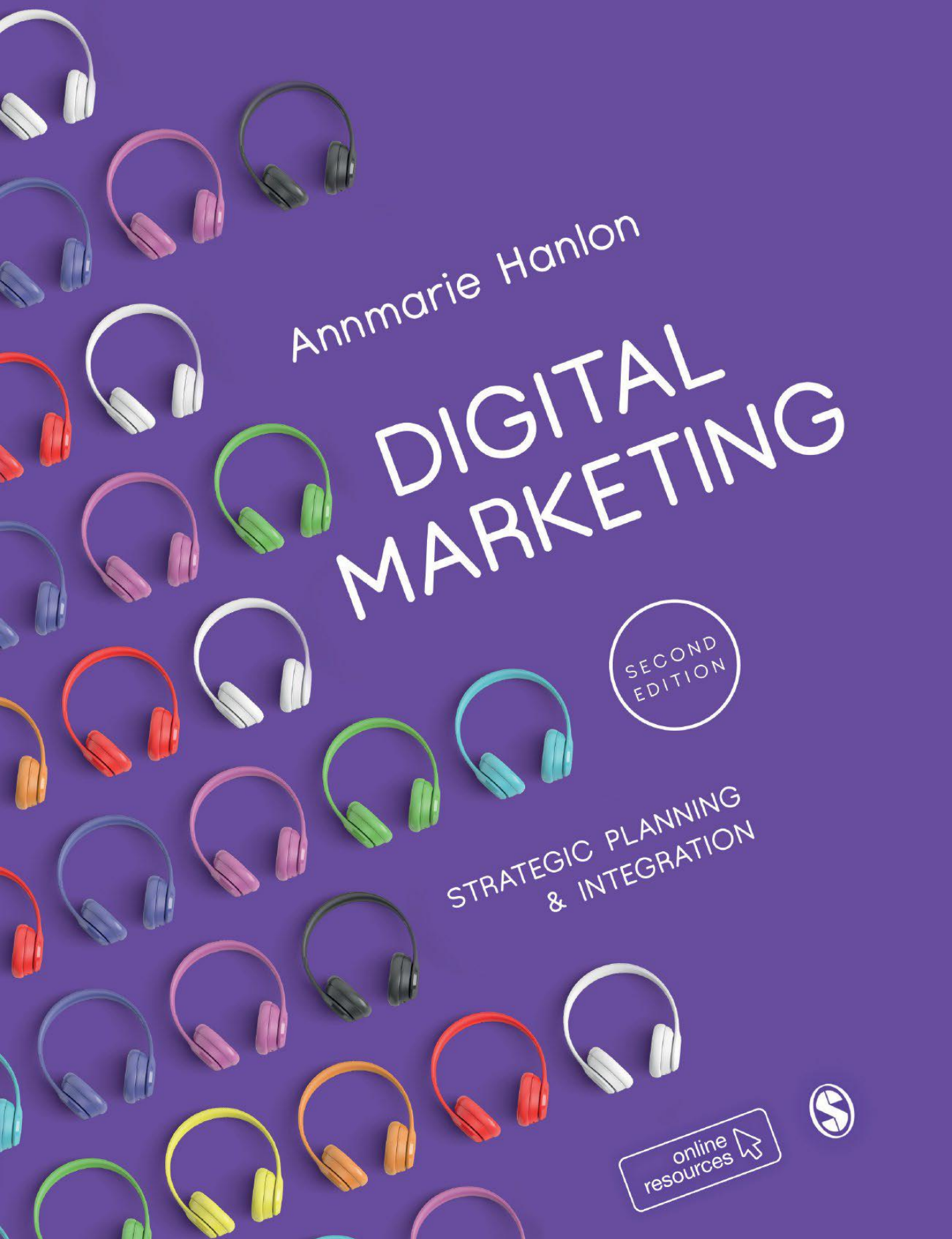

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DIGITAL MARKETING

SECOND EDITION

STRATEGIC PLANNING & INTEGRATION

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B 1/I 1 Mohan Cooperative Industrial Area
Mathura Road
New Delhi 110 044

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3 Church Street
#10-04 Samsung Hub
Singapore 049483

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Development editor: Martha Cunneen
Assistant editor: Jasleen Kaur
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Copyeditor: Neil Dowden
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To Nick

Positively making all things possible

To my sister

Separated by sweeping sea

Together with technology

To the students and teachers reading this book

May the road rise up to meet you in your digital journey

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ABOUT THE AUTHOR

Annmarie Hanlon PhD is a Senior Lecturer in Digital Marketing at the Cranfield School of Management and a practitioner working on digital marketing strategy projects.

Originally a graduate in French and Linguistics, she gained a master's in Business Administration, focusing on marketing planning. She studied for the Chartered Institute of Marketing Diploma for which she won the Worshipful Company of Marketors' award for the best worldwide results. Subsequently, she was awarded the Mais Scholarship for her PhD which investigated social media marketing within organisations.

As an early adopter, working in 'online marketing' since 1990, she is a Fellow of the Chartered Institute of Marketing, a Member of the Marketing Institute Ireland and a Liveryman of the Worshipful Company of Marketors. Annmarie's research interests include the business application of social media and digital transformation within organisations.

Follow her updates on Twitter @AnnmarieHanlon

PREFACE TO THE SECOND EDITION

Three hundred billion emails. Two billion websites. More mobile phones than toothbrushes. Hundreds of social media networks. This is not a million miles away, it's our digital day.

Digital marketing gained importance during the pandemic. Some organisations were well prepared and others less so, scrambling to adapt to our digital world.

As a student of digital marketing, you're in an area that's growing. Take the opportunities in front of you, read, study and find your digital niche.

This textbook is in four parts. You can read these in order or navigate between chapters based on your knowledge and needs. Each builds on the previous part to provide a strong overview of digital marketing, as a student or a practitioner.

1. **Digital Marketing Essentials** provides the background, context and understanding of key concepts.
2. **Digital Marketing Tools and Channels** explores the tactical aspects of the digital marketing toolbox. It explains and evaluates the different elements and alerts you to areas to consider.
3. **Digital Marketing Strategy and Planning** enables you to create real plans for real organisations.
4. **Digital Marketing Management** shows the critical factors involved when managing digital marketing.

You'll notice different elements in each chapter:

- Each chapter starts with **Learning Outcomes** based on Bloom's taxonomy, enabling students to progress from understanding to creation.
- **Professional Skills** are useful additions to a CV or LinkedIn profile.
- **Smartphone Sixty Seconds®** are designed as class icebreakers, whether you're online or offline.
- **Digital Tools** highlight useful online sites or devices.
- The **Activities** can be used as in-class sessions or for homework, moving from knowledge to application.
- **Ethical Insights** provide glimpses into areas to be discussed further, as topics for debate.
- **Key Terms** aim to remove the jargon and explain what things mean.

- The **Case Examples** contextualise specific areas in the chapter, showing real-life application.
- **Discover More** offers the curious further information on specific topics.
- **Journal of Note** shines a light on specific academic journals to investigate further.
- Throughout the book, there is a running **Case Study** that looks at Strava. This is my own creation based on publicly available information and my imagination.
- **Further Exercises** include three tasks for students to demonstrate their understanding of the chapter. Task 4 stretches this into a discussion question which could be a 1,000- to 2,000-word essay to examine an area in greater depth.
- Finally, the **References** section at the end includes those mentioned in the text that should be available via your university libraries.

Digital marketing is everywhere. In your world and mine, from when we wake until we rest our heads. This textbook aims to guide you along your digital path. Lean forward and start reading.

ACKNOWLEDGEMENTS

It's a blank page and then the keyboard moves into action.

Tapping, scrolling, clicking and deleting.

The book opens.

It's made possible with readers and reviewers. To the students and teachers who adopted the first edition of this textbook, then requested this second edition, thank you so much. I've enjoyed your enthusiastic comments and positive reactions. Plus, the anonymous peer reviewer feedback inspired and enhanced the chapters.

The book evolves.

It's made possible with the SAGE Publishing team. Special thanks to Matthew Waters and Martha Cunneen for their encouragement, wisdom and care.

The book expands.

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PRAISE FOR DIGITAL MARKETING

'*Digital Marketing* is an invaluable resource for those who want to discover more about this exciting, emerging and rapidly evolving subject. The logical structure and presentation make it easy to read each topic in depth or to dip into for quick reference. Case studies about recognisable brands increase engagement and application of theoretical concepts, making learning and teaching enjoyable and valuable for students and lecturers alike. Highly recommended!'

