giving customers more alternatives than may be available in a single physical location.

c. Price Comparison

Customers can compare prices and offers across sellers and platforms before deciding to buy.

d. Access to Product Information

Customers can examine product descriptions, specifications, photographs, videos, ratings and reviews before making a purchase.

e. Continuous Access

Online platforms can generally be accessed at times that may not be possible with conventional physical stores, allowing customers greater flexibility in searching and ordering.

f. Convenient Transaction Processes

Digital ordering, electronic confirmation, online tracking and digital payment facilities can simplify several stages of the purchasing process.

1.2.1.5 Limitations of E-Commerce

Despite its advantages, E-Commerce also presents certain limitations and challenges. Understanding these limitations matters because successful digital commerce depends not only on technological availability but also on customer trust, service quality, and effective business processes.

1. Lack of Physical Inspection

Customers purchasing physical products online may not be able to touch, examine or test the product before placing an order. Photographs, videos and product descriptions can reduce this limitation, but they cannot always completely replace physical inspection.

2. Privacy Concerns

E-Commerce platforms may collect information about customers, including contact details, transaction information and interaction history. Customers may therefore have concerns regarding how their personal information is collected, stored and used.

3. Cybersecurity Risks

Digital transactions can be exposed to cybersecurity threats such as unauthorised access, fraudulent activities and misuse of personal or financial information. Businesses need appropriate security measures to protect customers and their systems.

4. Dependence on Internet and Digital Infrastructure

E-Commerce depends on access to appropriate digital infrastructure. Poor connectivity, technical failures, or service interruptions can affect customers' ability to access platforms or complete transactions.

5. Delivery and Logistics Issues

For physical products, the digital ordering process must be supported by efficient fulfilment and delivery. Delays, damaged products, incorrect deliveries and difficulties with returns can affect customer satisfaction.

6. Returns and Refunds

Customers may need to return products that do not meet their expectations. Businesses therefore need clear, efficient return, replacement, and refund procedures.

7. Trust and Reliability

Customers need confidence that the seller will provide the promised product or service, protect their information and resolve problems appropriately. Building trust is especially important when customers and sellers do not meet in person.

These limitations do not eliminate the value of E-Commerce. Instead, they point to areas businesses must address to create reliable, sustainable digital commerce experiences.

The Indian digital marketplace provides numerous examples of E-Commerce in practice.

Amazon India and Flipkart illustrate large-scale online retail platforms where customers can search for products, compare alternatives, place orders and receive products through delivery networks.

Myntra demonstrates E-Commerce in fashion retail, combining product discovery, digital ordering, customer reviews, and online services.

IRCTC demonstrates that E-Commerce is not limited to physical products. Customers can use digital platforms to search for and book railway services electronically.

BookMyShow illustrates the online booking of entertainment and event-related services. The customer selects an event or service, chooses available options and completes the booking through an electronic platform.

Digital subscription services provide another example. Customers can subscribe to services such as digital entertainment, software or online learning through electronic platforms, with access to the service being provided digitally.

These examples demonstrate that E-Commerce can involve goods as well as services, and that the nature of the transaction may differ across industries.

1.2.2 Types of E-Commerce

E-Commerce transactions can take place between different categories of participants. A useful way to classify e-commerce is to examine who is buying, who is selling or providing the service, and the nature of the relationship between the parties. The most commonly discussed models include Business-to-Business (B2B), Business-to-Consumer (B2C), Consumer-to-Consumer (C2C), Consumer-to-Business (C2B), Business-to-Government (B2G), Government-to-Business (G2B) and Government-to-Consumer (G2C).

The distinction between these models matters because the nature of the transaction, customer expectations, purchasing process, relationship between the parties, and digital platform requirements can differ considerably. For example, a manufacturer purchasing raw materials from another business is likely to follow a different process from an individual purchasing clothing from an online retailer. Similarly, an online government service provided to a citizen is different from an electronic tender submitted by a business to a government department.

The classification should therefore be understood as a way of identifying the principal parties involved in an electronic commercial or service interaction. In practice, a single digital platform may support more than one model, and the boundaries between models can become less rigid as digital platforms develop.

1.2.2.1 Business-to-Business (B2B)

Business-to-Business (B2B) E-Commerce refers to electronic commercial transactions between two or more businesses or organisations. In this model, the buyer and seller are both business entities rather than individual consumers.

A B2B transaction may occur between a manufacturer and a wholesaler, a manufacturer and a retailer, a supplier and a manufacturer, or two service organisations. Businesses may use digital platforms to search for suppliers, request quotations, negotiate prices, place orders, make payments and monitor deliveries.

B2B E-Commerce is particularly important in procurement and supply-chain management. For example, a manufacturing company may use an electronic procurement platform to purchase raw materials, packaging materials, office equipment or other business requirements.

Unlike many B2C transactions, B2B transactions may involve negotiated prices, contracts, recurring purchases and longer-term relationships between organisations. The transaction value may also be considerably larger than an individual consumer purchase.

Examples of B2B Transactions

- A manufacturer purchasing raw materials from a supplier through an electronic procurement system
- A retailer purchasing products from a wholesaler through a B2B platform
- A business subscribing to enterprise software from a technology company
- A hotel purchasing supplies from a registered supplier through an online procurement system

1.2.2.2 Business-to-Consumer (B2C)

Business-to-Consumer (B2C) E-Commerce refers to transactions in which a business sells goods or services directly to individual consumers through an electronic platform.

B2C is the model most familiar to ordinary Internet users because it includes online retailing or e-tailing. A customer visits an online store or application, searches for products, compares alternatives, places an order and receives the product or service.

B2C transactions may involve both physical and digital products.

a. Physical Products

Examples include:

- clothing
- electronic goods
- books
- cosmetics
- groceries

b. Digital Products and Services

Examples include:

- software subscriptions
- streaming services
- online courses
- digital publications
- online ticketing

Amazon India, Flipkart, Myntra and Nykaa provide familiar examples of B2C E-Commerce in retail. When a customer purchases a product through any of these platforms, they engage in a business-to-consumer transaction.

B2C is not limited to retail goods. Online travel bookings, entertainment bookings and subscription services can also involve B2C transactions when a business provides a product or service directly to an individual consumer.

1.2.2.3 Consumer-to-Consumer (C2C)

Consumer-to-Consumer (C2C) E-Commerce refers to electronic transactions in which one consumer sells or provides a product or service to another consumer, generally with the assistance of a digital platform.

C2C platforms can facilitate:

- resale of used products
- peer-to-peer transactions
- online auctions
- exchange of goods
- consumer listings

The platform generally provides a digital environment through which buyers and sellers can find each other, communicate and complete the transaction.

1.2.2.4 Consumer-to-Business (C2B)

Consumer-to-Business (C2B) E-Commerce occurs when an individual consumer provides a product, service, content or other form of value to a business through an electronic platform.

This model reverses the more familiar B2C direction. Instead of a business simply offering something to a consumer, the individual provides value to the business.

Examples include:

- freelancers providing professional services to businesses
- photographers licensing photographs to companies
- content creators producing material for brands
- influencers providing promotional services
- individuals offering specialised skills through freelance platforms

1.2.2.5 Business-to-Government (B2G)

Business-to-Government (B2G) E-Commerce refers to electronic transactions or commercial interactions in which businesses provide goods or services to government departments or public-sector organisations through digital systems.

B2G can include:

- electronic tendering
- government procurement
- submission of quotations
- supply of goods and services
- electronic contracts
- government-related business transactions

For example, a company may respond electronically to a government tender for supplying computers to public institutions. The government is the purchasing entity and the company is the supplier.

1.2.2.6 Government-to-Business (G2B)

Government-to-Business (G2B) refers to digital services, information or transactions provided by government agencies to businesses.

The relationship direction is therefore different from B2G.

Examples may include:

- online business registration
- digital licensing services
- tax-related online services
- regulatory information
- electronic submission of applications
- government notifications and compliance services

1.2.2.7 Government-to-Consumer (G2C)

Government-to-Consumer (G2C) refers to digital services and information provided by government agencies directly to citizens.

Examples include:

- online applications for certificates
- access to government information
- online public-service applications
- digital payment of government-related fees
- status tracking of applications
- access to citizen-oriented digital services

Table 1.2.1 Types of E-Commerce

Model	Parties Involved	Nature of Transaction	Illustrative Example
B2B	Business → Business	Commercial transactions between organisations	Manufacturer purchasing supplies through an electronic procurement platform
B2C	Business → Consumer	Businesses sell goods or services directly to consumers	Customer purchasing a product from Amazon India

C2C	Consumer → Consumer	Individuals exchange goods or services through a digital platform	Consumer selling a used product to another consumer
C2B	Consumer → Business	Individual provides commercially valuable goods, services or content to a business	Freelancer providing a service through Upwork
B2G	Business → Government	Business supplies goods/services to government through electronic systems	Electronic government tender
G2B	Government → Business	Government provides digital services or information to businesses	Online business registration or licensing service
G2C	Government → Citizen	Government provides digital services or information to citizens	Online application for a public certificate

1.2.3 E-Marketing

Marketing has progressively incorporated electronic technologies to communicate with customers, provide information, facilitate interaction and support the exchange of value. The development of the Internet, email, mobile communication, websites, databases and other electronic technologies created new ways for organisations to perform marketing activities. This development gave rise to the concept of E-Marketing, or electronic marketing.

E-Marketing is closely related to E-Commerce, E-Business and Digital Marketing, but these terms should not be treated as identical. E-Commerce primarily concerns electronically facilitated commercial transactions, while E-Business encompasses broader digitally enabled business activities. E-Marketing focuses specifically on the marketing dimension of electronically enabled business activities. The terms *Internet Marketing* and *Online Marketing* are closely related to E-Marketing and are often used interchangeably in practice.

1.2.3.1 Meaning of E-Marketing

The term E-Marketing stands for Electronic Marketing. In a broad sense, it refers to using electronic technologies and electronically mediated channels to plan, implement, communicate, and support marketing activities.

E-Marketing enables organisations to perform several marketing functions electronically, including:

- communicating product and service information
- identifying and reaching target customers
- promoting products and services
- interacting with customers
- collecting customer information
- providing customer support
- maintaining customer relationships
- personalising marketing communication
- measuring marketing performance

For example, a company may use email to communicate with existing customers, a website to provide product information, social media to engage audiences, a customer database to personalise communication and digital analytics to evaluate campaign performance. These activities collectively illustrate E-Marketing.

E-Marketing is therefore not limited to advertising. It encompasses a broader set of marketing activities involving customer communication, engagement, relationship development and value creation.

1.2.3.2 Definition of E-Marketing

E-Marketing involves marketing activities facilitated through electronic technologies to create, communicate, deliver, and exchange value with customers.

E-Marketing can be understood as: the use of electronic technologies and electronically mediated channels to plan and perform marketing activities, communicate with customers, facilitate interaction and support the creation and maintenance of customer relationships

1.2.3.3 Characteristics of E-Marketing

E-Marketing has several characteristics that distinguish it from conventional forms of marketing communication.

a. Electronically Mediated

E-Marketing uses electronic technologies and channels to facilitate marketing activities. These may include websites, email, databases, mobile technologies and

Internet-based platforms.

b. Customer-Oriented

The fundamental objective remains identifying and satisfying customer needs. Technology supports marketing rather than being an end in itself.

c. Interactive

E-Marketing gives customers opportunities to communicate with organisations and respond to marketing messages. Customers may submit enquiries, provide reviews, comment on content or interact with brands through digital platforms.

d. Measurable

Electronic interactions can generate information that enables marketers to evaluate marketing activities. Depending on the channel, marketers may examine indicators such as responses, engagement, visits, enquiries, conversions and customer retention.

e. Relationship-Focused

E-Marketing can support continuous interaction rather than limiting communication to individual promotional campaigns. Email communication, customer databases, social media, and digital CRM systems can support ongoing customer relationships.

f. Data-Supported

E-marketing can use customer and campaign information to understand behaviour and improve marketing decisions. Data may come from transactions, customer interactions, website activity, and other digital touchpoints.

g. Personalised

Electronic technologies can enable businesses to tailor communication, recommendations and offers to different customer groups or, where appropriate, individual customers.

h. Geographically Flexible

Electronic channels can enable organisations to communicate with customers across geographical boundaries. A business does not necessarily need a physical presence in every market where it wants to communicate with potential customers.

1.2.3.4 Scope of E-Marketing

The scope of E-Marketing extends across several marketing activities and digital channels. At this stage, these activities are introduced briefly; the course covers individual techniques in more detail later.

1. Website Marketing

A business website can provide information about products and services, communicate the brand's value proposition, generate enquiries and support transactions.

2. Email Marketing

Email can support promotional communication, newsletters, customer updates, transactional communication, and relationship-building activities.

3. Search Marketing

Search-based marketing helps businesses become visible when customers search for information, products, or services. It includes activities such as Search Engine Optimisation (SEO) and paid search advertising.

4. Social Media Marketing

Social media enables organisations to publish content, interact with customers, develop communities and respond to customer feedback.

5. Online Advertising

Businesses can use digital advertising platforms to communicate promotional messages to selected audiences. This unit discusses online advertising separately.

6. Mobile Marketing

Mobile devices provide channels such as mobile applications, SMS and push notifications through which businesses can communicate with customers.

7. Content Marketing

Businesses can create and distribute useful, relevant content to attract, inform, and engage target audiences.

8. Customer Relationship Management

E-Marketing can be integrated with Customer Relationship Management (CRM) to collect and use customer information, communicate with customers and support long-term relationships.

These activities should not be understood as isolated techniques. An organisation may combine several of them with an integrated marketing strategy.

1.2.4 E-Marketing and CRM

E-Marketing and Customer Relationship Management (CRM) are closely connected because digital marketing gives organisations many opportunities to attract customers, communicate with them, understand their needs, and maintain relationships over time. While E-Marketing focuses on marketing activities through electronic and digital channels, CRM focuses on managing and developing customer relationships. When these two approaches are integrated, information generated through digital marketing interactions can support more relevant communication and improved customer experiences.

For example, a customer may first encounter a business through a social media post, visit its website, subscribe to its email communications, make a purchase, and then receive personalised recommendations. Each interaction can contribute to the organisation's understanding of the customer and can support subsequent relationship-building activities.

Thus, E-Marketing can contribute to CRM throughout different stages of the customer relationship.

1.2.4.1 Customer Acquisition

E-Marketing's first contribution to CRM is customer acquisition. Digital channels enable organisations to reach potential customers and encourage them to interact with the business.

A business can use:

- websites
- search engines
- social media
- email
- online advertising
- content
- mobile channels

to attract potential customers.

For example, a customer searching online for a suitable hotel may encounter a hotel's website or digital advertisement. The customer may then visit the website, enquire about availability or register for further communication. This digital interaction gives the organisation an opportunity to move the individual from a potential customer to an actual customer.

E-Marketing therefore provides CRM with an important starting point: identifying and attracting potential customers.

1.2.4.2 Customer Engagement

After attracting customers, organisations need to maintain meaningful interaction with them. Customer engagement refers to the customer's interaction and involvement with the organisation, its brand, content, products or services.

E-Marketing provides several channels for such engagement.

a. Content

Useful and relevant content can inform customers and encourage them to interact with the organisation.

b. Email

Email can be used for newsletters, product information, updates, offers and relationship-oriented communication.

c. Websites

Websites allow customers to obtain information, make enquiries, access services and communicate with the organisation.

d. Social Media

Social media enables two-way interaction through comments, messages, reactions, reviews and other forms of participation.

e. Mobile Applications

Mobile applications can provide personalised information, notifications, services and opportunities for continued interaction.

The important point is that E-Marketing should not be viewed only as a means of sending promotional messages. Its ability to facilitate continuous interaction makes it particularly relevant to CRM.

1.2.4.3 Customer Retention

Customer retention refers to an organisation's efforts to encourage existing customers to continue their relationship with the organisation.

E-Marketing can support retention by enabling businesses to maintain regular and relevant communication with existing customers.

For example, an online retailer may:

- send useful product updates
- provide order and service information
- communicate loyalty benefits
- offer relevant recommendations
- request feedback
- inform customers about products related to previous purchases

Such communication can remind customers of the organisation and provide continuing value.

However, effective retention does not mean sending frequent promotional messages.

Excessive or irrelevant communication may have the opposite effect and reduce customer satisfaction. E-Marketing should therefore focus on relevance, value and appropriate frequency.

1.2.4.4 Customer Feedback

CRM depends on understanding customers, and E-Marketing provides several opportunities for obtaining customer feedback.

Customers can express their views through:

- online reviews
- ratings
- surveys
- email responses
- website feedback forms
- social media comments
- customer-service interactions
- mobile application feedback

For example, after purchasing a product, a customer may be invited to provide a rating and review. The organisation can use this information to understand customer satisfaction and identify areas requiring improvement.

Customer feedback can therefore create a two-way relationship:

Organisation communicates with customers

↓

Customer responds

↓

Organisation learns from response

↓

Organisation improves product/service/communication

↓

Customer experience improves

This makes feedback an important bridge between E-Marketing and CRM.

1.2.4.5 Customer Personalisation

One important advantage of integrating E-Marketing with CRM is the ability to personalise.

Personalisation involves tailoring communication, recommendations, or experiences based on relevant customer information.

For example, an online retailer may identify that a customer has previously purchased sports shoes. The organisation may subsequently provide information about related sports products that are reasonably relevant to the customer's previous interaction.

Similarly, a streaming service may recommend content based on a customer's previous viewing behaviour.

Personalisation can help:

- improve relevance
- reduce unnecessary communication
- increase customer convenience
- strengthen engagement
- support customer retention

However, personalisation must be based on responsible use of customer information. Organisations should respect privacy, applicable data-protection requirements and customer preferences.

1.2.5 Online Advertising

Organisations have traditionally used advertising to inform customers about products and services, build awareness, influence purchase decisions and build brands. The development of the Internet has extended these activities into digital environments, enabling advertisements to be delivered through websites, search engines, social media platforms, applications and other online interfaces.

Online advertising therefore represents an important component of E-Marketing. Unlike some broader E-Marketing activities, online advertising focuses specifically on delivering promotional messages through Internet-based environments. It can help organisations reach selected audiences, measure responses and adjust campaigns based on performance.

1.2.5.1 Meaning of Online Advertising

Online Advertising refers to the use of the Internet and online digital interfaces to deliver paid promotional messages to selected audiences.

Online advertisements can appear in different Internet-based environments, including:

- search engines
- websites
- social media platforms
- mobile applications
- online marketplaces
- digital content platforms

The central purpose of online advertising is similar to traditional advertising: to communicate information, influence consumer responses, and support marketing objectives. However, the digital environment provides additional possibilities for targeting, interaction, measurement and optimisation.

For example, a footwear company may pay for an advertisement to appear when users search for running shoes. A customer who clicks the advertisement may be taken to a product page where they can find more information, make an enquiry, or purchase the product.

It is important to distinguish online advertising from all forms of online marketing. Online marketing is a broader concept that includes activities such as SEO, content marketing, email marketing and social media marketing. Online advertising specifically concerns paid promotional communication delivered through online channels.

1.2.5.2 Characteristics of Online Advertising

Online advertising has several characteristics that distinguish it from conventional advertising.

a. Digital Delivery

Online advertisements are delivered through Internet-connected digital interfaces rather than through conventional media such as printed newspapers, physical posters or broadcast television.

Advertisements may appear on websites, search engines, social media platforms, applications and online marketplaces.

b. Targeted

A major characteristic of online advertising is its ability to direct advertisements to selected audiences.

Depending on the platform and the information available, targeting may consider factors such as:

- location

- demographic characteristics
- interests
- search behaviour
- previous interactions
- purchasing behaviour

This allows advertisers to move beyond communicating with an undifferentiated mass audience.

c. Measurable

Online advertising generates information that can be used to evaluate campaign performance.

Depending on the campaign, marketers may examine:

- impressions
- clicks
- visits
- enquiries
- conversions
- purchases

d. Interactive

Unlike many traditional advertisements, online advertisements allow customers to interact directly with promotional messages.

A customer may:

see advertisement → click → visit website → enquire → purchase

This creates a direct connection between advertising communication and subsequent customer action.

e. Flexible

Online advertising campaigns can often be modified more quickly than many traditional advertising campaigns.

The organisation may change:

- advertisement content
- audience targeting

- budget allocation
- campaign duration
- landing page
- promotional message

based on campaign performance and marketing requirements.

f. Multimedia

Online advertising can combine different forms of communication, including:

- text
- images
- audio
- video
- animation
- interactive elements

This allows marketers to communicate product information and brand messages in different ways.

g. Data-Supported

Online advertising can use information generated through digital interactions to support audience selection, campaign measurement, and optimisation.

However, using customer information also creates responsibilities related to privacy, transparency, and responsible data practices.

1.2.5.3 Objectives of Online Advertising

The objective of an online advertising campaign depends on the organisation's marketing strategy and the stage of the customer journey.

1. Creating Awareness

Online advertising can introduce a brand, product or service to potential customers.

For example, a newly launched local travel company may use online advertisements to introduce its services to potential travellers.

2. Generating Website Traffic

Advertisements can direct users to a website, product page, application or landing page.

However, website traffic should not automatically be considered the final objective.

Traffic is useful only when it contributes to a meaningful marketing outcome.

3. **Encouraging Engagement**

Advertisements may encourage customers to interact with a brand, watch a video, visit a website, follow a social media account or obtain additional information.

4. **Generating Leads**

An advertisement may encourage a potential customer to submit contact information, request a quotation, register for an event, download information or make an enquiry.

Such a potential customer is commonly referred to as a **lead**.

5. **Supporting Conversion**

Online advertising can encourage customers to take the desired action such as:

- making a purchase
- booking a service
- subscribing
- registering
- making an enquiry

6. **Remarketing**

An organisation may show advertisements to users who have previously interacted with its website, application or other digital content, subject to applicable platform practices and privacy requirements.

The purpose may be to remind the user about a product or encourage subsequent action.

7. **Brand Building**

Online advertising can also support longer-term brand objectives by communicating:

- brand identity
- brand values
- product positioning
- distinctive benefits

Thus, online advertising should not be viewed only as a tool for immediate sales. It can contribute to both short-term response and long-term brand development.

1.2.6 E-Marketing and Online Advertising

E-Marketing and Online Advertising are closely related concepts, but they should not be treated as synonymous. E-Marketing is the broader marketing process, involving the use of electronic and digital channels to communicate with customers, create value, facilitate interaction and develop customer relationships. Online advertising is one specific activity within this broader process, primarily concerned with paid promotional communication through Internet-based channels.

Understanding this distinction is important because an organisation may conduct extensive E-Marketing activities without relying entirely on online advertising. For example, a business may improve its website, publish useful content, communicate through email, engage customers through social media, optimise its visibility in search engines and manage customer relationships through CRM. Businesses may use online advertising alongside these activities to increase reach or generate specific responses.

1.2.6.1 E-Marketing as a Broader Process

E-Marketing encompasses a range of marketing activities performed through electronic and digital channels. These activities may operate at different stages of the customer's journey.

An organisation may use E-Marketing to:

- provide information through its website
- publish useful and relevant content
- improve visibility through SEO
- communicate with customers through email
- engage audiences through social media
- manage customer relationships through CRM
- conduct online advertising
- analyse customer and campaign data
- support customer retention and loyalty

These activities may work together rather than functioning independently.

For example, a customer may discover a company through a search engine, visit its website, read its content, subscribe to email communication, see an online advertisement, make a purchase and subsequently receive personalised communication. All these activities can form part of the organisation's broader E-Marketing process.

1.2.6.2 Online Advertising as a Component of E-Marketing

Online advertising represents the paid promotional component of this broader environment.

A business may pay for an online platform or advertising service to display a promotional message to a selected audience. The advertisement may be designed to achieve objectives such as:

- creating awareness
- generating website visits
- encouraging engagement
- generating leads
- supporting conversions
- building the brand
- reaching previous website visitors

For example, a furniture company may use SEO to improve its organic visibility in search results, publish articles about home interiors, maintain an Instagram presence and send emails to existing customers. At the same time, it may pay for an online advertisement promoting a new collection.

All these activities are part of E-Marketing, but the paid advertisement is specifically Online Advertising.

1.2.6.3 Example: An Integrated E-Marketing Approach

Consider a small Kerala-based tourism business offering holiday packages.

The business may use:

Website

The website provides information about destinations, packages, prices and booking procedures.

Content

The business publishes articles, photographs and videos about destinations and travel experiences.

SEO

The organisation optimises its website so that potential customers can find its content when searching for relevant travel information.

Social Media

The business publishes destination-related content and interacts with potential travellers.

Email

Existing customers receive travel updates, relevant offers and service information.

CRM

The organisation maintains relevant customer information and uses it to improve service and maintain relationships.

Online Advertising

The business pays for advertisements to reach selected audiences interested in travel.

The important point is that only the last activity is Online Advertising, whereas the complete combination represents the organisation's E-Marketing approach.

Table 1.2.2: E-Marketing and Online Advertising: Key Difference

Basis	E-Marketing	Online Advertising
Scope	Broad marketing process	Specific marketing activity
Primary purpose	Create, communicate, deliver and support customer value through electronic/digital channels	Deliver paid promotional messages online
Activities	Website, content, SEO, email, social media, CRM, online advertising and others	Paid digital advertisements
Payment requirement	Not every E-Marketing activity requires payment for media exposure	Normally involves payment for advertising placement or delivery
Customer relationship	Can support the entire customer relationship	Primarily supports promotion and customer acquisition/response
Measurement	May include customer, website, engagement, relationship and campaign measures	Commonly includes advertising performance measures such as impressions, clicks, conversions and related outcomes
Example	Integrated digital marketing programme	Paid advertisement directing users to a product page

1.2.7 Components of Online Marketing

Online Marketing consists of a range of activities through which organisations attract, inform, engage and convert customers in Internet-based environments. No single online marketing technique is sufficient for every organisation. A business may use a website as its digital presence, search engines to improve discoverability, content to provide useful information, email to maintain communication, social media to build engagement, online advertising to increase visibility, and analytics to evaluate performance.

The choice and combination of these activities depend on factors such as the organisation's objectives, target audience, product or service, budget and stage of the customer journey.

1.2.7.1 Website Marketing

A website often serves as an organisation's central digital presence. It provides a location where customers can obtain information, explore products or services, communicate with the organisation and, where applicable, complete transactions.

A business website may perform several functions:

- providing information about the organisation
- presenting products and services
- communicating the brand identity
- generating enquiries
- collecting customer information through forms
- supporting online transactions
- providing customer-service information
- directing visitors towards other digital channels

A well-designed website should therefore be more than an online brochure. It should provide useful information and make it easy for visitors to take appropriate actions.

Example: Tourism Business

Consider a tourism business offering holiday packages in Kerala. Its website may provide:

- destination information
- photographs and videos
- package details
- prices
- availability
- enquiry forms
- booking facilities

- contact information
- customer reviews

A visitor who finds the company through a search engine or social media can use the website to get more information and eventually make an enquiry or booking.

Thus:

Digital Visibility → Website Visit → Information → Enquiry / Booking

1.2.7.2 Search Engine Optimisation (SEO)

Search Engine Optimisation (SEO) refers to practices aimed at improving the visibility of webpages in search engines' organic, or unpaid, results.

When customers search for information, products or services, businesses want their relevant webpages to be discoverable. SEO helps organisations improve the likelihood that their content will appear prominently for relevant searches.

The basic purpose of SEO can therefore be represented as:

Relevant Search

↓

Search Engine Results

↓

Organic Visibility

↓

Website Visit

SEO may involve considerations relating to website content, technical structure, relevance and user experience. Detailed techniques such as on-page and off-page optimisation are reserved for more advanced learning.

1.2.7.3 Content Marketing

Content Marketing involves creating and distributing useful, relevant and valuable content to attract, inform and engage a target audience.

Instead of communicating only through direct promotional messages, businesses can provide information that helps customers understand a problem, evaluate alternatives or use a product or service.

Common forms of content include:

- blog articles

- videos
- guides
- infographics
- case studies
- photographs
- educational materials
- downloadable resources

Example

A skincare company may publish an article explaining how customers can select suitable skincare products. The article may help potential customers understand their needs before considering a purchase.

Content Marketing can therefore support several stages of customer journey:

Information → Interest → Engagement → Consideration → Conversion

1.2.7.4 Email Marketing

Email Marketing involves using email to communicate with customers or potential customers for marketing and relationship-related purposes.

Businesses may use email for:

- promotional communication
- newsletters
- product announcements
- offers
- customer updates
- event invitations
- follow-up communication
- relationship building

Not all business emails are promotional. Transactional emails, such as order confirmations and service notifications, support customer communication but should be distinguished from promotional email marketing.

Email can also support CRM by allowing organisations to maintain continuing communication with existing customers. For example, a customer who purchases a product may receive information about product use, relevant accessories or future services.

Effective email marketing should focus on relevance, appropriate frequency and customer permission where applicable, rather than simply sending many messages.

1.2.7.5 Social Media Marketing

Social Media Marketing involves using social media platforms to communicate with audiences, distribute content, encourage engagement and develop customer relationships.

Social media can support activities such as:

- publishing content
- responding to customers
- building communities
- generating awareness
- receiving feedback
- encouraging participation
- supporting customer service
- promoting products and services

1.2.7.6 Mobile Marketing

Mobile Marketing refers to marketing communication and activities designed to reach customers through mobile devices and mobile-enabled environments.

Common forms include:

- mobile applications
- SMS communication
- push notifications
- mobile-friendly websites
- location-based communication, where appropriate
- mobile advertisements

Mobile marketing is particularly significant because smartphones let customers stay connected to digital services across different locations and times.

For example, a food-delivery application may send a notification about a relevant offer to a customer who has used the service before.

However, effective mobile marketing requires consideration of permission, relevance and frequency. Excessive notifications can become intrusive and may lead customers to turn off notifications or stop using the application.

1.2.7.7 Affiliate Marketing

Affiliate Marketing is a performance-oriented marketing arrangement in which an affiliate promotes a product or service of a merchant and may receive commission or other agreed compensation when a specified outcome occurs.

The principal parties are:

1. **Merchant / Advertiser** – provides the product or service
2. **Affiliate** – promotes the product or service
3. **Customer** – responds to the promotional activity

The affiliate may use a website, blog, social media account, video channel or another digital platform to promote the merchant's offering.

Merchant / Advertiser

↓

Provides product/service and affiliate arrangement

↓

Affiliate

↓

Promotional Content / Link

↓

Customer

↓

Purchase / Specified Action

↖ **Commission / Agreed Compensation**

Figure 2.7: Affiliate Marketing Relationship

The merchant benefits from additional promotion and potential customer acquisition. The affiliate receives compensation when the agreed performance condition is met. The customer obtains information about the product or service through the affiliate's promotional channel.

Affiliate marketing differs from conventional advertising because compensation may be linked to a specified outcome or performance rather than simply the placement of an advertisement.

1.2.7.8 Video Marketing

Video Marketing involves using video content to communicate information, promote products or services, educate audiences or build engagement.

Video can communicate:

- product demonstrations
- tutorials
- customer experiences
- stories
- interviews
- product explanations
- brand messages

For example, a home-appliance company may create a short demonstration showing how to use a new product. A tourism company may use destination videos to help potential travellers visualise the experience.

Video is particularly useful when a product, service or experience is easier to understand through demonstration or visual storytelling.

However, creating video content should not be viewed as an objective. The content should have a clear purpose and be relevant to the intended audience.

1.2.7.9 Influencer Marketing

Influencer Marketing involves collaboration between an organisation and an individual who has an established audience and influence within a particular digital community or content environment.

Influencers or creators may collaborate with brands to:

- demonstrate products
- review products
- create sponsored content
- explain services
- introduce brands to their audiences

- encourage engagement

For example, a fitness brand may collaborate with a fitness content creator to demonstrate a product to an audience interested in fitness.

The effectiveness of influencer marketing depends not simply on the size of an influencer's audience but also on factors such as:

- relevance of the audience
- credibility
- engagement
- suitability of the creator with the brand
- transparency of commercial relationships

1.2.7.10 Marketing Analytics

Digital marketing generates information that can help organisations understand how customers interact with their marketing activities. Marketing Analytics involves collecting, analysing and interpreting relevant information to evaluate marketing performance and support decision-making.

In Marketing Analytics, the terms:

a. Traffic

Indicates visits or interactions with a website or digital property.

b. Engagement

Indicates how audiences interact with content, platforms or communication.

c. Conversion

Indicates whether users complete a desired action, such as making a purchase, submitting an enquiry or registering.

d. Customer Behaviour

Provides information about how customers search, browse, interact and respond to marketing activities.

e. Campaign Performance

Helps marketers assess whether a marketing campaign is achieving its intended objectives.

Table1. 1.2.3: Components of Online Marketing at a Glance

Component	**Primary Role**	**Illustrative Application**
Website Marketing	Digital presence, information and conversion	Tourism company website
SEO	Organic search visibility	Improving visibility for relevant searches
Content Marketing	Inform and engage through useful content	Blog, guide or infographic
Email Marketing	Direct communication and relationship development	Newsletter or customer update
Social Media Marketing	Engagement, community and communication	Brand content and customer interaction
Mobile Marketing	Communication through mobile devices	App notification or SMS
Affiliate Marketing	Performance-based promotion through affiliates	Affiliate recommending a product
Video Marketing	Visual communication and storytelling	Product demonstration
Influencer Marketing	Brand communication through creators/ influencers	Sponsored product demonstration
Marketing Analytics	Measurement and decision support	Analysing traffic and conversions

Recap

◊ E-Commerce refers to the electronic buying and selling of goods, services and information through digital networks.

◊ E-Commerce models are classified according to the parties involved, such as B2B, B2C, C2C and C2B.

◊ E-Business is broader than E-Commerce because it includes internal business processes, supply chain, CRM and customer service.

◊ E-Marketing involves marketing activities conducted through electronic and digital channels.

◊ Digital Marketing, Internet Marketing, E-Marketing and Online Marketing are related but not identical concepts.

◊ CRM focuses on acquiring, engaging, retaining and developing long-term customer relationships.

◊ E-CRM uses digital technologies, customer databases and analytics to improve customer experience.

