

New Technologies in Marketing

Lecture 5: Promotion in the digital age

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Promotion: the basics

- Objectives
- Budget
- Message
- Mix and media types
 - Advertising
 - PR
 - Sales promotions
 - Personal selling
 - Direct marketing
- Schedule
- Evaluation of effectiveness

New promotion vehicles

- Advertising:
 - World wide web
 - Digital television
- PR:
 - World wide web
- Personal selling:
 - Interactive kiosks
- Sales promotions:
 - Online & wireless coupons
 - Interactive kiosks
- Direct marketing:
 - E-mail
 - Mobile phone

Interactive kiosks

Examples:

- To replace the salesperson
- To distribute targeted sales promotion coupons

Issues?

Interactive digital television (iDTV)

Examples:

- Banner ads
- Advertisement overlays
- Direct response tv
- Interactive shows

Issues?

E-mail

Examples

- Spam, UCE
- Permission based direct e-mail
- Viral marketing

Issues?

Mobile phone

Examples:

- Location-based promotion (contextual marketing)
- Wireless coupons
- Viral marketing

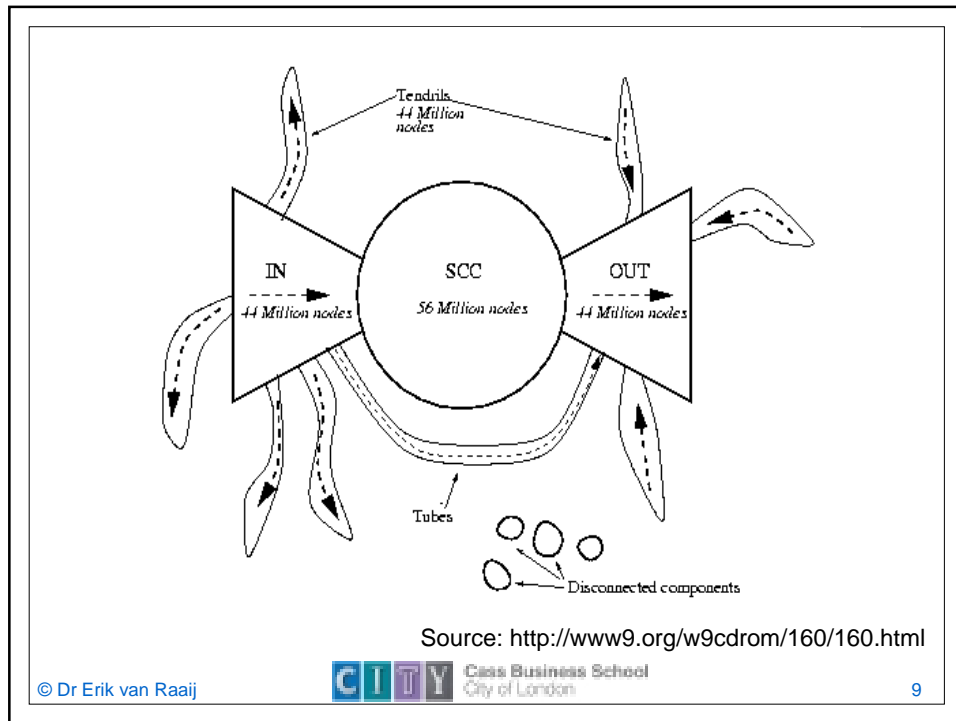
Issues?

World wide web

Examples

- The corporate website
- Banner ads, interstitial and superstitial pages ('pop-up windows')
- Registration with search engines (sponsored or not)
- Affiliate networks
- Listings on portal sites and other infomediaries

Issues?



Consumer decision-making process

Traditional

- Problem/need recognition
- Information search
- Evaluation of alternatives
- Choice
- Postpurchase behaviour

For online environment

- Problem/need recognition
- Awareness
- Online search
- Visit
- Task completion
- Usage (offline)
- Repeat visit
- Loyalty

Online marketing metrics

- Ad impressions
- Clickthrough rate / viewthrough rate
- Number of unique visitors
- Stickiness (duration)
- Repeat visits
- Acquisition rate
- Conversion rate
- Attrition rate
- Abandonment rate
- Retention rate

Typical clickthrough rates

- Banner ads: 0.5% - 1%
- Interstitials: 2%
- Superstitials: up to 10%

- New measure: 'viewthrough rates'

Source: Laudon & Traver, 2001

Comparing offline and online advertising costs

- Television: \$4,000 - \$600,000 for a 30-second commercial
- Newspaper: \$120 per 1,000 circulation for full-page ad
- Direct mail: \$15-40 per 1,000 mailings or inserts
- Outdoor: \$5,000-\$25,000 for 1-3 month rental

- Banner ads: \$5-\$50 per 1,000 impressions
- Direct e-mail: \$15-\$25 per 1,000 e-mail addresses

Source: Laudon & Traver, 2001

Integrating the new and the old

- Online information search, but offline purchasing
- Offline advertising to create domain name awareness
- Different media to cater for different segments

- Online and offline brands

Key topics for lecture 5

- New promotion vehicles
- New promotion methods
- Online consumer behaviour
- New marketing metrics
- Integrating online with offline

Readings for lecture 5

Required reading:

- O'Connor & Galvin, chapter 12.

Supplementary readings:

- Chaffey et al. (2002) 'Interactive Marketing Communications' (chapter 8), in: *Internet Marketing*, 2nd edition, Pearson Education
- Laudon & Traver (2002) 'E-commerce Marketing Communications' (chapter 8), in: *E-commerce*, updated edition, Addison Wesley.
- Barwise & Strong (2002), 'Permission-based Mobile Advertising', *Journal of Interactive Marketing*, 16(1), pp.14-24.
- More info on web advertising: www.doubleclick.com, and how to get rid of it: www.webwasher.com
- More info on online coupons: www.valuepage.com