Sarah Evans-Howe, Lecturer in Business and Marketing, The University of Buckingham

'Annmarie Hanlon has mastered effectively conveying the most crucial digital marketing concepts in a way that is grounded in theory and real-world applications. This second edition text is a must for students exploring the evolving world of all things digital.'

Megan F. Hill, M.S., Professor of Practice in Marketing, Grenon School of Business, Assumption University

'*Digital Marketing* is a flexible book, written to enhance our theoretical understanding and prepping us for the practical skills we need to deliver great digital results in organizations. The second edition solidly elaborates on classical and core theoretical models, and the new cases enlighten students understanding of the need to have good frameworks when creating unique content with competitive advantage.'

Cathrine von Ibenfeldt, Lecturer in Marketing, BI Norwegian Business School

'The book has a sound theoretical basis, covering the foundations of the subject in a clear and accessible manner. The Digital Tools regularly provide opportunities for students to apply what they have learned in practice. The book is also up to date in its content, with a selection of recent, global case studies, to engage modern students.'

Desmond J. Laffey, Senior Lecturer in E-Commerce, University of Kent

'Annmarie Hanlon is placed at the unique intersection of academic and practice. *Digital Marketing* integrates contemporary examples in the dynamic digital ecosystem to bring alive relevant concepts and theories into practical situations clearly and persuasively. This book is an essential read for both students and tutors.'

Wilson Ndasi, Senior Lecturer in Digital Marketing, Oxford Brookes University

ONLINE RESOURCES

Head online to access a wealth of online resources that will aid study and support teaching. All resources have been designed and formatted to upload easily into your LMS or VLE, and are available at: **https://study.sagepub.com/Hanlon2e**.

FOR LECTURERS

- **Editable PowerPoint slides** will allow you to easily **integrate each chapter into your lessons** and provide access to **figures and tables from the book**.
- **Testbank** of multiple-choice questions will help you test **students' knowledge and understanding** of the materials.
- **Instructor's manual** containing tutor notes will provide further support when **teaching each chapter**, and **encourage discussion** in sessions.
- Links to **SAGE journal articles** selected by the author to help supplement students' reading and **deepen their understanding** of the key topics outlined.
- **Downloadable templates** that can be added to course resources or printed out for use in class.

FOR STUDENTS

- Access **helpful websites and video links** with lots of extra information to reference in your assignments.
- A **worked digital marketing strategy** to help you get your project off the ground and see the **theory in action**.

PART 1

DIGITAL MARKETING ESSENTIALS

CONTENTS


OVERVIEW
Chapter 1 introduces the concept of digital marketing and sets the scene providing the historical context and highlighting key issues around data and privacy.
ACTIVITIES
Evaluate being digital during the pandemic
Manage your privacy
Choose your digital products
KEY CONCEPTS
Understanding digital generations and the digital divide
Why nothing to hide in digital privacy matters
The characteristics of big data
DIGITAL TOOLS
Explore the Wayback Machine and review older versions of brand websites
Examine how the search engines' right to be forgotten process works

1

THE DIGITAL MARKETING ENVIRONMENT

LEARNING OUTCOMES

When you have read this chapter, you will be able to:

Understand key issues in the digital environment

Apply nudge theory

Analyse opportunities for buy now pay later (BNPL)

Evaluate the impact of the digital environment

Create a plan to develop digital products

PROFESSIONAL SKILLS

When you have worked through this chapter, you should be able to:

- Evaluate options to develop digital goods
- Create a campaign using nudge theory

1.1 INTRODUCTION TO THE DIGITAL MARKETING ENVIRONMENT

Digital marketing is satisfying customers' needs and wants using digital means. Our digits tap, swipe and pinch our devices for many hours each day. We depend on technology to work, rest and play. Airbnb, Klarna, Dropbox and Uber were founded over 10 years ago. Amazon is approaching its 30th birthday and Google is nearly 25 years old. If you're using an Apple device, did you realise the company is nearly 50 years old? The company that invented the first PCs, IBM, is over 100 years old. Computing is now ubiquitous (Weiser, 1991), there are computers everywhere – in our homes and cars, offices and universities, on our trains and buses, in our shops, streets and cities, yet we don't even notice their presence.

Digital marketing 'can be defined as using any digital technology to facilitate the marketing process, with the end goal of customer interaction, engagement and measurement' (Zahay, 2021, p. 125).

One major change in digital marketing is the move from the traditional 7Ps (Booms and Bitner, 1980) towards a digital marketing mix. In this chapter, we'll look at products and places, payments (pricing) and processes. Chapters 3 to 6 look at digital promotion and physical evidence is addressed when considering websites in Chapter 3. People is explored in Chapter 12, 'Managing Resources and Reporting'.

But first, let's explore how digital marketing started and changed our environment with the implications for digital marketing.

1.2 A NEW ERA

Digital marketing did not happen instantly. The origins of digital marketing can be found in direct marketing where companies tried to connect with individuals on a one-to-one basis through traditional letters. In an online context, this was known as internet marketing and was based on Web 1.0 and enabled direct communication from organisations to customers.

1.2.1 WEB 1.0

Web 1.0 was one-way with no opportunities to have conversations. Spanning from 1989 until about 2004, Web 1.0 is often referred to as the 'read only' web. The first websites were launched, such as Amazon and Google. As a simple system with slow internet speeds, it enabled organisations to share brochures online with basic shopping carts. This was an online version of direct marketing and one major benefit that Web 1.0 introduced was removing barriers between customers and companies (known as disintermediation).

However, Web 1.0 also presented new ways of keeping the broker in the middle which is called re-intermediation. One of the earliest examples was MoneySuperMarket.com which launched in the UK in 1993. Re-intermediation still happens today and is how Just Eat Takeaway works. You no longer contact your local food takeaway restaurant, instead you look at your Just Eat Takeaway app and decide what's for supper this evening.

1.2.2 WEB 2.0

Technology improved and Web 2.0 was identified in 2004, offering two-way communication and interactive marketing. Many social media networks launched and changed buyer behaviour further, as customers or fans could add comments to company content. The first version of Facebook was launched along with Twitter, which was initially as a text-only service designed as a messaging tool. Online systems like the picture-sharing site Flickr emerged, allowing users to upload, save and share photos.

1.2.3 WEB 3.0

Web 3.0 witnessed a change as online technology became more intelligent, finding meaning in the content, which was known as the semantic web. This was identified by the father of the World Wide Web, Sir Tim Berners-Lee, some years before in 1999 and is when the term internet marketing started appearing.

These concepts took until 2006 before computer-to-computer interaction or online marketing was possible. Web 3.0 is here now and is considered to be the next generation of the web due to its ability to process information using technologies like machine learning (ML) and big data. The careers page of any well-known brand shows they're hiring data scientists to manage their online data. We could say that Web 3.0 enabled digital marketing.

1.2.4 WEB 4.0

We don't have a formal version of Web 4.0 although this is considered as part of the Internet of Things (IoT), where devices are seamlessly connected. The IoT ecosystem relies on sensors such as barcodes and RFID tags (radio-frequency identification) within a WiFi zone. From this it can identify physical properties such as: Are there people in the building? Is your heart beating at the usual rate? What's the date on the barcode? This is combined with autonomous machines being accessed via a remote-control source such as an app on your phone or your wearable device.

Our fast-changing digital environment provides many opportunities for marketers and the growth of technology has changed the relationship between businesses and customers. Plus, new technology has heralded changes in behaviour (see Chapter 2, 'The Digital Consumer'), resulting in the decline of traditional marketing tools, as shown in Table 1.1.

Table 1.1 The move from traditional to digital marketing tools

Traditional	Digital	Why the change?
Newspaper and magazine adverts	Online adverts; social media, PPC	Newspaper and magazine sales have declined and it's easier to target people online
Door-to-door sales people	Email	Door-to-door is expensive and we can now personalise offers to existing customers via email

(Continued)

Table 1.1 (Continued)

Traditional	Digital	Why the change?
Company brochures	Websites	Printing brochures is expensive, so is creating websites, but they are agile and easier to change as needed
Traditional PR	Online PR, blogs	With the decline in newspaper and magazine sales, the number of staff has declined too; online PR makes the process easier
Directories like the Yellow Pages	Search engine marketing	The default is to search online and voice search is growing, so directories have become smaller and are rarely used
Community groups	Social networks	We live in a more mobile world where people move from home towns to find work, so traditional community groups have declined, but social media networks increased

Digital promotion is explored in more detail in Chapters 3, 4 and 5.