◊ Online Advertising is the paid promotional component of the broader E-Marketing process.

◊ Online Marketing consists of integrated activities including websites, SEO, SEM, content, email, social media and analytics.

◊ Lead Generation converts interested visitors into potential customers through enquiries and registrations.

◊ Marketing Analytics helps organisations evaluate traffic, engagement, conversions and campaign performance.

◊ Effective online marketing integrates multiple digital channels to create customer value and business growth.

Objective Questions

1. What is E-Commerce?
2. Expand B2B.
3. Expand B2C.
4. Expand C2C.
5. Expand CRM.
6. What is E-CRM?
7. What does SEO stand for?
8. What does SEM stand for?
9. Which online marketing component improves organic visibility?
10. Which component uses newsletters and promotional emails?
11. What is the paid promotional component of E-Marketing?
12. What is a potential customer who has shown interest called?

Answers

1. Electronic Commerce
2. Business-to-Business
3. Business-to-Consumer
4. Consumer-to-Consumer
5. Customer Relationship Management
6. Electronic Customer Relationship Management
7. Search Engine Optimisation
8. Search Engine Marketing
9. SEO
10. Email Marketing
11. Online Advertising
12. Lead

Self Assessment Questions

1. Explain the meaning and features of E-Commerce.
2. Discuss the different types of E-Commerce with suitable examples.
3. Distinguish between E-Business and E-Commerce.
4. Explain the concept and scope of E-Marketing.
5. Differentiate Digital Marketing, Internet Marketing, E-Marketing and Online Marketing.
6. Describe the objectives and importance of Customer Relationship Management.
7. Explain the CRM process with the help of a suitable diagram.
8. Discuss how E-Marketing contributes to customer acquisition, engagement and retention.
9. Explain the meaning, characteristics and objectives of Online Advertising.
10. Describe the major components of Online Marketing and their business applications.

Assignments

1. Analyse the different types of E-Commerce and evaluate their significance in contemporary business with suitable examples.
2. Compare and contrast E-Business and E-Commerce by examining their scope, activities and organisational applications.
3. Evaluate the role of Customer Relationship Management (CRM) and E-CRM in developing long-term customer relationships.
4. Discuss the relationship between E-Marketing and Online Advertising, illustrating how both contribute to customer engagement and business growth.
5. Examine the major components of Online Marketing and explain how they collectively support customer acquisition, conversion and retention.

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BLOCK - 02

Online Marketing Mix

Unit - 1
Online Marketing Mix and Consumer Strategy

Learning Outcomes

At the conclusion of this unit, learners will be able to:

- ◊ understand the concept of the online marketing mix and its components
- ◊ explain the concept of consumer segmentation in the virtual environment
- ◊ analyze factors influencing digital purchasing decisions
- ◊ explain the concept of online brand positioning

Prerequisite

Priya started a small online gift shop selling handmade greeting cards, photo frames, and personalised gifts. Although many people visited her website, only a few made purchases. She realised that having a website alone was not enough to attract customers. She improved her online marketing mix by offering better-quality products, setting competitive prices, promoting her shop through social media and email campaigns, and making her website easy to use. She also noticed that different customers behaved differently while shopping online. Some compared prices, some read customer reviews before buying, and others waited for discounts. By understanding online consumer behaviour, she identified different customer groups, targeted them with personalized offers and positioned her brand as a trusted seller of unique handmade gifts. As a result, within a few months, her online gift shop attracted more visitors, achieved higher sales, and built a loyal customer base. Priya realised that success in online marketing depends on understanding customer behaviour, segmenting and targeting the right audience, and building a strong online brand position. In this unit, we learn more about Online Marketing Mix and Market segmentation.

Keywords

Marketing Mix, Digital Consumer, Personalization, Segmentation, Virtual Market, Targeting, Positioning, Online Reviews, User Experience.

Discussion

2.1.1 Online Marketing Mix Decisions

The exponential growth of the internet and digital technologies has transformed how organisations market their products and services. Consumers today use websites, search engines, social media platforms, mobile applications, and online marketplaces to search for information, compare products, and make purchasing decisions. As a result, businesses must carefully plan and manage their online marketing activities to attract customers and achieve competitive advantage. This requires strategic decisions about various elements of the online marketing mix to meet customer needs and achieve organisational objectives.

Online Marketing Mix Decisions refer to the strategic choices organisations make about the elements of the marketing mix in the digital environment. These decisions determine how organisations develop, price, distribute, promote, and deliver products and services to customers through online platforms. The objective is to create value for customers while achieving organizational goals such as increased sales and profitability.

2.1.1.1 Online Marketing Mix

Online Marketing Mix refers to the combination of marketing strategies and elements that organizations use to promote, sell, and deliver products or services through digital platforms such as websites, e-commerce marketplaces, social media, mobile applications and email. It adapts the traditional marketing mix to meet the needs of the digital business environment. The traditional marketing mix is commonly represented by the 4Ps Product, Price, Place and Promotion. For services marketing, the framework is often extended to 7Ps by adding People, Process and Physical Evidence. In digital marketing, these elements can be adapted to the online environment depending on the nature of the business.

As businesses increasingly operate through online platforms, the traditional marketing elements have evolved to respond to the unique characteristics of the internet, digital technologies, and e-commerce. This enables organizations to create greater customer value, enhance online experiences, and achieve their marketing objectives more effectively.

Fig 2.1- Marketing Mix

The major online marketing mix decisions are explained below.

7Ps of the Online Marketing Mix

1. Product Decisions

Product decisions involve determining which products or services to offer through digital channels and how they will satisfy customer needs. Product decisions include product selection, design, quality, features, branding, packaging, product variations and after-sales services.

In online marketing, attention is also given to how the product is presented digitally. Businesses use product videos, 360-degree views, detailed descriptions, specifications, user reviews, and comparison features to help customers better understand the product. For example, an online furniture retailer may display a sofa with images from multiple angles, provide dimensions and assembly instructions, and offer an augmented reality (AR) feature that lets customers visualise how the sofa would look in their living space before buying.

2. Price Decisions

Price decisions involve determining the amount customers pay for products or services offered through online channels. Online customers can compare prices across multiple websites and platforms with relative ease. Therefore, businesses need pricing strategies that stay competitive while maintaining profitability.

Common online pricing approaches include competitive pricing, premium pricing, dynamic pricing, penetration pricing, subscription pricing, and bundle pricing. Businesses may also use limited-period discounts, promotional offers, loyalty-based pricing and personalized offers. Online pricing decisions should consider customer value, competitors' prices, demand conditions, operating costs and the overall pricing objectives of the business. For example, an online retailer may offer a temporary discount during a promotional campaign or provide a bundle price when customers purchase multiple related products together.

3. Place Decisions

Place decisions involve determining how products or services will be made available to customers through digital channels and how they will be delivered efficiently. In online marketing, businesses may distribute products through their own websites, mobile applications, online marketplaces, social commerce platforms, or a combination of these channels.

Place decisions also involve inventory management, order fulfilment, warehouse locations, logistics, delivery partners, shipping methods and order-tracking systems. Businesses need to ensure products are available through appropriate channels and can be delivered accurately and within the promised timeframe. For example, an online retailer may sell products through its website and mobile application while using strategically located fulfilment centres and logistics partners to support faster delivery.

4. Promotion Decisions

Promotion decisions involve communicating information about products, services and promotional offers to target customers through digital channels. The primary objectives of online promotion are to create brand awareness, reach potential customers, increase sales and encourage customer engagement and repeat purchases.

Businesses use a variety of digital promotional tools, including search, search engine advertising, social media marketing, content marketing, email marketing, affiliate marketing, display advertising, video advertising, and influencer marketing. Promotional decisions also involve identifying the target audience, developing appropriate messages, selecting suitable digital platforms, setting campaign budgets, designing promotional offers, and deciding campaign duration and frequency. An effective combination of these activities enables businesses to reach the right audience, communicate relevant messages and achieve their marketing objectives.

For example, a fitness equipment company may publish workout videos on YouTube to provide useful content, promote its products through social media advertising, and collaborate with fitness influencers to increase product visibility and reach potential customers.

5. People Decisions

People decisions refer to the employees, service personnel, and other individuals involved in delivering products or services and interacting with customers through digital channels. Although online marketing relies heavily on technology, human involvement remains important in customer service, technical support, content creation and problem resolution. Organizations recruit and train customer service representatives, digital marketing professionals, technical support personnel, social media managers and other employees involved in online customer interactions. Employees should possess appropriate product knowledge, communication skills, digital competencies, problemsolving abilities and a customer-oriented approach.

Customer support may be provided through live chat, email, telephone, social media, video support, and other digital communication channels. For example, an online travel booking company may provide customer support through live chat and telephone to assist customers with booking changes, cancellations, or travel disruptions.

6. Process Decisions

Process decisions involve designing and managing the procedures, systems, and workflows through which customers search for, purchase, receive, and obtain support for products or services online. The objective is to make the customer journey simple, convenient, secure, reliable, and efficient.

Online processes may include website navigation, product search, product selection, account creation, shopping-cart management, checkout, payment processing, order confirmation, delivery tracking, cancellation, returns, refunds, and customer support. Businesses increasingly use automation, chatbots, artificial intelligence (AI), and integrated digital systems to improve process efficiency and customer experience.

For example, an online retailer may offer a simplified checkout process with multiple payment options, automated order confirmation, real-time delivery tracking, and a clearreturn and refund procedure. A well-designed process can reduce customer effort, minimise transaction errors, and improve the likelihood of successful purchase completion.

7. Physical Evidence

Although online businesses do not operate through traditional physical stores, customers still rely on visible cues to judge the credibility and professionalism of an online business. Physical evidence refers to the tangible and visual elements that build confidence and shape customer perceptions of a business. In an online context, physical evidence can include tangible elements such as product packaging, invoices and delivery materials, as well as digital and visual cues such as website design, mobile application interfaces, company logos, brand colours, customer reviews, digital invoices, return policies and overall brand consistency. These elements signal the business's professionalism and credibility and help reduce customers' uncertainty when purchasing online. Physical evidence is particularly important in online marketing because customers often have limited direct interaction with the business or the ability to physically examine the product before purchase.

2.1.1.2 Importance of Online Marketing Mix Decisions

- Help businesses satisfy customer needs effectively.
- Improve customer experience and satisfaction.
- Increase online sales and revenue.
- Build a strong digital brand image.

- Support competitive positioning in the online marketplace.
- Improve customer retention and loyalty.
- Enable businesses to respond quickly to changing market conditions.
- Strengthen long-term customer relationships.
- Contribute to sustainable business growth.

2.1.2 Online Consumer Behaviour

The widespread use of the internet, smartphones, and digital technologies has significantly changed the way consumers search for information, evaluate products, and make purchasing decisions. Unlike traditional shopping, online consumers have access to vast amounts of product information, enabling more informed choices. Businesses must therefore understand how consumers behave in the digital environment to effectively meet their needs and remain competitive. One key characteristic is that consumers are information-driven; for example, before buying a laptop, a customer may compare specifications and read reviews on different online platforms. Online consumer behaviour is influenced by personal preferences, product information, pricing, reviews, social influence and convenience.

2.1.2.1 Features of Online Consumer Behaviour

1. Information-Oriented: Online consumers actively search for detailed information before making purchasing decisions. They compare product features, prices, customer ratings, and reviews to reduce risk.
2. Convenience-Driven: Consumers prefer online shopping because it allows them to purchase products anytime and anywhere without visiting physical stores.
3. Price Sensitive: Customers can easily compare prices across different websites, which can increase price transparency and may make some consumers more responsive to discounts, promotions and competitive pricing.
4. Influenced by Reviews and Ratings: Customer reviews, testimonials, and ratings play a major role in influencing online purchasing decisions because consumers trust the experiences of previous buyers.
5. Personalized Experience: Many online consumers value personalized recommendations, customized advertisements and product suggestions based on their interests and previous interactions.
6. Interactive: Consumers can communicate directly with businesses through live chat, social media, emails, and online reviews, making the buying process more interactive than traditional shopping.

2.1.2.2 Steps of Online Consumer Behaviour

Online purchasing behaviour can often be understood through a sequence of stages, although consumers may not always follow these stages in a fixed or linear order. Understanding these stages helps businesses design effective marketing strategies and improve customer satisfaction. The steps of Online consumer behaviour are explained below:

1. Need Recognition

The online buying process begins when a consumer recognizes a need or identifies a problem that requires a solution. This need may arise from personal requirements, advertisements, social media posts, recommendations from friends, or promotional emails.

2. Information Search

After recognizing the need, the consumer searches for information about available products or services. Consumers gather information through search engines, company websites, online marketplaces, social media platforms, blogs, customer reviews, and comparison websites.

3. Evaluation of Alternatives

The consumer compares different brands and products before making the final decision. The consumer evaluates factors such as quality, price, features, customer ratings, seller reputation, warranty, return policy, and delivery time. The objective is to select the product that offers the best value for money.

4. Purchase Decision

After evaluating the available alternatives, the consumer selects the preferred product and completes the online purchase. Promotional offers, discount coupons, free shipping, secure payment options, easy return policies, and delivery speed may influence the final decision.

5. Post-Purchase Behaviour

After receiving and using the product, the consumer evaluates whether it meets expectations. If satisfied, the customer may become a repeat buyer, recommend the product to others, or leave positive reviews. If dissatisfied, the customer may return the product, request a refund, or post negative feedback. Businesses monitor post-purchase behaviour to improve products, services, and customer relationships.

Did you know?

The majority of global web traffic comes from mobile devices. As a result, businesses increasingly adopt mobile-first website designs to improve user experience and strengthen their online brand positioning.

2.1.3 Consumer Segmentation in Virtual Space

The rapid growth of digital technologies and e-commerce has enabled businesses to reach millions of customers through online platforms. However, not all online consumers have the same needs, preferences, purchasing power, or buying behaviour. Therefore, businesses divide online customers into smaller groups with similar characteristics so they can provide personalised products, services, and promotional messages. This process, known as consumer segmentation, helps organizations improve customer satisfaction and increase marketing effectiveness.

Consumer segmentation in virtual space refers to dividing online consumers into distinct groups based on shared characteristics such as demographics, geographic location, interests, lifestyles, browsing behaviour, purchasing patterns, and online activities. By identifying these segments, businesses can design customized marketing strategies that meet the specific needs of each group.

Unlike traditional segmentation, digital segmentation can make greater use of data generated through websites, mobile applications, social media, search behaviour, online purchases and customer interactions

2.1.3.1 Objectives of Consumer Segmentation in Virtual Space

- Identify different groups of online consumers.
- Understand customer needs and preferences.
- Deliver personalized marketing messages.
- Improve customer satisfaction and loyalty.
- Increase the effectiveness of digital marketing campaigns.
- Optimize marketing costs by targeting the right audience.
- Improve customer retention and repeat purchases.

2.1.3.2 Types of Consumer Segmentation in Virtual Space

Consumer segmentation in virtual space is the process of dividing online consumers into different groups based on common characteristics. Since every customer has different needs, preferences, buying habits, and online activities, businesses cannot use the same marketing strategy for everyone. By segmenting consumers, organizations can develop personalized products, services, advertisements, and promotional campaigns that better satisfy the needs of each customer group.

The major types of consumer segmentation in virtual space are explained below.

1. Demographic Segmentation

Demographic segmentation is one of the most commonly used techniques in virtual marketing. It divides consumers based on demographic variables such as age, gender, income, education, occupation, and marital status. Businesses use this information to create products and promotional campaigns that match the needs of specific customer groups. For example, an online fashion retailer may market trendy clothing to young adults while promoting professional attire to working professionals. This type of segmentation helps organizations reach the right audience more effectively.

2. Geographic Segmentation

Geographic segmentation divides consumers by physical location, such as country, state, city, region, or climate. In virtual space, businesses can use location data obtained through customer profiles or digital devices to offer location-specific products and services. Many online businesses use GPS technology and customer location data to show products and offers most relevant to nearby customers.

For example, an e-commerce company may promote raincoats and umbrellas to customers in regions experiencing heavy rainfall while advertising summer clothing to customers in warmer areas. Geographic segmentation helps businesses address regional preferences and needs.

3. Psychographic Segmentation

Psychographic segmentation focuses on consumers' lifestyles, interests, values, attitudes, and personalities. This technique helps businesses understand why consumers make certain purchasing decisions. In virtual environments, companies gather psychographic information through surveys, social media activities, and online interactions. For instance, a fitness brand may target health-conscious individuals with exercise programs and nutritional products. By understanding customer lifestyles and values, businesses can create more meaningful and personalized marketing campaigns.

4. Behavioral Segmentation

Behavioral segmentation categorizes consumers based on their actions and behavior while interacting with digital platforms. It considers factors such as purchase history, browsing habits, product usage, brand loyalty, and visit frequency. Online retailers often use this technique to recommend products based on previous purchases or viewed items. For example, an online bookstore may suggest books similar to those a customer previously purchased. Behavioural segmentation helps businesses predict customer preferences and improve marketing effectiveness.

5. Technographic Segmentation

Technographic segmentation divides online consumers into groups based on the technology they use, such as devices, operating systems, browsers, software applications, internet connectivity, and digital adoption levels. It helps businesses deliver products, services, and marketing messages that match customers' technological preferences and usage patterns.

This technique is particularly important in digital marketing because consumer experiences may vary depending on the technology they use. For example, a mobile application developer may focus marketing efforts on smartphone users, while software companies may target consumers using specific operating systems. Knowing technology preferences helps businesses optimize user experiences and marketing strategies. Customers differ in their level of digital expertise. Some are early adopters who quickly adopt new technologies, while others prefer familiar, simple digital tools. Businesses design products and support services according to customers' technological skills. For example, a fintech company offers advanced investment features for experienced users while providing a simple interface and tutorials for first-time users

6. RFM Segmentation

In the digital marketplace, businesses collect large amounts of customer data through websites, mobile applications and e-commerce platforms. Identifying customer demographics alone is not enough for effective marketing. Organizations also need to understand how recently customers have purchased, how often they buy and how much they spend. RFM (Recency, Frequency, and Monetary Value) is a widely used customer segmentation technique that works particularly well when organisations have transaction-level customer data. It enables organizations to identify valuable customers, develop personalized marketing strategies and maximize profitability.

RFM Segmentation is a customer segmentation technique that classifies customers based on three factors:

i. Recency (R): How recently a customer made a purchase.

Recency measures the time elapsed since a customer's most recent purchase. Customers who purchased recently are generally more likely to buy again than customers who have not purchased in a long time. Businesses use recency to identify active customers and encourage inactive customers to return through promotional offers. For example, an online clothing store sends a "Welcome Back" discount coupon to customers who have not purchased in the last three months.

ii. Frequency (F): How often a customer makes purchases.

Frequency: It measures how often a customer purchases products or services over a specific period. Customers who buy frequently are considered loyal and valuable because they contribute to regular revenue. Businesses reward frequent buyers with loyalty programmes, exclusive discounts, and membership benefits. For example, an online grocery platform offers reward points and exclusive discounts to customers who place weekly orders.

iii. Monetary Value (M): How much money a customer spends.

Monetary Value: It measures the total amount of money a customer spends on purchases during a given period. Customers with higher spending may contribute substantially to revenue; however, profitability also depends on factors such as costs, margins and customer acquisition or service costs. Businesses often provide premium services, special offers, and personalized recommendations to high-value customers. For example, an online electronics retailer provides early access to product launches and premium customer support to customers who spend large amounts annually.

Consumer segmentation in virtual space is a powerful marketing tool that helps businesses understand diverse customer groups and tailor their strategies accordingly. Segmentation techniques such as demographic, geographic, psychographic, behavioral, technographic and RFM enable organizations to deliver personalized experiences and enhance business performance.

2.1.4 Consumer Targeting

Consumer targeting is the process of evaluating market segments and selecting specific groups of consumers that an organization aims to serve with its marketing offerings. In modern marketing, businesses no longer try to sell to everyone because consumers differ significantly in needs, preferences, lifestyles, income levels, and purchasing behaviour.

Consumer targeting focuses marketing resources on customer groups that are strategically attractive, sufficiently responsive, and aligned with organisational objectives. The growth of digital technologies, social media platforms, customer relationship management systems, and data analytics has made consumer targeting more accurate and efficient than ever.

Consumer targeting matters because it helps businesses reach the right audience at the right time with the right message. When companies target consumers effectively, they can reduce marketing expenses and achieve better results from their advertising investments. Instead of spending money to reach people with little interest in their products, organisations focus on those most likely to respond positively. Targeting also allows businesses to develop products and services that better meet customer needs, leading to higher customer satisfaction and stronger brand loyalty.

2.1.4.1 Target Market Selection

After segmenting the market, businesses evaluate each segment and select the one or more groups they wish to serve. This process is known as target market selection. Companies analyze factors such as market size, growth potential, profitability, competitive intensity, and alignment with organizational objectives.

A target market should represent a group of consumers whose needs the company's offerings can effectively satisfy. Selecting the right target market enables organizations to focus their resources more efficiently and develop marketing strategies that resonate strongly with customers. For example, a company producing premium organic food products may target health-conscious urban consumers willing to pay higher prices for quality and sustainability.

2.1.4.2 Types of Consumer Targeting

Depending on the nature of the business, available resources, and marketing objectives, organizations may adopt different targeting strategies. The major types of consumer targeting are explained below.

1. Mass Targeting

Mass targeting is a strategy in which an organization targets the entire market with a single product and a common marketing strategy. Instead of focusing on specific customer groups, the business assumes the product satisfies the needs of many consumers. The company uses the same product, price, promotional message, and distribution strategy for all customers.

This strategy suits products widely used by people regardless of age, income, or lifestyle. Since the same marketing campaign is used for everyone, businesses can reduce advertising and production costs. However, mass targeting may not satisfy the specific needs of different customer groups, especially in highly competitive markets where consumers expect personalized products and services.

2. Differentiated Targeting

Differentiated targeting is a strategy in which a business targets two or more customer segments by designing separate marketing strategies for each segment. Businesses develop different products, prices, advertisements, and promotional messages based on each target group's needs and preferences. This approach lets businesses serve a wider range of customers and improve satisfaction by offering products that better match consumer expectations. Although differentiated targeting requires higher marketing costs, it often increases sales and strengthens customer loyalty.

For example, an online clothing retailer markets trendy and affordable clothing to college students, premium formal wear to working professionals, and easy-to-wear apparel to senior citizens through separate advertising campaigns.

3. Concentrated Targeting

Concentrated targeting, also known as niche targeting, involves focusing all marketing efforts on one specific customer segment. Instead of serving the entire market, the business specialises in meeting the needs of a small, well-defined group of customers. Small businesses and start-ups with limited financial and marketing resources often adopt this strategy. By concentrating on a niche market, businesses can develop specialized products, build expertise, and establish a strong reputation among their target customers.

Although concentrated targeting allows businesses to become market specialists, it also involves greater risk because the business depends heavily on a single customer segment.

4. Micromarketing

Micromarketing involves highly specific marketing activities designed to target localized markets or narrowly defined customer segments. Rather than targeting the broader market, businesses focus their marketing strategies on the specific characteristics, needs, preferences, or behaviours of small, well-defined groups.

Advances in artificial intelligence, data analytics, and customer relationship management (CRM) systems have made micromarketing increasingly feasible, particularly for online businesses. These technologies enable businesses to identify and target smaller customer segments more precisely, which can help improve customer satisfaction, strengthen customer relationships and encourage repeat purchases. However, effective micromarketing requires access to relevant customer data, appropriate technological capabilities and careful attention to customer privacy and ethical considerations. For example, an online streaming platform recommends movies and television shows based on each user's viewing history, while an e-commerce website displays personalized product recommendations based on previous purchases.

2.1.5 Digital Tools for Targeting

Digital targeting enables businesses to identify and reach the most appropriate customer segments using data-driven technologies. Instead of delivering the same marketing message to all consumers, organisations use digital tools to target specific audiences based on demographics, interests, online behaviour, purchasing history, and geographic location. These tools help businesses personalize marketing campaigns, improve customer engagement, increase conversion rates and optimize marketing expenditure.

The major digital tools used for consumer targeting are explained below.

1. Customer Relationship Management (CRM) Systems

Customer Relationship Management systems are software applications that help businesses collect, store and manage customer information, including contact details, purchase history, preferences, and previous interactions. Businesses use this data to identify target customers and deliver personalized marketing messages. For example, an online bookstore uses a CRM system to send personalized recommendations of business management books to customers who have previously purchased marketing textbooks.

2. Google Ads

Google Ads enables businesses to reach audiences using factors such as search queries, geographic location, audience characteristics and other signals, depending on the campaign type and available targeting options. It helps organisations reach potential customers actively searching for specific products or services. For example, a travel agency displays advertisements for holiday packages to users searching for "best vacation destinations."

3. Google Analytics

Google Analytics is a web analytics tool that helps businesses understand how visitors interact with their websites and mobile applications. Depending on configuration, consent, available signals and applicable privacy settings, Google Analytics can provide aggregated insights into audience characteristics, traffic sources, devices, pages visited, engagement and conversions.

Businesses use this information to identify valuable customer segments, evaluate marketing performance, and refine their targeting strategies. For example, an online clothing retailer discovers through Google Analytics that most visitors are young adults accessing the website on smartphones, prompting the company to optimise its website and ads for mobile users.

4. Cookies and Tracking Pixels

Cookies are small text files stored in a user's web browser, while tracking pixels are tiny pieces of code embedded in websites or emails that help monitor user activity. Their use and the type of information collected depend on the technology, implementation, user settings and applicable privacy regulations. Businesses use this information to deliver personalized advertisements, measure campaign performance, and conduct remarketing, which involves showing advertisements to users who have previously interacted with the brand.

For example, after a customer views a pair of running shoes on an e-commerce website, advertisements for the same or similar shoes may appear while the customer browses other websites or social media platforms.

2.1.6 Brand Positioning

Brand positioning refers to the process of establishing a distinctive and meaningful position for a brand in the minds of its target customers relative to competing brands. In the online environment, brand positioning involves developing and reinforcing this desired position through digital touchpoints, such as websites, social media platforms, search engines, online advertising and other digital channels. It aims to create clear associations between the brand and specific benefits, attributes, values, or qualities relevant to the target audience and that distinguish the brand from competitors.

Effective online brand positioning can influence how consumers perceive, evaluate and interact with a brand. When consumers view a brand positively and believe its value proposition meets their needs, they may be more likely to choose it and recommend it to others. Therefore, effective online brand positioning can contribute to customer loyalty, competitive advantage and long-term business performance.

2.1.6.1 Importance of Online Brand Positioning

- Creates a distinct identity in the competitive digital marketplace.
- Differentiates the brand from competing products and services.
- Builds customer trust and enhances brand credibility.
- Improves brand awareness and recognition across digital platforms.
- Attracts and retains the target audience.
- Strengthens customer loyalty and long-term relationships.
- Provides a sustainable competitive advantage.

Did you know?

Nike strengthens its online brand positioning through digital platforms such as the Nike Run Club and Nike Training Club apps. These platforms provide free fitness coaching and build a community around the brand.

2.1.6.2 Components of Online Brand Positioning

1. Target Audience

The target audience refers to the specific group of consumers a business intends to serve. Businesses identify their audience based on demographic, psychographic, geographic, and behavioural characteristics to ensure that marketing efforts effectively address customer needs and preferences.

2. Frame of Reference

The Frame of Reference refers to the market category or product category in which a brand operates and competes. It helps customers understand what the brand represents, the products or services it offers, the customer needs it addresses and the competing brands they may consider. Establishing a clear Frame of Reference enables customers to evaluate the brand against alternatives in the same category. It provides a foundation for developing an effective positioning strategy.

A Frame of Reference is further defined through Points of Parity and Points of Difference. Points of Parity are the attributes, benefits, or associations that a brand shares with competing brands and that customers generally expect from offerings within the category. They help establish the brand's credibility and demonstrate its membership in the category.

Points of Difference, in contrast, are the distinctive attributes, benefits, or associations that customers strongly associate with a particular brand and perceive as different or superior to those offered by competitors. They enable the brand to differentiate itself and establish a distinctive position in the market.

For example, Netflix operates within the online video streaming category, where it competes with platforms such as Amazon Prime Video and JioHotstar. Features such as on-demand access to a variety of video content can be Points of Parity, while distinctive original content, personalised recommendations, and a user-friendly viewing experience can be Points of Difference.

3. Unique Value Proposition

The Value Proposition communicates the overall value that a brand offers to its target customers by explaining how its products or services address their needs and provide relevant benefits. A Unique Value Proposition goes further by emphasising the distinctive benefits or compelling reasons customers should prefer the brand over competing alternatives. It highlights the specific value that differentiates the brand, such as superior quality, innovation, convenience, competitive pricing, exceptional customer service, or other distinctive benefits. Thus, while a value proposition explains the value a brand offers, a unique value proposition emphasizes why customers should choose that brand over alternatives.

4. Brand Identity and Brand Personality

Brand identity refers to the unique set of associations, values and characteristics that an organization seeks to create and maintain for its brand. It includes strategic and visual elements such as the brand name, logo, colours, slogan, design, values, and communication style. Brand personality refers to the human characteristics or traits associated with a brand, such as being innovative, reliable, youthful, friendly, sophisticated, or adventurous. Thus, brand identity reflects how the organisation presents and communicates the brand, while brand personality gives the brand distinctive human characteristics that help customers relate to it. Together, brand identity and brand personality create a distinctive and consistent brand presence in the market. For example, Apple's distinctive visual design, minimalist product presentation, and communication style reflect its brand identity. At the same time, characteristics such as innovation, simplicity, and sophistication are commonly associated with its brand personality.

5. Customer Experience

Customer experience refers to the overall perception and impression that consumers develop through every interaction with a brand in the online environment. It encompasses all stages of the customer journey, from visiting the website or mobile application to making a purchase and receiving after-sales support. A positive customer experience is created through user-friendly website design, easy navigation, fast page loading, secure payment systems, responsive customer support, timely delivery and efficient after-sales service. Consistently delivering a seamless, satisfying online experience enhances customer satisfaction and reinforces the brand's positioning in consumers' minds.

R Recap

- ◊ Online marketing mix decisions involve designing and implementing the appropriate product, price, place, and promotion strategies to achieve digital marketing objectives.
- ◊ Online consumer behaviour is influenced by factors such as convenience, trust, website usability, online reviews, personalization, and digital experiences.
- ◊ Consumer segmentation, targeting, and online brand positioning enable businesses to identify suitable customer groups and create value

propositions that differentiate their brands in the digital marketplace. Consumer targeting is the process of identifying and reaching specific groups of consumers who are most likely to purchase a company's products or services.

◊ Market segmentation divides a large market into smaller groups based on demographic, geographic, psychographic, and behavioral characteristics.

◊ Target market selection helps businesses focus their marketing efforts on the most profitable and suitable consumer segments.

◊ Digital technologies have made consumer targeting more accurate through data analytics, artificial intelligence, and behavioral tracking.

◊ Brand positioning online refers to creating a unique and favorable image of a brand in consumers' minds through digital platforms.

◊ Online brand positioning helps businesses differentiate themselves from competitors and build customer loyalty.

◊ Brand identity, brand personality, value proposition, content strategy, search engine visibility, and social media presence are important elements of online brand positioning.

Objective Questions

1. What is consumer segmentation?
2. What is dynamic pricing?
3. What is the process of dividing a market into smaller groups called?
4. Which type of segmentation is based on age, gender, and income?
5. Which type of segmentation is based on location?
6. Which type of segmentation is based on lifestyle and values?
7. What is the process of creating a unique image of a brand online called?
8. What visual element helps consumers recognize a brand?
9. What practice improves a brand's visibility in search engine results?

Answers

1. Dividing consumers into groups based on specific characteristics
2. Changing prices based on demand and market conditions
3. Segmentation
4. Demographic
5. Geographic
6. Psychographic
7. Online brand positioning
8. Logo
9. Search Engine Optimisation

Self- Assessment Questions

1. What is consumer targeting? Explain its importance in modern marketing.
2. Describe the concept of market segmentation and discuss its major types.
3. How does digital technology improve consumer targeting?
4. Discuss the importance of targeted advertising in improving the effectiveness of online advertising.
5. Explain the process of consumer segmentation in the virtual marketplace.
6. Explain the concept of online brand positioning and its role in building competitive advantage.
7. Analyse how online marketing mix decisions influence consumer purchase behaviour.

Assignments

1. Analyze how companies use the online marketing mix to attract customers. Provide examples.
2. Study a popular e-commerce platform and identify its segmentation strategy.
3. A newly established clothing brand wants to increase its online sales with a limited marketing budget. Which types of online advertising would you recommend? Justify your answer.

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Unit - 2

Online Advertising

Learning Outcomes

At the conclusion of this unit, learners will be able to:

- explain the importance of online advertising
- describe the objectives of online advertising
- evaluate the advantages and limitations of online advertising
- explain the various types of online advertising

Prerequisite

Riya owned a small bakery. Her cakes and pastries were delicious, but most customers came only from her neighbourhood. She wanted to increase sales but had a limited advertising budget. Instead of spending money on newspaper or television advertisements, she decided to try online advertising. First, Riya created a business page on social media and posted attractive pictures and videos of her cakes. She then ran social media advertisements targeting people within a 10-kilometre radius of her bakery. To encourage repeat customers, Riya collected email addresses from buyers and sent them email advertisements about festive discounts and new products. Riya could also monitor how many people viewed her advertisements, clicked on them, and placed orders. This helped her spend her advertising budget more effectively.

Online advertising has become an essential component of modern marketing, enabling businesses to promote their products and services efficiently through digital platforms. Its ability to reach targeted audiences, provide measurable results and support flexible budgeting can make online advertising highly effective for many marketing objectives. Although challenges such as high competition and privacy concerns, the advantages of online advertising generally outweigh its limitations. By selecting appropriate online advertising methods, organisations can strengthen brand awareness, increase sales, and achieve long-term business growth.

