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Digital Marketing

2.Understanding the Digital Consumer in the Internet Era

PhD Sanja Markovic

AASKM

ATYCC UNIVERSITY OF LJUBLJANA Faculty of Electrical Engineering POLITÉCNICA University of Pristina Kosovska Mitrovica

1. UNDERSTANDING THE DIGITAL CONSUMER IN THE INTERNET ERA

- **The development of digital technologies is changing consumer behavior.**
- **Digital Consumer**
  - Definition: A consumer whose behavior primarily takes place on digital platforms.
  - Changes in habits: Expansion of internet usage, reduced attention span, active participation of consumers.
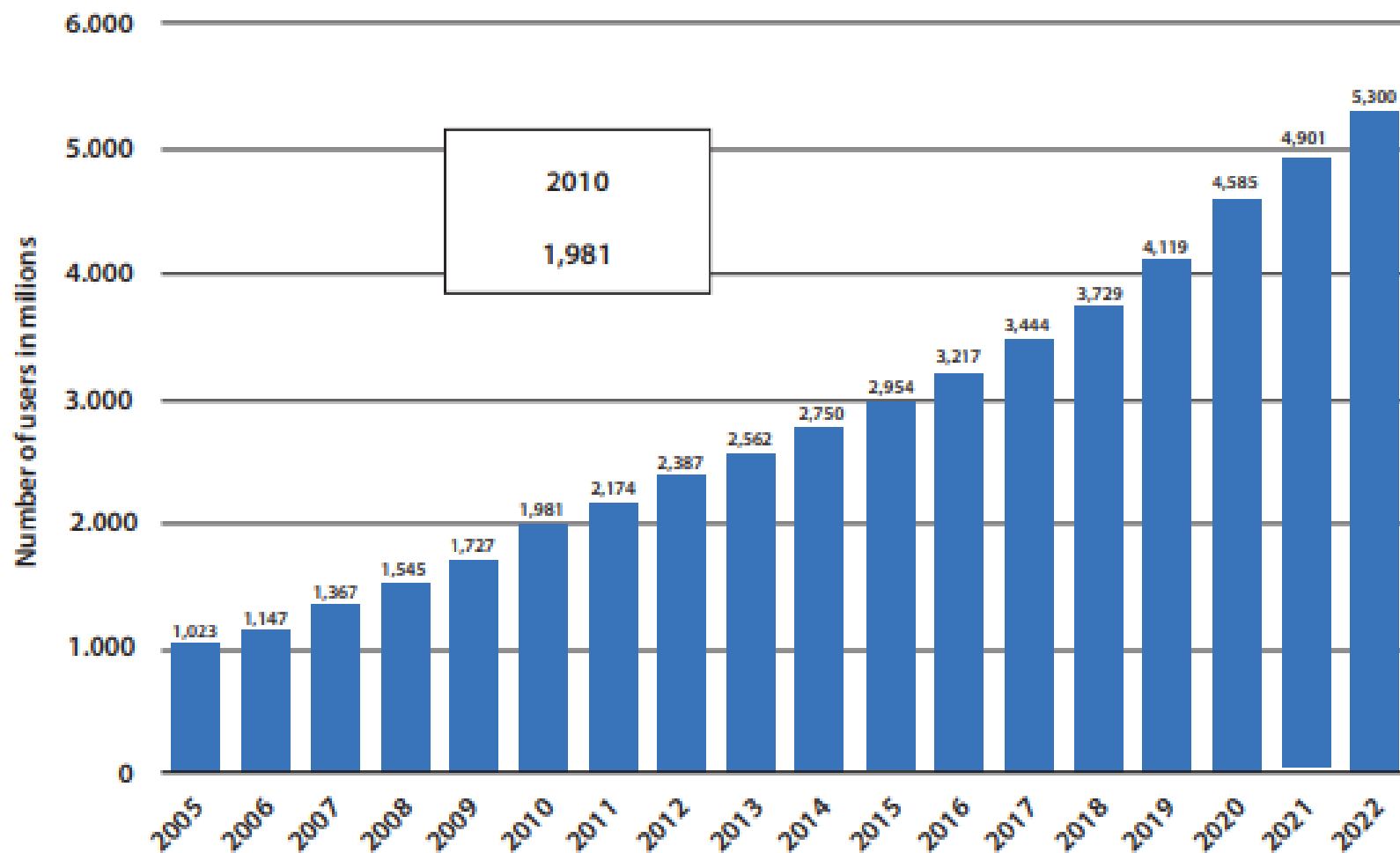
Chart: World Digital Population January 2023.

1. UNDERSTANDING THE DIGITAL CONSUMER IN THE INTERNET ERA

- **Active Consumers and UGC (User-Generated Content)**
  - Active consumers enjoy creating content.
  - Definition of UGC: Consumers create content that is important for brands.
- **Benefits for companies using UGC (Bump, 2020):**
  - Consumers believe UGC influences their purchasing intentions more than content posted by influencers.
  - 79% of users believe UGC significantly impacts purchasing decisions.