We have 24/7 access to the internet, our documents are automatically saved online, we trust the words of strangers rather than companies, we create digital products, we have digital payments as well as digital products, and companies will hire you based on your digital skills and capabilities.

DIGITAL TOOL The Wayback Machine

Since 1996 the Internet Archive has collected snapshots of websites and is known as the Wayback Machine. Described as 'a digital library of Internet sites and other cultural artifacts in digital form', it's free to access and contains nearly 500 billion web pages! It's a great way to turn back time and look at early editions of brands' websites.

- Go to https://archive.org/web
- Add in a web address
- Click browse history
- Explore older versions of the website that are no longer available

1.3 DIGITAL PEOPLE

1.3.1 DIGITAL GENERATIONS

If you're a student at university now, there's a good chance that you're a digital native. You've been born into a time when mobile phones, tablets and wearables are the norm. The research says that you rarely watch TV in real time, you'd rather view YouTube. You don't send letters, you use WhatsApp. You don't use printed business directories, you ask Siri.

But not everyone was born when computers were the norm, so we have two digital peoples: 'digital natives' and 'digital immigrants' which are part of a range of generational cohorts, shown here with when they were born:

- Baby Boomers: mid-1946 to mid-1964
- Generation X: mid-1960s to the late 1970s/early 1980s
- Digital Immigrants: before 1980
- Digital Natives: after 1980
- Net Generation: between 1982 and 1991
- Millennials: in or after 1982
- Google Generation: after 1993
- Generation Y: between 1981 and 1999
- Generation C: after 1990
- Gen Z: mid-1990s to early 2010s
- Generation Alpha: early 2010s to mid-2020s

Some cohorts cross into another generation. This is because there is no official agreement on the terms, nor are they formally defined by governments, but mainly by researchers and consultants working in advertising who see the different behaviours developing.

The terms 'digital native' and digital immigrant' are considered by some as being controversial and by others as divisive. The work has been criticised due to the phraseology and as some people objected to the labels. Marc Prensky was teaching groups of students and realised there was a marked difference between the students who had always used technology and teachers who were new to this. He described the situation as similar to learning a new language, where immigrants move into a new country and learn the language but it is never their mother tongue, so they might always retain an accent. In the same way, he thought that those who had to learn about technology would retain this 'accent'.

1.3.2 THE DIGITAL DIVIDE

Amongst our digital generations we have a digital divide. Not everyone has access to the internet. Not everyone has access to computers or smartphones. Not everyone knows how to gain information from the internet. This phenomenon was named the digital divide by the Organisation for Economic Co-operation and Development (OECD, 2001), an intergovernmental economic organisation with member countries worldwide. Typically the digital divide occurs due to:

- Location – weak access or lack of access to the internet in the region
- Education – lack of digital skills and capabilities
- Technology adoption – lack of understanding of the internet mainly by older digital immigrants
- Economy – lack of financial ability to access computers or devices

During the COVID-19 pandemic, the divide changed. In some cases it was reduced, but in others it increased. We're aware that researchers have identified location as a factor because 'developed countries of the world have more access to fixed telephony connections' (Inegbedion, 2021, p. 83). However, even in wealthier countries there are gaps with internet provision in rural areas and small villages (Lai and Widmar, 2021) where internet speeds are slow or because the service cannot support multiple devices at the same time.

The lack of digital skills is a key factor in the digital divide. Most countries have been upskilling their populations to gain digital skills. During the pandemic, many people gained new digital skills – how to use Zoom or Teams, how to adjust cameras, how to add more people to calls.

In the same way that digital skills improved during the pandemic, technology adoption increased as families stayed in contact using digital devices, removing barriers to adoption and demonstrating the usefulness of technology.

One area where the divide increased was in access to computers or devices. Understandably many families did not have multiple devices for home schooling and the idea of buying a new laptop – or two – was outside the budget of most households. Several organisations tried to help by providing recycled laptops, but this may not have reached all households. This was one reason why governments worldwide were keen to ensure school children could return to their classrooms as soon as possible. Even so, this lack of ability to access computers or devices may have ongoing consequences that future researchers will most likely explore.

Activity 1.1 Being digital during the pandemic

During the pandemic, you may have been studying or working from home. This may have brought benefits and difficulties which you can reflect on and assess:

1. What were the main skills you gained and how are these relevant for your future?
2. What were the main challenges you faced and how did you overcome these issues?
3. Evaluate the impact of the digital divide in your home town or local area and make recommendations for improvements to reduce the barriers.

1.4 DIGITAL PRODUCTS AND PLACES

The development of cloud computing enables software and services to run on the internet which means that we can access our digital technology at any time in any location. Our data is stored on the cloud, whether that's Alibaba Cloud, Amazon Web Services, Dropbox, Google Drive, iCloud or OneDrive. And many of the programs we access are cloud based, from Office365 to Dropbox, Netflix to our health records.

The main advantages are that you can work at home, at a friend's house or in a coffee shop and when you arrive at work or at university, you can continue where you left off, on the same page of the same document – as long as you saved it! However, the technology has created digital disruption which has created both advantages and disadvantages for product offers worldwide.

Digital products include a range of materials that we use for work, study and play, such as:

- Audio-visual: TV shows, movies, online videos (e.g. YouTube, Twitch, TikTok)
- Business or educational: Computer software (e.g. Microsoft, Google)
- Entertainment: Video games (e.g. Xbox, PlayStation, Amazon, Google)
- Recreational: Sports, cooking or lifestyle apps (e.g. any app store)
- Sound: Recordings, audio books, podcasts, musical compositions, ringtones (e.g. Spotify, Apple, SoundCloud, Clubhouse)
- Theatrical: Dramas, plays, musicals (e.g. Netflix, Hulu)
- Visual: Paintings, posters, advertisements (e.g. on social media sites or via specialist retailers)
- Written: Lectures, articles, ebooks (e.g. your university's online learning environment such as Blackboard, Brightspace, Canvas, Moodle)

Many are online-only and need internet access to function fully. For example, while at university you have access to thousands of digital products in the form of academic articles from journals. The journals charge the libraries a fee and, in return, share material with academics and students. When you leave university, you no longer have access to this material. You may subscribe to digital products including apps from Netflix to Strava, paying a monthly amount in return for using the product. The difference with these products is that they have all been created as a result of digital marketing – finding a need and satisfying this online.

Activity 1.2 Choose your digital products

Consider your digital products, in particular where you're paying a fee or regular subscription. If you were only allowed to keep three of these, which three would you choose and why?

ETHICAL INSIGHTS Digital theft

Easy access to digital products has resulted in an increase in theft. This is more than an image taken from another website, it's downloading eBooks and games but failing to pay for the goods.

(Continued)

Students are aware of plagiarism – stealing someone else's words without correctly acknowledging the authors, which can result in expulsion from university and damage careers. Yet there is said to be a lack of understanding around downloading online materials (Geçer and Topal, 2021, p. 92).

Digital theft destroys businesses; for example, copied eBooks can be stored on poor websites that at worst may include viruses or at best fail to acknowledge the hard work of the author. However, this is commonplace and considered fun – it's called piracy, which sounds romantic rather than like theft or stealing, which is what it is. Stealing risks reputational damage and can result in heavy costs as many digital goods include embedded codes so they can be tracked. Why does digital theft occur?

- Do you feel it's acceptable to steal someone else's work?
- What are the best ways to educate students about digital theft?
- How do you feel about digital theft?

1.4.1 DIGITAL DISRUPTION

In addition to digital products, we have witnessed traditional products evolving to meet consumers' needs. Every era sees disruption from newer technologies that replace outmoded methods of delivery, service, production or communication. We could describe digital disruption as 'major marketplace changes or sector transformation, following the application of technology'.