Keywords

Online Ad, Affiliate Marketing, Social Media, Data Privacy, Native Advertisement. Remarketing

Discussion

2.2.1 Online Advertising

Businesses are no longer limited to traditional media such as newspapers, television, and radio to promote their products and services. Today, organizations use online platforms to reach customers instantly across different geographical locations. Online advertising enables businesses to reach large audience, personalize promotional messages, measure campaign performance in real time, and optimize marketing efforts based on customer responses. As internet usage and smartphone adoption continue to increase, online advertising has become one of the most effective and widely used marketing tools.

2.2.1.1 Features of Online Advertising

Online advertising possesses several distinctive features that make it an effective marketing tool in the digital era. These features enable businesses to reach customers efficiently, measure campaign performance, and improve marketing outcomes. The major features of online advertising are explained below:

1. Global Reach: Online advertising enables businesses to promote their products and services to customers across different regions and countries. It eliminates geographical barriers and allows organizations to access global markets.

2. Targeted Audience: Businesses can display advertisements to specific groups of people based on factors such as age, gender, location, interests, occupation, browsing behaviour, and purchasing history. This improves ad relevance and effectiveness.

3. Real-Time Monitoring: Online advertising campaigns can be tracked and managed in real time. Businesses can instantly modify advertisements, budgets, targeting options, or campaign settings based on performance data.

4. Interactive Communication: Unlike traditional advertising, online advertising allows two-way communication. Customers can interact with advertisements by clicking links, watching videos, commenting, sharing content, completing forms, or making purchases directly.

5. Personalization: Advertisements can be customized according to the preferences and behaviour of individual users. Personalized advertisements increase customer engagement and improve the likelihood of conversions.

6. Multiple Advertising Formats: Online advertising supports various formats, including text advertisements, banner advertisements, display advertisements, video advertisements, social media advertisements and mobile advertisements. Businesses can choose the format that best suits their marketing objectives.

2.2.1.2 Advantages of Online Advertising

Online advertising offers several advantages over traditional forms. The major advantages of online advertising are explained below:

1. Global Reach

Online advertising lets businesses reach customers across regions and countries through the internet. Even small businesses can promote their products to a global audience without establishing a physical presence in multiple locations.

2. Cost-Effective

Online advertising offers flexible budgets and lower entry costs than some traditional media, although total costs vary widely by platform, audience, competition, and campaign objectives. Businesses can set their own budgets and choose payment models such as Pay-Per-Click (PPC) or Cost-Per-Impression (CPM), making it suitable for organizations of all sizes.

3. Measurable Performance

Online advertising provides detailed performance reports that help businesses evaluate campaign success. Metrics such as impressions, clicks, click-through rate (CTR), conversion rate, and return on investment (ROI) enable advertisers to make informed decisions.

4. Higher Customer Engagement

Online advertisements encourage customer interaction through likes, comments, shares, clicks, video views, and direct messaging. This interactive communication helps businesses build stronger customer relationships and increase brand engagement.

5. Personalization

Online advertising lets businesses deliver personalised ads based on customer preferences, browsing history, past purchases, and search behaviour. Personalised ads are more relevant to customers and often lead to higher conversion rates.

6. Faster Results

Online advertising campaigns can often be launched quickly and may generate measurable traffic or engagement soon after activation, although meaningful conversions may take longer.

7. Better Return on Investment

Because advertisements are targeted and measurable, businesses can allocate their marketing budgets more efficiently. By reaching the right audience and reducing unnecessary spending, online advertising can deliver strong returns when campaigns are appropriately targeted, measured, and optimised; however, ROI varies across campaigns and media.

8. Supports Brand Awareness and Business Growth

Continuous online advertising increases brand visibility and helps businesses establish a strong digital presence. Consistent exposure to target audiences improves brand recognition, attracts new customers, and contributes to long-term business growth.

2.2.1.3 Limitations of Online Advertising

Although online advertising offers numerous benefits, it also has certain limitations that businesses must consider while planning their marketing strategies. Factors such as intense competition, privacy concerns, technological challenges, and changing customer behaviour can affect the effectiveness of online advertising campaigns. The major limitations of online advertising are explained below:

1. High Competition

The growing popularity of online advertising has resulted in intense competition among businesses. Thousands of advertisements compete for customer attention every day, making it difficult for individual advertisements to stand out.

2. Ad Fatigue

Ad fatigue occurs when consumers are repeatedly exposed to the same online advertisement over time. As a result, they become less interested in the advertisement, leading to reduced engagement and decreased conversion rates. Frequent repetition of the same advertisement may cause users to ignore the message or develop a negative perception of the brand.

3. Privacy and Data Security Concerns

Many online advertising campaigns rely on collecting customer data to deliver personalized advertisements. This raises concerns about privacy, data protection, and the misuse of personal information, leading some users to distrust online advertisements.

4. Use of Ad-Blocking Software

Many internet users install ad-blocking applications or browser extensions that prevent advertisements from being displayed. As a result, businesses may not reach a significant portion of their intended audience.

5. Click Fraud

In some cases, advertisements receive fake or invalid clicks generated by automated programs (bots) or individuals without genuine purchasing intentions. Click fraud increases advertising costs without generating real business opportunities.

6. Continuous Content Updates

Digital advertising campaigns require regular updates to advertisement designs, messages, keywords, and targeting strategies. Failure to update content may reduce customer interest and campaign effectiveness over time.

7. Technical Complexity

Successful online advertising often requires knowledge of digital marketing tools, analytics, search engine optimization (SEO), keyword research, and advertising platforms. Small businesses may find these technical requirements challenging without expert support.

8. Negative Customer Feedback

Online platforms allow customers to publicly comment, review, and share opinions about advertisements and brands. Negative feedback or complaints can spread quickly and affect a company's reputation if not managed effectively.

2.2.2 Types of Online Advertising

1. Display Advertising

Display advertising involves visual advertisements such as banners, images, graphics, animations and rich-media content displayed on websites and mobile applications. These advertisements are designed to attract attention and increase brand awareness.

Display advertising lets businesses communicate messages visually and reach consumers as they browse online content. Advanced targeting capabilities let marketers display ads based on users' interests, demographics, or browsing behaviour. As a result, display advertising remains one of the most widely used forms of digital promotion.

For example, a clothing retailer displays banner advertisements featuring its latest seasonal collection on fashion blogs. When users click the advertisement, they are directed to the retailer's online store, where they can browse and purchase the products.

Advantages of Display Advertising

- Increases brand visibility and awareness.
- Reaches a large online audience.
- Allows precise audience targeting.
- Supports retargeting of previous website visitors.
- Performance can be tracked and optimized using analytics.

Limitations of Display Advertising

- Many users ignore banner advertisements.
- Ad-blocking software can reduce ad visibility.
- Click-through rates for display advertising may be lower than those of search advertising in some contexts, particularly when users have lower purchase intent.
- Poorly designed ads may negatively affect the user experience.

> Did you Know? The world's first online banner advertisement appeared on HotWired.com in 1994. It was created for AT&T and carried the message: *"Have you ever clicked your mouse right HERE? YOU WILL*

2. Search Engine Advertising

Search engine advertising involves placing paid advertisements on search engine results pages. These advertisements appear when users search for specific keywords related to products, services, or information. Because consumers actively search for information, search engine advertising often reaches individuals with strong purchase intent. This increases the likelihood of generating website visits, inquiries, and sales. Businesses compete for keyword placements through bidding systems, making search engine advertising an effective strategy for attracting qualified leads and driving conversions.

Search engine advertising helps businesses reach potential customers who are actively searching for products, services, or information. Advertisements usually appear at the top or bottom of search results and are marked as "Sponsored" or "Ad." Advertisers bid on relevant keywords, and the search engine determines ad placement based on factors such as bid amount, ad quality, and relevance.

Advantages of Search Engine Advertising

- Reaches users with high purchase intent.
- Delivers immediate visibility in search results.
- Provides measurable and trackable results.
- Advertisers have control over budgets and bidding strategies.

Limitations of Search Engine Advertising

- Can become expensive for highly competitive keywords.
- Traffic stops when the advertising budget is exhausted.
- Requires continuous monitoring and optimization.

3. Social Media Advertising

Social media advertising utilizes platforms such as social networking sites and content-sharing platforms to promote products and services. Advertisements can appear in users' feeds, stories, videos, and other content formats. Social media advertising offers sophisticated targeting options based on demographics, interests, online behavior, and social interactions. These capabilities enable businesses to reach highly relevant audiences and encourage engagement through likes, comments, shares, and direct interactions.

Social media advertising is particularly effective for building brand awareness and fostering customer relationships. A restaurant launches a paid Instagram and Facebook campaign showcasing its new menu with attractive images and short videos. The advertisements target users within a 10-kilometre radius who are interested in dining out. Interested users click the ad to view the menu, make reservations, or place online orders.

Advantages of Social Media Advertising

- Reaches a large and diverse audience.
- Offers highly targeted advertising options.
- Increases brand awareness and customer engagement.
- Generates website traffic, leads, and sales.

Limitations of Social Media Advertising

- High competition can increase advertising costs.
- Requires continuous content creation and campaign management.
- Users may ignore or skip advertisements due to ad fatigue.

4. Video Advertising

Video advertising uses video content to communicate marketing messages and engage consumers. Video advertisements can appear before, during, or after online videos, as well as on websites and social media platforms. The combination of visual, audio, and storytelling elements makes video advertising highly effective in capturing attention and conveying information.

Video advertising has become an important form of online promotion because of its ability to combine visual, audio and storytelling elements.

Advantages of Video Advertising

- Captures audience attention more effectively than text or image ads.
- Demonstrates products and services clearly and appealingly.

- Improves message retention through visual and audio elements.
- Can be shared easily across digital platforms, increasing its reach.

Limitations of Video Advertising

- Producing high-quality videos can be expensive and time-consuming.
- Some users skip advertisements before watching videos.
- Longer ads may reduce viewer interest.
- Requires a stable internet connection for smooth viewing.

5. Native Advertising

Native Advertising is a type of online advertising in which promotional content is designed to match the appearance, style, and format of the platform on which it is displayed. Native ads blend naturally with the surrounding content, making them less intrusive and more engaging for users.

Native advertisements are commonly found on news websites, blogs, social media platforms, and content recommendation sections. Although they resemble regular editorial or social media content, they are clearly identified with labels such as "Sponsored," "Promoted," or "Paid Partnership." The primary objective of native advertising is to provide useful or interesting content while subtly promoting a product, service, or brand.

A travel company publishes a sponsored article on a travel website titled *"10 Hidden Travel Destinations to Visit This Summer."* The article provides useful travel information while naturally recommending the company's holiday packages. Since it matches the website's editorial style and is labelled as "Sponsored," readers perceive it as informative content rather than a traditional advertisement.

Advantages of Native Advertising

- Provides a less intrusive advertising experience.
- Encourage engagement by integrating promotional content with the surrounding media experience.
- Improves brand credibility by integrating with relevant content.
- Reduces the likelihood of users ignoring advertisements.

Limitations of Native Advertising

- High-quality content creation requires time and effort.
- Users may feel misled if sponsored content is not clearly disclosed.
- Success depends on the relevance and quality of the content.

6. Mobile Advertising

Mobile Advertising is a type of online advertising in which businesses promote their products, services, or brands through advertisements displayed on mobile devices such as smartphones and tablets. These advertisements appear on mobile websites, mobile applications, social media platforms, search engines, games, and messaging services, allowing businesses to reach users wherever they are.

Mobile advertising takes advantage of the widespread use of mobile devices and lets advertisers deliver personalised ads based on factors such as location, interests, browsing behaviour, and device type. Common mobile ad formats include banner ads, in-app advertisements, video ads and SMS advertisements.

Advantages of Mobile Advertising

- Reaches a large and growing mobile user base.
- Allows highly targeted and location-specific campaigns.
- Encourages immediate customer action through clickable ads.
- Offers high engagement due to frequent mobile device usage.

Limitations of Mobile Advertising

- Small screen sizes may limit the amount of information displayed.
- Ad-blocking applications can reduce ad visibility.
- Poorly optimized ads may affect the user experience.

7. Email Advertising

Email advertising involves sending promotional messages directly to consumers through email. It remains one of the most effective forms of digital marketing because it delivers personalised, targeted communication. Businesses use email advertising to promote products, announce special offers, share valuable information, and maintain customer relationships. Well-designed email campaigns can increase customer engagement, encourage repeat purchases, and strengthen brand loyalty. Segmenting audiences and customising messages further improves the effectiveness of email advertising.

Email advertisements may include newsletters, promotional offers, product announcements, discount coupons, event invitations, and personalized recommendations. For example, an online fashion retailer sends an email to its subscribers announcing its End-of-Season Sale, offering up to 50% off selected products. The email includes product images, discount details, and a "Shop Now" button that directs customers to the retailer's website.

Advantages of Email Advertising

- Cost-effective compared to many other forms of advertising.

- Enables personalized communication with customers.
- Helps build long-term customer relationships and loyalty.
- Increases website traffic and sales through targeted campaigns.

Limitations of Email Advertising

- Marketing emails may be filtered into spam folders, reducing their visibility and effectiveness.
- Many recipients ignore or delete promotional emails without opening them.
- Customers can easily unsubscribe if they find the content irrelevant, repetitive, or excessively promotional.

8. Influencer Advertising

Influencer advertising involves collaborating with individuals who have established credibility and large followings on digital platforms. Influencers promote products and services through reviews, recommendations, demonstrations, and personal experiences.

Some consumers may perceive influencer content as more authentic than conventional advertising, although this depends on the influencer, audience and level of sponsorship disclosure. Consequently, influencer advertising can significantly impact brand awareness, consumer attitudes and purchasing decisions. Businesses increasingly use influencers to reach niche audiences and create meaningful connections with potential customers.

Influencer advertising commonly takes place on platforms such as Instagram, YouTube, TikTok, and Facebook. Promotional content may include product reviews, sponsored posts, unboxing videos, live streams, tutorials, and brand endorsements. Such content is typically labelled as "Sponsored," "Paid Partnership," or "Advertisement."

Advantages of Influencer Advertising

- Builds trust and credibility among potential customers.
- Reaches highly targeted and engaged audiences.
- Encourages purchase decisions through genuine product recommendations.
- Can generate viral exposure through shares and user interactions.

Limitations of Influencer Advertising

- Collaborating with popular influencers can be expensive.
- Campaign success depends on the influencer's reputation and audience engagement.
- Poorly disclosed sponsorships can affect consumer trust.

9. Affiliate Advertising

Affiliate advertising is a performance-based marketing strategy in which individuals or organizations promote products and earn commissions for successful referrals. Affiliates use websites, blogs, social media platforms and other digital channels to attract potential customers. This approach benefits businesses because they pay only when specific actions, such as purchases or registrations, occur. Affiliate advertising expands market reach, increases sales opportunities, and creates mutually beneficial partnerships between brands and affiliates.

An online electronics retailer partners with a technology blogger to promote its latest laptops. The blogger publishes a product review containing a unique affiliate link. When readers click the link and purchase a laptop, the blogger earns a commission for each successful sale, while the retailer gains additional customers.

Advantages of Affiliate Advertising

- Cost-effective, as businesses pay only for successful results.
- Expands market reach through multiple affiliates.
- Increases website traffic and product sales.

Limitations of Affiliate Advertising

- Businesses have limited control over how affiliates promote their products.
- Sales depend on the affiliates' marketing efforts and audience.
- Managing a large affiliate network can be time-consuming.

10. Remarketing Advertising

Remarketing advertising is a digital marketing strategy used to re-engage consumers who have previously interacted with a brand, such as by visiting its website, viewing a product, or engaging with its digital content, but have not completed a desired action. By showing relevant advertisements to these consumers across digital platforms, remarketing keeps the brand visible and encourages them to return and continue their customer journey. This strategy is particularly effective because it targets individuals who have already shown interest in the product or service. Remarketing often drives higher conversion rates, making it an essential part of modern digital marketing campaigns.

Remarketing uses technologies such as browser cookies or tracking pixels to identify previous visitors and display personalised ads based on their earlier interactions. It is widely used in e-commerce and digital marketing to improve conversion rates and customer retention.

Advantages of Remarketing Advertising

- Re-engages potential customers who have already shown interest.

- Increases conversion rates and sales.
- Improves brand recall by repeatedly exposing users to the brand.
- Makes advertising budgets more efficient by focusing on interested audiences.

Limitations of Remarketing Advertising

- Repeated advertisements may annoy some users.
- Concerns about privacy and data tracking may reduce user acceptance.
- Effectiveness depends on accurate audience segmentation.

> Did You Know? Businesses can display advertisements to users in specific cities, states, or even within a defined distance from a particular location. This practice, known as geo-targeting, is widely used by restaurants, retail stores and local service providers to reach customers in relevant geographic areas.

2.2.3 Online Reputation Management

Online Reputation Management (ORM) refers to the systematic process of monitoring, managing, and influencing how a brand, product, or individual is perceived across online platforms. It involves tracking online conversations, reviews, ratings, comments, social media mentions, and other digital content that can influence public perception. The objective of ORM is to build and maintain a positive online reputation, address negative or inaccurate information, and strengthen customer trust and credibility.

ORM involves several activities, including monitoring online mentions, managing customer reviews, responding to feedback, addressing complaints, correcting misinformation, engaging with customers on social media, and promoting positive, credible content. Businesses may use social listening and reputation-monitoring tools to identify discussions about their brand and respond appropriately.

An effective ORM strategy should not focus only on removing or suppressing negative content. Instead, businesses should respond to genuine complaints professionally, resolve customer problems, encourage satisfied customers to provide authentic reviews and continuously improve their products and services based on customer feedback.

For example, a hotel may monitor reviews on online travel platforms and social media. When a customer reports poor service, the hotel can respond promptly, acknowledge the concern, offer an appropriate resolution and use the feedback to improve its service. At the same time, positive customer experiences and authentic reviews can help strengthen the hotel's online reputation.

Key activities of ORM include:

i. Online Monitoring – Businesses continuously track brand mentions, customer reviews, ratings, comments, social media discussions and other online conversations related to the brand. This helps them identify customer opinions, emerging issues, and potential reputation risks early.

ii. Review Management – Businesses monitor reviews on websites, social media platforms, and online review sites and respond to both positive and negative feedback professionally. Addressing genuine complaints and acknowledging positive feedback can help improve customer relationships and credibility.

iii. Customer Engagement – Businesses actively communicate with customers through social media, websites, review platforms, email, and other digital channels. Responding to questions, comments, and concerns promptly and helpfully shows that the business values its customers.

iv. Content Management – Businesses create and share accurate, relevant, useful, and engaging content across digital platforms. This content communicates the brand's values, expertise, products, and achievements and can contribute to a positive, credible online presence.

v. Misinformation Management – Businesses monitor online platforms for false, inaccurate, or misleading information about their brand. When appropriate, they provide factual information, clarify misunderstandings, and communicate through credible channels rather than responding aggressively or attempting to suppress legitimate criticism.

vi. Reputation Measurement – Businesses evaluate indicators such as online reviews, ratings, customer sentiment, social media engagement, brand mentions, and customer feedback to assess their online reputation. Regular measurement helps businesses identify trends, evaluate the effectiveness of ORM activities, and make improvements where necessary.

2.2.4 Best Practices for Effective Online Advertising

The success of an online advertising campaign depends not only on the type of advertisement used but also on how effectively it is planned, executed, and monitored. Following best practices helps businesses maximise return on investment, improve customer engagement, and achieve their marketing objectives.

1. Define Clear Advertising Objectives

Every online advertising campaign should begin with clearly defined objectives. Businesses must determine what they want to achieve before creating advertisements. Objectives may include increasing brand awareness, generating website traffic, acquiring new customers, promoting a new product, generating leads, or increasing online sales. Clear objectives guide the campaign and help measure success with appropriate performance indicators.

2. Identify the Target Audience Accurately

Businesses should identify their audience based on demography, geographic location, interests, online behaviour and purchasing patterns. Proper audience segmentation ensures ads reach people most likely to be interested in the product or service, improving campaign effectiveness and reducing unnecessary advertising costs.

3. Create Relevant Content

Online advertisement content should be informative, attractive, and relevant to the target audience's needs. Effective advertisements use clear headlines, persuasive messages, appealing visuals, and concise descriptions to capture users' attention. The content should highlight the product's benefits rather than merely describe its features, and it should address the customer's needs or problems.

4. Use Attractive Visuals and Strong Calls to Action

Visual elements such as images, videos, animations, colours, and graphics play an important role in attracting users' attention. Along with attractive visuals, ads should include a clear Call to Action (CTA) that tells users what to do next. Common CTAs include "Buy Now," "Register Today," "Download Free," "Subscribe," "Learn More," and "Get Started." A compelling CTA encourages users to act immediately.

5. Select the Most Appropriate Advertising Platform

Different advertising platforms serve different marketing objectives and audiences. Businesses should select platforms based on where their target customers spend their time. Search engine advertising suits users actively searching for products or services, while social media advertising is effective for increasing engagement and brand awareness. Similarly, video advertisements work well for product demonstrations, and email advertising is useful for customer retention. Choosing the right platform ensures ads reach the intended audience and deliver better results.

6. Monitor Campaign Performance Regularly

Online advertising provides real-time performance data that allows businesses to evaluate campaign effectiveness. Advertisers should continuously monitor key performance indicators such as impressions, conversion rate, cost per click, return on advertising spend (ROAS), and customer engagement. Regular monitoring helps identify successful ads and areas for improvement.

7. Conduct A/B Testing to Improve Advertisement Effectiveness

A/B testing, also known as split testing, involves comparing two versions of an advertisement to determine which performs better. Advertisers may test different headlines, images, colours, CTA buttons, ad copy, or landing pages. By analysing user responses, businesses can identify the most effective version and optimize future campaigns based on actual performance rather than assumptions.

For example**, a**n online retailer creates two advertisements for the same product, one with the CTA "Buy Now" and another with "Shop Today." The advertisement receiving the higher click-through rate is selected for the campaign.

8. Compliance with Regulations and Advertising Standards

Businesses must conduct online advertising ethically and comply with applicable privacy laws and advertising standards. They should obtain customer consent before collecting personal information, clearly disclose sponsored content and protect customer data. Ethical advertising practices help build customer trust and safeguard the organization's reputation. For example, an e-commerce website asks users' permission before using cookies for personalised advertising and clearly explains how it will use customer data.

Recap

- ◊ Online advertising is the use of internet-based platforms and technologies to promote products, services, and brands.
- ◊ Online advertising offers benefits such as precise targeting, cost-effectiveness, measurability, and interactivity.
- ◊ Major types of online advertising include display advertising, search engine advertising, social media advertising, video advertising, native advertising, mobile advertising, email advertising, influencer advertising, affiliate advertising, and remarketing advertising.
- ◊ Online advertising is the promotion of products, services, or brands through internet-based platforms.
- ◊ It enables businesses to reach a global audience quickly and cost-effectively.
- ◊ Online advertising allows precise audience targeting based on demographics, interests, location, and online behaviour.
- ◊ Major features include global reach, targeted advertising, personalization, interactivity, flexibility, and real-time monitoring.
- ◊ The primary objectives of online advertising are to increase brand awareness, generate leads, drive website traffic, improve customer engagement, and increase sales.
- ◊ Common types of online advertising include search engine advertising, display advertising, social media advertising, video advertising, email advertising, native advertising, influencer advertising, affiliate advertising, mobile advertising, and remarketing.
- ◊ Search engine advertising helps businesses reach customers who are actively searching for products or services.

- ◊ Social media advertising enables businesses to engage with targeted audiences through popular social networking platforms.
- ◊ Email advertising strengthens customer relationships by sending personalized promotional messages and updates.
- ◊ Remarketing targets users who have previously interacted with a business and encourages them to complete a purchase.
- ◊ Online advertising offers advantages such as cost-effectiveness, global reach, better targeting, measurable performance, real-time optimization, and higher return on investment.
- ◊ Despite its benefits, online advertising has limitations, including high competition, ad fatigue, privacy concerns, ad-blocking software, click fraud, and dependence on internet connectivity.
- ◊ Effective online advertising requires selecting appropriate advertising platforms, creating engaging content, targeting the right audience, and continuously monitoring campaign performance.
- ◊ Online advertising has become an essential component of digital marketing and plays a significant role in supporting business growth, customer engagement, and long-term competitiveness.

Objective Questions

1. Which type of online advertising uses banners and images on websites?
2. Which type of online advertising promotes products through social networking platforms?
3. Which online advertising method sends promotional messages directly to customers through email?
4. Which type of online advertising uses videos to promote products or services?
5. Showing advertisements to users who have previously visited a website or interacted with a brand is known as
6. Which type of online advertising involves content creators promoting products to their followers?
7. Which feature allows businesses to monitor campaign performance

instantly?

8. What is one major advantage of online advertising?
9. Which advantage enables businesses to measure clicks, impressions, and conversions?
10. Which limitation arises when users install software that prevents advertisements from being displayed?
11. What is the term for fake or invalid clicks on advertisements that increase advertising costs without generating genuine customer interest?
12. Which advertising method rewards publishers with a commission for generating sales or leads?

Answers

1. Display Advertising.
2. Social Media Advertising.
3. Email Advertising.
4. Video Advertising.
5. Remarketing
6. Influencer Advertising.
7. Real-time monitoring.
8. Global reach.
9. Measurable performance.
10. Ad-blocking software.
11. click fraud
12. Affiliate Advertising.

Self- Assessment Questions

1. What are the key features of online advertising?
2. Discuss the advantages of online advertising over traditional advertising.
3. Define online advertising and explain its features in detail.
4. Discuss the various types of online advertising with suitable examples.
5. Explain the advantages of online advertising.
6. Discuss the limitations of online advertising.
7. Explain the objectives of online advertising. How do these objectives contribute to organizational growth?
8. Describe the process of planning an effective online advertising campaign.

Assignments

1. Study the online presence of a brand of your choice and evaluate its online brand positioning strategy. Analyze its brand identity, brand personality, value proposition, website design, and social media activities.
2. Compare traditional advertising and online advertising. Discuss their advantages, limitations, costs, audience reach, and effectiveness in the digital age.
3. Discuss the ethical issues related to consumer targeting in the digital age. Examine topics such as data privacy, personalization, consumer consent, and responsible marketing practices.

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BLOCK - 03

Online Branding

Unit - 1
Building Brands in the Digital Environment

Learning Outcomes

After studying this unit, learners will be able to:

- ◊ explain cyber branding in simple terms and identify the main parts of an online brand
- ◊ map the digital brand ecosystem and distinguish owned, paid, earned and shared touchpoints
- ◊ analyse brand experience across an online customer journey
- ◊ develop consumer engagement by combining brand knowledge and brand emotion; and
- ◊ apply customer-centric, ethical and evidence-based ideas while preparing an online branding plan

Prerequisite

Before studying this unit, recall a recent occasion when you searched for a product, course, service or place online. You may have moved from a search result to a website, an app, a marketplace, a review page or a conversation on social media. At each point, you formed an impression from the words, images, prices, ratings, response time and ease of use. This unit requires no advanced technical knowledge; your experience as a digital customer is the starting point.

Online branding is not limited to advertisements or social-media posts. A brand is also judged by product information, delivery, payment, privacy notices, accessibility, customer support, and how a complaint is handled. A learner should therefore read the unit by connecting marketing communication with the complete customer journey. This approach makes the concepts easier to apply to small businesses, public services, educational institutions and large digital platforms.

While reading, select one familiar brand and use it as a continuing example. Observe what the brand promises, where customers meet it, what proof it offers, how it makes people feel and whether its behaviour supports its message. This simple observation will help you understand cyber branding, the digital brand ecosystem, brand experience, consumer engagement, customer-centricity and emotional meaning as connected managerial ideas rather than separate definitions.

Keywords

Cyber Branding, Digital Brand Ecosystem, Brand Touchpoint, Brand Experience, Consumer Engagement, Brand Knowledge, Customer-Centricity, Brand Emotion

Discussion

Brands now enter daily life through connected screens and services. A person may discover a brand through search, compare it on a marketplace, watch a creator explain it, ask a question through messaging, complete payment on an app, and later post a review. The organisation may manage these activities through different departments and technologies, but the customer experiences them as one relationship. Online branding therefore requires consistency in meaning together with flexibility in expression across different channels and situations. The digital environment also changes the balance of control. Organisations can publish and respond quickly, personalise communication, and learn from behaviour, yet customers, creators, communities, platforms, and algorithms also shape what becomes visible and believable. Reviews, recommendations and public complaints may travel beyond the brand's own channels. For this reason, managers must connect communication with product quality, service design, data responsibility, accessibility and ethical decision-making. A strong online brand is not merely noticeable; it is useful, understandable and dependable at the moments that matter.

This unit follows that complete logic. It begins with cyber branding and the digital brand ecosystem, then examines brand experience across the customer journey. It explains how knowledge and emotion combine to deepen consumer engagement, how customer-centricity turns insight into improvement and how ethical choices protect reputation. The final sections bring the ideas together in an integrated online branding plan. Examples from familiar Indian settings are used throughout so that each concept can be understood in simple language and applied in practice.

3.1.1 Introduction: A Brand Enters Daily Life

Anjali sees a short video about wireless earphones while travelling to college. She searches the brand, reads marketplace reviews, compares prices on two apps, watches a creator explain the product, places the order, and later contacts support. Although she never entered a shop, she met the brand many times.

Each touchpoint in Anjali's journey adds a small piece to the brand in her mind. A clear product page may create confidence. A doubtful review may create fear. A helpful support reply may restore trust. Online branding is the planned effort to make these different experiences meaningful and connected. Why does this matter? Students, employees, families and small businesses now discover and judge brands through screens. A brand can therefore gain attention quickly, but it can also lose trust quickly. Managers must understand the complete experience, not only advertisements.

3.1.2 From a Screen to a Brand Meaning

A Day in a Digital Brand Journey

Consider a student in Kozhikode who wants to join an online certificate course. In the morning, a friend shares a link. At noon, the student searches the course name and reads ratings. In the evening, the student visits the website, checks the fee, watches a sample class and sends a question through chat. The next day, an email reminder arrives. The institution may think it used five different channels. The student experiences only one brand. If the advertisement promises personal guidance but the chat reply is cold and delayed, the brand feels inconsistent. If the course page, sample class and support reply all feel clear and respectful, the brand begins to earn trust.

Moment	What the learner may ask
Shared link	Is this worth my attention?
Search result	Does this organisation look reliable?
Website	Can I understand the offer and fee?
Sample class	Is the teaching useful for me?
Chat reply	Will someone help if I face a problem?
Email reminder	Is this helpful or irritating?

Pause and check: Choose one app that you used today. What did its colour, words, speed and notifications make you think or feel?

3.1.3 Cyber Branding

3.1.3.1 Meaning

A small bakery creates an Instagram page. It posts attractive cakes but gives no price, location, order method or reply time. The page is active, yet customers remain uncertain. Cyber branding means creating, communicating and managing brand meaning through internet-connected channels. These channels include websites, apps, search engines, social media, marketplaces, email, messaging services, online communities and review platforms. The terms online branding and digital branding are often used with similar meanings. Cyber branding is wider than posting content. It connects the brand promise with identity, technology, information, service and behaviour. In the bakery example, attractive photographs may attract attention. However, clear prices, an easy order process, timely replies and dependable delivery are also part of the brand.

3.1.3.2 How the Digital Environment Changes Branding

Table 3.1.1. How the digital environment changes branding

Earlier emphasis	Digital emphasis
Mostly one-way communication	Conversation, response and participation
A few controlled channels	Many connected and partly uncontrolled touchpoints
Campaigns measured later	Signals viewed and tested quickly
Mass audience messages	Segments, communities and personalised experiences
Firm tells the story	Customers, creators and communities also shape the story

Source: Adapted from Rowley (2004), Simmons (2007) and Rowles (2022).

Why does this matter? Opening an account is easy; building trust is difficult. Competitors can copy a post or price. They cannot easily copy a well-coordinated promise, experience, community and reputation.

3.1.3.3 Why Cyber Branding Is Important Now

DataReportal's Digital 2026 India report, published at the end of 2025, estimated 1.03 billion internet users in India in October 2025, equal to about 70 per cent of the population. It also reported 500 million active social-media user identities. A user identity is not always a unique person, and advertising-reach estimates do not match monthly active users. The same report estimated that around 440 million people remained offline. These figures show both the scale of digital opportunity and the continuing need for low-data design, clear language, accessible service and non-digital support where necessary.

The scale is large, but access, language, device quality and digital confidence are not the same for everyone. A useful online brand must therefore be easy to find, quick to load, understandable on a small screen and respectful of different users.

Start with the Brand Core

Suppose a home-based banana-chips business in Thrissur wants to sell online. If it posts only "best quality" every day, customers learn very little. If it promises "fresh batches, clear ingredients and careful delivery" and proves each point, the brand becomes easier to understand.

The brand core is the central meaning that should remain steady across channels. It normally contains a purpose, a promise, a personality, a position and proof.

Element	Simple question	Illustration for the food brand
Purpose	Why do we exist?	Make familiar snacks easier to buy with confidence
Promise	What value will we deliver?	Fresh taste and reliable packing
Personality	How should we sound?	Warm, plain and dependable
Position	Why choose us?	Clear ingredients and small-batch freshness
Proof	What supports the claim?	Batch date, ingredient list, reviews and replacement policy

A promise without proof becomes a slogan. Proof can come from product details, demonstrations, certifications, verified reviews, transparent policies, service records or customer stories used with permission.

> Pause and check: Write one sentence that completes this frame: "For ________, our brand makes ________ easier because ________."

3.1.3.4 Turning the Brand Core into an Online Identity

An online identity is the visible and audible expression of the brand core. It includes the name, logo, colour, type, photography, sound, words and repeated content patterns. Consistency helps recognition, but consistency does not mean copying the same post everywhere.

Four Practical Identity Decisions

1. Visual system: choose readable colours, typefaces, image styles and layouts that work on mobile screens.
2. Verbal system: decide whether the voice should be warm, expert, energetic, calm or playful. Keep important information plain.
3. Content system: repeat useful themes such as education, evidence, use ideas,

service information and community stories.

4. Behaviour system: decide how quickly the team replies, how it handles mistakes and how it protects customer information.