1. UNDERSTANDING THE DIGITAL CONSUMER IN THE INTERNET ERA

- 48% of marketing professionals believe UGC makes a brand seem more human.

- 42% of marketing professionals think UGC is a crucial element of their marketing strategy.

- Ads including UGC receive 73% more positive comments on social media than traditional ads.

- 31% of consumers find ads with UGC easier to remember than traditional ads.

- **Key benefits for companies:**
  - UGC enhances brand loyalty.

1. UNDERSTANDING THE DIGITAL CONSUMER IN THE INTERNET ERA

- Increases engagement on social media.
- Greater influence on purchasing decisions.
- **Types of Internet Users (Luis & Luis, 1997)**
  1. Directed Information Seekers- These consumers search for information about brands online. They usually don't plan to buy a product online.
  2. Undirected Information Seekers - These consumers browse the internet without actively seeking brand information. They enjoy exploring the web, and if they find something interesting, they check it out. This type of user doesn't use the internet much for shopping and may not fully understand all its aspects.

1. UNDERSTANDING THE DIGITAL CONSUMER IN THE INTERNET ERA

3. Directed Buyers - These consumers love shopping online. They use the internet to buy specific products and services and are well-versed in online platforms.

4. Bargain Hunters - These users utilize the internet to find the best prices.

5. Entertainment Seekers - These individuals use the internet exclusively for entertainment purposes, such as playing games, watching videos, or taking quizzes.

1. UNDERSTANDING THE DIGITAL CONSUMER IN THE INTERNET ERA

- **The Digital Sharing and Trust project shows that consumers actually discard their "real" identities when online and use their "digital personas," which better reflect how they feel, what they do with personal information, and how much importance they attach to their data.**

- **There are five main personality types among internet users:**

  - **Open Sharers (21%):** They are the most active online, frequently sharing personal information in exchange for discounts and offers. They are mostly male and active over 10 times a day.

1. UNDERSTANDING THE DIGITAL CONSUMER IN THE INTERNET ERA

- **Communicators Only (21%):** This type engages in social media but is not particularly tech-savvy. They research products online but prefer to shop in person and aren't overly concerned about their data privacy.

- **Shoppers Only (21%):** They focus on searching for and purchasing products online, often using mobile phones to check prices. While they are largely unaware of targeted marketing, they use the internet to find the best deals.

- **Passive Users (20%):** This group is the least active online, infrequently using social media and rarely shopping online. They are willing to share their data if it brings a benefit.

1. UNDERSTANDING THE DIGITAL CONSUMER IN THE INTERNET ERA

- **Proactive Protectors (17%):** Highly aware of targeted marketing, they take measures to protect their privacy online. They are not inclined to use social media and actively monitor their digital footprint.

2. CREATING CUSTOMER PERSONAS

- **A customer persona represents a description of an imagined person who would be interested in a certain company and would want to buy and use their product or service.**

- **By answering the following questions, companies can better understand their consumers:**

  - Who are they – demographic, psychographic, and behavioral characteristics?

  - What do they want – their needs – why do they buy or not buy?

  - How do they buy (online, offline, or both)?

  - When do they buy?

  - How did they find us or our competitors?

  - On which channel(s) are they?

2. CREATING CUSTOMER PERSONAS

- What influences their use of the channel?

- Through which channel do they buy?

- What do visitors need before, during, and after connecting to the internet and when they visit your website?

- What type of content do customers want?

- **Creating customer personas is crucial for several reasons:**

  1. Knowing the target group: Companies must clearly define who they are addressing for their marketing strategy to be successful. If the target group is unclear, the first steps in creating communication may be wrong.

2. CREATING CUSTOMER PERSONAS

2. Relevance of content: For content to be effective, it must be tailored to the target group. If the content is not relevant and does not engage consumers, it will not be shared, reducing the potential for brand promotion.

3. Engagement and involvement: This refers to mutual understanding between consumers and the company, as well as an understanding of communication, brand, and the value the company provides.

4. Lower costs: Tailored and effective communication with the target group can reduce marketing costs, as there will be less need for broad or ineffective advertising campaigns.

3. THE PURCHASE PROCESS IN THE DIGITAL ENVIRONMENT

- The decision-making process in consumer purchasing is developed from the AIDA model and the Hierarchy of Effects Model.
- Goal: To understand the stages consumers go through during the purchasing process.
- AIDA Model (Attention, Interest, Desire, Action) requires marketers to ask:
- Did the ad grab attention, spark interest, create desire, and provide a call to action?

AIDA MODEL

Izvor: (Charlesworth, 2018)

3. THE PURCHASE PROCESS IN THE DIGITAL ENVIRONMENT

- **Robert J. Lavidge and Gary A. Steiner developed the Hierarchy of Effects model, which describes three key phases that a consumer goes through during the purchasing process: cognitive, affective, and motivational stages.**
  - Cognitive Stage: Consumers realize their need.
  - Affective Stage: Emotional connection with the product.
  - Motivational Stage: Motivation to purchase.
- **Digital vs. Traditional Buying Path**
  - Traditional path: TV, radio, direct mail.
  - Digital path: Websites, social media, online ads, email marketing.