All digital disruption is driven by technology, especially as it becomes smaller, faster and easier to access. Amazon is heralded as the next new, easy-to-use online supermarket, yet it has existed for over 20 years which demonstrates that disruption can take years to gain scale. Examples of technology-driven digital disruption include those shown in Table 1.2:

Table 1.2 Examples of sectors experiencing disruption

Sector	Example of disruptive service	Traditional businesses in this sector
Accommodation	Airbnb	Hotels
Car rental	Zipcar	Car rental companies
Clothing swap	Vinted	Swap with friends
General services	Taskrabbit	Local people
Personal transport	Uber	Regular taxi companies
Ride-sharing	Via	Car-pooling with colleagues

Many disruptive digital products are often a variation of traditional products; the difference is that they offer more choice. For example, Airbnb offers accommodation, but via a digital app. Plus the accommodation is peer to peer, so no hotel groups are involved.

Uber offers taxi services, a business type that has existed for centuries! Yet the difference is place, physical evidence, processes and people as the product is accessed via an app, you know the drivers' details and can see where they are on a map. Another example is Zipcar who compete with traditional car rental companies, which were perceived as complex to use and the contracts were often for a minimum number of days. Zipcar changed this by adopting a digital-first approach, adapting the traditional 7Ps:

- Place and processes: Moving the access point – picking up the vehicle from a nearby street rather than having to get to a depot which may be in an inconvenient location
- Place: Changing access to the service – booking via an app
- Product and price: Adapting the offer – removing longer contracts and allowing customers to hire a car or van by the hour, rather than the day, week or month.

As these sectors are disrupted, some traditional businesses decide to fight back, such as the battle between taxi companies and Uber. Other disrupters are acquired by companies that benefit from their services, such as Taskrabbit which was purchased by IKEA, as an easier way to offer furniture assembly services to its customers. Or in the case of Zipcar, its direct competitor, the Avis Budget Group took more direct action and purchased the company!

1.4.2 CRYPTOASSETS

In our digital world, we've seen the development of new types of digital products or cryptoassets that are known as non-fungible tokens (see Key Term **NFT**). An NFT is a one-off creation and can't be divided or shared. This can be a piece of artwork, a sound or other collectible item which is only available to access online.

These gained worldwide attention when an artist known as Beeple turned a collage of many thousands of images that he created into an NFT and placed it for auction via the international art company Christie's. The bidding started at $100 and the artwork sold for $69 million, yet the owner will never physically touch the piece – they will keep it in their digital wallet. Just like physical artwork, they can collect or re-sell if they wish.

However, we're not sure how cryptoassets will develop as the use of NFTs is still in its early stages and there are issues about their environmental credentials due to the energy required to create and store the assets.

KEY TERM NON-FUNGIBLE TOKEN (NFT)

NFTs are tokens that represent ownership of unique items. They enable the tokenisation of things such as works of art or other collectible items. They are secured by a **blockchain** so that no one can modify the record of ownership and they can only have one official owner at a time. Owners store their NFTs in their digital wallet and retain a crypto key as proof of ownership, so the item can be re-sold.

Smartphone Sixty Seconds® – Find the NFTs

Search online for NFTs and see if you can find Beeple's 'Everydays: The First 5000 Days'. This sold for nearly $70 million.

- What's your view on this?

1.4.3 BIG DATA

Having all this material online, whether it's our digital products, NTFs or our online behaviour, has resulted in the growth of digital data which has grown and is known as big data. Big data refers to large data sets that computers can barely handle (Cox and Ellsworth, 1997). This isn't a large Excel sheet, but data that's measured in gigabytes (1000^3 bytes), terabytes (1000^4 bytes) or petabytes (1000^5 bytes).

The characteristics of big data are referred to as the 4Vs and include the size of the data (volume), the speed at which the data is generated (velocity), the different types (variety) of structured and unstructured data (Laney, 2001), and the quality of the data being analysed (veracity). The data is so large that it may not be possible to scroll through to find useful insights and you may need coding skills (e.g. R or Python) or special software such as Hadoop to make sense of the data.

Big data is all around us. Social media companies including Facebook, Twitter and Google gather big data. For example, Facebook stores your data securely in data warehouses. They generate significant volumes daily, when you add a post or an image, or like a page – that's all data. The velocity is hard to keep up with, as over a billion users add data every second. The variety of data includes structured elements (liking pages, clicking on links) and unstructured elements (adding free text content). The quality or veracity varies – you might 'like' a page to add complaints, you might not accurately add all your details. Your profile shows your personal details, plus your buying behaviour is captured and this can be overlaid with additional data from third-party sources. This all feeds into companies' datasets and is how data is acquired.

This data is fed back to data specialists where the data is integrated, to better inform market research companies. For example, health insurance companies know your age, job role, where you live, whether you drive far for work, your family composition, typical diet, height, weight, health problems and where you visit on holidays. Some companies offer free fitness trackers for cheaper insurance premiums, which allows them to assemble a full profile of your daily life. Assembling and managing the data requires expertise, and professional data specialists include:

- CACI, whose database named 'Ocean' provides lifestyle and demographic details on 48 million adults in the UK
- Nielsen, a worldwide data specialist, which has amassed data on consumers in 47 countries
- Kantar who have captured data around the world on how people think, feel and act, globally and locally in over 90 markets

These companies are invaluable resources when you are a busy marketing manager and want to target the right customers with the right message. As professional organisations, they abide by strict codes of conduct. However, there are less scrupulous firms capturing and selling data without consent. Within five days of having my academic email address published on a university website, my data had been gathered using web scraping software which visits websites, identifies email addresses and adds to a local database. From here the data is sold as 'new data' and those making the purchase might think these companies have permission to sell the data. Whilst web scraping is not technically illegal, using the data may be and often results in getting emails blocked and reported as spam.

The challenge with big data for consumers and companies occurs on several levels and potential weak behaviour can occur (De Cremer et al., 2017, p. 150), such as the elements identified in Table 1.3 which are applied to elements of the PESTLE framework.

Table 1.3 Examples of weak behaviour based on abuse of data

Weak behaviour	What this means	Examples	PESTLE Factors
Barriers to switching	Making it less attractive or difficult to switch providers	Difficulty in switching banks or mobile phone providers	Economic
Financial penalties	Only benefiting consumers using the products and penalising those that don't	Special offers for clients wearing fitness devices	Economic, Technological
Privacy issues	Collecting personal data and selling online	Fitness providers collecting health data and potentially sharing with insurance companies	Social
Favouritism and discrimination	Micro-segmentation based on shared customer behaviour	One gender charged more than another for the same products	Social
Unfairness	Discriminating against certain user types	Charging higher prices to Mac users	Social, Technological
Confusing customers	Only providing complex pricing models	Utilities providers (e.g. electricity, water) using pricing models based on units that are difficult to understand	Social
Information misuse	Abusing the data held about the customer	Companies selling data to influence elections	Legal
Dishonesty	Cross-selling potentially unwanted or unneeded products based on behaviour	Promoting plastic surgery to young girls	Legal

Source: Adapted from De Cremer et al. (2017, p. 150)

Big data matters to marketers as we can make informed decisions by understanding customer behaviour. Whether that's knowing the best times to send emails, add offers or change advertising images, big data enables organisations to make informed decisions about all aspects of marketing.

CASE EXAMPLE 1.1 Unilever's big datacentres

Unilever is a global business with 400 household name brand products in nearly 200 countries and over 2.5 billion consumers. Its consumers outnumber most social networks, other than Facebook. Its largest market is the USA, followed by India and China. Unsurprisingly, Unilever is one of the world's largest advertisers and it leads the market in three areas:

- Beauty and personal care with brands such as Dove, Sunsilk, Axe, Lifebuoy, Dermalogica, Living Proof
- Food and refreshment with brands such as Ben & Jerry's, Wall's and Magnum ice cream, Knorr products, Hellman's mayonnaise
- Home care with brands such as Persil clothes' washing products, Domestos cleaning products.

Unilever is successful because it listens closely to its customers' needs and identifies market trends and responds to these trends. Its global presence provides 40 billion consumer reach points which it says is more than any other competitor.