A Wayanad homestay may use different content on search, Instagram and WhatsApp. Search needs accurate location and booking information. Instagram may show the place and nearby experiences. WhatsApp may answer questions. The promise safe, warm and well-organised hospitality should remain the same. Why does this matter? Identity helps people recognise a brand. Behaviour helps them believe it. When design and behaviour support the same promise, the brand feels dependable.

Figure 3.1.1 A small business can use a smartphone to create product content, but clear information and honest proof are as important as attractive images.

Source: Photo by Ron Lach, Pexels, https://www.pexels.com/photo/woman-taking-pictures-of-putting-items-into-a-cardboard-box-7801865/ (Pexels Licence).

3.1.4 The Digital Brand Ecosystem

A café in Kochi publishes a reel. A customer saves it, a food page shares it, a search engine lists the café, a delivery app displays ratings, and another customer posts a complaint. Which one of these is the "real" brand?

All of them contribute. A digital brand ecosystem is the network of channels, people, technologies, data and rules that shape how a brand is discovered, experienced and discussed. A change at one point can affect several other points.

Brand core	Touchpoints	People	Data	Experience	Reputation

Figure 3.1.2. A simple view of the digital brand ecosystem

Main Parts of the Ecosystem

Table No. 3.1.2 Main Parts of Echosystem

Part	What it includes	Key management question
Brand core	Promise, values, position and proof	What should remain stable?
Touchpoints	Website, app, search, social media, marketplace, email and support	Where do customers meet us?
People	Customers, employees, creators, partners and communities	Who can shape the meaning?
Technology	Platforms, analytics, CRM, automation and payment systems	Does technology reduce or increase effort?
Data	Behaviour, feedback, service records and consented preferences	What may we learn and use fairly?
Rules	Law, platform policy, advertising standards and brand guidelines	What must guide our action?

Why does this matter? A weak link can damage the whole journey. Excellent advertising cannot fully repair a confusing payment page or careless service. Ecosystem thinking helps managers find the actual source of the problem.

3.1.4.1 Owned, Paid, Earned and Shared Touchpoints

A spice brand publishes a recipe on its website, pays to promote a short video, receives a newspaper review and watches customers exchange cooking tips in a group. These touchpoints are connected, but the brand controls them differently.

Table 3.1.3: Four kinds of digital touchpoints

Type	Meaning	Examples	Main strength	Main risk
Owned	Channels the organisation manages	Website, app, email, brand page	Control and continuity	People may not discover it
Paid	Placement bought from a platform or publisher	Search ads, display ads, sponsored creator post	Fast reach and targeting	Cost, avoidance and weak trust

Earned	Attention gained from others without buying that mention	News coverage, organic review, recommendation	Often more credible	Less control
Shared	Participation and circulation among users and communities	Comments, reposts, group discussion, user content	Conversation and belonging	Meaning can change quickly

Source: Developed using the PESO logic.

The same content may move between categories. A customer recipe is first shared as media. If the brand receives permission and places it on its own website, it also becomes owned content. If the brand pays to promote it, it becomes paid media. Managers should record what is paid, what is independent and what permission was obtained.

Control Is Not the Same as Trust

Owned channels give the firm more control, but people know the firm selected the message. Earned reviews may appear more independent, but they can be incomplete or inaccurate. Good branding does not depend on one category. It connects accurate owned information, responsible paid reach, credible earned attention and respectful shared participation.

Pause and check: Classify these four items for a local restaurant: its menu page, a sponsored food-vlogger post, a customer's unpaid rating and a neighbourhood group discussion.

3.1.4.2 People, Platforms and Algorithms

Two students follow the same brand but see different posts. One watches product demonstrations; the other responds to humour. The platform may recommend different content to each person.

Digital platforms use ranking and recommendation systems to decide what becomes visible. These systems consider signals such as interest, previous behaviour, freshness, relevance and predicted response. Their exact methods change. A brand should therefore avoid building its identity around one temporary platform trick. Search summaries, conversational assistants and generative-AI answers are also becoming discovery points. Brands should keep public information accurate, consistent, well-structured, and supported by credible evidence so both people and automated systems can interpret it correctly.

Important Actors

1. Customers interpret the promise through their own needs and experiences.
2. Employees express the brand through content, product decisions and service.

3. Creators translate brand messages for particular communities.
4. Partners such as marketplaces and delivery services affect the experience.
5. Platforms decide visibility and enforce their own rules.
6. Regulators and industry bodies set standards for privacy, advertising and consumer protection.

The Feedback Loop

Publish or serve	Customer responds	Data and feedback appear	Team learns	Experience improves

Figure 3.1.2. Learning loop in a digital brand ecosystem

Data can show what people did, while direct feedback may explain why. A video completion rate may show that viewers stayed. Comments or interviews may show which part helped them. Both are needed. Managers should also ask whose behaviour the data is missing.

Interpretation note: Platform numbers are signals, not complete truth. Reach may contain repeated exposure. A social-media "identity" may not equal a unique person. A positive click may be curiosity rather than trust.

Why does this matter? If managers understand the ecosystem, they can build adaptable content, avoid dependence on one platform and make decisions from several kinds of evidence.

3.1.4.3 Mini Case: A Homestay's Connected Ecosystem

Hypothetical case: Malabar Trails is a two-room homestay near a hill destination. Guests like the stay, but the owner repeatedly gets the same questions: road conditions, check-in time, food, network coverage, and cancellations.

The owner first believed that more social-media posts would solve the problem. A simple ecosystem map showed a different need. Search results created discovery. A booking platform created comparison. The website provided detail. Messaging handled uncertainty. The physical stay delivered the promise. Reviews influenced the next visitor.

Journey point	Guest need	Brand action
Search	Find a suitable place	Accurate location, photographs and short description
Comparison	Judge fit and value	Clear room, food, access and policy information

Message	Reduce uncertainty	Prepared answers plus a human reply for special needs
Booking	Feel secure	Transparent total price and confirmation
Arrival	Reach without stress	Landmark, map pin and weather/road update
Stay	Receive the promised experience	Clean room, warm service and honest local guidance
After stay	Share or solve a problem	Thank-you note, feedback request and recovery path

The owner then improved the information before spending more on promotion. Repeated questions were reduced, and the same brand promise clear, warm and dependable hosting appeared across the journey. Why does this matter? An ecosystem map prevents a common mistake: using promotion to solve an information, product or service problem. It directs time and money to the point that most affects the customer.

Pause and check: Draw a seven-point ecosystem for a college arts festival. Include search, registration, payment, reminders, the event and post-event feedback.

3.1.5 Brand Experience

You open a food-delivery app during heavy rain. The images look good, but the delivery time keeps changing, and no clear update appears. What will you remember: the advertisement or the uncertainty?

Brand experience is the set of responses created when a person meets a brand. These responses may be sensory, emotional, intellectual or behavioural. They can happen before purchase, during purchase, while using the product and after purchase. Experience is therefore wider than customer service and wider than website design.

Four Dimensions of Brand Experience

Table 3.1.4. Dimensions of brand experience

Dimension	Simple meaning	Online illustration
Sensory	What a person sees, hears or otherwise senses	Colour, type, image quality, sound and motion

Affective	What a person feels	Confidence, delight, relief, anxiety or frustration
Intellectual	What makes a person think or become curious	Comparison tools, useful explanation or an interesting question
Behavioural	What the experience enables a person to do	Try, customise, save, share, learn, order or seek help

Source: Adapted from Brakus, Schmitt and Zarantonello (2009).

The dimensions often work together. A clear payment screen is sensory because its layout is readable, intellectual because the fee is understandable, affective because uncertainty falls away, and behavioural because the customer can complete the task. Why does this matter? People may forget the wording of an advertisement, but they often remember how easy, confusing, respectful or stressful the experience felt. That memory affects recommendation and repeat choice.

3.1.5.1 The Customer Journey

Arun wants a budget laptop. He asks friends, searches online, watches reviews, visits a store, compares an e-commerce offer, makes the purchase, learns the settings and later requests warranty help.

A customer journey is the sequence of steps through which a person becomes aware of a need, considers choices, buys, uses, seeks support and may recommend or leave. The journey is not always a straight line. Arun may return to comparison after reading a poor review, or he may visit the store after checking prices online.

Table 3.1.5. Questions across a customer journey

Stage	**Customer's main question**	**Useful brand support**
Awareness	Is this relevant to me?	Clear problem-and-benefit message
Consideration	Can I trust and compare it?	Specifications, demonstrations, reviews and honest limits
Purchase	Can I complete this safely?	Transparent price, payment and confirmation

Use	Can I obtain the promised value?	Onboarding, simple instructions and dependable performance
Support	Will the brand help when something fails?	Accessible contact, ownership and progress updates
Relationship	Should I return or recommend?	Continued value, recognition and respectful communication

Source: Developed using Lemon and Verhoef (2016).

What Is a Touchpoint?

A touchpoint is any moment when a person comes into contact with the brand or with information that affects the brand. It may be controlled by the firm, controlled by a partner or outside the firm's control. A friend's comment, a payment failure and a delivery message can all become touchpoints. Why does this matter? Journey thinking moves the manager from "What shall we post?" to "What is the customer trying to do now?" That question usually produces more useful content and better service.

Pause and check: Map your last online purchase. Mark one point that increased trust and one point that increased effort.

3.1.5.2 Moments of Truth

Figure 3.1.3. Delivery is an important moment of truth because operational performance becomes part of the online brand promise.

Source: Photo by RDNE Stock project, Pexels, https://www.pexels.com/photo/delivery-man-smiling-while-looking-at-his-smartphone-7362949/ (Pexels Licence).

A moment of truth is a contact that strongly changes what the customer believes or feels. Payment, delivery, first use, cancellation and complaint handling often become such moments. The brand's true values become visible when things get difficult.

Mini case: When rain delays delivery: A customer in Alappuzha orders food during heavy rain. The app first shows 35 minutes, then repeatedly changes the time. A good response does not promise the impossible. It explains the delay, protects the rider, gives a realistic update and offers a fair choice such as waiting or cancelling.

A Simple Service-Recovery Sequence

Listen	Acknowledge	Explain	Offer a fair choice	Update	Learn

A useful reply could say: "We are sorry that the delivery is late. Heavy rain has slowed the route, and we do not want the rider to travel unsafely. The revised estimate is 25 minutes. You may wait, or we can cancel and refund the full amount." This reply is specific, honest and gives control. Do not confuse apology with solution: A polite message is not enough if the refund fails or nobody takes ownership. Service recovery must combine respectful words with a practical correction. A strong recovery can protect trust after a failure. A poor recovery turns an operational problem into a brand problem and may create public complaints.

3.1.5.3 Designing an Easy and Inclusive Experience

A ticket-booking page uses pale text, tiny buttons and a countdown timer. A customer using a small phone or a screen reader may not complete the booking, even if the offer is good.

Digital design expresses brand values. A brand that says "everyone is welcome" must make information and actions usable for different people. Accessibility is not only a technical requirement. It is a question of inclusion, customer effort and reputation.

Practical Design Principles

1. Use clear headings and a logical reading order.
2. Use readable type, sufficient colour contrast and meaningful button labels.
3. Add alternative text for useful images and captions for important video or audio.
4. Do not communicate essential meaning through colour alone.
5. Allow keyboard use and enough time to complete important tasks.
6. Write short sentences and explain unfamiliar terms.

7. Test on common mobile screens and slower connections.

8. Provide a clear human-help route when self-service is not enough.

The World Wide Web Consortium published Web Content Accessibility Guidelines (WCAG) 2.2 in 2023. The guidelines organise accessibility under four ideas: perceivable, operable, understandable and robust.

Language and Local Use

Customers may switch between English and Malayalam, or may be more comfortable with simple English. A brand need not translate every sentence mechanically. It should identify the information that must never be misunderstood: price, product size, safety, delivery area, cancellation, consent and support. Why does this matter? When a person cannot read, hear, navigate or understand the interface, the brand has created exclusion. Clear and inclusive design can improve both task completion and trust.

Pause and check: Open one familiar app and try to complete a task with the sound off. Then enlarge the text. What becomes difficult?

3.1.5.4 Measuring Brand Experience

A campaign receives many views, but customers still abandon payment. The team celebrates reach while the customer journey remains broken.

Measurement should begin with a question. Are people finding the brand? Do they understand it? Can they complete the task? Are they satisfied? Do they return? Do they trust the brand? No single number can answer all these questions.

Table 3.1.6. Matching measures to questions

Question	Possible measure	What it does not prove by itself
Did people notice?	Reach, impressions, search visibility	Understanding or trust
Did they show interest?	Time, video completion, saves, useful clicks	Purchase or satisfaction
Did they complete the task?	Conversion, task success, checkout completion	Long-term loyalty
Was the experience easy?	Customer Effort Score, error rate, support contacts	Emotional attachment
Were they satisfied?	CSAT, review themes, complaint rate	Future behaviour

Did they return?	Repeat purchase, retention, renewal	The reason for returning
Would they recommend?	NPS and actual referrals	Complete relationship quality

Analytics may show where people leave. Interviews, usability tests, reviews and support conversations may explain why. For example, a high payment-abandonment rate could be caused by a hidden delivery fee, a technical error, lack of a preferred payment method or low trust. The correct solution depends on the cause.

Measurement caution: NPS equals the percentage of promoters minus the percentage of detractors. It can be useful for tracking, but read it with comments, behaviour, and context. A score is a signal, not a complete diagnosis.

Why does this matter? Good measures help the team improve the customer's reality. Weak measures encourage activity that looks successful on a dashboard but adds little value.

3.1.6 Developing Consumer Engagement

A sports brand receives 20,000 likes on a celebrity post. Another post receives only 400 responses, but people ask detailed questions, share practice stories and join a weekly challenge. Which post created deeper engagement?

Consumer engagement is the level of cognitive, emotional and behavioural involvement that a person develops with a brand. Cognitive engagement means attention and thought. Emotional engagement means feelings such as interest, confidence or belonging. Behavioural engagement means actions such as saving, reviewing, helping, creating or participating.

An Engagement Ladder

Table No: 3.1.7. Engagement Ladder

Level	Typical action	Meaning
Exposure	Sees or hears the brand	Opportunity for attention
Attention	Stops, watches or reads	Initial interest
Interaction	Clicks, reacts, asks or saves	Active response
Participation	Joins, creates, reviews or helps	Contribution of time or knowledge
Relationship	Returns, advocates or collaborates	Repeated value and trust

The ladder is not automatic. A click may not become a purchase. A purchase may not become loyalty. Some customers also prefer quiet engagement: they read carefully, buy repeatedly and rarely comment. Managers should not treat visible reactions as the only form of relationship. Why does this matter? Engagement becomes useful when it helps the customer learn, decide, use, belong or solve a problem. Empty interaction may increase numbers without strengthening the brand.

> **Pause and check:** Think of one online community that you value. What makes you return: information, recognition, identity, help, entertainment or belonging?

3.1.6.1 Brand Knowledge: What the Customer Knows

A person recognises a logo but cannot explain what the brand offers. Awareness is present, but useful knowledge is weak.

Brand knowledge is the information and meaning stored in the customer's memory. Keller explains it through two broad parts: brand awareness and brand image. Awareness is the ability to recognise or recall the brand. Brand image is the set of associations connected with it.

From Awareness to Useful Knowledge

Useful brand knowledge answers practical questions: What is the offer? Who is it for? What benefit does it provide? Why is it different? What evidence supports the claim? What should I do next?

Table No: 3.1.8. Brand Knowledge

Content job	Illustration	Knowledge built
Explain	A 30-second "how it works" video	Category and use
Compare	A simple feature and price table	Difference and fit
Prove	A demonstration, verified review or result	Credibility
Guide	A step-by-step onboarding message	Ability to use
Clarify	Plain return and cancellation policy	Risk understanding

Example: Buying a mixer grinder: A learner may remember a brand name because of an advertisement. The decision becomes easier only when the product page explains capacity, warranty, service availability, safety and suitable use. Knowledge reduces uncertainty. Why does this matter? Emotion can attract attention, but people also need clear knowledge to justify a decision, explain it to others and use the product correctly.

Pause and check: Choose one familiar brand. Write three associations that immediately come to mind. Are they strong, favourable and different from competitors?

3.1.6.2 Brand Emotion: What the Customer Feels

A banking app confirms a payment immediately and explains every charge. The feeling may be relief. A travel app warns about a schedule change early and offers alternatives. The feeling may be reassurance.

Brand emotion is the feeling connected with a brand or a brand experience. Useful emotions are not limited to excitement or happiness. Depending on the category and situation, the right emotion may be safety, relief, pride, curiosity, comfort, hope, confidence or belonging.

Table No: 3.1.9. Brand Emotion

Customer situation	Suitable emotion	Possible experience cue
First digital payment	Safety and control	Clear confirmation and help
Learning a new skill	Progress and confidence	Small milestones and useful feedback
Planning a holiday	Anticipation and reassurance	Inspiring ideas plus accurate information
Buying a gift	Care and delight	Easy selection, message and dependable arrival
Resolving a complaint	Relief and fairness	Ownership, update and practical remedy
Joining a community	Belonging	Respectful recognition and safe participation

Emotion Must Fit the Situation

A playful tone may suit a snack post but may be insensitive during a payment failure. A dramatic fear message may attract attention but weaken trust. Managers should ask: What is the customer trying to do? What uncertainty is present? What emotion would responsibly help? Ethical pause: Do not create urgency by hiding facts, inventing scarcity or frightening vulnerable customers. Emotion should help a fair decision, not weaken the customer's ability to decide. Why does this matter? Emotion gives personal meaning to information. When it is relevant and supported by the experience, it can improve memory, preference, participation and relationship strength.

3.1.6.3 Combining Brand Knowledge and Brand Emotion

A new health-food brand posts a beautiful story about "care", but the ingredient list is missing. Another brand lists every ingredient but communicates like a technical manual. Both are incomplete.

Strong engagement usually needs both clarity and feeling. Brand knowledge answers "What is this, and why should I believe it?" Brand emotion answers "Why does this matter to me, and how does it feel?" The desired action should follow naturally from both.

Knowledge	Relevant emotion	Useful action	Repeated experience	Trust and relationship

Figure 3.1.4. A simple knowledge–emotion route to engagement

Source: Developed using Keller (2020) and Hollebeek, Glynn and Brodie (2014).

Example: A Reusable Water Bottle

Part	Possible message or experience
Knowledge objective	The bottle keeps water cool, is easy to clean and has a replaceable seal
Proof	Demonstration, material information, warranty and user reviews
Emotion objective	Confidence in a practical and responsible choice
Action	Compare sizes, ask a question or purchase
Experience after purchase	Cleaning guide, spare-seal access and responsive support

A Useful Planning Sentence

Planning tool: After seeing or using this content, the customer should know ________, feel ________, and be able to ________.

This sentence forces the manager to connect information, emotion and action. It also makes evaluation easier. Knowledge can be checked through recall or understanding. Emotion can be explored through feedback. Action can be seen through behaviour. Why does this matter? Knowledge without emotion may be forgotten. Emotion without knowledge may feel empty or manipulative. Together, they create a more useful and believable brand experience.

3.1.6.4 Content That Builds Engagement

A local clothing business posts only product photographs and "buy now" messages. Followers see the products, but they have little reason to save, discuss or return between purchases.

Content builds engagement when it performs a useful job for the audience. The job may be to explain, guide, prove, inspire, entertain, invite participation or provide service. A content plan should begin with audience needs, not with the need to fill a calendar.

A Balanced Content Mix

Table No: 3.1.10. A Balanced Content Mix

Content role	Question answered	Illustration
Educate	What should I understand?	Fabric care, sizing or styling guide
Enable	What can I do?	Measurement checklist or outfit planner
Evidence	Why should I believe?	Material detail, process video or verified review
Inspire	What is possible?	Customer story or occasion idea
Invite	How can I participate?	Question, challenge, poll or design choice
Serve	How can I solve a problem?	Delivery update, exchange help or FAQ

A dapt the Expression, Keep the Meaning

A long website article may become a short reel, a carousel, an email summary and a support answer. The format changes because the user's purpose changes. The facts, promise and evidence should remain consistent. Example for a college audience: A training brand can post a short interview tip, offer a downloadable checklist, hold a live question session and send a follow-up summary. Each item should help a real learning task; the brand gains attention by being useful. Why does this matter? Useful content earns attention. Repeated usefulness strengthens memory and trust. Constant selling may create reach, but it rarely creates a learning relationship.

Pause and check: Review a brand's last ten posts. Label each as educate, enable, evidence, inspire, invite, serve or sell. Is the mix balanced?

3.1.6.5 Community, Participation and Co-creation

A recipe brand asks customers to share how they adapt a dish at home. People exchange ideas, answer beginners and suggest new flavours. The brand is no longer the only speaker.

A brand community is a group of people connected by shared interest in the brand, category or activity. Community value comes from member-to-member help, recognition and belonging. It is not created simply by calling followers a "family".

Ways to Invite Participation

1. Ask specific questions that people can answer from experience.
2. Invite reviews, tips, photographs or stories with clear permission.
3. Recognise useful contributions without favouring only popular members.
4. Allow customers to suggest features, flavours, events or improvements.
5. Create safe community rules and apply them consistently.
6. Report what the brand changed after listening.

User-Generated Content

User-generated content can add credibility and variety, but the brand should get permission before reuse, credit the creator, and avoid changing the meaning. It should not pressure customers to make exaggerated claims. Negative feedback should not be removed merely because it is uncomfortable; moderation should focus on safety, relevance and clear rules.

Mini case: A campus event: A college festival invites students to submit poster ideas. The organisers publish the selection process, credit the designers and explain where the designs will appear. Participation builds both skill and belonging. If the organisers use work without permission, the same activity damages trust. Participation can turn an audience into a learning and helping community. It also gives the organisation ideas that a dashboard cannot provide.

3.1.6.6 Creator Partnerships and Influencer Communication

A student creator praises a new café and gives a discount code. The audience is not told that the meal was free. Is this an independent recommendation or an advertisement?

Creators can help a brand reach a community through a familiar voice. The best partnership is based on audience fit, subject knowledge, credibility, content quality and responsible conduct not follower count alone.

Selecting and Briefing a Creator

Table No: 3.1.11. Selecting and Briefing a Creator

Decision	Useful question
Audience fit	Does the creator reach people who may genuinely benefit?
Value fit	Does the creator's usual behaviour support the brand's values?
Capability	Can the creator explain or demonstrate the offer accurately?
Disclosure	Will the material connection be clear and upfront?
Claims	Which facts require evidence, and which claims are not allowed?
Safety	Could the content harm, mislead or unfairly pressure anyone?
Measurement	Will success include useful action, quality response and trust?

Disclosure in India

The Advertising Standards Council of India (ASCI) guidelines state that influencer advertisements with a material connection should carry a clear disclosure label. A material connection may include payment, a free product, a discount or another benefit. Place the disclosure where people can easily notice it. Simple rule: If a benefit could affect how the audience understands the recommendation, disclose it clearly. Do not hide the label among many hashtags or only at the end of a long caption. Hidden sponsorship makes paid persuasion look like independent opinion. Clear disclosure protects the audience and supports long-term credibility for both the creator and the brand.

Pause and check: Draft a two-sentence creator caption for a café visit that clearly states the material connection and gives one factual reason for the recommendation.

3.1.7 Brand Customer-Centricity

A company proudly launches a new app feature. Customers repeatedly ask for a simpler password reset. The feature may be innovative, but the ignored difficulty shows weak customer focus.

Brand customer-centricity means organising decisions around customer needs and long-term value while also meeting the organisation's responsibilities. It does not mean agreeing to every demand. It means understanding the customer's situation, reducing unnecessary effort and making fair decisions clearly.

Product-Centred and Customer-Centred Questions

Table No: 3.1.12. Product Centred and Centred Questions

Product-centred question	**Customer-centred question**
How can we promote this feature?	Which customer problem does this feature solve?
How many messages did we send?	Did the message help the person decide or act?
How can we collect more data?	What minimum data do we need, and what value will the customer receive?
How can we reduce support time?	How can we solve the cause and make support easier?
How can we increase conversion?	Can people understand price, risk and choice before they buy?

Five Customer-Centric Habits

1. Listen through interviews, reviews, service records and observation.
2. Define the customer's job, difficulty and desired outcome.
3. Design the complete journey, including failure and recovery.
4. Give employees the information and authority needed to help.
5. Measure customer outcomes and improve the cause, not only the symptom.

Customer-centricity turns the brand promise into daily decisions. It aligns marketing, product, operations, technology and service around the value experienced by the customer.

3.1.7.1 From Customer Insight to Improvement

A marketplace receives hundreds of messages saying "delivery problem". The label is too broad. Some customers cannot see the delivery date, some receive late parcels, and some cannot contact the courier. Each problem needs a different response.

Customer insight is a useful understanding of a customer's need, behaviour, difficulty or motivation. An observation becomes an insight when it explains why the issue matters and points towards action.

Four Sources of Insight

Table No: 3.1.13. Four Source of Insight

Source	What it may reveal	Caution
Interviews	Goals, feelings and reasons	People may not remember every action accurately
Observation or usability test	Where effort or confusion occurs	A small test does not represent everyone
Reviews and support records	Repeated problems in real situations	Very satisfied or dissatisfied voices may dominate
Analytics	Patterns such as search, exit and completion	Behaviour alone may not explain the reason

Write an Insight Statement

Planning tool: The customer needs ________ because ________. At present, ________ creates difficulty. We can test ________ and measure ________.

Example: "First-time applicants need to understand document requirements before payment because they fear losing the fee. At present, the checklist appears late. We can test an early, plain-language checklist and measure payment completion, support questions and task confidence."

Small Experiments

A customer-centric team does not always need a major redesign. It can test a clearer heading, a visible total price, a better error message, a shorter form or a proactive update. The experiment should state who it helps, what will change, what success looks like, and what risk to watch for. Insight prevents the team from guessing. Small experiments allow learning before large expenditure and keep improvement connected to a customer outcome.

Pause and check: Read five recent reviews of a service. Separate the visible complaint from the deeper need. Which small change could you test?

3.1.7.2 Personalisation, Data and Trust

You search once for a backpack. Similar advertisements follow you for days, even after you buy one. The brand calls this personalisation. You may experience it as repetition or surveillance.

Personalisation uses information to make content, offers or service more relevant. Helpful personalisation may remember a preferred language, show a previous order, or continue a lesson. Unhelpful personalisation may be intrusive, inaccurate or impossible to control.

The Value Exchange

Customers informally compare the value they receive with the data they share. Salesforce's 2024 State of the AI Connected Customer reported that 73 per cent of surveyed customers felt brands treated them as unique individuals, but only 49 per cent felt companies used their information in a way that benefited them. It also reported that 71 per cent were increasingly protective of personal information.

Responsible Personalisation

Collect only information needed for a clear and lawful purpose.

Explain the purpose in language a normal customer can understand.

Give a meaningful choice and avoid confusing or pre-selected consent.

Protect information and restrict unnecessary access.

Check whether the system creates unfair exclusion or stereotype.

Allow customers to correct preferences and reach a person when needed.

AI-Assisted Service

AI can answer routine questions, summarise information and help employees find a solution. It should not pretend to be human. Salesforce reported that 72 per cent of surveyed customers considered it important to know when they were communicating with an AI agent. Complex or sensitive cases need a clear path to human help. Managers should also test answers for accuracy, bias, privacy risk and consistency with current policies. A useful AI service identifies itself, explains its limits, records escalations responsibly, and lets the customer reach a trained person without repeating the full issue.

Current legal awareness India: The Digital Personal Data Protection Rules, 2025 were notified on 13 November 2025 and will commence in phases. Brand teams should prepare through clear notices, purpose limitation, security, accountable handling and respect for user rights. This summary is for education and does not constitute legal advice.

Trust is easy to weaken when personal data feels hidden or unfairly used. Responsible data practice is therefore a visible part of the brand promise.

3.1.8 Brand and Emotions

Two travel services offer the same bus route at a similar price. One gives clear boarding information and helpful delay updates. The other gives uncertain messages. The functional offer is similar, but the emotional experience is different.

A single message may produce a temporary feeling. A brand relationship grows through repeated experiences that become personally meaningful. Emotional attachment is stronger than simple liking because the brand connects to goals, identity, memories, or a sense of security.

Three Routes to Emotional Meaning

Table No: 3.1.14.Three Routes to Emotional Meaning

Route	How it works	Illustration
Functional reassurance	Reliable performance reduces uncertainty	A travel app gives an early change alert and an alternative
Personal identity	The brand supports a value, taste or aspiration	A learning platform recognises steady skill progress
Social connection	The brand enables belonging and shared activity	Members exchange recipes and help beginners

Authenticity

Authenticity is the perception that the brand is genuine, consistent and honest about what it can deliver. It does not come from casual language alone. It depends on evidence: product quality, transparent limits, responsible action, and a willingness to admit mistakes. Example**:** A handmade-product brand may tell the story of its makers. The story feels authentic only when the makers are credited fairly, claims are accurate and the buying experience supports the values described.

Emotional Consistency

A brand that promises calm simplicity should not hide cancellation. A brand that celebrates community should protect member safety. A brand that communicates care should show care during complaints. The strongest emotional cue is often what the organisation does when the customer faces difficulty. Emotion can strengthen memory and preference, but it becomes durable only when repeated behaviour supports it.

3.1.8.1 Mini Cases: Different Routes to Brand Meaning

Case 1: Amul and Topical Communication

Amul's topical advertisements have used current events, wordplay and a recognisable visual style for decades. Online sharing gives the format new speed and reach. The knowledge cue is category and brand recognition. The emotion may be humour, familiarity or cultural participation. The learning is not "copy the joke"; it is to build a repeatable format that people can recognise while responding carefully to context.

Case 2: Paper Boat and Memory

Paper Boat has often connected traditional drinks with childhood memories, seasons and familiar cultural moments. The product information matters, but nostalgia gives the category personal meaning. The learning is that emotion works best when it fits the product and is supported by taste, packaging and availability.

3.1.9 Ethical Online Branding and Reputation Risk

A shopping page shows "Only 1 left!" every time it is opened. The cancellation link is hidden, and positive reviews appear before verified critical reviews. Short-term conversion may rise, but what happens to trust?

Online branding can scale both value and harm. Misleading claims, fake reviews, hidden sponsorship, dark patterns, inaccessible design, careless AI and data misuse may create action without informed choice. Ethical practice is part of brand strategy because customers judge the organisation through these decisions.

Table No: 3.1.15. Ethical Online Branding and Reputation Risk

Risk	Why it harms the brand	Responsible practice
Hidden sponsorship	Paid persuasion looks independent	Use a clear, upfront disclosure
Fake or selected reviews	Social proof becomes misleading	Verify, publish fairly and explain moderation
Dark patterns	Design pushes unintended choices	Make price, consent, renewal and cancellation clear

AI error or deepfake	False content harms people and credibility	Verify, label where needed and keep human oversight
Data misuse	Relevance becomes surveillance or unfair treatment	Limit purpose, secure data and give control
Inaccessible design	People are excluded from information or action	Follow accessibility guidance and test with users

Do not guess publicly. Confirm what is known, protect affected people, state the immediate action and give a time for the next update. If earlier information was wrong, correct it clearly. After the event, change the process that allowed the problem. Trust is a purchase condition: Edelman's 2026 special report on brands found that 88 per cent of respondents considered trust in a brand a critical purchase criterion, almost the same as quality and value. The report also found that 41 per cent gave the greatest weight to what unpaid people said about a brand, compared with 20 per cent who gave the greatest weight to what the brand said about itself. The practical lesson is that trust must be earned through dependable performance, visible proof, fair treatment and credible customer experience; it cannot be created by repeated advertising claims alone. Ethical choices protect informed customer decisions. They also reduce legal, platform and reputation risks that can spread quickly across the digital ecosystem.

3.1.10 Preparing an Integrated Online Branding Plan

Mini Case: Nila Home Foods (Hypothetical)

Nila Home Foods sells packaged snacks. Customers like the taste, but product names differ between social posts and marketplace listings. Delivery questions receive late replies. Posts receive views, yet repeat purchase is low.

The team does not begin by posting more. It interviews customers, reads reviews and maps the journey. It finds three problems: unclear product information, uncertain delivery and no reason to reconnect after purchase. Nila defines a promise: "familiar flavours, clearly made and reliably delivered." It standardises product names and ingredients, adds batch and storage information, improves mobile ordering, prepares delivery updates, trains support and invites customers to share serving ideas with permission. The intended knowledge is product clarity and reliability. The intended emotion is warm confidence.

Planning Template

Table No: 3.1.16. Planning Template

Decision	What to write
Audience and situation	Who is the priority customer, and what are they trying to do?
Promise and proof	What value is promised, and what evidence supports it?
Knowledge objective	What should the customer know or remember?
Emotion objective	What suitable feeling should the experience support?
Priority touchpoints	Where does the journey begin, continue and require help?
Content and engagement	What will educate, enable, evidence and invite?
Experience improvement	Which point of effort or uncertainty will be removed?
Measures	Which customer, business and trust signals will guide learning?
Governance	Who approves claims, disclosures, data use and crisis action?

An integrated plan connects promise, content, experience, engagement and measurement. It prevents separate teams from sending mixed signals to the same customer.

3.1.10.1 A Practical Online Brand Review

Choose one real brand that you can observe without accessing private information. Review the brand as a customer, not as an admirer or critic.

Ten-Point Review Checklist

1. Can a new user explain the offer and target customer within one minute?
2. Is the brand promise specific, believable and supported by proof?
3. Are important names, prices, policies and facts consistent across channels?
4. Does mobile use feel readable, quick and accessible?
5. Can the customer move easily from discovery to decision and purchase?
6. Are support, return, cancellation and complaint routes easy to find?
7. Does content build knowledge as well as attention?
8. Are emotions suitable for the category and supported by real behaviour?
9. Are sponsorship, data use and AI communication transparent?
10. Do the measures show customer outcomes, not only media activity?

Online branding succeeds when the organisation treats every digital contact as part of one promise. A recognisable identity may create attention, but lasting value depends on clear information, useful content, dependable technology, respectful service and credible proof. The digital brand ecosystem makes this responsibility shared: marketing, product, operations, customer support, data teams, partners and leaders all influence what the customer finally knows, feels and does. Managers should therefore examine the complete journey rather than judging the brand only through campaign reach or social-media activity. The practical objective is not perfect uniformity across every platform. It is a stable brand core expressed appropriately for each situation and supported by consistent behaviour. Knowledge enables customers to understand and choose; emotion gives the experience personal meaning; customer-centricity reduces unnecessary effort; and ethical practice protects informed choice and trust. When these elements are planned together, online branding becomes a continuous process of listening, learning, improving and building relationships rather than a series of disconnected messages.

Recap

- Cyber branding manages brand meaning online.
- A clear brand core guides every channel.
- Online identity combines visuals, words and behaviour.
- Digital touchpoints shape customer impressions.
- The brand ecosystem links people, platforms, data and rules.
- Owned, paid, earned and shared media have different roles.
- Brand experience develops across the customer journey.
- Moments of truth strongly influence customer trust.
- Good service recovery listens, explains and resolves.
- Useful metrics answer clear customer questions.
- Brand knowledge supports recognition and understanding.
- Brand emotion gives experiences personal meaning.
- Engagement includes thought, feeling and action.
- Helpful content builds attention and trust.
- Online communities grow through safe participation.
- Creator partnerships require clear disclosure.

◊ Customer-centricity reduces effort and improves value.

◊ Accessibility and privacy support fair digital experiences.

◊ Responsible AI requires accuracy and human oversight.

◊ Integrated branding aligns promise, proof, experience and measurement.

Objective Questions

1. What term refers to building and managing a brand through internet-connected channels?
2. Which media type includes a brand's own website?
3. Which media type includes an unpaid customer review?
4. What is the name for any point where a person meets or experiences a brand?
5. Which experience dimension mainly concerns feelings?
6. What word describes the sequence from awareness to use and support?
7. What type of brand knowledge means the ability to remember a brand without seeing it?
8. Which emotion is especially useful when a customer faces uncertainty?
9. What term describes designing decisions around customer needs and long-term value?
10. What label-related practice is required when a creator has a material connection?

Answers

1. Cyber branding
2. Owned
3. Earned
4. Touchpoint

5. Affective
6. Journey
7. Recall
8. Reassurance
9. Customer-centricity
10. Disclosure

Self-Assessment Questions

1. Explain cyber branding in your own words. Why is it more than managing social-media accounts?
2. Draw a digital brand ecosystem for an online service familiar to you. Include owned, paid, earned and shared touchpoints.
3. Explain the four dimensions of brand experience with one example for each.
4. Map the customer journey for buying a mobile phone or booking a journey. Identify two moments of truth.
5. How do brand knowledge and brand emotion work together to create useful engagement?
6. Distinguish visible interaction from deeper consumer engagement.
7. Explain customer-centricity through a real or hypothetical service problem.
8. Why are accessibility, disclosure, privacy and responsible AI important for brand trust?

Assignments

1. Select a brand and examine its website, one social page, a marketplace listing, reviews and support route. Identify three consistencies, three gaps and five practical improvements. Cite every public source.
2. Create an owned-paid-earned-shared map for a small business. Show

at least eight touchpoints and explain how feedback moves through the system.

3. Interview three users of an online service. Draw their journeys and identify the contact that most increased and most reduced trust.
4. Evaluate one app or website through sensory, affective, intellectual and behavioural experience. Suggest an accessible redesign for one weak point.
5. Prepare a one-week plan for a new product. For every item, state one knowledge objective, one emotion objective, one proof item and one desired action.
6. Choose a hypothetical creator for a brand. Justify audience fit, define claims and deliverables, write the disclosure and propose measures beyond follower count.
7. Use reviews or interviews to identify a repeated difficulty. Write an insight statement, propose a small experiment and select success and trust measures.
8. Find public examples of sponsorship disclosure, a possible dark pattern and AI transparency. Explain the likely brand effect and recommend better practice where needed.

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BLOCK - 04

Social Media Marketing

Unit - 1

Fundamentals of Social Media Marketing

Learning Outcomes

After completing this unit, learners will be able to:

- ◊ explain the concept and significance of social media marketing
- ◊ describe the roles, benefits, drawbacks, and strategies of social media marketing
- ◊ analyse the importance of social media analytics and the key metrics used to evaluate social media performance
- ◊ explain the concept, characteristics, advantages, and limitations of viral marketing

Prerequisite

Think about the last time you purchased a product after seeing it on Instagram or YouTube, or when you shared an interesting advertisement with your friends through WhatsApp. Have you ever wondered why certain advertisements become popular overnight while others go unnoticed? How do organisations know whether their social media campaigns are successful? In today's digital world, social media has become an indispensable marketing platform where businesses not only promote their products but also build relationships with customers and evaluate their marketing performance. This unit introduces the fundamentals of social media marketing, social media analytics, and viral marketing, enabling learners to understand how organisations utilise digital platforms to communicate, engage, and create value for customers.

Keywords

Social Media Marketing, Social Media Analytics, Viral Marketing, Brand Awareness, Customer Engagement, Reach, Engagement Rate, Conversion Rate, User-Generated Content (UGC), Social Listening

Discussion

4.1.1 Social Media Marketing

Social media, one of the most important forms of online marketing, dominates digital content in the twenty-first century. In addition to being a marketing tool, social media allows users to stay in touch with friends and family, follow topics they are interested in, and access the latest news. According to its definition, social media is a type of electronic communication in which people establish online communities to exchange ideas, information, private messages, and other types of content, including videos. Social media marketing refers to the strategic use of social media platforms to promote brands, products, and services while engaging target audiences and achieving organisational marketing objectives.

Social media marketing, or SMM, involves using various social media platforms such as Facebook, Instagram, X, LinkedIn, and others to promote products, services, or brand awareness through content creation, paid advertisements, and audience interaction. With the ever-increasing number of users across these platforms, businesses of all sizes are incorporating social media into their marketing strategies to connect directly to consumers, build loyalty, and achieve business goals. Effective social media marketing enhances brand visibility, increases website traffic, and contributes to improved business performance.

Meaning

Social Media Marketing (SMM) refers to the use of social media platforms and networking websites to promote products, services, brands, or ideas. It involves creating and sharing content that attracts, informs, and engages users while encouraging them to take desired actions such as purchasing a product, visiting a website, or sharing information with others.

Unlike traditional marketing, social media marketing encourages interaction between businesses and consumers. It enables organisations to communicate directly with customers, receive feedback, build relationships, and create communities around their brands.

In simple terms, social media marketing is the process of using social networking platforms to achieve marketing objectives through customer engagement, communication, and content sharing.

Definitions

According to Tuten and Solomon (2018), social media marketing is:

"The utilisation of social media technologies, channels and software to create, communicate, deliver and exchange offerings that have value for an organisation's stakeholders."

According to Ahuja (2015), social media marketing refers to the use of online communities, social networks, blogs, and other collaborative media for marketing, sales, public relations, and customer service activities.

From these definitions, it can be understood that social media marketing involves the strategic use of social networking platforms to create value for both organisations and customers through communication and interaction.

4.1.1.1 Roles of Social Media Marketing

Social media marketing (SMM) plays a vital role in the digital business environment. It is a strategic way to engage customers, promote brands, and drive business growth. Below is a detailed explanation of the key roles of social media marketing:

a. Brand Awareness & Visibility: Social media platforms help businesses enhance their brand recognition by reaching a large audience. Through consistent posting and engaging content, companies can keep their brand at the forefront of users' minds. Using hashtags, collaborations, and trending topics also helps in increasing visibility. For example, Nike uses Instagram and X to promote its brand through visually appealing content, sponsorships, and influencer partnerships.

b. Customer Engagement & Relationship Building: Unlike traditional marketing, social media allows businesses to interact directly with their audience. Brands can respond to customer comments, queries, and concerns in real time, making consumers feel valued. Engaging with users through polls, live videos, and Q&A sessions helps build stronger relationships. Starbucks, for instance, actively interacts with customers on X by replying to their messages and running engagement-driven campaigns.

c. Lead Generation & Sales Conversion: Social media serves as a powerful tool for generating leads and converting them into paying customers. Platforms like Facebook, Instagram, and LinkedIn provide advanced targeting features that allow businesses to reach potential buyers based on their interests and demographics. Features like "shoppable posts" enable users to buy directly from social media. For example, Amazon uses targeted Facebook ads to remind users of products they viewed, thereby encouraging conversions.

d. Content Distribution & Traffic Generation: Social media acts as a distribution channel for content marketing. Sharing blog posts, videos, infographics, and other valuable content helps in driving traffic to a website. LinkedIn is particularly effective for sharing professional and industry-related content. Companies like HubSpot regularly post marketing blogs on LinkedIn, redirecting visitors to their website for further reading and lead generation.

e. Reputation Management & Customer Support: Social media is a key platform for managing a brand's reputation. Many customers use social media to voice their opinions about a company, whether positive or negative. Quick responses to customer complaints and queries help maintain a positive brand image. Companies like Zomato and Swiggy use X as a customer support channel, responding instantly to order-related issues and ensuring customer satisfaction.

f. Market Research & Consumer Insights: Social media provides businesses with valuable insights into consumer behaviour and market trends. By analyzing engagement metrics, comment sections, and online discussions, companies can better understand what their audience wants. Social listening tools like Hootsuite and Sprout Social help brands monitor customer sentiments and industry trends. Coca-Cola, for example, tracks X mentions and conversations to adapt its marketing strategies and align with consumer interests.

g. Influencer & Community Marketing: Influencer marketing is an essential part of social media marketing. Businesses collaborate with influencers to promote their products to a larger audience. Influencers, being trusted figures, can help brands gain credibility. Additionally, businesses can build online communities (Facebook groups, Reddit forums, etc.) to foster loyalty and engagement. Adidas collaborates with fitness influencers on Instagram to showcase their products in real-life use, which helps increase brand awareness and trust.

h. Competitive Analysis & Industry Trends: Monitoring competitors' social media activities helps businesses refine their own strategies. Companies can analyse the types of content their competitors are posting, the engagement they receive, and the marketing tactics they use. By identifying trending hashtags, viral content, and customer preferences, businesses can create more effective campaigns. For instance, many brands observe TikTok trends to create engaging short-form videos that appeal to younger audiences.

i. Crisis Management & PR Handling: In the digital age, brands often face criticism and controversy on social media. Handling crises effectively can protect a company's reputation. When brands make mistakes, social media allows them to respond quickly and address the issue before it escalates. A well-known example is Pepsi's 2017 ad controversy featuring Kendall Jenner. After receiving backlash on social media, Pepsi promptly removed the ad and issued a public apology, preventing further damage to its reputation.

j. Cost-Effective Advertising & Retargeting: Compared to traditional advertising, social media ads are more cost-effective and offer better targeting options. Platforms like Facebook, Instagram, and LinkedIn allow businesses to define their audience based on age, gender, location, interests, and online behaviour. Retargeting campaigns are especially useful in converting potential customers who have previously interacted with a brand. Meta Pixel and similar tracking technologies help businesses measure user interactions and support retargeting campaigns, subject to user consent and privacy regulations.

Social media marketing has become an indispensable tool for businesses of all sizes. From brand building to customer engagement, lead generation, and crisis management, it plays a crucial role in business success. By strategically leveraging social media platforms, businesses can establish a strong online presence, maintain customer relationships, and stay ahead in the competitive market..

4.1.1.2 Benefits of Social Media Marketing

The widespread adoption and customisability of social media make it an effective business promotion tool. Compared to most other traditional marketing methods like radio advertisements, print advertisements, and billboards, it is also highly quantifiable.

The following are some of the most prominent benefits associated with social media marketing.

a. Incorporate Humans into the Company: There is a scope to communicate with existing and potential clients through social media channels. It is also possible to "humanise the brand" and establish a stronger bond with the audience if it is used effectively.

b. Drive Traffic: Drive targeted traffic to the website by including links in all social media posts. This type of traffic can do wonders for SEO and convert people into paying customers. Another significant method to drive traffic is through search engine optimisation (SEO).

c. Lead Generation: Social media, with features like call-to-action buttons, Facebook and Instagram shops, and direct messaging, assures an increase in leads and conversions and, therefore, in sales.

d. Increased Brand Awareness: Social media marketing is an excellent way to build brand awareness for small businesses and startups, showing customers how a specific product differs from that of competitors.

e. Develop Relationships: To keep customers with the company in the long term, developing relationships with them is necessary. Moreover, this is where social media comes into play.

4.1.1.3 Drawbacks of Social Media Marketing

While social media marketing (SMM) offers numerous benefits, it also comes with several challenges and risks. Businesses need to be aware of these drawbacks and plan their strategies accordingly. Below are some key disadvantages of social media marketing, along with real-world examples:

a. Time-Consuming & Requires Continuous Monitoring: Social media marketing requires consistent effort to create content, engage with followers, and monitor trends. Unlike traditional advertising, where a campaign can run independently, SMM requires daily attention.

   Example: A small business running an Instagram campaign may struggle to keep up with regular content creation, responding to customer queries, and engaging with the audience. Without consistency, engagement drops, reducing the effectiveness of the marketing efforts.

b. Negative Feedback & Public Criticism: Social media provides a platform where anyone can voice their opinion, including negative reviews and complaints. If not handled properly, negative feedback can harm a brand's reputation.

   Example: In 2018, H&M faced widespread criticism on social media after publishing an advertisement featuring a Black child wearing a hoodie with the slogan "Coolest Monkey in the Jungle." Consumers and celebrities criticised the advertisement as racially insensitive, leading H&M to remove it, issue a public apology, and revise its internal marketing review processes (BBC News, 2018).

c. High Competition & Content Overload: With millions of businesses using social media for marketing, standing out can be difficult. Users are bombarded with advertisements, which can lead to ad fatigue and lower engagement.

   Example: A startup in the fashion industry trying to promote its clothing line on Instagram may struggle to compete against well-established brands like Zara and H&M, which have large marketing budgets and strong brand recognition.

d. Privacy & Security Concerns: Businesses collecting customer data through social media must handle it responsibly. Data breaches or mishandling of customer information can lead to legal issues and loss of trust.

   Example: In 2018, Facebook's Cambridge Analytica scandal exposed how user data was harvested without consent. The controversy damaged Facebook's reputation and led to stricter data privacy regulations.

e. Algorithm Changes Can Reduce Visibility: Social media platforms frequently update their algorithms, affecting how content is displayed. A business that relies on organic reach may suddenly see a drop in visibility due to algorithm changes.

   Example: Facebook's News Feed algorithm update in 2018 prioritized posts from friends, family, and meaningful social interactions over content from business pages, significantly reducing the organic reach of brand posts. Consequently, many businesses had to increase their spending on paid advertising to maintain audience visibility (Facebook Newsroom, 2018; Tuten & Solomon, 2020).

f. High Dependence on Paid Advertising: With declining organic reach, businesses often have to rely on paid ads to reach their target audience. This increases marketing costs, making social media advertising less cost-effective over time.

Example: A restaurant running Facebook ads to promote a new menu may initially see good engagement. However, as competition increases, the cost per ad rises, making it expensive to maintain the same level of visibility.

g. Risk of Misinformation & Fake News: Social media can spread misinformation quickly, affecting brand credibility. False information or fake reviews can damage a company's reputation, even if they are not true.

Example: A false rumour spread on X (formerly Twitter) in 2019 claimed that Starbucks was supporting a political movement, leading to a temporary boycott. The company had to issue a public statement to clarify its position.

h. Difficult to Measure ROI (Return on Investment): Unlike traditional marketing, where sales and conversions can be directly tracked, social media marketing results are harder to quantify. Engagement metrics like 'likes' and 'shares' do not always translate into revenue

Example: A company running a viral X campaign may gain thousands of followers but may not see a significant increase in product sales, making it difficult to measure the campaign's true impact.

i. Crisis Management is Challenging: Social media crises can escalate quickly. A single negative post can go viral within hours, requiring businesses to respond immediately.

Example: In 2020, McDonald's China faced backlash when a branch in Guangzhou banned Black customers from entering. The issue went viral, forcing McDonald's to apologize and take corrective action within hours.

j. Platform Dependency & Lack of Control: Businesses relying too much on social media for marketing risk losing their audience if a platform shuts down or changes its policies. They have no control over the platform's decisions.

Example: When TikTok was banned in India in 2020, many influencers and brands relying on it for marketing lost their audience overnight. Those who had not diversified their marketing efforts struggled to maintain visibility.

While social media marketing is a powerful tool for businesses, it comes with challenges such as negative feedback, high competition, privacy concerns, and algorithm changes. Brands must carefully plan their strategies, monitor trends, and adapt to changes to maximize the benefits while minimizing risks.

4.1.1.4 Strategies in Social Media Marketing

A strong social media marketing strategy involves a mix of organic engagement, paid promotions, influencer collaborations, and real-time audience interactions.

A well-planned social media marketing strategy is essential for businesses to build an online presence, engage with their audience, and achieve their marketing goals.

Below are some key strategies used in social media marketing, each explained in detail with examples.

a. Define Clear Goals and Objectives: A successful social media strategy begins with clearly defined goals. Businesses should determine what they want to achieve through social media, such as increasing brand awareness, generating leads, driving website traffic, boosting customer engagement, or increasing sales. Setting measurable objectives helps track progress and optimise strategies. For instance, Nike's social media goal is to inspire and motivate athletes and fitness enthusiasts worldwide. They achieve this by sharing high-quality motivational content and user success stories and promoting new product launches, ensuring their branding remains strong and consistent across platforms.

b. Identify and Understand the Target Audience: Understanding the target audience is crucial for creating effective social media campaigns. Businesses must analyse demographics, interests, online behaviour, and purchasing patterns to develop content that resonates with their audience. Social media platforms provide analytics tools to help brands better understand their audience. For example, Dove's "Real Beauty" campaign successfully connected with women by promoting body positivity and inclusivity. By understanding their audience's concerns and values, Dove was able to create engaging content that sparked meaningful conversations and gained massive support

c. Choose the Right Social Media Platforms: Each social media platform caters to different types of content and audiences. Brands should focus on platforms where their target customers are most active. For example, Facebook and Instagram are ideal for B2C businesses that rely on visual storytelling, while LinkedIn is best for B2B marketing and professional networking. X works well for real-time updates, while YouTube and TikTok are powerful for video marketing. HubSpot, a B2B company, effectively uses LinkedIn to share industry insights and blog posts, while Red Bull leverages Instagram and YouTube for extreme sports content to connect with adventure enthusiasts.

d. Create Engaging and High-Quality Content: Content is the backbone of social media marketing. Businesses must create engaging, informative, and visually appealing content to attract and retain their audience. The types of content that work best include high-quality images, videos, infographics, live streams, and interactive posts. For example, GoPro encourages its users to share action-packed adventure videos captured using their cameras. This user-generated content strategy increases engagement and builds authenticity around the brand, making it a trusted choice among adventure enthusiasts.

e. Maintain Consistency in Posting: Posting consistently is essential to keep followers engaged and maintain visibility on social media platforms. Businesses that post regularly at optimal times see higher engagement rates compared to those that post occasionally. A content calendar can help brands schedule posts and maintain a steady flow of content. For example, Wendy's X account is known for consistently posting witty tweets, keeping their audience entertained and engaged. The key to consistency is balancing frequent posting with quality content that adds value to the audience.

f. Leverage Influencer Marketing: Influencer marketing is a powerful strategy that allows brands to tap into an influencer's loyal audience. By partnering with influencers who align with their brand values, businesses can gain credibility and reach new potential customers. For instance, Daniel Wellington, a watch brand, became widely popular by collaborating with influencers on Instagram. Instead of traditional advertising, they gifted influencers their watches and encouraged them to share photos with the hashtag #DanielWellington, resulting in massive organic growth and increased brand recognition

g. Engage with the Audience: Social media is not just about broadcasting content; it's about engaging with followers. Responding to comments, answering messages, and interacting with users through polls, contests, and Q&A sessions help build stronger relationships with customers. Netflix actively engages with its audience on X (Twitter), often responding with humorous and relatable content, making it one of the most followed entertainment brands on social media. Engagement fosters brand loyalty and encourages customers to interact more with the brand.

h. Utilize Paid Advertising: While organic reach is valuable, paid advertising helps businesses expand their reach and target specific audiences with precision. Platforms like Facebook, Instagram, LinkedIn, and YouTube offer advanced targeting options based on demographics, interests, and user behaviour. Amazon uses Facebook Ads for retargeting, reminding users of products they viewed but didn't purchase. This strategy increases conversion rates by targeting people who have already shown interest in a brand's products or services.

i. Monitor and Analyse Performance: Tracking the performance of social media campaigns is essential to understand what works and what doesn't. Metrics like engagement rate, click-through rate, conversion rate, and follower growth help brands refine their strategies. Businesses can use social media analytics tools to gain insights into audience behaviour and optimise their campaigns accordingly. Coca-Cola closely monitors engagement metrics and user sentiment to ensure its social media campaigns align with customer interests. This allows them to adapt quickly and maintain a strong brand presence.

j. Implement Social Listening: Social listening involves monitoring online conversations about a brand, its competitors, and industry trends. This helps businesses understand customer sentiments, identify potential issues, and respond to feedback in real time. McDonald's actively uses social listening tools to track customer complaints and adjust its services accordingly. For example, when customers expressed concerns about the quality of their fries in some regions, McDonald's quickly addressed the issue and improved their product.

k. Run Contests and Giveaways: Running contests and giveaways is an effective way to boost engagement and attract new followers. People love the opportunity to win free products, which encourages them to interact with a brand's posts.

Giveaways also help generate user-generated content and brand awareness. Oreo frequently runs contests where it asks users to share creative ways to enjoy its cookies, using hashtags like #MyOreoCreation. This not only increases engagement but also strengthens the brand's connection with its audience.

1. Adapt to Trends and Emerging Platforms: The social media landscape is constantly evolving, and businesses must adapt to new trends and emerging platforms to stay relevant. Using trending hashtags, participating in viral challenges, and experimenting with new content formats help brands stay ahead. Chipotle and Guess leveraged TikTok trends by creating viral videos that resonated with Gen Z audiences, increasing brand visibility and engagement. Keeping up with trends allows businesses to remain fresh and appealing to their target market.

j. Use Hashtags Strategically: Hashtags improve discoverability and help content reach a wider audience. Using a mix of trending, branded, and niche hashtags ensures better engagement and visibility. For example, Red Bull effectively uses branded hashtags like #GivesYouWings to encourage user-generated content. Hashtags help categorize content and allow users to find posts related to their interests. However, overloading posts with too many hashtags can be counterproductive, so it's best to use them strategically.

By defining clear goals, creating engaging content, leveraging analytics, and staying updated with trends, businesses can maximize their social media impact and achieve long-term success. Companies that adapt to the changing social media landscape and continuously refine their strategies will have a competitive edge in the digital marketplace.

4.1.2 Social Media Analytics

While social media marketing helps organisations create brand awareness, engage customers, and promote products and services, it is equally important to evaluate the effectiveness of these activities. Merely posting content on social media platforms does not guarantee success. Marketers need to understand how users interact with content, how campaigns influence consumer behaviour, and whether marketing objectives are being achieved. This evaluation process is known as social media analytics.

Social media analytics enables organisations to collect, measure, analyse, and interpret data generated through social media platforms. The insights derived from analytics help marketers improve content strategies, optimise campaigns, understand customer preferences, and make informed decisions. In today's highly competitive digital environment, social media analytics has become an indispensable component of social media marketing.

Meaning

Social Media Analytics refers to the process of collecting, measuring, analysing, and interpreting data generated through social media platforms to evaluate performance and support decision-making.

It involves tracking user interactions such as likes, comments, shares, views, clicks, mentions, and conversions to understand how audiences engage with content and brands on social media.

In simple terms, social media analytics helps organisations answer important questions such as:

- How many people viewed a post?
- Which content generates the highest engagement?
- What type of audience interacts with the brand?
- How many users visit the website through social media?
- How many leads or sales are generated from social media campaigns?

The answers to these questions help organisations assess the effectiveness of their social media strategies and identify opportunities for improvement.

4.1.2.1 Need for Social Media Analytics

The growing importance of social media in marketing has increased the need for systematic measurement and analysis. Social media analytics serves several important purposes.

a. Measuring Campaign Performance

Analytics helps marketers determine whether a campaign has achieved its objectives. Performance indicators such as reach, impressions, engagement, and conversions provide valuable information regarding campaign effectiveness.

b. Understanding Audience Behaviour

Analytics helps organisations understand customer preferences, interests, online behaviour, and engagement patterns. These insights help develop content that better meets audience expectations.

c. Improving Decision-Making

Data-driven decisions are generally more reliable than assumptions. Social media analytics provides information that supports marketing decisions and strategy formulation.

d. Optimising Marketing Expenditure

By identifying high-performing campaigns and platforms, organisations can allocate resources more efficiently and maximise returns on investment.

e. Competitive Analysis

Analytics tools allow businesses to monitor competitor activities and compare performance metrics. This helps organisations identify industry trends and benchmark their performance.

4.1.2.2 Data Collection in Social Media Analytics

The effectiveness of social media analytics depends on the quality of data collected. Data may be gathered from multiple sources, including social media platforms, websites, and digital applications.

a. Web Logs: Web logs are records automatically maintained by web servers that capture information about user activities. These logs provide data relating to website visits, page requests, user locations, and browsing behaviour.

b. JavaScript Tags: JavaScript tags are small pieces of code embedded in websites that collect information regarding user interactions. They help track visitor behaviour, page views, clicks, and conversions.

c. Cookies: Cookies are small files stored on users' devices that help identify visitors and monitor browsing behaviour. Cookies enable marketers to analyse user preferences and personalise content.

d. Platform Analytics: Most social media platforms provide built-in analytics tools. Facebook Insights, LinkedIn Analytics, YouTube Analytics, and X Analytics generate valuable information about audience engagement, demographics, and campaign performance.

4.1.2.3 Behaviour Analysis Metrics

Behaviour analysis focuses on understanding how users interact with websites and social media content. The following metrics are commonly used.

a. Visits or Sessions: A session refers to a single visit to a website during a specific period. Monitoring the number of sessions helps organisations evaluate traffic generated through social media campaigns.

b. Unique Visitors: Unique visitors represent the number of distinct individuals visiting a website during a given period. This metric helps determine the actual audience size.

c. Page Views: Page views indicate the total number of times web pages are viewed by users. A higher number of page views generally reflects greater user interest and engagement.

d. Time on Site: Time on site measures the duration visitors spend on a website. Longer visit durations often indicate that users find the content relevant and valuable.

e. Bounce Rate: Bounce rate refers to the percentage of visitors who leave a website after viewing only one page. A high bounce rate may suggest that the content or user experience requires improvement.

f. Heat Maps: Heat maps provide visual representations of user activity on a webpage.

i. Scroll Maps: Show how far users scroll through a webpage.

ii. Click Maps: Identify areas where users click most frequently.

iii. Hover Maps: Indicate where users move their cursor while browsing.

Heat maps help marketers understand user behaviour and optimise page layouts.

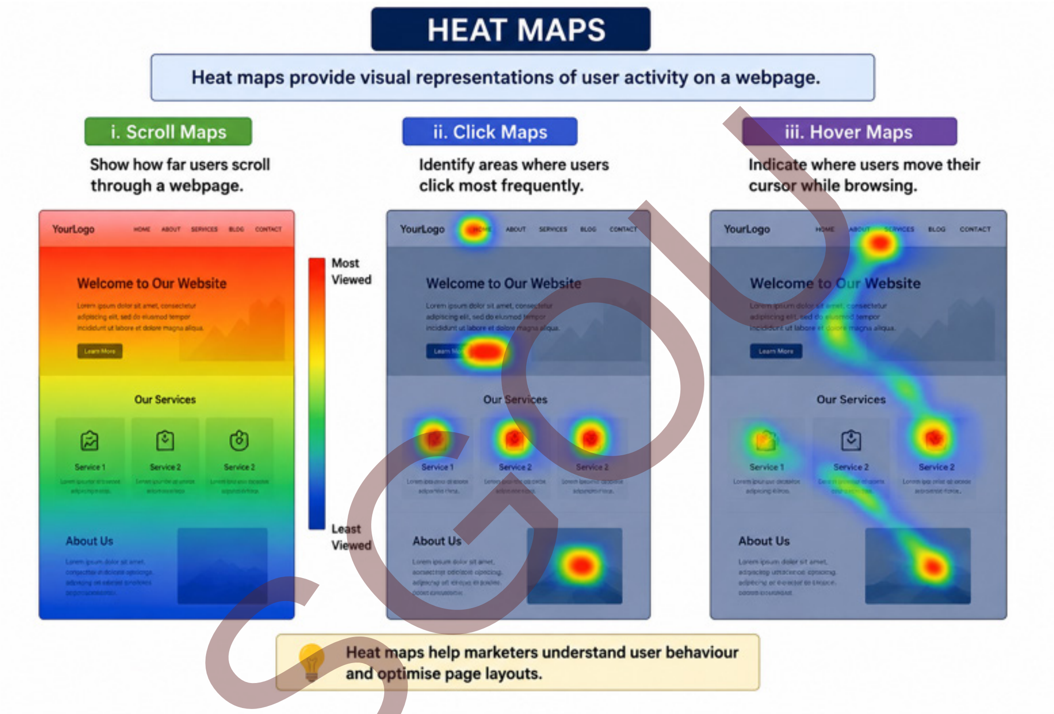

Fig.4.1.1 Heat Maps

g. Site Surveys: Site surveys collect feedback directly from users regarding their experiences, satisfaction levels, and expectations.

h. Usability Testing: Usability testing evaluates how easily users can navigate and interact with a website or application. The insights obtained helped improve user experience and website effectiveness.

4.1.2.4 Outcome Analysis Metrics

Outcome analysis focuses on measuring the results achieved through social media and digital marketing efforts.

a. Conversion Rate: Conversion rate measures the percentage of visitors who complete a desired action, such as making a purchase, subscribing to a newsletter, or filling out a form.

A higher conversion rate indicates greater campaign effectiveness.

b. Average Order Value (AOV): Average Order Value refers to the average amount spent by customers during a transaction. It helps organisations assess customer spending behaviour and revenue generation.

c. Assisted Conversion: Assisted conversion occurs when social media contributes to a conversion but is not the final interaction before the purchase. It helps organisations understand the role of social media throughout the customer journey.

d. Multi-Channel Funnel: Customers often interact with multiple channels before making a purchase decision. Multi-channel funnel analysis tracks these interactions and helps identify the contribution of each channel.

e. Value per Visit: Value per visit measures the average value generated from each website visit. This metric assists in evaluating the financial effectiveness of marketing campaigns.

4.1.2.5 Key Social Media Metrics

Key social media metrics help organisations evaluate the effectiveness of their social media activities by measuring audience reach, engagement, website traffic, and business outcomes. Some of the commonly used metrics are discussed below.

Reach: Reach refers to the number of unique individuals who have viewed a social media post or advertisement.

Impressions: Impressions indicate the total number of times a piece of content is displayed to users, regardless of whether it is clicked or not.

Engagement Rate: Engagement rate measures the level of audience interaction through likes, comments, shares, reactions, and other forms of participation.

Click-Through Rate (CTR): CTR measures the percentage of users who click on a link after viewing a post or advertisement

$$CTR = \frac{Number\ of\ Clicks}{Number\ of\ Impressions} \times 100$$

Conversion Rate: Conversion rate indicates the percentage of users who complete a desired action such as purchasing a product, subscribing to a newsletter, or filling out a form. (Refer to Section 4.1.2.4 Outcome Analysis Metrics for a detailed explanation.)

Traffic and Behaviour Metrics: In addition to the above indicators, marketers also monitor behavioural metrics such as visits or sessions, unique visitors, traffic sources, time on site, and bounce rate to understand how users interact with websites after arriving from social media platforms. These metrics have already been discussed in detail in Section 4.1.2.3 Behaviour Analysis Metrics.

4.1.2.6 Benefits of Social Media Analytics

Social media analytics offers several benefits to organisations by helping them make informed marketing decisions and improve customer relationships.

a. Supports Evidence-Based Decision-Making: Social media analytics provides factual data and insights that help managers make informed marketing decisions instead of relying on assumptions or intuition.

b. Improves Customer Understanding: It enables organisations to understand customers' preferences, interests, opinions, and online behaviour, allowing them to meet customer needs better.

c. Enhances Campaign Effectiveness: By analysing campaign performance, organisations can identify which content and promotional activities generate the highest engagement and achieve better marketing outcomes.

d. Helps Optimise Marketing Expenditure: Analytics helps businesses allocate their marketing budgets more efficiently by identifying channels and campaigns that provide the highest return on investment.

e. Identifies Emerging Trends and Opportunities: Social media analytics enables organisations to detect changing customer preferences, trending topics, and new market opportunities at an early stage.

f. Improves Customer Engagement and Satisfaction: Monitoring customer interactions helps organisations respond promptly to customer queries and feedback, thereby strengthening relationships and improving customer satisfaction.

g. Enables Continuous Performance Monitoring: Social media analytics allows organisations to regularly monitor key performance indicators, evaluate marketing performance, and make timely improvements to their strategies.

4.1.2.7 Limitations of Social Media Analytics

Although social media analytics provides valuable insights, organisations may encounter certain challenges while collecting, analysing, and interpreting social media data.

a. Large Volumes of Data: Social media platforms generate enormous amounts of data, making it difficult for organisations to identify relevant information and derive meaningful insights.

b. Privacy and Data Protection Regulations: Privacy laws and platform policies may limit access to user data, thereby restricting the scope of data collection and analysis.

c. Algorithm Changes: Frequent changes in social media platform algorithms may affect the visibility of content and influence analytics results, making comparisons over time more difficult.

d. Limited Reflection of Business Performance: High levels of likes, shares, or comments do not always result in increased sales or improved organisational performance. Therefore, social media metrics should be interpreted carefully.

e. Data Quality Issues: Incomplete, inaccurate, or misleading data, including fake accounts, spam, and automated bot activity, may reduce the reliability of analytics and affect managerial decision-making.

4.1.3 Viral Marketing

Imagine that you receive a short, humorous video from your friend through WhatsApp. You find it entertaining and immediately share it with your family and classmates. Within a few days, millions of people across different countries watched the same video. Interestingly, the video is an advertisement for a new product. The company did not rely entirely on television or newspaper advertisements; instead, consumers themselves became the medium through which the promotional message spread. This marketing technique is known as Viral Marketing.