Unilever understands the value of data and so the social listening and customer conversations take place in many ways and, in a typical year, this can include:

- Around 3 million interactions with customers captured online
- Millions of conversations about different Unilever brands online in forums and groups
- 2.5 million interactions through calls, emails, letters, social media and webchats
- Millions of enquiries from its consumer carelines, which are old-fashioned telephone call centres
- Nearly 1.8 million data points gathered when consulting consumers through regular surveys using partners like Kantar, Nielsen and Ipsos

This is a huge amount of data gathered from different channels, from different people, in different locations, about different products. To make sense of the data, Unilever has invested heavily in big data. To manage the data, it has over 35 datacentres worldwide. The raw data is added to 'data lakes' where vast amounts of unstructured data start their journey. From here, specialist data managers, architects, engineers, experts and analysts process the data, using **machine learning** (see Key Term), and it is categorised and added to 'data warehouses'. The data scientists work in the data warehouses to arrange or classify the material by themes, products, customers' feelings or other factors. From this they make sense of the data by generating insights (see Chapter 13) which are used by their marketing and research teams to develop new products. For a company that launched 600 new products worldwide in 2020, analysing its big data is essential.

Unilever has formed a partnership with Amazon which involves co-investment in data and has explained more about its use of data, how this is shared and informs product development:

> We're sharing increasingly sophisticated insights with customers around shopper preferences and behaviours gained through social listening and other tools. This is helping our larger customers make data-driven decisions about how and where best to bring value to shoppers. We partnered with Walmart in the US, for example, to co-create and launch a new bath product range based on insights around people needing 'me time' at home during lockdown.

However, gathering such vast amounts of data raises issues about data protection which was recognised in the company's 2020 Annual Report:

> Increasing digital interactions with customers, suppliers and consumers place ever greater emphasis on the need for secure and reliable IT systems and infrastructure and careful management of the information that is in our possession to ensure data privacy.

It's certain that the Unilever data lake will continue to grow, as will the data warehouses. The company will continue to recruit digital marketing staff that understand the impact of data and the insights it brings.

Case questions

- What types of data might Unilever gather online? Select the social media page for one of its brands and find examples of data and discuss how this could be used.
- Unilever ensures it manages its data carefully but what risks might occur with sharing data with third parties such as Amazon and Walmart?
- Have you ever asked a question, added a comment or made a remark about a brand online? Can you describe what you did and why, as well as considering how this might be used by the brand?

KEY TERM MACHINE LEARNING

According to Professor Tom Mitchell who wrote the best-selling book on the subject, 'Machine Learning is the study of computer algorithms that improve automatically through experience' (Mitchell, 1997, p. 1).

IBM suggests that 'Machine learning is a branch of artificial intelligence (AI) focused on building applications that learn from data and improve their accuracy over time without being programmed to do so', adding that 'Machine learning focuses on applications that learn from experience and improve their decision-making or predictive accuracy over time' (IBM, 2020, p. 1).

1.5 DIGITAL PAYMENTS AND PROCESSES

1.5.1 E-MONEY AND DIGITAL WALLETS

Shopping on the internet required online payment systems and although credit cards were established in the last century by Diners' Club in the 1950s, not all ecommerce sites accepted all card types, at the start. Plus, what if you didn't qualify for a credit card? In 1998 PayPal became the first online payment system offering an e-money facility. You added credit to the account to use for shopping, just like a pre-loaded credit card (e.g. Starling, Travelex), and could use it for buying goods online.

Beyond e-money, digital wallets evolved. Not just storing money, but keeping all your items in one place in a single app. This could include your address details, passwords, multiple credit cards, event or travel tickets and membership cards.

E-money has evolved as PayPal is an accepted payment method across many websites, alongside credit and debit cards backed by Visa, MasterCard and Amex. Plus, PayPal did more than regular credit cards and offered peer-to-peer payments, enabling you to send and accept money to and from friends. In addition to PayPal, there are other systems such as Alipay, Google Pay and Apple Pay. These are more like digital wallets and can be used for contactless payments offline.

The social media networks are getting involved too. In China, WeChat Pay is well established and Facebook Pay is available in some locations. The social network payment systems are other ways of sending money to friends to pay for goods via WeChat, Facebook, Instagram, WhatsApp or Messenger, and these are likely to grow, offering access to those without banking services and removing a barrier to online shopping.

New options for digital payments are evolving such as allowing consumers to shop and pay in instalments. This is known as buy now pay later (**BNPL** – see Key Term) and BNPL companies include Afterpay, Klarna, Laybuy, Payright and Zip Money. These companies offer different payment options and use push notifications to tell you when a payment is due. Many well-known retailers use BNPL methods on their online stores to encourage an immediate rather than a delayed purchase.

KEY TERM BUY NOW PAY LATER (BNPL)

Buy now pay later (BNPL) allows consumers to buy items in a series of instalments. It's not a new concept and in the United Kingdom was known as 'buying on tick' where the tick represented a ticket. Your name was added in a book, the total cost noted and you paid back in weekly sums.

The digital version allows you to download and pay via an app. You choose the BNPL company as your payment method (instead of credit card or online banking) and decide how to pay. This may be 'Pay in 4' – that's four equal payments over two months or pay in full 30 days later.

The downside is that if you miss a payment, you're charged a default fee and this could get out of control if not managed well.

CASE EXAMPLE 1.2 Klarna digital payments

Klarna is a digital-born business. It was founded in Stockholm, Sweden in 2005, and now has over 3,500 employees, known as Klarnauts, and offices across three continents. The business is recognised as one of Europe's largest banks and was started by three master's students at Stockholm School of Economics: Sebastian Siemiatkowski, Niklas Adalberth and Victor Jacobsson.

The Stockholm School of Economics had an entrepreneurship competition, similar to *Dragon's Den* or *Shark Tank*, and Siemiatkowski, who had worked in a financial services telephone call centre, thought there could be an opportunity for easier online payments. The team presented their business idea known as InvoiceMe which was an idea for an easy (smooth) online payment system that allowed online shoppers to pay in instalments.

But the presentation didn't go well and the trio's idea of 'Buy now pay later' online was not popular with the jury. In fact, it came last, but one of the people at the event said that traditional banks would never offer the service, so the trio should go for it. The three friends decided to see if the business worked and agreed a trial. If it didn't work after six months, they would get proper jobs.

Later that year, the company launched and in 2010 Klarna opened offices in Germany and the Netherlands. The company continuously innovates and in 2017 the app was launched. More investors joined the business, including the retailer H&M and the rapper Snoop Dogg – who temporarily changed his name to Smoooth Dogg (for an advertising campaign)!

The product offer allows customers to spread payments and to do one of three things:

- 'Pay Later' which means between 14 to 30 days after purchasing
- 'Pay in Three' where they repay in three equal statements
- 'Slice It' where customers repay in instalments for anything from three months to three years

Klarna has two customer groups: the consumers who use the buy now pay later system to manage their finances and the online stores that offer Klarna as a payment system.

Nearly one billion consumers use Klarna for shopping. In its own research, Klarna found that 67 per cent of its customers use the payment option as a method of spreading the cost of a purchase into smaller, more manageable amounts.

Over 250,000 retailers trust Klarna globally, including ASOS, Etsy, IKEA, Nike, North Face, Ralph Lauren, Samsung and Sephora. Well established in Europe and North America, the service is growing in Australia and New Zealand.

There are growing concerns about buy now pay later systems which has become an area where regulation is moving in, and Klarna works closely with official financial authorities providing advice and sharing its insights.

(Continued)

Case questions

- Evaluate the advantages and disadvantages for consumers in using a BNPL like Klarna.
- How do buy now pay later systems add value for online retailers? What are the critical factors to consider when signing up for a BNPL system?
- Klarna has demonstrated that it's an innovative company and is a keen adopter of new technology. How else might the company make use of online data and technology?

DISCOVER MORE ON HOW BNPL SCHEMES WORK

An article by researchers in Australia examined the regulations around BNPL with a background to the history of the schemes. Read 'Analyzing the Impacts of Financial Services Regulation to Make the Case That Buy-Now-Pay-Later Regulation Is Failing' by Johnson et al. (2021) in the journal *Sustainability.*

1.5.2 CRYPTOCURRENCIES

In 2009 a new form of digital currency was introduced to the world, a cryptocurrency called Bitcoin. Created anonymously, it works on the basis of peer-to-peer financing. There are no banks, no third parties, no bank vaults and no cash machines involved with Bitcoin.

Your cryptocurrency is stored in a digital wallet which is kept on your computer or stored in the cloud. You buy, store or sell cryptocurrency on digital currency exchanges. For example, billionaire twins Cameron and Tyler Winklevoss, known for suing Facebook as they believed that Mark Zuckerberg had stolen their idea (this became a film, *The Social Network*), formed a digital currency exchange in 2014. Aptly named Gemini, it was founded and is regulated by the New York State Department of Financial Services to allow customers to buy, sell and store digital assets such as Bitcoin.