Viral marketing is a digital marketing strategy in which consumers voluntarily share a marketing message with others through social media, e-mail, messaging applications, blogs, and other online platforms. As more people share the message, it spreads rapidly across networks, similar to the spread of a virus. The primary objective of viral marketing is to create widespread brand awareness within a short period at a relatively low cost.

According to Ralph F. Wilson, viral marketing refers to any strategy that encourages individuals to pass on a marketing message to others, thereby creating the potential for exponential growth in the message's exposure and influence.

Unlike traditional marketing, where organisations directly communicate with customers, viral marketing relies heavily on customers sharing the promotional content with their personal and social networks. Therefore, customers themselves become active participants in promoting the brand.

4.1.3.1 Characteristics of Viral Marketing

The major characteristics of viral marketing are as follows:

◊ **Consumer-driven Communication:** The success of viral marketing depends largely on consumers voluntarily sharing promotional messages with others rather than the organisation communicating directly with customers.

◊ **Rapid Information Dissemination:** Marketing messages spread quickly through digital platforms such as Facebook, Instagram, YouTube, WhatsApp, and X (formerly Twitter), enabling organisations to reach a large audience within a short period.

◊ **Low Cost:** Since consumers voluntarily distribute the promotional message, organisations spend comparatively less on advertising and promotional activities.

◊ **High Audience Reach:** A single creative message can reach millions of people across different geographical regions through continuous online sharing.

- ◊ **Digital Platform Oriented:** Viral marketing primarily depends on internet-based platforms, including social networking sites, video-sharing platforms, blogs, and messaging applications.
- ◊ **Customer Participation:** Consumers actively participate in creating, modifying, commenting on, and sharing promotional content, thereby increasing engagement with the brand.

4.1.3.2 Elements of Successful Viral Marketing

Not every online advertisement becomes viral. Successful viral marketing campaigns generally possess certain common elements.

- ◊ **Creative and Engaging Content:** The content should be unique, entertaining, informative, or emotionally appealing so that people are encouraged to share it with others.
- ◊ **Emotional Appeal:** Messages that evoke emotions such as happiness, surprise, excitement, inspiration, or humour are more likely to be shared by consumers.
- ◊ **Simplicity:** The promotional message should be simple, easy to understand, and easy to share across different digital platforms.
- ◊ **Practical Value:** Consumers are more likely to share content that provides useful information, money-saving tips, educational value, or practical solutions to everyday problems.
- ◊ **Storytelling**: Interesting stories create emotional connections with consumers and make promotional messages more memorable.
- ◊ **Easy Sharing Facilities:** Digital platforms should enable users to share content easily through a single click using social media, messaging applications, or e-mail.

4.1.3.3 Advantages of Viral Marketing

The major advantages of viral marketing are:

- ◊ **Cost-effective Promotion:** Viral marketing reduces advertising expenditure because consumers voluntarily spread the promotional message.
- ◊ **Rapid Brand Awareness**: A successful viral campaign can generate widespread recognition for a brand or product within a short period.
- ◊ **Greater Credibility:** Consumers generally trust recommendations received from friends, relatives, or social media contacts more than conventional advertisements.
- ◊ **Wider Market Reach:** Viral marketing enables organisations to reach customers across different regions and countries without significant additional

expenditure.

◊ **Higher Customer Engagement:** Consumers actively interact with the content by liking, commenting, sharing, and discussing it, thereby increasing brand engagement.

4.1.3.4 Limitations of Viral Marketing

Despite its advantages, viral marketing has certain limitations.

◊ **Lack of Control**: Once promotional content is shared publicly, organisations have little control over how consumers interpret, modify, or respond to it.

◊ **Uncertain Results:** There is no guarantee that every campaign will become viral. Many well-designed campaigns fail to attract consumer attention.

◊ **Risk of Negative Publicity:** Negative comments, misinformation, or consumer dissatisfaction may spread rapidly and damage the organisation's reputation.

◊ **Short-lived Popularity:** Many viral campaigns receive enormous attention for a brief period but fail to create long-term customer relationships.

◊ **Dependence on Digital Platforms:** The effectiveness of viral marketing depends largely on internet access, social media usage, and consumers' willingness to share content.

4.1.3.5 Examples of Viral Marketing

Several organisations have successfully used viral marketing to promote their products and services.

Hotmail became one of the earliest examples of viral marketing by adding the message "Get your free email at Hotmail" to every outgoing e-mail sent by its users. This simple strategy encouraged recipients to create their own Hotmail accounts, resulting in rapid user growth.

Dropbox introduced a referral programme in which both the existing customer and the newly referred customer received additional free cloud storage. This encouraged users to invite friends and significantly increased the company's customer base.

Dollar Shave Club gained worldwide attention through a humorous promotional video explaining its subscription-based shaving products. The video was widely shared on social media, helping the company rapidly increase brand awareness and sales.

Recap

- ◊ Social media marketing is the use of social networking platforms to promote products, services, and brands while building customer relationships through interaction and engagement.
- ◊ Social media marketing enables organisations to enhance brand awareness, generate leads, improve customer engagement, gather market insights, and strengthen long-term customer relationships.
- ◊ Effective social media marketing requires well-defined strategies, including goal setting, audience identification, content creation, platform selection, performance monitoring, and continuous improvement.
- ◊ Social media analytics involves collecting, measuring, analysing, and interpreting data generated through social media platforms to evaluate campaign performance and support informed marketing decisions.
- ◊ Key social media metrics such as reach, impressions, engagement rate, click-through rate, conversion rate, and bounce rate help organisations measure the effectiveness of their social media activities.
- ◊ Social media analytics assists organisations in understanding customer behaviour, optimising marketing expenditure, improving campaign effectiveness, and identifying emerging trends.
- ◊ Viral marketing encourages consumers to voluntarily share promotional messages through digital platforms, resulting in rapid dissemination of information and increased brand awareness.
- ◊ The success of viral marketing depends on engaging content, emotional appeal, simplicity, ease of sharing, and active customer participation.
- ◊ Viral marketing offers advantages such as cost-effective promotion, wider market reach, increased credibility, and higher customer engagement. Still, it also presents challenges including lack of control, uncertain outcomes, and the risk of negative publicity.
- ◊ Organisations increasingly integrate social media marketing, analytics, and viral marketing to enhance digital communication, strengthen customer relationships, and achieve marketing objectives.

Objective Questions

1. What is the abbreviated form of Social Media Marketing?
2. Which marketing approach encourages consumers to share promotional messages voluntarily?
3. Which metric measures audience interaction through likes, comments, and shares?
4. Which metric measures the percentage of visitors leaving a webpage after viewing only one page?
5. Name one platform analytics tool provided by Facebook.
6. Which type of marketing spreads rapidly through consumer sharing?
7. Which metric measures the percentage of users clicking a digital advertisement?
8. Which marketing strategy focuses on monitoring online conversations about a brand?
9. What type of content is created by consumers and shared online?
10. Name one organisation discussed in this unit that successfully used viral marketing.

Answers

1. SMM
2. Viral Marketing
3. Engagement Rate
4. Bounce Rate
5. Facebook Insights
6. Viral Marketing
7. Click-Through Rate (CTR)
8. Social Listening

9. User-Generated Content (UGC)
10. Hotmail

Assignments

1. Compare traditional marketing and social media marketing with suitable examples.
2. Select a brand of your choice and analyse its social media marketing strategy.
3. Visit the social media pages of any organisation and identify the key performance metrics used to evaluate its online presence.
4. Prepare a case study on a successful viral marketing campaign and explain the factors responsible for its success.
5. Analyse the role of social media analytics in improving customer engagement and marketing decision-making.

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Unit - 2
Social Media Platforms for Marketing

Learning Outcomes

After completing this unit, learners will be able to:

- ◊ explain the role of major social media platforms in digital marketing
- ◊ describe the features and marketing applications of Facebook, X (Twitter), LinkedIn, YouTube, and Instagram
- ◊ analyse the significance of video marketing and YouTube advertising in promoting products and services
- ◊ evaluate the effectiveness of social media platforms in achieving organisational marketing goals

Prerequisite

Every day, millions of people browse Facebook, Instagram, X (formerly Twitter), LinkedIn, and YouTube to communicate, learn, shop, and entertain themselves. Businesses have recognised these platforms not merely as social networking sites but as powerful marketing channels that enable them to reach customers across the globe. Each platform possesses unique features, audience characteristics, and advertising tools, making it suitable for different marketing objectives. Understanding how organisations utilise these platforms helps learners appreciate the growing role of social media in contemporary marketing and prepares them to apply these concepts in real-world business situations.

Keywords

Facebook Advertising, X (Twitter) Marketing, LinkedIn Marketing, Video Marketing, YouTube Advertising, Instagram Marketing, Audience Targeting, Influencer Marketing, Customer Engagement.

Discussion

Social media has become one of the most influential digital platforms, enabling marketers to connect, interact, and promote products and services to target audiences. Marketers increasingly use social media to advertise their brands and products digitally. Social media has become a highly influential tool to reach a large number of people in a matter of seconds, reducing costs and making it accessible to potential customers through social media advertisements.

Marketers increasingly use social media because a substantial proportion of the world's population actively uses social networking platforms, providing businesses with extensive opportunities to reach potential customers. Social media facilitates marketing on various digital forums where marketers can reach a maximum number of potential consumers, unlike advertisements through print or television media.

Social media marketing refers to the process of promoting products and services using social media platforms and websites. Social media platforms use built-in data analytics tools to help organisations monitor the progress, advancement, and engagement of promotional campaigns. Companies address a range of stakeholders through social media marketing, including current and potential customers, current and potential employees, journalists, bloggers, and the public. On a strategic level, social media marketing includes managing a marketing campaign, governance, setting the scope (e.g., more active or passive use), and establishing a firm's desired social media "culture" and "tone." When using social media marketing, firms can allow customers and Internet users to post user-generated content (e.g., online comments, product reviews, etc.), also known as "earned media," rather than use marketer-prepared advertising copy.

4.2.1 Facebook Advertising

Facebook is one of the world's largest social media platforms, with more than three billion monthly active users worldwide, making it an important platform for digital marketing. Marketers can use the Facebook platform to expand their promotional efforts. Facebook helps to build an online community and communicate with users who like the page. It allows marketers to focus on a newsfeed that enables users to create timelines, highlight trending topics, and create specific groups to share information with. Posts can contain video, pictures, links and hashtags.

Facebook uses an algorithm to decide when followers see different posts. The goal, according to Facebook, is to encourage more interaction. Two of the indicators the current algorithm uses to show posts are how many comments the posts get and how many times you comment on other posts. Being engaging is key to marketing on Facebook. The more interaction, the more traffic one will receive back.

Facebook enables advertisers to reach specific target audiences through its advertising platform, Facebook Ads, which provides advanced audience targeting capabilities. Marketers and general Facebook users use it abundantly.

Example of Facebook Ad (below)

While scrolling through the Facebook news feed, one might have come across a post with a label that says Sponsored like this:

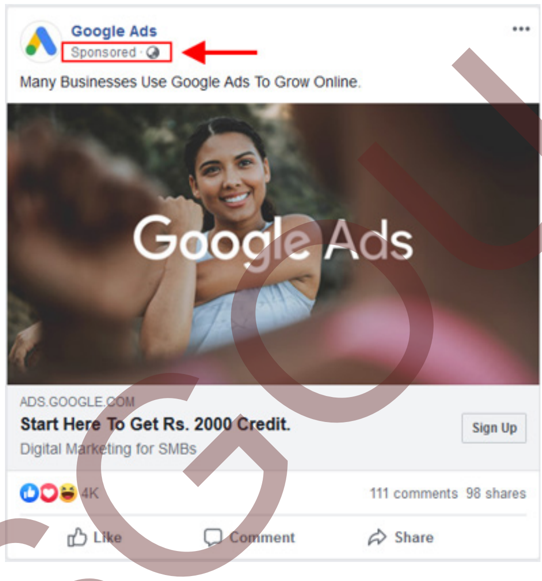


Fig. 4.2.1 Facebook Ad Example

This is social media advertising in action.

While posting an ad through the Facebook Ad Manager, an advertiser is provided with a set of characteristics that will define his target market. Facebook calls this audience targeting. These traits include geographical location, gender, age, work, relationship status, and interests such as music, among others. Facebook claims that advertisers can even customise their target audience based on behaviour, such as purchasing patterns, device usage, and other activities. This is why Facebook users see advertisements on their profile page that are relevant to their preferences and interests. This allows the ads to be less intrusive and more successful in delivering the appropriate content to the right audience. The advertising algorithm is also capable of monitoring performance so that advertisers or Facebook marketers can modify their audience, as well as the nature, budget, and duration of the ads, based on performance.

4.2.2 Twitter (X) Marketing

X (formerly Twitter) is a popular social networking and microblogging platform where users share short messages, known as posts (formerly called tweets), along with images, videos, links, and other multimedia content. Launched in 2006, the platform has evolved into a widely used medium for real-time communication, news dissemination, public discussions, and brand engagement. Today, X is used by individuals, businesses, media organisations, government agencies, and public figures to communicate with audiences worldwide.

Marketing on X involves creating and sharing relevant content to increase brand awareness, engage with customers, promoting products and services, and drive website traffic. Businesses use the platform to participate in trending conversations, provide customer support, announce product launches, and interact directly with consumers.

Advertising on X is largely based on users' interests, online behaviour, location, and the accounts they follow. The platform offers various advertising formats, including Promoted Posts (formerly Promoted Tweets), Promoted Accounts, and Promoted Trends, enabling businesses to reach specific target audiences. The advertisements displayed on a user's timeline are personalised based on platform activity and advertising preferences.

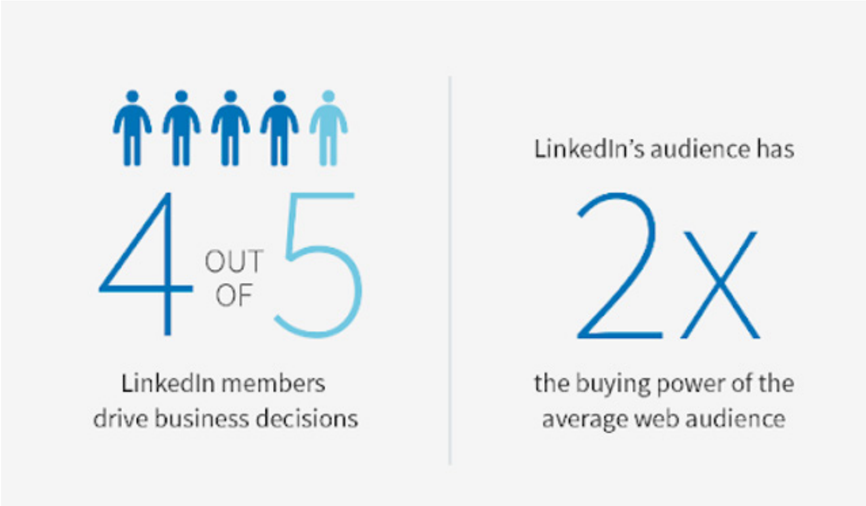
X marketing can be particularly effective for organisations involved in news, media, public affairs, technology, education, customer service, and business-to-business (B2B) marketing. Its real-time nature allows organisations to communicate instantly with customers, respond to feedback, monitor public opinion, and build stronger customer relationships.

X continues to have a diverse global user base, with a significant proportion of its users located outside the United States. The platform remains one of the leading channels for real-time conversations, making it an important component of digital marketing strategies for organisations seeking timely communication and audience engagement.

4.2.3 LinkedIn Marketing

The LinkedIn social media platform is an online platform which connects employers with the potential employees. Sponsored posts or direct sponsored content are common types of advertisements on LinkedIn. These types of advertisements are useful in sharing content, updates about the organisation, and for a direct audience to guide them to the landing page.

LinkedIn marketing can be utilized to promote one’s business or brand. It is yet another useful digital marketing tool as it facilitates easy segmentation of their target users. LinkedIn has more than one billion members worldwide and remains the leading professional networking platform for business professionals, recruiters, and organisations. It facilitates connection and interaction between millions of professionals and organization having similar interests and work. LinkedIn users are professionals and business-focused. Hence, it is a platform where specific and micro-segmentation is possible, and business decisions are taken much faster.



LinkedIn also helps in getting connected to potential customers directly and swiftly, which helps in eliminating third-party or any intermediary intervention.

4.2.4 Video Marketing

Video marketing has gained significant momentum in the digital age, where customers lead busy lifestyles and prefer to receive information about products and services quickly and conveniently. Videos have become one of the most popular sources of online content because they present information in an engaging, concise, and easy-to-understand manner. Various studies have shown that consumers increasingly prefer video content over emails, images, blog articles, and other forms of digital communication, as videos provide information in a more interactive and engaging format (Troncoso, 2021).

Video marketing offers several benefits to organisations. Firstly, videos can be shared easily across multiple digital platforms, thereby increasing their reach. Secondly, videos are an effective tool for enhancing customer engagement and attracting many potential customers. People are more likely to share interesting, informative, or entertaining videos with their friends, family members, and colleagues, thereby increasing the visibility of the brand.

YouTube has more than 2.5 billion monthly active users worldwide, making it one of the largest video-sharing platforms. Every minute, a substantial amount of new content is uploaded to the platform, indicating the growing importance of video content in digital marketing. Consequently, marketers worldwide increasingly use video marketing to communicate with their target audiences.

Marketers have made video marketing an integral part of their digital marketing strategies to enhance customer engagement and remain competitive. High-quality and relevant video content helps organisations capture viewers' attention, improve brand awareness, and increase customer conversions.

People are watching online videos more than ever before through platforms such as YouTube, Instagram, Facebook, and other digital media. As a result, video marketing provides organisations with considerable returns by increasing website traffic, generating leads, improving sales, and offering valuable insights into customer behaviour.

4.2.4.1 Importance of Video Marketing

Video marketing has become an essential component of digital marketing because it enables organisations to communicate information in a simple, engaging, and visually appealing manner. Videos can effectively demonstrate products, explain services, tell brand stories, and create stronger emotional connections with customers. Compared with text-based content, videos are often easier to understand and retain, making them an effective medium for marketing communication.

The growing popularity of smartphones, high-speed internet, and social media platforms has significantly increased the consumption of online video content. Consequently, organisations increasingly utilise video marketing to improve brand visibility, educate customers, and influence purchasing decisions.

The importance of video marketing can be understood from the following points:

a. Enhances Brand Awareness

Video content enables organisations to reach a large audience through websites, social media platforms, and video-sharing platforms. Creative and informative videos help improve brand recognition and recall among consumers.

b. Improves Customer Engagement

Videos are more interactive than many other forms of digital content. Consumers are more likely to watch, like, comment on, and share videos, thereby increasing customer engagement and strengthening relationships with the brand.

c. Simplifies Complex Information

Videos can effectively demonstrate product features, explain services, and illustrate complex concepts through visuals, animations, and real-life examples. This helps customers understand products more easily and supports informed purchasing decisions.

d. Supports Lead Generation and Sales

Well-designed promotional and demonstration videos encourage prospective customers to learn more about products and services. Video marketing can generate enquiries, increase website traffic, and contribute to higher sales and customer conversions.

e. Strengthens Customer Trust

Customer testimonials, product demonstrations, and behind-the-scenes videos enhance the credibility of organisations by providing authentic and transparent information. Such content helps build confidence and long-term customer relationships.

f. Supports Search Engine Optimisation (SEO)

Video content can increase the time visitors spend on websites and improve user engagement. When properly optimised with suitable titles, descriptions, and keywords, videos can also improve the visibility of websites in search engine results.

4.2.4.2 Applications for Video Marketing

Organisations utilise video marketing for a variety of purposes, including:

- Product demonstrations
- Brand storytelling
- Customer testimonials
- Educational and training videos
- Promotional advertisements
- Live streaming of events
- Product launches
- Social media campaigns

4.2.4.3 Examples of Video Marketing

Several organisations have successfully adopted video marketing to strengthen their digital presence. Companies such as Apple, Nike, Coca-Cola, and Starbucks regularly publish promotional videos, product launch videos, customer stories, and short-form social media videos to engage customers and reinforce their brand image. Similarly, many small and medium enterprises use platforms such as YouTube, Instagram Reels, and Facebook Videos to promote their products and services at relatively low cost.

4.2.5 Creating Video Ads on YouTube

YouTube is one of the most popular and prevalent virtual platforms today for marketers to reach and connect with their consumers. YouTube is widely regarded as the second-largest search engine after Google because millions of users search for video content on the platform every day. Marketers worldwide use YouTube to capture customers' attention. YouTube is a very powerful platform because of its tremendous popularity and acceptability, with more than 2.5 billion monthly active users worldwide. This platform provides marketers with extensive opportunities to attract new audiences and strengthen customer engagement.

YouTube is one of the best options for creating a cost-effective advertising campaign (Bauer, 2022). The cost and performance of YouTube advertising campaigns vary depending on factors such as audience targeting, advertisement format, bidding strategy, and campaign objectives.

4.2.5.1 History of Video Marketing on YouTube

Video marketing has been used for a long time. The growth of video marketing accelerated with the expansion of the internet and online video-sharing platforms during the late 1990s and early 2000s. Its widespread adoption began after the launch of YouTube in 2005.

When YouTube was created in 2005, video marketing gained even greater popularity and ushered in the era of viral videos. YouTube revolutionised video marketing and significantly enhanced its reach and effectiveness. Early YouTube advertisements appeared alongside popular videos created by content creators who initially posted videos free of charge and later monetised their content through advertising.

In 2006, when Participatory Ads and Brand Channels became popular advertising options, YouTube introduced businesses to an innovative platform for reaching a wider audience. Gradually, marketers began using YouTube to post advertisements, attract users, and increase brand visibility. YouTube video marketing has undergone many changes since its inception and, over the last two decades, has evolved from personal video marketing and viral video marketing to the present form of social video marketing (Smith, 2014).

YouTube has evolved into one of the world's leading digital advertising platforms, introducing features such as InVideo Ads, homepage advertisements, and several other advertising formats. Over the years, many new advertising options and campaign management tools have been introduced, making YouTube advertising easier, more flexible, and more customisable for businesses.

4.2.5.2 Benefits of Advertising on YouTube

There are many benefits to advertising on YouTube, from targeting and customisation capabilities to measurability and affordability, but the most important benefit is reach.

After all, what good would a billboard do if the road it is placed on receives very little traffic?

YouTube advertising can benefit any marketer's brand in the following ways:

1. Expand Digital Reach

Along with the billions of users who access YouTube every month, there is a vast audience watching videos across a wide range of categories. Billions of videos are viewed on YouTube every day, creating enormous opportunities for businesses to expose their advertisements to potential customers.

With YouTube Ads, the wider the audience reached, the greater the opportunity to connect with prospective customers. People interested in a business's products or services come from different age groups, professions, and geographical locations. Therefore, understanding customer demographics helps organisations maximise the effectiveness of YouTube advertising.

2. Find Customers with Advanced Targeting

One of the major advantages of YouTube advertising is its advanced audience targeting capability. Advertisements can be targeted based on topics, categories, keywords, demographics, interests, geographical location, and user behaviour. Organisations can also use placement targeting to display advertisements on specific YouTube channels or videos that are relevant to their products or services. Such targeting improves the likelihood of reaching the intended audience and enhances the effectiveness of advertising campaigns.

YouTube advertising also provides a high degree of customisation, allowing organisations to create advertisements that align with their marketing objectives. The availability of multiple advertising formats enables businesses to select the most appropriate format for promoting their products, services, or brand.

3. Customising Advertisements to Meet Marketing Objectives

Unlike many other digital advertising platforms that require strict advertisement specifications, YouTube provides organisations with considerable flexibility in designing advertising campaigns. Brands can utilise YouTube to communicate their value proposition, demonstrate products, share customer experiences, provide educational content, and strengthen their brand identity through visual storytelling.

The platform supports a wide variety of advertising approaches, making it suitable for organisations of different sizes and industries. The flexibility offered by YouTube enables advertisers to create campaigns that effectively meet their communication and marketing objectives.

4. Cost-effective Advertising Campaigns

YouTube advertising enables organisations to conduct cost-effective marketing campaigns without requiring expensive production facilities. Effective video advertisements can be created using smartphones and basic video editing software. The platform follows a flexible bidding model that allows advertisers to control expenditure according to campaign objectives and available budgets.

Most YouTube advertising campaigns follow a pay-for-performance approach, where advertisers incur costs only when users meaningfully engage with advertisements, depending on the selected advertisement format. Campaign performance can be monitored through Google Ads, enabling organisations to evaluate advertising expenditure and optimise campaign effectiveness.

5. Measuring the Success of YouTube Advertisements

The effectiveness of YouTube advertising campaigns can be evaluated using YouTube Analytics and Google Ads. These tools provide detailed information regarding advertisement performance and audience engagement.

The analytics reports enable organisations to identify:

- advertisements receiving the highest number of views;

- average viewing duration;
- audience retention and drop-off points;
- audience demographics;
- engagement levels; and
- campaign performance across different advertisement formats.

Integrating YouTube Analytics with Google Analytics provides additional insights into website traffic generated through video advertisements, including visitor behaviour, page views, average session duration, and conversion-related metrics. Such information assists organisations in evaluating campaign performance and making informed marketing decisions.

4.2.5.3 Types of YouTube Ads

YouTube offers several advertising formats that enable organisations to achieve different marketing objectives. The selection of an advertisement format depends upon the nature of the campaign, target audience, and desired marketing outcome. The commonly used YouTube advertisement formats include:

- In-stream Advertisements
- Video Discovery Advertisements
- Pre-roll Advertisements
- Bumper Advertisements

Each format possesses unique characteristics and serves different promotional purposes.

1. In-stream Advertisements

In-stream advertisements are video advertisements that appear before, during, or after YouTube videos. Depending on the campaign settings, these advertisements may be skippable or non-skippable. Skippable advertisements generally allow viewers to skip the advertisement after a few seconds, while non-skippable advertisements must be viewed before the selected video continues.

These advertisements may include call-to-action buttons, website links, and promotional messages that encourage viewers to visit a website, subscribe to a channel, or purchase a product. Since viewers decide within the first few seconds whether to continue watching, organisations should present their brand identity and key message at the beginning of the advertisement.

2. Video Discovery Advertisements

Video Discovery Advertisements appear in YouTube search results, alongside related videos, and in other locations where users discover new content. These advertisements are designed to encourage users to click and watch promotional videos.

This format is particularly suitable for product demonstrations, tutorials, educational content, and brand storytelling. Since users voluntarily choose to watch these advertisements, they generally attract audiences with a higher level of interest and engagement.

3. Pre-roll Advertisements

Pre-roll advertisements are video advertisements that appear before the selected YouTube video begins. Depending on the campaign settings, they may be skippable or non-skippable and can also appear during or after longer videos.

These advertisements provide organisations with an opportunity to communicate their promotional message before viewers access the desired content. Therefore, effective pre-roll advertisements are generally concise, engaging, and supported by a clear call to action.

4. Bumper Advertisements

Bumper advertisements are short, non-skippable video advertisements with a maximum duration of six seconds. They appear before the selected video and are primarily designed to increase brand awareness rather than communicate detailed product information.

Due to their limited duration, bumper advertisements usually focus on a single promotional message or brand reminder. They are often used as part of integrated advertising campaigns to reinforce brand recall and complement longer video advertisements.

4.2.6 Instagram Marketing

Instagram is a social media platform where users share photos, videos, stories, and other multimedia content while interacting with their followers. Marketers utilise the platform, including influencers with broad following, to promote brands and products. Instagram has a large global user base, and marketers use this digital engagement to advertise their products and services. The platform enables marketers to evaluate consumer engagement through metrics such as likes, comments, shares, saves, and follower growth. Instagram advertising helps marketers connect with a large number of users, build brand awareness, and increase sales.

Instagram has more than two billion monthly active users worldwide and continues to be one of the leading platforms for visual and influencer marketing. The platform enables marketers to maintain continuous relationships with existing and prospective customers through regular interaction and engaging content. Many users follow businesses, brands, and public personalities on Instagram, making it an important platform for digital marketing and customer engagement.

Instagram offers marketers significant opportunities to promote products and services by providing access to a large audience interested in discovering and engaging with brands. Features such as Business Profiles, Instagram Stories, Reels, Shopping, Live Videos, and targeted advertisements help organisations showcase their offerings, drive website traffic, and encourage customer interaction. Businesses can also use Instagram Insights to monitor campaign performance and understand audience behaviour.

Instagram advertising has become one of the most popular forms of social media advertising. Marketers increasingly use creative images, short videos, stories, reels, influencer collaborations, and interactive content to communicate with consumers. Starbucks is one of the well-known brands that has successfully utilised Instagram by sharing visually appealing content, engaging storytelling, and creative campaigns to strengthen its brand image and connect with customers worldwide.

Example: Starbucks – promotional hashtags

The coffeehouse chain Starbucks successfully promoted its products through Instagram hashtags. The company extensively used user-generated content in its campaigns, which significantly increased customer engagement and brand visibility. According to published marketing studies, Starbucks has effectively used branded hashtags and user-generated content to encourage customer participation and strengthen brand engagement on Instagram (Alalwan et al., 2017; Phua, Jin, & Kim, 2017). Starbucks continuously launched campaigns using a handful of branded hashtags and gained more user-generated content. The strategy benefited the company by inspiring followers and promoting new products. For example, Starbucks used #IcedCaramelMacchiato, #IcedCoconutMilkMochaMacchiato, and #PinkDrink to market new drinks. These branded hashtags encouraged customers to share their experiences and contributed to greater online visibility and customer engagement, although the exact number of posts varies over time and across platforms.

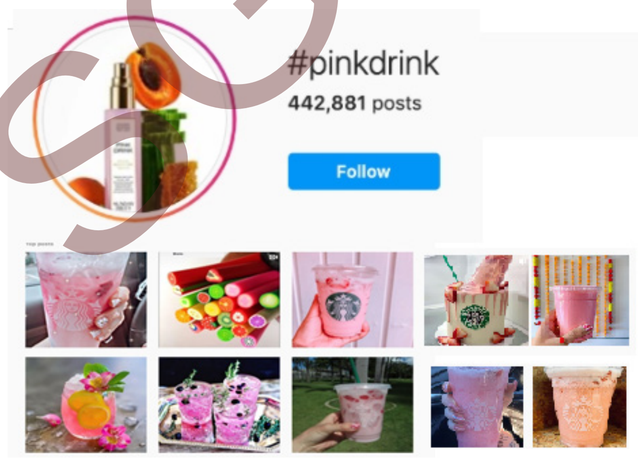


Fig. 4.2.2: Posts with the #pinkdrink hashtag on Instagram

Example - Lord&Taylor – Influencer marketing

Clothing retailer Lord & Taylor launched an Instagram influencer campaign in 2015. The brand collaborated with 50 fashion influencers and invited them to style the same dress in different ways. The idea behind this campaign was to create curiosity among followers about why their favourite influencers were wearing the same outfit. The campaign produced remarkable results. The featured dress sold out by the end of the weekend, and Lord & Taylor successfully attracted attention to its Design Lab collection, which was the primary objective of the campaign (Federal Trade Commission [FTC], 2016).

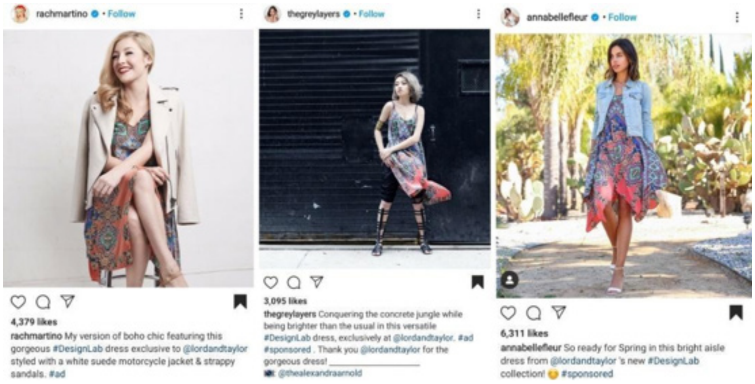


Fig. 4.2.3: Influencers wearing a Lord&Taylor dress

Recap

- ◊ Social media platforms provide organisations with effective channels to promote products, build brand awareness, and interact with customers.
- ◊ Facebook Advertising enables organisations to reach specific audiences through advanced targeting and personalised advertisements.
- ◊ X (formerly Twitter) Marketing facilitates real-time communication, customer engagement, and brand promotion through posts and trending conversations.
- ◊ LinkedIn Marketing supports professional networking, business-to-business marketing, recruitment, and content promotion.
- ◊ Video marketing enhances customer engagement by delivering information through visual and interactive content.
- ◊ YouTube has become an important platform for video advertising due to its extensive audience reach and diverse advertising formats.
- ◊ YouTube advertisements can be customised, targeted, measured, and optimised using Google Ads and YouTube Analytics.
- ◊ In-stream, Video Discovery, Pre-roll, and Bumper advertisements serve different promotional objectives on YouTube.

◊ Instagram Marketing enables organisations to build customer relationships through visual content, stories, reels, shopping features, and influencer collaborations.

◊ Effective utilisation of different social media platforms enables organisations to achieve greater visibility, customer engagement, and marketing success.

Objective Questions

1. Which social media platform provides the Facebook Ads Manager for creating advertisements?
2. Which social media platform was formerly known as Twitter?
3. Which professional networking platform is widely used for B2B marketing?
4. Name the most popular video-sharing platform used for video marketing.
5. Which advertising tool is commonly used to measure the performance of YouTube advertisements?
6. Which type of YouTube advertisement is limited to six seconds?
7. Which Instagram feature is widely used for short-form videos?
8. Which type of YouTube advertisement appears in search results and alongside related videos?
9. Which social media platform is particularly useful for professional networking and recruitment?
10. Which marketing strategy involves collaborating with popular content creators to promote products?