Although Bitcoin may be the best known, there are over 4,000 cryptocurrencies available for purchase in any currency, such as Ethereum and Litecoin. Transactions are recorded online in a transparent register or ledger, which is called a blockchain, and all transactions are checked electronically.

Using Bitcoin as the example, new Bitcoins are created by mining and an industry of Bitcoin miners has developed. Bitcoin miners de-code online encrypted mathematical challenges using algorithmic processes. In exchange for their work in finding and recording Bitcoins on the blockchain, they are given Bitcoins.

There are downsides to Bitcoin as the whole process is anonymous, giving rise to the potential for money laundering as well as illegal or terrorist uses, and this has resulted in many mainstream banks refusing to accept Bitcoin or closing accounts trading in the currency. A major challenge is that there are no guarantees if the coins are lost, and there have been many issues with all aspects of Bitcoin, from hacked wallets to software scams. Although some universities have accepted payment in Bitcoin, it's a complex area and you could lose all your money! It's an area that you need to investigate in detail before getting involved, although Bitcoin has created awareness of a new, disruptive digital currency.

1.5.3 BLOCKCHAIN

One technological innovation within digital processes is blockchain or distributed ledger technology (DLT). Generated through the development of Bitcoin, a blockchain is a distributed database where no one person or organisation stores all the data; it is securely shared in the cloud over several systems, records all actions and is open for verification (Workie and Jain, 2017).

Blockchain was initially aimed at securely recording all Bitcoin transactions but its usefulness on a wider scale for 'interorganizational cooperation' was then realised (Gupta, 2017, p. 3). The benefits of DLT are:

- One single person does not control all the data
- Data sets are portable
- Records are transparent
- It has greater data integrity as records cannot be changed later
- It is a more efficient system

Blockchain technology is already used in food safety, for example the French supermarket Carrefour uses blockchain to track foodstuffs including milk and fruit from the farmer to its stores. The farmers can add when the goods were harvested, picked or packed, the distributor can add collection times and the supermarket can record when the goods were placed on the shelves.

Other ways it can be used include:

- Medical records: Every specialist, every appointment, diagnosis, treatment and prescription history can be viewed in one place
- Education and training data: All results, certificates, accreditations, memberships and awards are in one place
- Property records: A property passport can be established that lists all safety checks, mortgages attached to the property, equipment installed (and removed), planning permissions and ownership

There are drawbacks to blockchain technology too: supercomputers use a lot of energy; some say as much as a small country! The database keeps growing and it is getting slower; if you make a mistake, it is there forever and can't be changed. Once content is added, it can't be corrected – whilst that has advantages, it is also a disadvantage.

DISCOVER MORE ON BLOCKCHAIN PRODUCTS

The legendary computer company IBM is working on blockchain products. Its website provides examples of how this is working, as well as offering more details on the basics of blockchain.

Visit ibm.com/uk-en/blockchain

1.6 DIGITAL PRIVACY

As we leave footprints across the internet when we are looking at websites, liking social media pages or messaging friends, our digital privacy has become more of a concern. We rarely check the terms and conditions (T&Cs) and, in any case, they're too long! Facebook's T&Cs are around 10 pages, WeChat has over 20, Microsoft and Twitter have 30-plus pages. Seriously, does anyone read these?

We probably should as they explain how our data is used. But the challenge is, even if we go ahead and read the T&Cs, we'd ignore the details to gain access to the service. This is known as the privacy paradox where we realise we're giving away our digital data, but do so in return for gaining access to the platform (see Chapter 6 for more on the privacy paradox). Perhaps an alternative approach is needed such as nudge theory.

1.6.1 NUDGE THEORY

Nudge theory was originally proposed by Professors Thaler and Sunstein in 2008. Rooted in psychology, the idea was that someone could be gently encouraged or nudged to do something, rather than being forced, if choices were presented in a different way. This has become a key method used in marketing campaigns by governments where they are seeking behaviour change. Often, this is for health purposes, such as diabetes management, stopping smoking or losing weight.

During the pandemic, we saw campaigns reminding us to socially distance, wear a mask and wash our hands. While wearing a mask might have been mandatory in some places, washing our hands wasn't, and many governments used different examples – nudge campaigns to motivate behavioural change.

The same has been tried with digital data. Banks and financial institutions have launched campaigns that explain how data can be misused, and provide best practice on password management. Yet data leaks, breaches and mismanagement occur. How many people do you know that potentially overshare, providing enough details for their data to be misused?

DISCOVER MORE ON NUDGE THEORY

The article 'Nudging the financial market? A review of the nudge theory' by Cynthia Weiyi Cai provides a useful background to nudge theory and where it has been used, as well as many examples. It was published in the journal *Accounting and Finance* in 2020.

1.6.2 WE HAVE NOTHING TO HIDE

At the same time, there is the argument that if we have nothing to hide, it doesn't matter (see Ethical Insights), but privacy is designed to protect us, not to hide us.

Privacy is complicated. An older article by Daniel Solove suggested that privacy could be invaded in many different forms (Solove, 2011). He noted that the focus seems to be on hiding bad things, rather than retaining or protecting private or personal things you don't want to share.

Imagine that you have an online diary that keeps your deepest secrets. This belongs to you and contains your hopes, thoughts and dreams. Although you have nothing to hide, sharing it could be embarrassing and cause you personal distress – this would be an invasion of privacy. In the same way, if you've mentioned or described friends and these details were exposed, although you may not be harming anyone, it could be embarrassing if this was shared.

Or perhaps when you were younger, you shared snaps with someone that you'd rather weren't seen now. Or maybe you're being watched without your permission through your phone or video cam, by your government, even if no secrets are revealed.

The social media networks are hacked probably more than any other platforms online and these networks contain our personal images, friends' information, thoughts, likes and dislikes, yet this data has been leaked many times.

Privacy is personal to each of us and it has a value. In our online world, this has real implications for how we work, rest and play. As a result, there are several themes connected to data and privacy (Garratt and Lee, 2021) which we will explore further in the next few sections:

- Data protection
- Acquisition of data and targeted advertising
- The right to be forgotten

Activity 1.3 Manage your privacy

Think back to your younger self. Is there content that you created that perhaps now you wish you hadn't? Assess your own privacy status. Check the settings on the apps you use most.

1. What have you permitted and who can access your data?
2. What have you blocked?
3. Based on this, what changes are you likely to make in the future?

1.6.3 DATA PROTECTION

Weak behaviour around the care of data has been recognised worldwide, following multiple data breaches such as the Cambridge Analytica scandal, as well as well-known brands admitting to being hacked and losing customer data.

While there is data protection legislation in most countries, it is fragmented, as these examples show:

- The African Union (AU) Convention on Cybersecurity and Data Protection (known as the AU Convention) was proposed in 2014 and some African countries have adopted this or have created country-specific data privacy legislation.
- China has several legal frameworks governing data, including the Cybersecurity Law (2016). Recently, the country has created laws governing data security and personal information.
- Australia has Australian Privacy Principles (APPs) which provide guidelines on what is and is not acceptable. This is supported by the Privacy Act which includes the ability for courts to levy fines of up to AUD 2.1 million (that's around 1 million euros, pounds or US dollars) for those breaking the law and misusing data.
- New Zealand has Privacy Principles and introduced a Privacy Act in 2020 along with an ad campaign 'Privacy is Precious – Protect it. Respect it' to explain why it matters.
- Europe (including the UK) has the General Data Protection Regulation. Under GDPR, the maximum fine is 20 million euros or 4 per cent of turnover, whichever is greater.
- The United States has a fragmented approach, due to the lack of country-wide data protection law, instead providing differing approaches across individual states.

However, one state in America has created new legislation to provide greater protection for consumers: the California Consumer Privacy Act of 2018 (CCPA).

According to the State of California's Department of Justice, Office of the Attorney General (2021), this provides:

- The right to know about the personal information a business collects about them and how it is used and shared
- The right to delete personal information collected from them (with some exceptions)
- The right to opt out of the sale of their personal information
- The right to non-discrimination for exercising their CCPA rights

The challenge is that this applies only to a single state in the USA, but it's the state where Facebook (which owns Instagram, Messenger, WhatsApp), Microsoft (which owns LinkedIn, Hololens), Google (which owns YouTube, Android) and Apple have their headquarters. This means that they are governed by these laws, so if they decide to leave California, we should be worried!

The aim of these different laws is to offer consumers more control over the personal data that businesses collect. It moves the power from organisations to consumers who need to give consent about being contacted, so if you have allowed a company to contact you about an online sale and its staff contact you about a totally different subject, the law is being broken.

There are consequences and if organisations mismanage the data and it is accidentally shared, leaked or hacked, there may be large fines. The largest penalties are in Europe and can impact on large companies too. For example, for a large tech company with a turnover of 150 billion euros, 20 million euros may not seem great. But when that's 4 per cent of turnover or 6 billion euros, that gains attention and ensures these companies take privacy more seriously. However, at the other end of the scale, these fines could result in smaller businesses ceasing to trade if their data is not properly secured.

Smartphone Sixty Seconds® – Leaky data

- Take out your smartphone and search for *data leak*.
- What are the latest data breaches?
- Were you aware of these already?
- Who did this impact and does this matter?

1.6.4 ACQUISITION OF DATA AND TARGETED ADVERTISING

In an online context, we have to consider how the data for targeted or personalised advertising is gathered. Nothing is ever free. If you're offered software, apps or games

that are free, you are the product. This means that social media platforms won't charge you to access Instagram, Clubhouse, Pinterest or Snapchat, but they will gather your data in the T&Cs we considered earlier. I can launch an Instagram advertising campaign in around 30 minutes that's targeted at students in your university or location. Or the campaign could target individuals that have downloaded K-pop music, played Cards Against Humanity or like Depop. Your online behaviour is tracked and added to online audiences, making it easier for advertising to present relevant content to you. Your online search history is remembered and can be used as part of an advertising campaign to increase awareness of a brand, encourage you to consider that brand over others, go to the website to complete a conversion action or share your enthusiasm for the brand with your friends.

So, you might add various pieces of data to a social media platform (e.g. name, location, date of birth), you might behave in a certain way on that platform (e.g. likes, follows, reactions), you might buy products online, and your data in one place might be shared with others and blended together. Figure 1.1 shows the overlap between the different areas, and on their own the information or data may not paint a full picture, but when combined this can be powerful and enable laser-focused targeting online.

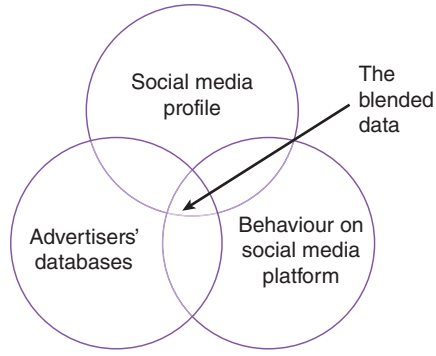

Figure 1.1 The blended data

As a marketer, this saves time and means you promote relevant goods to relevant people. Your granny might not be interested in Depop, but your friends might be. So, being able to advertise to specific audiences means campaigns can be better focused and more effective.

One thing to consider is that while much of this data is shared, it's at an aggregated level. This means that you're targeting groups of people who match those characteristics, rather than individuals. This is as a result of the privacy legislation, but does mean that locations without these laws have little respect for our privacy.

One change we are likely to see in the future is consumers being better able to control the sale of their data. The California Consumer Privacy Act (2018) allows individuals 'the right to opt-out of the sale of their personal information'. So we may see companies offering you vouchers, discounts or rewards in return for access to your data.

1.6.5 THE RIGHT TO BE FORGOTTEN

Having considered our digital privacy, data protection and data acquisition issues, we might decide we'd prefer that some pieces of online content are removed. As researchers have noticed, this is needed as 'Individuals could perpetually or periodically face stigmatization as a consequence of a specific past action, even one that has already been adequately penalized' (Garg et al., 2020, p. 1).

Under the GDPR legislation across Europe and the California Consumer Privacy Act, individuals have rights to 'have personal data erased' and 'delete personal information collected from them'. This is commonly referred to as 'the right to be forgotten', which enables individuals to remove unnecessary personal data from search engines.

There are exceptions and the right to be forgotten can conflict with freedom of information. So if the content serves public interest, it is harder to remove and we could argue that greater online transparency can protect us too.

One example in the UK was when the first Youth Police and Crime Commissioner was appointed in the south of England in 2013. This role represented the voice of the people, to hold the police to account, for younger people. So you'd imagine the candidates had unimpeachable reputations and were upstanding young members of the wider community. But when 17-year-old Paris Brown was appointed, it caused a media storm, not just because everyone wanted to know more about this teenager who was the first person in the role, but because a few online searches of her social media revealed unacceptable racist and homophobic comments made when she was younger. So, just seven days after getting the job, as police officers interviewed her, 17-year-old Ms Brown apologised, said she had made mistakes and resigned. Without the online content being found and reported, she may have continued in the role which was designed to represent all young people.

While the right to be forgotten matters, at times it can help inform decisions. Yet it is based on legislation in certain locations only such as Europe and California, which means that the information may still be available in other countries or states.

Digital privacy will continue to be a major issue for organisations, especially as consumers understand the consequences. This means that companies need to ensure they protect and respect our data and that we learn how to better manage our information.

DIGITAL TOOL The right to be forgotten

See how the right to be forgotten process takes place through the search engines' request forms for removal of content:

Google: https://is.gd/righttobe

Bing: bing.com/webmaster/tools/eu-privacy-request

JOURNAL OF NOTE

Originally called the *Journal of Direct Marketing,* in 1988 its name changed to the *Journal of Interactive Marketing,* to better reflect the wider impact of digital marketing on consumers. It's likely to be available via your university or study centre to access and explore further.

CASE STUDY

SEAT NUMBER 9: INTRODUCING STRAVA, INC.

This case study continues in all chapters.

One cold Tuesday morning in November 1986, Michael Horvath and Mark Gainey, students at Harvard University, were rowing with six crew members in a Resolute along the Charles River. Rowing was an escape from class, a break from mental activities and a space to think. They were literally all in the same boat, having to work together to achieve their goal. From seat number 9, the cox called out commands and at the end of the session told them their times. The challenge was knowing if they'd achieved a personal best or not, so some chilly mornings it was difficult to get motivated and row faster.

Horvath and Gainey had an idea to develop an internet tool that could foster motivation and track performance, but back in 1986 the internet was slow and mobile phones were still analogue, with Nokia and Mitsubishi dominating the market. Real life got in the way as Horvath and Gainey graduated and went their separate ways until 1996 when they co-founded Kana Communications, which became a successful software company. This gave them an insight into technology firms, as well as how to grow and market a digital business.

Skipping ahead to 2009, two decades after rowing together at university, they decided the time was right and the technology was in place to revisit their earlier idea. Mobile phones were more widely available and the Global Positioning System (GPS) was easy to access. Both Horvath and Gainey were competitive fitness fans and the idea was for some form of tool that would track performance. They selected cycling, because they'd seen that cyclists had true passion and a real energy for their workouts.

In the past, enthusiastic cyclists who were keen to measure how far they'd travelled would use a map, pieces of string and a ruler to calculate the distance. Using these measurement tools when out cycling created challenges as paper maps could get damaged in the rain and needed greater attention to view (and not fall off). Creative cyclists would place the maps under plastic that was fixed to their handlebars and soon bicycle companies were selling accessories to make this easier. As technology evolved and computers became smaller, personal navigation devices (PNDs) were developed and in 1989 Garmin was launched, selling hand-held GPS units, but these weren't accessible to everyone as the starting price at that time was over £2,000.

Horvath and Gainey developed a free app that could see where you went, how far, how high and for how long. The business started as mobile first – users could take a mobile device on their ride and plug into their computer when they returned from

their workout to see their performance. According to Mark Gainey (Smedley, 2020), the business focus was 'Inch wide mile deep', meaning their aim was to focus on one sport and create a rich experience for that audience.

For the first three to four years, Strava only offered cycling as an activity until in 2012–13 they added running as a second fitness activity. Mark Gainey commented that they had made many mistakes along the way as they were trying to support different audiences. Today, Strava has a better-managed and expanded product offer and includes dozens of sports: running, walking, canoeing, kitesurfing, snowboarding, swimming and rowing. It has since added some accessibility features with wheelchair activities.