Answers

1. Facebook Ads Manager
2. X

3. LinkedIn
4. YouTube
5. YouTube Analytics
6. Bumper Advertisement
7. Reels
8. Video Discovery Advertisement
9. LinkedIn
10. Influencer Marketing

Assignments

1. Compare the marketing features of Facebook, X (Twitter), LinkedIn, Instagram, and YouTube.
2. Visit the official social media pages of a business organisation and analyse how it uses different social media platforms for marketing.
3. Prepare a report on a successful YouTube or Instagram marketing campaign undertaken by a well-known brand.
4. Identify the YouTube advertisement formats used by any organisation and discuss their marketing objectives.
5. Analyse the role of social media platforms in enhancing customer engagement and brand awareness with suitable examples.

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Unit - 3
Content Marketing and Search Engine Optimisation

Learning Outcomes

After completing this unit, learners will be able to:

◊ explain the concept, process, and benefits of affiliate marketing and affiliate marketing platforms

◊ describe blogging, different types of blogs, and the role of microblogging in digital marketing

◊ explain the importance of content writing and social gaming in contemporary digital marketing

◊ discuss the concept and significance of Search Engine Optimisation (SEO) in improving online visibility

◊ classify search engines based on their functioning and explain their role in information retrieval

Prerequisite

Every day, internet users search for information, read blogs, watch online videos, click affiliate links, play social games, and access websites through search engines. Businesses make effective use of these digital platforms and technologies to attract customers, promote products, and improve their online presence. Understanding how affiliate marketing, blogging, content writing, social gaming, and search engine optimisation work enables learners to appreciate the practical applications of digital marketing and the strategies organisations use to communicate with and influence consumers in the digital environment.

Keywords

Affiliate Marketing, Affiliate Network, Blogging, Microblogging, Content Writing, Social Gaming, Search Engine Optimisation (SEO), Search Engine, Crawler, Keywords

Discussion

4.3.1 Affiliate Marketing

Affiliate marketing is promoting other people's products in return for a small commission for each sale. Many websites display headings such as "affiliate link" or "sponsored post" to indicate affiliate marketing content. Affiliate marketing is an online sales tactic that lets a product owner increase sales by allowing others targeting the same audience - "affiliates" - to earn a commission by recommending the product to others. At the same time, it makes it possible for affiliates to earn money on product sales without creating products of their own.

Affiliate marketing involves promoting a product or service through blogs, websites, or social media platforms using a unique referral link. The affiliate earns a commission each time someone purchases through the unique link associated with their recommendation. When implemented effectively, affiliate marketing can become a significant source of commission-based income.

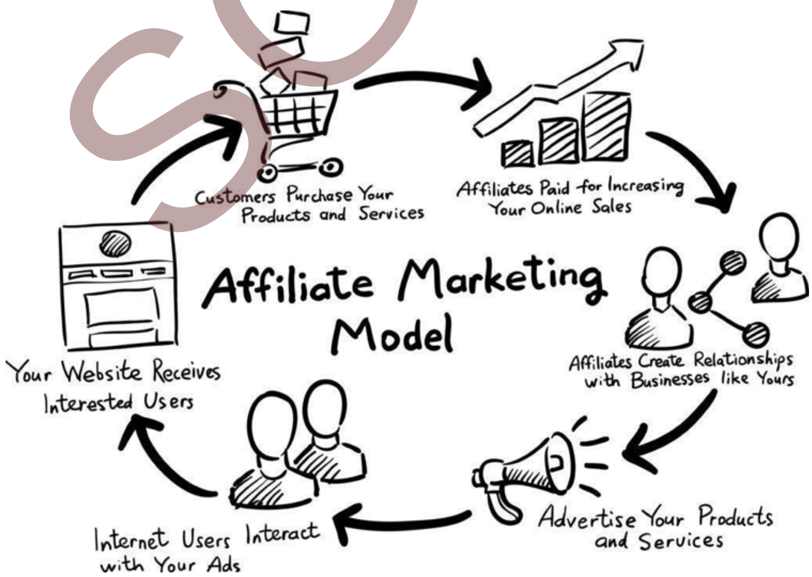

Fig 4.3.1 Affiliate Marketing

Let us examine the key participants involved in the affiliate marketing process.

1. Merchants (also known as sellers or retailers) are individuals or organisations

that create products or provide services and allow affiliates to promote them.

2. Affiliates – People who market products of other companies or merchants are affiliates. They earn commission on the sale of other people's products and services.

3. Customers are the end users who purchase products or services through affiliate links, thereby generating commissions for affiliates. They make the affiliate marketing model go around.

4. Affiliate networks are platforms that act as intermediaries between merchants and affiliates by facilitating product listings, tracking, and commission payments.

4.3.1.1 Benefits of the affiliate marketing model

Affiliate marketing offers several benefits to affiliates, including its ease of operation. The affiliate's role primarily involves handling the marketing aspect of promoting and selling a product or service by educating potential customers. Affiliates are not required to undertake more complex activities such as product development, customer support, inventory management, or order fulfilment.

Affiliate marketing is considered a low-risk business model. Since there is generally no cost to join affiliate programmes, affiliates can begin promoting established products or services without significant initial investment. Affiliate marketing also has the potential to generate relatively passive income through commission-based earnings. Although affiliates need to invest time initially in creating traffic sources and building an audience, affiliate links can continue to generate revenue over time.

Another important advantage of affiliate marketing is its scalability. Successful affiliates can increase their earnings by promoting additional products or services to their existing audience without necessarily increasing operational costs or employing additional personnel. New marketing campaigns can be developed while previously established affiliate links continue to generate commission.

However, successful affiliate marketing is built on trust and credibility. Although there are numerous products and services available for promotion, affiliates should promote only those products that are reliable, relevant, and capable of providing value to consumers. Building trust with the audience requires consistent effort, ethical marketing practices, and the promotion of quality products and services.

4.3.1.2 Affiliate Marketing Platforms

Common Types of Affiliate Marketing Channels

Most affiliates share common practices to ensure that their audience is engaged and receptive to purchasing promoted products. However, not all affiliates advertise the products in the same way. In fact, there are several different marketing channels they may leverage.

1. Influencers.

An influencer is an individual who can impact on the purchasing decisions of a large segment of the population. This person is in a great position to benefit from affiliate marketing. They already boast an impressive following, so it is easy for them to direct consumers to the seller's products through social media posts, blogs, and other interactions with their followers. The influencers then receive a share of the profits they helped to create.

Influencer marketing campaigns are particularly popular on Instagram, where brands partner with influencers who are seen as experts or authorities in their specific niches. Depending on the deal, a campaign could consist of a series of product reviews with photos, account takeovers, or live videos. While an influencer might have their own branding and aesthetic, important to add elements that tie in with the brand to ensure brand recall and recognition. Brand consistency can be maintained by using appropriate image-editing tools to create visually coherent promotional content.

2. Bloggers.

With the ability to rank organically in search engine queries, bloggers excel at increasing a seller's conversions. The blogger samples the product or service and then writes a comprehensive review that compellingly promotes the brand, driving traffic back to the seller's site.

The blogger receives a commission for influencing potential customers and promoting the product. For example, a blogger may publish an article reviewing email marketing software and include affiliate links within the content.

3. Paid search focused microsites.

Developing and monetizing microsites can generate significant sales by targeting specific customer segments. These sites are advertised within a partner site or on a search engine's sponsored listings. They are distinct and separate from the organization's main site. By offering more focused, relevant content to a specific audience, microsites lead to increased conversions due to their simple call to action.

4. Email lists.

Despite its older origins, email marketing is still a viable source of affiliate marketing income. Some affiliates have email lists they can use to promote the seller's products. Others may leverage email newsletters that include hyperlinks to products, earning a commission after the consumer purchases the product.

Another method is for the affiliate to build an email list over time. They use various campaigns to collect emails en masse, then send emails about the products they are promoting.

5. Large media websites.

Designed to create a huge amount of traffic at all times, these sites focus on building an audience of millions. These websites promote products to their massive audience through banners and contextual affiliate links. This method provides greater visibility and can improve conversion rates, thereby increasing revenue for both the seller and the affiliate.

4.3.2 Blogging

Blogging has become an important component of digital marketing as it enables organisations and individuals to publish useful information, share ideas, and communicate effectively with their target audience. In today's digital environment, businesses not only maintain a presence on social media platforms but also utilise blogs to educate customers, improve brand visibility, and establish long-term relationships.

A blog is a regularly updated website or web page where content is published in the form of articles, photographs, videos, or other multimedia. The term blog is derived from the word "weblog," which originally referred to online diary-style entries. Over time, blogging evolved from personal online journals into an effective communication and marketing tool widely used by businesses, educational institutions, professionals, and organisations.

Blogs are generally organised with the most recent content appearing first, while older articles are archived for future reference. Most blogs also provide opportunities for readers to comment, ask questions, and participate in discussions, thereby creating an interactive online community.

Unlike direct advertising, blogs primarily focus on providing useful, informative, and engaging content. Businesses use blogs to create awareness about their products and services, educate customers, improve search engine visibility, and position themselves as knowledgeable and trustworthy sources within their industry. A well-maintained blog encourages customer engagement and helps build credibility and long-term relationships.

Blogging has become an integral part of content marketing because it enables organisations to share product information, industry news, expert opinions, customer success stories, and educational resources. As blogs provide valuable information rather than purely promotional content, they attract readers who may later become customers.

The process of blogging is relatively simple. Organisations or individuals create a website or use blogging platforms such as WordPress, Blogger, or similar content management systems to publish articles and other digital content. Blogs can also be integrated with social media platforms, allowing content to be shared widely and increasing audience reach.

Blogs have also become an important medium for digital advertising. Advertisements may appear as banner ads, sponsored posts, affiliate links, or contextual ads such as Google AdSense. Popular bloggers often collaborate with organisations to review products and services or recommend brands to their readers. Since readers generally trust experienced bloggers and reviewers, blog recommendations often influence purchasing decisions.

One of the major strengths of blogging is its ability to support viral communication. Interesting or informative blog posts are frequently shared across social media platforms and other blogs, enabling information to spread rapidly among online communities. However, organisations should ensure that blog content is accurate, ethical, and relevant, as misleading or objectionable content can negatively affect the organisation's reputation.

4.3.2.1 Types of Blogs

Blogs can be classified according to their purpose, content, and target audience. Some of the commonly used types of blogs are discussed below.

Personal Blogs

Personal blogs are online journals where individuals share their opinions, experiences, hobbies, travel stories, or daily activities. These blogs are primarily created for personal expression rather than commercial purposes.

Business Blogs

Business blogs are maintained by organisations to promote products and services, educate customers, share company news, and improve brand awareness. They form an important part of digital marketing and content marketing strategies.

Professional Blogs

Professional blogs are developed by experts, consultants, educators, and practitioners to share specialised knowledge in particular fields such as finance, law, healthcare, education, or technology. These blogs help establish professional credibility and attract potential clients.

News Blogs

News blogs provide regular updates on current events, politics, sports, entertainment, business, and technology. They enable readers to access timely information and expert opinions on recent developments.

Niche Blogs

Niche blogs focus on a specific subject or area of interest such as travel, food, fashion, fitness, photography, education, finance, or digital marketing. These blogs target a specialised audience interested in particular topics.

Video Blogs (Vlogs)

Video blogs, commonly known as vlogs, present information through video rather than written text. Platforms such as YouTube have contributed significantly to the popularity of vlogging, allowing creators to share educational, promotional, and entertainment content.

Microblogs

Microblogs enable users to publish short messages, photographs, videos, or links that can be shared instantly with a wide audience. X (formerly Twitter) is one of the most popular microblogging platforms and allows users to participate in discussions, share updates, and communicate in real time.

4.3.2.2 X (formerly Twitter)

X (formerly Twitter) is a social networking and microblogging platform where users share short messages known as posts (formerly tweets) on a wide variety of topics. The platform was launched on 15 July 2006 as Twitter. It was later rebranded as X. It is widely used by individuals, businesses, media organisations, government agencies, and public figures for communication, news sharing, and customer engagement.

Unlike traditional blogs, microblogs focus on concise and timely communication. Users can share updates, opinions, images, videos, links, and participate in discussions through hashtags, replies, reposts, and mentions. These features make X an effective platform for real-time information sharing and public interaction.

From a marketing perspective, organisations use X to promote products and services, engage with customers, provide customer support, monitor public opinion, and participate in trending conversations. The platform also offers advertising formats such as Promoted Posts, Promoted Accounts, and Promoted Trends, enabling businesses to reach specific target audiences based on user interests and engagement.

4.3.3 Content Writing

Content writing is a type of professional marketing writing created for an online audience. Marketers and business owners publish content, or copy, online for many reasons. They may look to increase the traffic to their website or to inform their customers about a new product or service. Business professionals often hire content writers to produce high-quality messages for sales copy, blogs, articles, and social media posts. The writer must understand the audience to write successful copy that appeals to them.

High-quality content writing supports search engine optimisation (SEO) by improving a website's ranking in search engine results. Creating content and posting it on an organisation's website is one of the most effective ways to reach potential customers. During the initial stage, the content writer identifies relevant keywords that align with the target audience's search behaviour. Once these keywords are incorporated effectively, the website is more likely to attract relevant traffic and improve its search engine ranking.

4.3.4 Social Gaming

Social games are casual, easy-to-use online games that integrate social networking features into an interactive gaming environment. These games are generally free to play, although many include advertisements and offer optional in-game purchases, upgrades, or premium features. With the increasing popularity of smartphones, high-speed internet, and social media platforms, social gaming has become an important form of online entertainment and digital engagement.

With such a wide-ranging audience, social gaming has emerged as an important platform for advertisers and marketers. Businesses increasingly utilise social games to promote their products and services, enhance brand awareness, and engage customers through interactive experiences. Compared with traditional gaming platforms, social games are generally more accessible because they can be played on smartphones, tablets, and personal computers without requiring expensive gaming consoles or specialised equipment.

Social games are commonly available through mobile applications and online platforms, enabling users to interact with friends, compete with other players, and share achievements through social media. Popular social games such as Candy Crush Saga, Clash of Clans, PUBG Mobile, Roblox, and Among Us have attracted millions of users worldwide and provide marketers with opportunities for in-game advertising, brand collaborations, sponsored events, and promotional campaigns.

The growing popularity of social gaming has encouraged organisations to incorporate gaming elements into their digital marketing strategies. By combining entertainment with marketing communication, businesses can improve customer engagement, strengthen brand recall, and create interactive experiences that enhance customer relationships.

4.3.5 Search Engine Optimization

Search Engine Optimisation (SEO) is the process of improving a website's technical structure, content quality, and authority to increase its visibility in search engine results. SEO facilitates the visibility of web pages, websites, videos, and other e-content by responding to user search queries and improving their rankings. SEO benefits the user search experience and e-content ranking. SEO uses appropriate keywords and features content that satisfies optimally the user search requirements. SEO also involves descriptive meta descriptions, headings, and keyword-rich URLs to improve search visibility.

The goal of SEO is to raise a website's ranking in organic search results. There are different practices for optimizing AdWords, Shopping, and Local search results. Google processes billions of search queries every day, making organic search results a substantial component of overall search traffic.

4.3.5.1 Search Engines and their classifications

A search engine is a software system that is designed to carry out web searches. They systematically search the World Wide Web for particular information specified in a textual web search query. The search results are generally presented in a line of results, often referred to as search engine results pages (SERPs) The information may be a mix of links to web pages, images, videos, infographics, articles, research papers, and other types of files. Some search engines also mine data available in databases or open directories. Unlike web directories, which are maintained only by human editors, search engines also maintain real-time information by running an algorithm on a web crawler. Internet content that is not capable of being searched by a web search engine is generally described as the deep web.

Different Types of Search Engines

Search engines are classified into the following three categories based on how they work.

- Crawler based search engines
- Human powered directories
- Hybrid search engines

Other special search engines

Let us discuss all types of search engines in detail in the following sections.

1. Crawler Based Search Engines

All crawler-based search engines use a crawler, bot, or spider to crawl and index new content in the search database. There are four basic steps that every crawler-based search engine follows before displaying any sites in the search results.

Examples of Crawler Based Search Engines

Most of the popular search engines are crawler-based search engines and use the above technology to display search results. Examples of crawler based search engines:

- Google
- Bing
- Yahoo!
- Baidu
- Yandex

Besides these popular search engines there are many other crawler based search engines available like DuckDuckGo, AOL and Ask.

2. Human Powered Directories

Human-powered directories, also referred to as open directory systems, depend on human-based activities for listings. Site owners submit a short description of the site to the directory along with the category it is to be listed under. The submitted site is then manually reviewed and added to the appropriate category or rejected for listing. Keywords entered in a search box will be matched with the description of the sites. This means changes made to the content of a web page are not taken into consideration, as only the description matters.

A good site with good content is more likely to be reviewed for free compared to a site with poor content. Yahoo! Directory and DMOZ were well-known examples of human-powered directories before they were discontinued. Unfortunately, automated search engines like Google wiped out all those human-powered directory-style search engines from the web.

3. Hybrid Search Engines

Hybrid Search Engines use both crawler-based and manual indexing to list sites in search results. Most crawler-based search engines, like Google, basically use crawlers as a primary mechanism and human-powered directories as a secondary mechanism. For example, Google may take the description of a webpage from human-powered directories and show it in the search results. As human-powered directories are disappearing, hybrid types are becoming more and more crawler-based search engines.

But still, manual filtering of search results happens to remove copied and spammy sites. When a site is being identified for spammy activities, the website owner needs to take corrective action and resubmit the site to search engines. Experts manually review the submitted site before including it again in the search results. In this manner, though crawlers control the processes, the control is manual to monitor and show search results naturally.

4. Other Types of Search Engines

Besides the three major types above, search engines can be classified into many other categories depending on usage. Below are some examples:

Search engines have different types of bots for exclusively displaying images, videos, news, products and local listings. For example, the Google News page can be used to search only news from different newspapers.

Some search engines, like Dogpile, collect meta information about pages from other search engines and directories to display in the search results. These types of search engines are called metasearch engines.

Semantic search engines like Swoogle provide accurate search results in a specific area by understanding the contextual meaning of search queries.

Recap

- ◊ Affiliate marketing is a performance-based marketing strategy in which affiliates earn commissions by promoting products or services offered by merchants.
- ◊ Affiliate marketing involves merchants, affiliates, customers, and affiliate networks working together to generate sales and revenue.
- ◊ Blogging enables organisations and individuals to publish informative content, improve customer engagement, and support content marketing initiatives.
- ◊ Blogs can be classified into personal, business, professional, news, niche, video, and microblogs based on their purpose and content.
- ◊ X (formerly Twitter) is a popular microblogging platform that supports real-time communication, customer engagement, and digital marketing.
- ◊ Content writing involves creating informative, relevant, and search engine-friendly content for websites, blogs, and social media platforms.
- ◊ Social gaming provides organisations with opportunities to engage customers through interactive games, brand collaborations, and in-game promotions.
- ◊ Search Engine Optimisation (SEO) improves the visibility and ranking of websites in search engine results by optimising content and website structure.
- ◊ Search engines retrieve information using different methods and are commonly classified as crawler-based search engines, human-powered directories, hybrid search engines, and specialised search engines.
- ◊ Effective use of affiliate marketing, blogging, content writing, social gaming, and SEO strengthens an organisation's digital marketing strategy and enhances its online presence.

Objective Questions

1. What is the performance-based marketing model in which affiliates earn commission called?

2. Who promotes products on behalf of merchants in affiliate marketing?
3. What is the shortened form of the term "weblog"?
4. Which type of blog publishes short messages in real time?
5. Which platform was formerly known as Twitter?
6. What does SEO stand for?
7. Which type of search engine uses crawlers or spiders to index web pages?
8. Name one blogging platform discussed in this unit.
9. Which type of search engine depends on manual review for listing websites?
10. Which online marketing activity involves creating content for websites, blogs, and social media?

Answers

1. Affiliate Marketing
2. Affiliate
3. Blog
4. Microblog
5. X
6. Search Engine Optimisation
7. Crawler-based Search Engine
8. WordPress
9. Human-powered Directory
10. Content Writing

Assignments

1. Identify an affiliate marketing programme and explain how it benefits both merchants and affiliates.
2. Visit the blog of any organisation and analyse how it is used as a digital marketing tool.
3. Compare blogging and microblogging with suitable examples.
4. Select a website and identify the SEO practices that improve its visibility in search engine results.
5. Prepare a report explaining the different types of search engines and their applications in digital marketing.

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BLOCK - 05

Future of Marketing and Gamification

Unit - 1

Future of Marketing

Learning Outcomes

At the conclusion of this unit, learners will be able to:

- identify the major emerging technologies used in marketing
- explain the concept of gamification
- analyse the factors that motivate consumers to participate in games
- examine the role of gamification in enhancing customer engagement

Prerequisite

Rohan recently launched an online sportswear store. Initially, he promoted his products through social media and offered attractive discounts, but sales fell short of expectations. He realized that customers wanted more than conventional advertising; they wanted interactive experiences, personalized assistance, and engaging online content. To boost engagement, Rohan introduced an AI-powered chatbot for instant support and a gamification-based reward programme that let customers earn points and badges for purchases and referrals. Over time, customers spent more time on the website, participated actively in promotional activities, and developed stronger engagement with the brand.

This example illustrates how modern businesses are moving beyond traditional promotional approaches by using emerging technologies, interactive digital experiences, and gamification to engage customers and build stronger relationships. These approaches can help businesses attract potential customers, encourage participation, enhance the customer experience and support customer retention in the digital marketplace.

Keywords

Digital Transformation, Artificial Intelligence, Big Data, Predictive Analytics, Augmented Reality, Virtual Reality, Marketing Automation, Chatbots, Gamification, Rewards, Badges, Leaderboards

Discussion

5.1.1 Future of Marketing

Marketing has undergone significant transformation over the past few decades. Traditionally, businesses relied on newspapers, magazines, radio, television, and direct selling to promote their products and services. These methods primarily involved one-way communication, where businesses delivered messages to consumers with limited opportunities for interaction. However, rapid advances in digital technologies, widespread internet access, smartphones, and social media have fundamentally changed how organisations communicate with customers and conduct marketing.

Consumers have become more informed and empowered, as they can easily compare products, read online reviews, seek recommendations, and interact directly with brands before making purchasing decisions. Consequently, businesses must continuously adapt their marketing strategies to meet changing customer expectations and remain competitive.

The future of marketing is characterised by the adoption of innovative technologies, evolving consumer expectations, and advanced marketing strategies that redefine how organizations attract, and retain customers. It highlights the growing importance of personalization, digital transformation, and customer-centric marketing.

Several technological developments are driving the future of marketing. Artificial Intelligence (AI) enables businesses to analyse large volumes of customer data and provide personalized recommendations. Technologies such as the Internet of Things (IoT), Augmented Reality (AR) and marketing automation are creating innovative ways for businesses to interact with customers.

Another important characteristic of future marketing is the growing emphasis on customer engagement rather than simply selling products. Modern consumers expect brands to provide personalized communication, interactive experiences and social responsibility. Businesses are increasingly using technologies such as chatbots, virtual assistants, gamification, influencer marketing, and immersive digital experiences to strengthen customer relationships and improve brand loyalty.

Data has also become one of the most valuable resources in modern marketing. Organizations collect information from websites, mobile applications, online purchases, social media interactions, and customer feedback to better understand consumer preferences. This enables businesses to make informed decisions, design targeted marketing campaigns, and deliver products and services that closely match customer expectations. However, the future of marketing also presents several challenges. Businesses must protect customer privacy, ensure data security, comply with legal regulations, and maintain ethical marketing practices. Consumers are becoming increasingly concerned about how their personal information is collected and used, making transparency and trust essential for long-term business success.

Advancing technology has made this transformation possible. Emerging technologies such as Artificial Intelligence, Big Data, the Internet of Things, and immersive technologies are redefining how businesses interact with customers and deliver value. The next section examines the Rise of Technology in Marketing and its impact on the future of marketing.

5.1.2 Rise of Technology in Marketing

The widespread adoption of the internet, smartphones, social media, cloud computing, and artificial intelligence has enabled organisations to deliver personalised experiences and build stronger relationships.

Technology in marketing refers to the application of digital tools, software, platforms and emerging technologies to plan, implement, monitor, and improve marketing activities. It enables organisations to collect customer data, understand consumer behaviour, automate marketing processes, communicate with target audiences, and measure campaign effectiveness.

Technology has shifted marketing from a mass marketing approach to a customer-centric approach, where businesses can deliver personalised messages and experiences based on individual customer preferences.

Evolution of Technology in Marketing

The use of technology in marketing has evolved significantly over the years.

- Traditional Era: Marketing relied on newspapers, magazines, radio, television, billboards, and direct selling.
- Internet Era: The emergence of websites and email marketing enabled businesses to communicate with customers online.
- Social Media Era: Platforms such as Facebook, Instagram, LinkedIn, X and YouTube transformed customer engagement by allowing two-way communication.
- Smart Technology Era: Artificial Intelligence (AI), Big Data, the Internet of Things (IoT), cloud computing, and marketing automation now help businesses provide personalized experiences and make data-driven decisions.

5.1.2.1 Major Technologies Transforming Marketing

1. Artificial Intelligence (AI)

Artificial Intelligence enables computers and software to perform tasks that normally require human intelligence, such as learning, analysing data, predicting customer behaviour, and making recommendations. In marketing, AI helps businesses automate repetitive tasks, personalize customer experiences, and improve decision-making. Despite its benefits, AI-based marketing also presents challenges such as algorithmic bias, inaccurate predictions, lack of transparency, privacy concerns, excessive personalisation, and over-reliance on automated decisions. Marketers should therefore use AI responsibly and ensure appropriate human oversight.

AI-powered tools analyse customer data to recommend products, answer customer queries through chatbots, generate personalised advertisements, and predict future purchasing behaviour.For example, Netflix recommends movies based on users' viewing history, while Amazon suggests products based on previous purchases and browsing behaviour.

2. Big Data and Data Analytics

Big Data refers to large, complex and continuously generated datasets that are characterised by high volume, velocity and variety, along with considerations of veracity and value in many applications. In marketing, Big Data may include customer transaction records, website interactions, social media activity, mobile application usage, search behaviour, and other digital behavioural data generated through multiple customer touchpoints.

Data analytics involves examining and interpreting this data to identify meaningful patterns, trends, customer preferences, and purchasing behaviour. Businesses use Big Data and data analytics to understand customer needs, segment markets, personalise marketing activities, evaluate campaign performance, forecast demand, and support data-driven decision-making. Thus, Big Data also provides a broad and complex source of information, while data analytics helps businesses transform that information into meaningful insights for marketing decisions.

3. Internet of Things (IoT)

The Internet of Things refers to a network of physical devices connected to the internet that collect and exchange data. These devices include smartphones, smartwatches, home appliances, fitness trackers, and connected vehicles. IoT gives marketers real-time insights into customer usage patterns, enabling them to offer personalised services and timely promotions. For example, a smartwatch records a user's fitness activities and suggests health-related products or services through its connected application.

4. Cloud Computing

Cloud computing enables businesses to store, access, and manage marketing data and applications over the internet rather than on local computers. It lets marketing teams collaborate efficiently, manage customer information securely, and access marketing tools from anywhere.

Cloud-based platforms also support customer relationship management (CRM), email marketing, and marketing automation. For example, a marketing team working from different locations collaborates using cloud-based software to manage digital advertising campaigns.

5. Augmented Reality (AR)

Augmented Reality combines digital information with the real-world environment by overlaying images, animations, or information onto physical surroundings using smartphones or smart devices. Businesses use AR to provide interactive product demonstrations and virtual product trials before purchase. For example, IKEA lets customers use its AR-driven IKEA Kreativ experience to visualise furniture in their own living spaces before buying.

6. Virtual Reality (VR)

Virtual Reality creates a fully immersive digital environment that users can explore using VR headsets or compatible devices. It enables businesses to provide realistic product demonstrations, virtual tours, and interactive experiences.

For example, a real estate company offers virtual property tours, allowing customers to explore homes without physically visiting them.

7. Marketing Automation

Marketing automation refers to using software to automate repetitive marketing activities such as email campaigns, social media posting, customer follow-ups, lead nurturing, and campaign analysis.

Automation enables businesses to communicate with customers efficiently while reducing manual effort. For example, Shopify lets online stores automatically send reminder emails to customers who add products to their shopping carts or start checkout but leave without completing the purchase.

8. Predictive Analytics

Predictive Analytics is the use of historical and current data, statistical techniques and analytical models to identify patterns and make informed predictions about future events or outcomes. In marketing, predictive analytics helps businesses anticipate customer behaviour, purchasing patterns, demand and responses to marketing activities.

Businesses analyse data such as past purchases, website visits, search behaviour, customer interactions and engagement with marketing campaigns to develop predictions. These insights can help marketers identify customers who are more likely to purchase a product, forecast demand, recommend relevant products, identify customers who may stop purchasing, and determine which customers are likely to respond to particular promotional offers.

For example, Amazon uses data-driven recommendation systems to provide customers with personalised product recommendations based on factors such as previous purchases, browsing behaviour, and interactions with products. Such systems help businesses anticipate customer interests and present relevant products.

9. Generative AI

Generative Artificial Intelligence refers to AI systems that can create new content, such as text, images, videos, audio, and other digital materials, based on instructions or prompts provided by users. In marketing, Generative AI is increasingly used to create, personalise, and optimise marketing content and customer interactions across digital channels.

Businesses can use Generative AI to produce advertising copy, social media posts, product descriptions, email content, images, videos, and other promotional materials. It can also help marketers generate different versions of content for different customer segments. This can reduce content creation time while supporting more personalised digital communication. However, organisations must address issues related to accuracy, intellectual property, bias, transparency, privacy, and responsible use.

5.1.2.2 Impact of Technology on Marketing

The adoption of technology has significantly changed marketing practices by:

- Improving customer engagement through personalized communication.
- Enabling businesses to reach global markets.
- Supporting data-driven decision-making.
- Increasing the efficiency of marketing campaigns.
- Enhancing customer satisfaction through better experiences.
- Reducing marketing costs through automation.
- Providing measurable performance indicators for marketing activities.
- Strengthening customer relationships through continuous interaction.

5.1.2.3 Challenges of Technology in Marketing

Although technology offers numerous benefits, organizations also face several challenges:

- Protecting customer privacy and personal data.
- Managing cybersecurity risks.
- Keeping pace with rapid technological changes.
- High investment in advanced technologies.
- Requirement for skilled digital professionals.

- Compliance with data protection regulations.
- Managing information overload from multiple digital channels.

Emerging technologies such as Artificial Intelligence, Big Data, the Internet of Things, Cloud Computing, Augmented Reality, Virtual Reality and Marketing Automation, are enabling businesses to understand customer needs more effectively and deliver superior marketing experiences. Organizations that successfully adopt these technologies while maintaining ethical practices and protecting customer privacy will be better equipped to achieve sustainable growth and competitive advantage in the future.

As technology continues to reshape marketing, businesses are increasingly adopting innovative techniques to engage customers. One such approach is gamification, which applies game elements in non-game contexts to increase customer participation, motivation, and brand loyalty. The next section explores the concept and importance of Gamification in Marketing.

5.1.3 Introduction to Gamification

Organisations constantly search for innovative ways to attract customers, increase engagement, and build long-term relationships. Traditional marketing methods such as advertisements and sales promotions often fail to capture consumers' attention, as they are exposed to a large volume of marketing messages every day. To overcome this challenge, businesses are increasingly adopting gamification, a strategy that incorporates game-like elements into non-game activities to make customer interactions more enjoyable, engaging, and rewarding.

Gamification has become an important marketing tool because it motivates consumers to participate actively in brand activities rather than passively view advertisements. By integrating elements such as points, badges, leaderboards, levels, challenges, rewards, and achievements into websites, mobile applications, loyalty programmes, and social media campaigns, organizations can encourage customers to interact more frequently with their brands. When designed and aligned with customer needs, gamification can boost engagement and may support satisfaction, loyalty, and other marketing outcomes.

Today, gamification is widely used across industries such as retail, banking, education, healthcare, tourism, fitness, and e-commerce. Businesses use gamification to encourage customers to complete purchases, participate in promotional campaigns, provide product reviews, refer friends, and engage with digital content. As digital technologies continue to evolve, gamification is expected to play an increasingly significant role in shaping the future of marketing by creating interactive and personalized customer experiences.

Definition

Gamification is the process of applying game design elements and game mechanics in non-game contexts to motivate people, influence behaviour, and increase engagement. Instead of developing a complete game, organizations incorporate selected game features into business activities to encourage customers, employees, or learners to participate actively and achieve specific objectives.

According to Deterding et al., gamification is an informal umbrella term for using video game elements in non-gaming systems to improve user experience and engagement.

Why Gamification is Gaining Importance

The increasing popularity of gamification is driven by several factors:

- Consumers seek interactive and engaging digital experiences.
- Businesses compete for customer attention in crowded online markets.
- Mobile applications and social media platforms support gamified features.
- Advances in Artificial Intelligence (AI) and data analytics enable personalized rewards and experiences.
- Organizations aim to improve customer loyalty and long-term engagement.

5.1.3.1 Objectives of Gamification

Organizations implement gamification to achieve several marketing and business objectives:

- Enhance customer engagement by creating interactive and enjoyable experiences.
- Encourage active customer participation in brand-related activities and marketing campaigns.
- Improve customer satisfaction by providing rewarding and personalized experiences.
- Strengthen brand loyalty through continuous interaction and meaningful rewards.
- Motivate repeat purchases by offering incentives and gamified loyalty programmes.
- Enhance brand awareness and recall through engaging and memorable gaming experiences.
- Build strong and lasting customer relationships by creating positive emotional connections with the brand.

5.1.3.2 Characteristics of Gamification

Gamification possesses several important characteristics that distinguish it from traditional marketing approaches.

i. Uses Game Elements: Gamification incorporates features such as points, badges, rewards, levels, challenges, and leaderboards into non-game activities.

ii. Encourages Participation: Customers actively engage with the brand instead of simply viewing advertisements or promotional messages.

iii. Motivates Behaviour: Gamification encourages customers to perform desired actions through incentives, recognition, and rewards.

iv. Creates Enjoyable Experiences: Routine activities such as shopping, learning, or providing feedback become more enjoyable and interactive.

v. Provides Immediate Feedback: Customers receive instant feedback through scores, progress bars, badges, or achievement notifications, encouraging continued participation.

vi. Builds Long-Term Engagement: Gamification encourages continuous interaction by providing new challenges, rewards, and milestones over time.