With these additional activities, Strava collects between 10 and 20 billion pieces of data every day on a global basis. Athletes can opt out of sharing their data, although it's anonymised and aggregated, so in theory single individuals could not be identified. The data includes GPS locations, activity type, duration, speed, comparative information, popular routes, connected devices and more.

Strava shares its data with researchers on a dedicated projects website (see https://labs.strava.com) and this data is being used to help urban planners improve cycling and running routes. Strava has created a separate website for urban planning (see https://metro.strava.com) to enable governments, consultants and researchers to review transport planning, cycle paths and tourism.

There have been stories online that fitness fans working for military organisations who are sharing their activities have accidentally exposed military bases and popular running routes for those working for the secret service.

Strava started as a free app but in 2020 this changed and the business started charging users $50 or £50 for a 12-month subscription to access key features. There have been many negative blog posts about this latest change, with users saying they will delete their Strava app.

You'll discover more about Strava at the end of each chapter as the case continues throughout the book, applying the different concepts that are covered.

CASE QUESTIONS

- What item of technology do you have that replaced some other method of performing a task? How long did it take you to adopt this new technology?
- Strava gathers large amounts of data from its users. What actions should they take to ensure this is protected and not misused?
- Businesses have to generate an income to pay their staff. How do you feel about Strava's move towards monetising its services?

FURTHER EXERCISES

1. Evaluate the impact of the digital environment on an organisation you are familiar with.
2. Applying nudge theory, create a campaign targeted at students to encourage better digital privacy management.

3. For an organisation of your choice that sells digital goods, analyse the opportunities and relevance of using buy now pay later (BNPL) options.
4. Online personalised pricing is unfair as some groups gain an advantage with lower prices being offered whilst some groups are charged more. Discuss and justify your response.

SUMMARY

This chapter has explored:

- Key issues in the digital environment
- Factors in digital people
- Types of digital products and ethical issues around digital theft
- Different types of digital payments and currencies
- Big data and issues concerning digital privacy

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OVERVIEW
Chapter 2 discusses the digitial consumer and how behaviour has changed in a digital environment. Customer journeys are discussed with visual examples.
ACTIVITIES
Construct a simple customer journey
Create a digital persona
Apply the Technology Acceptance Model
KEY CONCEPTS
Showrooming and webrooming
Technology Acceptance Model
Net Promoter Score
DIGITAL TOOLS
Explore Review Skeptic to see the difference between genuine and fake reviews
Use Uxpressia to create a customer journey map

2

THE DIGITAL CONSUMER

LEARNING OUTCOMES

When you have read this chapter, you will be able to:

Understand digital consumer behaviour

Apply the Technology Acceptance Model

Analyse the digital customer experience

Evaluate the sharing economy

Create an online customer journey

PROFESSIONAL SKILLS

When you have worked through this chapter, you should be able to:

- Understand critical touchpoints in organisations
- Create a digital persona

2.1 INTRODUCTION TO THE DIGITAL CONSUMER

We have moved from a time when companies made as many products as they could and sold as many as possible in the mass production era, when there were few options for shopping other than local stores. We can now access products from any place at any time and often on any device. There is a culture of sharing what we have; from cars to spare rooms. Plus we accept technology and understand the usefulness it contributes to our lives.

So who or what is the digital consumer? Consumers include you and me: people who consume things in a digital environment, from food to fashion, online fitness streams to our favourite brand forums. Consumption is the process of buying or using goods, which, in a digital environment, may involve watching, downloading, playing, adding, collaborating, commenting, liking, following, sharing, posting, storing or shopping.

2.1.1 WE'RE ALL CONNECTED

An experiment to assess how we're connected, using old-fashioned letters (Travers and Milgram, 1969), demonstrated that the number of degrees of separation between one random person and another was six. 'Six Degrees of Separation' was later the title of a play and a movie. It quickly became a meme, as, in an online world, we're all connected.

The idea of six degrees of separation is based on the concept of living in a small world where everyone knows someone who knows that person. The first online social network was called Six Degrees but it failed due to the technology and infrastructure available back in 1997 (Heidemann et al., 2012). Today, social networks like LinkedIn facilitate these connections. So when you're looking for a new job, always check out the degrees of separation between you and the people you'll be working with!

In this chapter, we will explore how digital marketing has changed consumer behaviour. We'll consider the sharing economy as well as our customer journeys and digital personas. Finally, we'll examine the Technology Acceptance Model to better understand why we do, or don't, accept new technology.

Smartphone Sixty Seconds® – Degrees of separation

- Use your mobile phone to log in to LinkedIn and look at the vice-chancellor (VC) of your university.
- How many degrees of separation are there between you and the VC?
- Who in the class has fewest degrees of separation between themselves and the VC?

2.2 CHANGING DIGITAL CONSUMER BEHAVIOUR

Consumer behaviour has changed with the introduction of new technology and examples of this include:

- Consumer power
- Second screening
- Showrooming and webrooming
- Liquid and solid consumption

These are discussed in the following sections.

2.2.1 CONSUMER POWER

In the past, organisations controlled their messaging, branding and information. They were created by the organisation, placed by the organisation in a suitable location (newspapers, magazines, websites) and, other than letters to the editor, consumers had few opportunities for feedback.

A typology of consumer communication identifies voicers, activists and irates (Naylor, 2017, p. 134). Voicers share opinions online, both good and bad. Activists take legal action and share their messages using hashtags. Irates may have previously taken forms of direct action to gain attention and ensure their point of view was heard, as well as using social media.

In a digital setting, the power has moved from company to consumer and we have seen an increase in consumer power.

2.2.2 SECOND SCREENING

Second screening is also called dual screening, media meshing, sofalising or connecting media. The concept is watching a TV screen (or a programme via Netflix on your laptop) while messaging friends on your mobile and using a tablet to search for content mentioned on the programme.

Second screening has become commonplace. Initially considered information-seeking behaviour, a new form of usage is emerging – discussion. According to Liu, Zhou and Zhang (2020), second screening is impacting on political events and live news consumption is being augmented. Individuals have moved beyond seeking information: they are actively sharing opinions and adding content. In a political context, this can change points of view and potentially influence elections.

2.2.3 SHOWROOMING AND WEBROOMING

The concepts of showrooming and webrooming first emerged in 2011 from consultancy studies where consumer buying behaviour and preferences were explored. Showrooming means searching in store and buying online.

Reasons for showrooming include answering questions before purchasing, such as: What will it look like? Will it fit? Is it heavy? These gaps in your knowledge are due to the mental model, which is the picture that the consumer builds in their mind of how something works, such as how a product will function – whether that's the fabric of a jacket, a new laptop or an app. If someone cannot see how an item will work, they may adopt showrooming to check out the item in more detail and, when they are satisfied that it meets their needs, buy the item online.

This concurs with research from Verhoef et al. (2015) who considered showrooming to be a form of research shopper behaviour where a consumer would visit a store, explore the required goods and the purchase would take place online. The benefits of showrooming for consumers include:

- It is easy to search at any time
- It is quick to find information
- There may be offers or better prices online

However, not all showrooming behaviour is the same. A study by Schneider and Zielke (2020) considered (a) the impact of where consumers buy which they called locational factors (in store or at home) and (b) loyalty to specific stores. From this their study identified four types of showroomer:

- Conservative showroomers mainly use devices at home and stay with the same retailer. So they might explore in store, make a note and return home to carry out further research.
- Loyal showroomers are less concerned about the location but prefer to shop with one retailer.
- Comfort-oriented economic showroomers prefer to buy from home but they are price conscious so will take time to search online for better prices.
- Mobile economic showroomers mainly shop using mobile devices and have no loyalty to specific retailers, so they price check to seek cheaper items elsewhere.

The opposite of showrooming occurs, which is known as webrooming (Verhoef et al., 2015), where consumers search online and buy offline in a physical store. The reason for the in-store purchase is said to be a lack of confidence about buying online (Orús, Gurrea and Ibáñez-Sánchez, 2019). Arora and Sahney (2017) suggest that webrooming, or ROBO (Research Online Buy Offline), exists for several reasons:

- Consumers gather more information about the product choices
- Online reviews make it easier to choose products
- It reduces the risk of buying online
- It helps to reduce the different options available

Ways to manage showrooming include creating special online or offline only products, or grouping products together to make comparison difficult, or price matching. But there are challenges with tracking the in-store shopper who makes the purchase online. Plus, consumers can be both a showroomer and a webroomer!