Real-World Examples

◊ Duolingo

The language-learning platform Duolingo uses points, streaks, badges, levels, and leaderboards to motivate learners to practise daily and stay engaged.

◊ Nike Run Club

The Nike Run Club app rewards users with achievement badges, running milestones, and personalized challenges, motivating them to remain active while strengthening their connection with the Nike brand.

Benefits of Gamification

- Enhances customer engagement by encouraging active participation in brand-related activities.
- Makes marketing activities more interactive and enjoyable, leading to a better customer experience.
- Improves customer satisfaction by providing personalized experiences and meaningful rewards.
- Encourages repeat purchases through loyalty programmes, incentives, and gamified challenges.
- Enhances brand awareness and brand recall through interactive experiences and social sharing.
- Creates memorable customer experiences that differentiate the brand from its competitors.

- Supports word-of-mouth and social media marketing as customers often share their achievements and rewards with others.

5.1.3.4 Challenges of Gamification

- Requires careful planning and design to ensure that game elements align with business objectives and customer expectations.
- Poorly designed game mechanics or reward systems may fail to engage users and reduce the overall effectiveness of gamification.
- Continuous updates and innovation are necessary to keep customers interested and prevent the experience from becoming repetitive.
- High development and maintenance costs can make gamification difficult for small and medium-sized businesses to implement.
- Privacy and data security concerns may arise when organizations collect and analyse customer data to personalize gamified experiences.
- Not all customers are motivated by games, limiting the effectiveness of gamification across different consumer segments.

Gamification has emerged as a powerful marketing strategy that combines the motivational elements of games with business activities to create engaging and rewarding customer experiences. By incorporating game mechanics such as points, badges, leaderboards, challenges, and rewards into non-game environments, organizations can increase customer participation, strengthen brand loyalty, and encourage long-term engagement. As digital technologies continue to advance, gamification is expected to become an integral part of future marketing strategies, helping businesses build deeper, more meaningful relationships with customers.

5.1.4 Consumer Motivation for Playing Games

The popularity of digital games has increased significantly with the widespread use of smartphones, computers, gaming consoles, and the internet. Millions of people play online and mobile games every day, making gaming one of the fastest-growing forms of digital entertainment. However, consumers do not play games merely for amusement. They are motivated by a variety of psychological, social, and personal factors, such as the desire for achievement, competition, learning, relaxation, rewards, and social interaction. These motivations influence how often consumers play, how long they stay engaged, and how they respond to game-based marketing activities. Marketers use these motivational factors to design gamified experiences that make customers more willing to interact with brands and participate in promotional activities. When businesses understand why consumers enjoy games, they can design marketing campaigns that encourage greater participation, customer engagement, brand interaction, and long-term loyalty.

5.1.4.1 Self-Determination Theory and Gamification

Self-Determination Theory (SDT) is a psychological theory developed by Edward Deci and Richard Ryan that explains how people become motivated and how different conditions influence their willingness to engage in activities. The theory proposes that people have three basic psychological needs: autonomy, competence, and relatedness. Satisfying these needs can support intrinsic motivation and sustained engagement.

The three psychological needs can be connected to common gamification mechanics as follows:

1. Autonomy – Autonomy refers to the feeling of having choice and control over one's actions. In gamification, autonomy can be supported by letting users choose challenges, select activities, customise profiles or avatars, and decide how they progress. For example, an online learning platform may allow learners to choose which activities or challenges they want to complete.

2. Competence – Competence refers to the feeling of being capable and making progress in an activity. Gamification mechanics such as points, levels, badges, progress bars, challenges, and feedback can provide users with evidence of their achievement and improvement. For example, a fitness application may award badges when users reach specific exercise milestones.

3. Relatedness – Relatedness refers to the feeling of connection and belonging with other people. Gamification can support relatedness through leaderboards, team challenges, social sharing, communities, collaborative tasks, and peer recognition. For example, a fitness application may let users join group challenges and compare or share their progress with friends.

5.1.4.2 Factors Motivating Consumers to Play Games

1. Achievement

Many consumers enjoy accomplishing goals, completing missions, and earning rewards. Completing challenges provides a sense of accomplishment and increases confidence.

For example, Duolingo uses achievement badges and other rewards to recognize learners' progress and engagement as they complete learning activities and reach mile-stones.

2. Competition

Competition motivates consumers to compare their performance with others through leaderboards, rankings, tournaments, or contests. Many players enjoy demonstrating their abilities and improving their rankings.

3. Rewards and Incentives

Consumers are often motivated by tangible and intangible rewards such as discounts, cashback, coupons, loyalty points, badges, and exclusive benefits. These rewards encourage repeated participation and strengthen customer loyalty.

For example, Myntra offers Super Coins to eligible customers for purchases and other activities, which they can use to access benefits and offers on the platform.

4. Social Interaction

Many games encourage communication, teamwork, and collaboration among players. Consumers enjoy sharing achievements, competing with friends, joining online communities, and participating in multiplayer activities.

Social interaction increases engagement and strengthens emotional connections with the gaming experience.

For example, multiplayer online games let players form teams, communicate during gameplay, and take on collaborative challenges.

5. Entertainment

Entertainment is one of the primary reasons people play games. Games provide relaxation, enjoyment, excitement, and an escape from daily routines.

Businesses often incorporate entertaining game elements into marketing campaigns to increase customer participation.

For example, Flipkart has used gamified features such as spin-and-win-style promotions and interactive games during promotional campaigns, giving customers opportunities to win rewards and discount-related benefits.

6. Learning and Skill Development

Some games help consumers acquire new knowledge and develop strategic thinking. Educational games combine learning with entertainment, making the learning process more engaging.

For example, a financial literacy app uses quizzes and interactive challenges to teach users about budgeting and saving money.

7. Curiosity

Consumers are naturally curious and enjoy discovering new levels, hidden rewards, features, and challenges. Games that continuously introduce new experiences keep players engaged longer.

8. Recognition and Status

Many consumers enjoy being recognized for their achievements. Public recognition through badges, certificates, rankings, or VIP status increases motivation and encourages continued participation.

For example, Coursera recognises learners' achievements through digital certificates for completing eligible courses and programmes, encouraging learners to complete their learning activities and assessments.

Consumer motivation for playing games is influenced by a combination of intrinsic factors, such as enjoyment, achievement, curiosity, and learning, and extrinsic factors, such as rewards, recognition, and competition. By understanding these motivations, marketers can design effective gamification strategies that encourage active participation, enhance customer experiences, strengthen brand loyalty, and improve business performance. As gamification becomes an increasingly important component of digital marketing, understanding consumer motivation will remain essential for creating meaningful and engaging customer interactions.

Recap

- ◊ The future of marketing focuses on personalisation, customer engagement, automation, and data-driven decision-making.
- ◊ Emerging technologies such as AI, Machine Learning, Big Data, IoT, AR, VR, Marketing and Automation are transforming marketing activities.
- ◊ AI enables businesses to analyse customer behaviour and deliver personalized experiences.
- ◊ Big Data and Predictive Analytics help organisations understand consumer preferences and forecast future demand.
- ◊ IoT connects smart devices, providing real-time customer data for personalized marketing.
- ◊ AR and VR create immersive shopping experiences and virtual product demonstrations.
- ◊ Marketing automation improves efficiency by automating repetitive marketing activities.
- ◊ Gamification applies game elements such as points, badges, leaderboards, and rewards to non-game activities.
- ◊ Gamification increases customer participation, engagement, motivation, and brand loyalty.
- ◊ Achievement, competition, entertainment, curiosity, social interaction, and rewards are major factors motivating consumers to participate in games.
- ◊ Organisations use gamification to improve customer experiences and strengthen long-term customer relationships.

Objective Questions

1. Which technology enables businesses to simulate human intelligence?
2. What does IoT stand for?
3. Which technology overlays digital information onto the real world?
4. Which technology creates a completely immersive virtual environment?
5. What is Big Data?
6. What is the primary purpose of marketing automation?
7. What is gamification?
8. Name any two game elements used in gamification.
9. What is intrinsic motivation?

Answers

1. Artificial Intelligence
2. Internet of Things.
3. Augmented Reality
4. Virtual Reality.
5. Large volumes of structured and unstructured data used for business analysis and decision-making.
6. To automate repetitive marketing activities.
7. The use of game design elements in non-game contexts to increase engagement and motivation.
8. Points and badges.
9. Motivation that comes from personal enjoyment and satisfaction.

Self- Assessment Questions

1. Explain the concept of the future of marketing.
2. Discuss the factors driving the rise of technology in marketing.
3. Explain the role of Artificial Intelligence in modern marketing.
4. Describe the applications of Big Data and Predictive Analytics in marketing.
5. Discuss the importance of Augmented Reality and Virtual Reality in customer experience.
6. Explain the concept and objectives of gamification.
7. Discuss the benefits and challenges of gamification in marketing.
8. Distinguish between intrinsic and extrinsic motivation with suitable examples.
9. Explain the major factors that motivate consumers to play games.

Assignments

1. Select one organisation and examine its website and/or mobile application. Identify at least three technologies, explain how each technology is used, evaluate its contribution to customer experience, and identify at least two potential ethical or privacy concerns
2. Select an organization that uses gamification and analyse how game elements are used to engage customers and build brand loyalty.
3. Compare a traditional marketing campaign with a technology-enabled marketing campaign of the same organisation. Analyse how technology has improved customer engagement and marketing effectiveness.

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Unit - 2

Gamification

Learning Outcomes

At the conclusion of this unit, learners will be able to:

- explain the Consumer Brand Affinity Spectrum and the role of gamification
- evaluate game mechanics and reward systems in digital marketing
- explain the concept of game-based marketing

Prerequisite

Rahul downloads a fitness app to improve his health. Instead of simply tracking his daily exercise, the app awards him points for completing workouts, badges for achieving milestones, and rewards for maintaining a weekly exercise streak. Motivated by these game-like features, Rahul exercises regularly and even recommends the app to his friends. Similarly, many businesses today use games and game elements to make their marketing activities more engaging, enjoyable, and rewarding. Rather than relying only on traditional advertisements, organizations create interactive experiences that encourage customers to participate, remain loyal, and build stronger relationships with their brands. In this unit, learners will explore how gamification and game-based marketing are transforming modern marketing by enhancing customer engagement, motivation, and brand loyalty.

Keywords

Reward Systems, Brand Affinity, Consumer Brand Affinity Spectrum, Customer Engagement, Customer Experience, Loyalty Programme, Points, Badges, Leaderboards, Challenges, Streaks, Virtual Rewards

Discussion

5.2.1 Consumer Brand Affinity

Businesses must do more than promote their products and services. They need to create meaningful experiences that encourage customers to interact with their brands and develop long-term relationships. One effective strategy is gamification, which uses game elements to make customer interactions enjoyable and rewarding. As customers actively participate in these gamified experiences, they gradually develop stronger emotional connections with the brand. This emotional connection is known as brand affinity. By understanding the relationship between gamification and the Consumer Brand Affinity Spectrum, organizations can design marketing strategies that transform casual customers into loyal brand advocates.

5.2.1.1 Consumer Brand Affinity Spectrum

Consumer brand affinity refers to the emotional connection, trust and positive feelings that consumers develop towards a brand through their experiences and interactions. Unlike brand awareness, which means that consumers recognize a brand, brand affinity reflects how strongly customers relate to and remain loyal to that brand.

Consumers with high brand affinity are more likely to make repeat purchases, recommend the brand to others, and keep supporting it even when competitors offer similar products.

The Gamification and Consumer Brand Affinity Spectrum explain how game elements gradually strengthen the relationship between consumers and a brand. As customers participate in gamified activities, they move through different stages of engagement, beginning with simple awareness and eventually becoming loyal advocates who actively promote the brand. Rather than creating immediate loyalty, gamification can build customer relationships progressively by making every interaction enjoyable and rewarding. These stages can serve as a conceptual framework for understanding possible developments in the customer–brand relationship. However, customers may enter, leave, skip, or move between stages depending on their experiences, needs, satisfaction, and relationship with the brand.

5.2.1.2 Stages of the Consumer Brand Affinity Spectrum

1. Brand Awareness

The first stage occurs when consumers become aware of a brand through advertisements, social media campaigns, websites, or gamified promotional activities. At this stage, customers recognize the brand but may not yet have any emotional attachment.

Gamification attracts attention by offering interactive quizzes, contests, spin-thewheel games, or reward-based campaigns that encourage customers to explore the brand.

2. Customer Interest

After becoming aware of the brand, consumers begin exploring its products, services, and digital platforms. Gamified activities motivate customers to spend more time interacting with the brand by making the experience enjoyable and engaging. Interactive challenges, quizzes, and reward programmes encourage customers to learn more about products while enjoying the process.

3. Customer Engagement

At this stage, consumers actively participate in the brand's activities. They complete challenges, earn points, unlock achievements, share content, or participate in contests. Regular interaction increases familiarity and strengthens the customer-brand relationship. Gamification transforms passive consumers into active participants.

4. Brand Preference

As customers repeatedly enjoy positive experiences, they begin to prefer one brand over competing brands. Consistent rewards, personalized experiences, and enjoyable interactions increase customer satisfaction and trust. Gamification reinforces positive experiences that influence future purchasing decisions.

5. Brand Loyalty

Brand loyalty develops when customers consistently choose the same brand over alternatives because they trust its products and value the experiences it provides. Gamification encourages loyalty through long-term reward programmes, membership levels, exclusive benefits, and continuous challenges. Loyal customers continue purchasing even when competitors offer attractive alternatives.

6. Brand Advocacy

The final stage of the spectrum occurs when highly satisfied customers voluntarily recommend the brand to friends, family, and social media communities. They become brand ambassadors who promote the organisation without being paid directly for advertising.

Gamification often rewards referrals, social sharing, and community participation, encouraging customers to spread positive word-of-mouth.

5.2.1.3 Benefits of Gamification in Building Brand Affinity

- Increases Customer Participation: Games, quizzes, and challenges encourage customers to interact with the brand more frequently.
- Creates Positive Customer Experiences: Rewarding experiences generate positive emotions that customers associate with the brand.

- Encourages Repeat Interaction: Points, badges, and loyalty rewards motivate customers to return regularly.
- Builds Emotional Connections: Achievement, recognition, and personalized rewards make customers feel valued.
- Strengthens Customer Loyalty: Continuous engagement encourages repeat purchases and long-term relationships.
- Promotes Word-of-Mouth Marketing: Satisfied customers willingly recommend the brand to others through referrals and social media sharing.

5.2.1.4 Challenges of Using Gamification for Brand Affinity

- Poorly designed games may fail to engage customers.
- Continuous innovation is required to maintain customer interest.
- Developing gamified platforms can be expensive.
- Customer privacy must be protected when collecting behavioural data.
- Different customer groups may respond differently to gamification.

Gamification and the Consumer Brand Affinity Spectrum show how businesses can turn casual consumers into loyal brand advocates through engaging, rewarding experiences. By incorporating game elements such as points, badges, leaderboards, challenges, and rewards, organizations gradually strengthen customer relationships, enhance emotional attachment, and encourage long-term loyalty. Rather than focusing solely on sales, gamification creates memorable customer experiences that build trust, increase brand preference, and promote positive word-of-mouth. Consequently, it has become an essential strategy for organizations seeking to develop sustainable customer relationships in the digital marketing environment.

Did you Know?

Fortnite x Vans: Vans pivoted into the digital world by bringing its iconic footwear line to Fortnite as wearable "Kicks" cosmetics, allowing players to equip 3D replicas of classic shoes onto their favorite in-game character skins

5.2.2 Anatomy of Gamification

Gamification has become a powerful strategy for increasing customer engagement by incorporating game elements into non-game activities. However, successful gamification is much more than simply adding points or rewards to a marketing campaign. It requires a well-designed structure that motivates users, encourages participation and provides meaningful experiences. This structure is known as the anatomy of gamification. It consists of several interconnected components, including objectives, target audience, game mechanics, game dynamics, feedback systems, rewards, technology platform, and measurement and evaluation. Understanding the anatomy of gamification enables businesses to design effective marketing programmes that encourage customer participation and achieve organizational goals.

5.2.2.1 Framework of Anatomy of Gamification

1. Business Objectives

Every gamification programme begins with clearly defined objectives. Businesses first determine what they want customers to achieve through the gamified experience. The objectives should align with the organization's overall marketing and business goals.

Common objectives include increasing customer engagement, encouraging repeat purchases, promoting new products, collecting customer feedback, increasing website traffic, or strengthening brand loyalty.

2. Target Audience

A successful gamification strategy must be designed according to the characteristics, interests, and preferences of its target audience. Different customer groups are motivated by different game elements. For example, young consumers may enjoy competitive leaderboards, while professionals may prefer achievement badges and exclusive rewards.

3. Game Mechanics

Game mechanics are the core rules and interactive elements that shape a gamified system. They determine how users participate, complete activities, earn rewards, and progress towards predefined goals. Effective game mechanics give users clear objectives, continuous feedback, and meaningful incentives, increasing motivation and engagement.

Common game mechanics include points, badges, leaderboards, levels, challenges, rewards, progress bars and virtual currencies. These elements work together to encourage sustained participation and enhance the overall gamified experience.

Major Game Mechanics:

i. Points: Points are one of the most widely used game mechanics. Users earn points by completing specific activities such as making purchases, participating in quizzes, referring friends, or logging into an application. Points provide immediate performance feedback and encourage customers to stay active.

ii. Badges: Badges are digital symbols awarded to users after completing specific tasks or achieving milestones. They recognize accomplishments and encourage users to pursue additional achievements. Badges create recognition and motivate customers to keep participating.

iii. Leaderboards: Leaderboards display users' rankings based on their performance or accumulated points. They encourage healthy competition by allowing participants to compare their achievements with others. Leaderboards motivate users to improve their performance and participate regularly.

iv. Levels: Levels represent different stages of achievement that users reach as they progress. As users complete activities and earn points, they unlock higher levels that often provide additional privileges or rewards. Levels create a sense of progress and encourage long-term engagement.

v. Challenges and Quests: Challenges and quests require users to complete specific tasks within a given period. Completing these activities lets users earn rewards, unlock achievements, or progress to higher levels. These mechanics maintain user interest by introducing new goals and experiences.

vi. Progress Bars: Progress bars visually display how close users are to achieving a goal or completing a task. They motivate users to keep going until they reach the target. Seeing visible progress encourages users to complete unfinished activities.

vii. Streaks: A streak rewards users for performing the same activity continuously over several days. Breaking the streak usually resets the progress, encouraging regular participation. Streaks help businesses build consistent customer habits.

viii. Virtual Currency: Some gamified platforms use virtual coins or tokens that users earn by completing activities. Users can exchange these virtual currencies for products, services, or exclusive features. Virtual currency design should consider transparency, consumer protection, pricing, data privacy, and applicable legal requirements, particularly when users can purchase or redeem virtual currency.

4. Game Dynamics

Game dynamics refer to the psychological, emotional and behavioural responses that users experience when interacting with game mechanics. While game mechanics describe the features and rules offered by a gamified system, game dynamics explain how these features influence users' feelings and actions. They motivate users by creating a sense of achievement, competition, cooperation, recognition, curiosity, progression and social interaction, encouraging continuous participation and long-term engagement. A brand creates a gamified loyalty programme where customers earn points for every purchase and compete on a leaderboard. The points and leaderboard are game mechanics, while the competition, desire for achievement, progression, and status that arise from using them are game dynamics. As customers try to improve their rankings and reach higher levels, they may become more motivated to purchase and interact with the brand regularly.

5. Rewards

Rewards can be important extrinsic motivators in gamification, although their effectiveness depends on the activity, the target audience, and the individual's motivations. They encourage users to take specific actions and stay engaged over time.

Rewards may include Discount coupons, Cashback, Free products, Digital badges, Exclusive memberships and Early access to new products. Rewards reinforce positive behaviour and increase customer satisfaction.

6. Feedback System

An effective gamification programme provides immediate feedback so that users know their progress and achievements. Instant feedback increases motivation by showing customers that their actions are recognized. Feedback may include: Progress bars, Notifications, Achievement messages, Score updates, Rank improvements, Completion certificates.

7. Technology Platform

A technology platform provides the digital infrastructure needed to deliver, operate and monitor a gamification programme. Depending on the application, gamification can be implemented through websites, mobile applications, social media, customer relationship management (CRM) systems, and cloud-based services. These technologies can support functions such as user registration, progress tracking, points and badge management, challenges, leaderboards, rewards, notifications, and data collection. Analytics tools can then monitor user participation and behaviour and evaluate the programme's effectiveness. When integrated with other digital technologies, AI helps organisations create more responsive and personalised gamification programmes. A suitable technology platform therefore helps organizations deliver consistent, scalable and measurable gamified experiences across relevant digital channels.

8. Measurement and Evaluation

Measurement and evaluation refer to the process of assessing whether a gamification programme is achieving its intended business and marketing objectives. It involves tracking user behaviour and outcomes using measurable indicators such as participation rate, frequency of interaction, customer retention, conversion rate and purchase behaviour. For example, if a brand introduces a points-based loyalty game, it can measure how many customers participate, how frequently they return, whether their purchases increase and whether they remain loyal to the brand. These measures help businesses determine the effectiveness of gamification and identify areas for improvement.

5.2.3 Game-Based Marketing

As digital technologies continue to evolve, businesses are adopting innovative marketing strategies to capture consumer attention and create memorable brand experiences. One such strategy is game-based marketing, which uses games to communicate marketing messages and engage customers. Unlike traditional advertisements that passively deliver information, game-based marketing encourages consumers to actively participate in fun, interactive activities while engaging with a brand. This approach not only increases customer engagement but also enhances brand awareness, customer satisfaction, and long-term loyalty. With the growing popularity of smartphones, online gaming, and social media, game-based marketing has become an effective tool for organisations seeking to build stronger customer relationships.

Game-based marketing is a marketing strategy in which businesses use digital games as promotional tools to market their products, services, or brands. It integrates marketing messages into engaging and interactive game experiences, allowing consumers to interact with the brand while being entertained.

Game-based marketing is an innovative marketing strategy that combines entertainment with brand promotion by using games to engage consumers. By integrating engaging gameplay, rewards and relevant brand messages, organizations can enhance customer participation and increase sales. As digital technologies and gaming continue to evolve, game-based marketing is expected to play an increasingly significant role in the future of customer engagement and digital marketing.

Difference Between Gamification and Game-Based Marketing

Basis	Gamification	Game-Based Marketing
Meaning	Incorporates selected game elements, mechanics, and experiences into non-game activities to influence user behaviour and engagement.	Uses a game or game-like experience as a marketing medium to communicate with consumers, promote a brand, or achieve marketing objectives.
Purpose	Increase engagement and motivation.	Promote products and create immersive brand experiences.
Focus	Incorporates points, badges, levels, and rewards into existing activities.	Develops or uses games as the marketing medium.
Customer Experience	Enhances existing customer interactions.	Provides a complete gaming experience centred on the brand.
Example	Starbucks Rewards programme using points and levels.	McDonald's Monopoly promotional game.

5.2.3.1 Characteristics of Game-Based Marketing

1. Interactive

Game-based marketing encourages customers to actively participate rather than passively watch advertisements. Consumers engage directly with the brand through games, quizzes, or challenges.

2. Entertaining

The primary attraction of game-based marketing is that it combines entertainment with marketing. Customers enjoy the experience while becoming familiar with the brand.

3. Reward-Oriented

Most game-based marketing campaigns offer rewards that motivate customers to continue participating. Rewards may include: Discount coupons, Loyalty points, Cash-back, Free products and Digital badges

4. Customer-Centric

Game-based marketing is designed around customer interests and preferences. Businesses create games that match their target audience's lifestyle and expectations.

For example, Osmo develops interactive learning games that combine physical play with digital technology, making them suitable for young learners.

5. Brand-Focused

The game is carefully designed to communicate the brand's products, values, and identity without interrupting the entertainment experience. For example, Audi develops virtual driving games and interactive experiences featuring its latest vehicle models.

6. Technology-Driven

Game-based marketing relies on digital technologies such as mobile applications, websites, social media platforms and Artificial Intelligence to deliver engaging experiences.

Did you Know?

The mobile game Pokémon GO partnered with real-world businesses such as restaurants and retail stores through sponsored locations designed to encourage players to visit participating physical outlets.

5.2.3.2 Advantages of Game-Based Marketing

1. Enhances Customer Engagement

Game-based marketing encourages consumers to actively participate in brand-related activities rather than passively view advertisements; for example, an online fashion retailer may organise an interactive styling game where customers create outfits to earn reward points, increasing the time they spend interacting with the brand.

2. Improves Brand Awareness

Games make brands more memorable by creating enjoyable, interactive experiences;

for instance, a chocolate manufacturer may develop a mobile game where players collect virtual chocolates while learning about its product range, improving brand recognition.

3. Generates Electronic Word-of-Mouth (e-WOM)

Customers often share enjoyable gaming experiences on social media, increasing the brand's visibility. When friends and followers see and interact with this content, they may become curious about the brand and participate themselves. This can extend the reach of a marketing campaign beyond its original participants and increase brand awareness, social engagement and customer acquisition.

4. Provides Valuable Customer Insights

Gamified activities can collect valuable information about customer preferences, interests, choices and behaviours, helping businesses better understand their target audience. By analysing this data, businesses can segment customers, personalize content, provide relevant product recommendations, identify emerging trends, understand engagement patterns and develop more targeted marketing campaigns.

5. Creates Competitive Advantage

Organizations that use innovative game-based marketing campaigns can differentiate themselves from competitors; for instance, an automobile company may launch a virtual test-drive game before introducing a new electric vehicle, attracting greater customer attention than traditional advertisements.

Did you Know?

KFC developed the game "I Love You, Colonel Sanders!", allowing players to interact with the brand through a visual novel while entertainingly promoting its products.

5.2.3.3 Limitations of Game-Based Marketing

1. High Development Cost: Developing engaging and high-quality games requires significant investment in software development, graphics, technology, and maintenance, making it expensive for small businesses.
2. Limited Appeal to All Consumers: Not every customer enjoys playing games, and some consumers may prefer traditional methods of obtaining product information, reducing the effectiveness of game-based campaigns.
3. Technical Challenges: Poor internet connectivity, software errors, or compatibility issues across devices can negatively affect the gaming experience and reduce customer satisfaction.
4. Privacy and Data Security Concerns: Game-based marketing often collects customer data to personalize experiences, which may raise concerns about data privacy and security if organizations fail to protect user information adequately.

5.2.4 Use of Games as Marketing Tools

Games allow consumers to actively participate in brand-related activities while enjoying entertainment, making marketing messages more appealing and less intrusive. As a result, businesses across industries increasingly use games as marketing tools to promote products, strengthen customer relationships, and encourage repeat purchases.

Games have become valuable marketing tools because they combine entertainment, interaction, and brand communication into a single customer experience. By using games to promote products, educate consumers, encourage participation, reward loyal customers, and build online communities, organizations can create stronger emotional connections with their target audience. Consequently, the strategic use of games not only improves customer engagement and brand awareness but also contributes to long-term customer loyalty and sustainable business growth.

5.2.4.1 Measuring the Effectiveness of Gamification

Measuring the effectiveness of gamification is essential for determining whether a gamification programme is achieving its intended marketing and business objectives. Marketers should establish clear Key Performance Indicators before implementing the programme and compare the results against predefined targets.

Some of the Gamification Performance Metrics are as follows:

1. Participation Rate

Participation rate measures the percentage of eligible customers who take part in a gamified marketing programme. It indicates how successful the campaign is in attracting customers to participate. A high participation rate suggests that the gamified activity is appealing, relevant, and easy to access, while a low rate may indicate that customers do not find the activity sufficiently attractive or valuable.

2. Completion Rate

Completion rate measures the percentage of users who complete a gamified activity after starting it. This could include completing a quiz, challenge, mission, game level, or promotional activity. It helps marketers determine whether the activity is sufficiently engaging and manageable. A low completion rate may indicate that the activity is too difficult, lengthy, confusing, or uninteresting.

3. Repeat Participation

Repeat participation measures how often customers return to a gamified activity after their initial interaction. It indicates whether gamification is creating ongoing engagement rather than one-time participation. For example, if customers repeatedly return to complete daily challenges, earn points, or unlock new levels, the programme is generating repeat participation. High repeat participation suggests that the game mechanics, challenges, rewards, or feedback motivate customers to keep interacting with the brand.

4. Customer Retention

Customer retention measures a business's ability to keep customers over time. In gamification, marketers can examine whether customers who participate in gamified programmes are more likely to remain customers than those who do not. For example, a loyalty programme that uses points, levels, and exclusive rewards may encourage customers to continue purchasing from the same brand. A higher retention rate can indicate that gamification is contributing to a stronger, longer-lasting customer relationship.

5. Conversion Rate

Conversion rate measures the percentage of users who complete a desired marketing action after interacting with a gamified activity. The desired action may be making a purchase, registering for a service, downloading an application, subscribing to a programme, or redeeming an offer. For example, if 1,000 customers participate in a gamified promotional campaign and 150 subsequently make a purchase, the conversion rate is 15%. This metric helps marketers determine whether gamification is translating customer engagement into measurable marketing outcomes.

6. Purchase Frequency

Purchase frequency measures how often customers make purchases during a particular period. It can help marketers assess whether gamification encourages customers to buy from the brand more frequently. For example, a gamified loyalty programme may award points for purchases and provide additional rewards when customers reach certain purchase milestones. If participating customers increase their purchases from once every two months to twice a month, this may indicate that gamification is influencing purchasing behaviour.

7. Return on Investment

Return on Investment (ROI) measures the financial return generated by a gamification programme relative to the costs incurred to develop, implement, promote, and maintain it. It helps businesses determine whether the financial benefits of gamification justify the investment made. Benefits may include additional sales, increased customer spending, improved customer retention, or reduced marketing costs reasonably attributable to the programme.

8. Referral Rate

Referral rate measures the proportion of customers who recommend or introduce the brand to other people through referral links, invitations, codes, or other mechanisms. Gamification can encourage referrals by rewarding customers for inviting friends or sharing their achievements. For example, a brand may give both the existing customer and the new customer bonus points when a referral is successful. A higher referral rate indicates that customers are actively helping the brand acquire new customers and can also demonstrate stronger customer engagement and advocacy.

These metrics help marketers determine whether gamification is influencing behaviour and whether it is generating value for the organisation. When thoughtfully designed, gamification can encourage participation, influence customer behaviour, provide valuable customer insights and strengthen loyalty. Marketers must evaluate performance using appropriate engagement, behavioural, and business metrics to determine whether it delivers meaningful, measurable outcomes.

Recap

- ◊ Gamification refers to the use of game elements such as points, badges, leaderboards, and rewards in non-game activities to increase customer engagement.
- ◊ Consumer motivation for playing games may arise from achievement, competition, entertainment, rewards, social interaction, learning, and self-improvement.
- ◊ The Consumer Brand Affinity Spectrum explains how customers gradually progress from brand awareness to brand advocacy through positive experiences.
- ◊ The anatomy of gamification consists of objectives, target audience, game mechanics, game dynamics, rewards, feedback systems, technology, and customer engagement.
- ◊ Game mechanics include points, badges, levels, leaderboards, challenges, progress bars, streaks, and virtual currencies.
- ◊ Reward systems reinforce desired customer behaviour through tangible and intangible rewards.
- ◊ Game-based marketing uses complete games to promote products, services, and brands.
- ◊ Games help organizations increase brand awareness, encourage product trials, strengthen customer loyalty, collect customer data, and improve customer engagement.
- ◊ Game-based marketing offers benefits such as improved customer experience, higher engagement, increased sales, and stronger brand loyalty.
- ◊ Challenges of game-based marketing include high development costs, technical issues, privacy concerns, and the need for continuous innovation.
- ◊ Companies such as Starbucks, Nike, Duolingo, and other digital platforms have incorporated gamification elements into customer or user experiences.

Objective Questions

1. Which game mechanic awards users for completing tasks?
2. What is the primary purpose of leaderboards?
3. Which stage comes after customer engagement in the Consumer Brand Affinity Spectrum?
4. Which game mechanic shows users how close they are to achieving a goal?
5. What is a reward system?
6. What is game-based marketing?
7. Which technology combines digital objects with the real world?
8. Which technology creates fully immersive digital environments?
9. Which game mechanic motivates users through rankings?
10. Name any one reward used in gamification.

Answers

1. Badges.
2. To encourage competition among users.
3. Brand Preference.
4. Progress bar.
5. A system that recognizes and rewards users for completing desired actions.
6. The use of games to promote products, services, or brands.
7. Augmented Reality.
8. Virtual Reality.
9. Leaderboards.
10. Discount coupon.

Self- Assessment Questions

1. Explain the concept of gamification and discuss its importance in digital marketing.
2. Describe the factors that motivate consumers to participate in games.
3. Explain the Consumer Brand Affinity Spectrum with suitable examples.
4. Discuss the anatomy of gamification and explain its major components.
5. Describe the various game mechanics used in gamification programmes.
6. Explain different types of reward systems and their role in influencing consumer behaviour.
7. What is game-based marketing? Discuss its objectives and characteristics.
8. Explain how games are used as effective marketing tools by organizations.
9. Discuss the advantages and limitations of game-based marketing.
10. Analyse the role of Artificial Intelligence, Augmented Reality, and Virtual Reality in the future of game-based marketing.

Assignments

1. Design a gamification strategy for an online retail company by recommending suitable game mechanics, reward systems, and customer engagement activities.
2. Study the loyalty programme of any retail or e-commerce company and explain how game mechanics influence customer purchasing behaviour.
3. Compare gamification and game-based marketing with suitable real-world examples and evaluate which strategy is more effective for customer engagement.

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Sreenarayanaguru Open University
Kollam, Kerala Pin- 691601, email: info@sgou.ac.in, www.sgou.ac.in Ph: +91 474 2966841

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