3. THE PURCHASE PROCESS IN THE DIGITAL ENVIRONMENT

- **Phases of the Buying Process:**
  1. Unawareness: Consumers are unaware of the need.
  2. Problem Recognition: Awareness of the need for a product.
  3. Information Search: Actively researching products.
  4. Evaluation of Alternatives: Comparing options.
  5. Purchase: Deciding to make a purchase.
  6. Post-Purchase Evaluation: Satisfaction or dissatisfaction.

3. THE PURCHASE PROCESS IN THE DIGITAL ENVIRONMENT

- **Purchase Phase**
  - Once a consumer makes a decision, it's important that the purchase process is simple and fast.
 - Mobile optimization, payment by card or cash on delivery.

4. DIGITAL BRAND

- A strong digital brand helps products and services become easily recognizable on digital channels.

- For a digital brand to achieve its goals and enjoy the advantages of being recognized and desirable, it must consistently maintain a balance between three key factors:

  - Identity,

  - Visibility, and

  - Credibility.

4. DIGITAL BRAND

Illustration: Domains of a Digital Brand, source: (Digital Branding Institute, 2021)
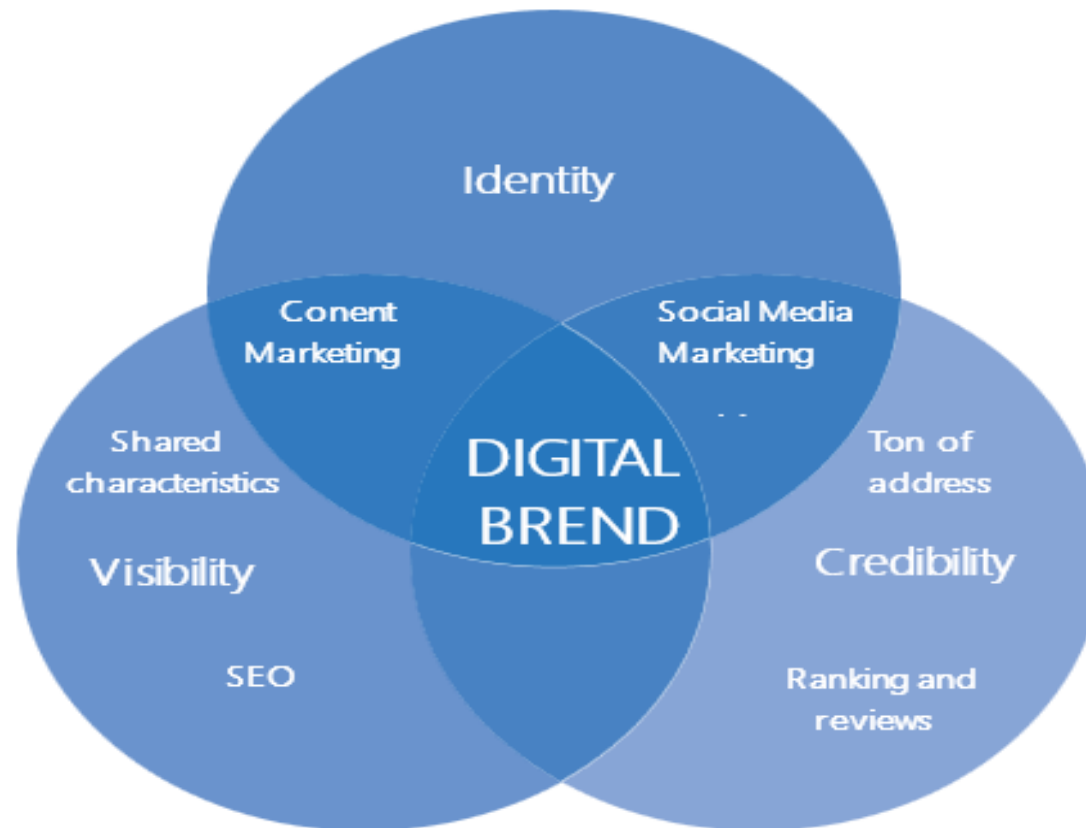
4. DIGITAL BRAND

- **Brand Identity includes all the characteristics that make it recognizable, such as visual elements, tone of communication, and consistency in the topics the brand addresses.**

- **An important aspect of digital marketing relates to content marketing, which has specific steps that must be followed to ensure the content is relevant and aligned with the brand's identity:**

  1. Set goals that the content should achieve,
  2. Create a posting schedule,
  3. Produce visuals and text (copywriting),
  4. Test and monitor performance,
  5. Prepare marketing reports,
  6. Adapt the strategy.

4. DIGITAL BRAND

- **Characteristics of Good Content Goals:**
  - Specific: Clearly defined goals.
  - Measurable: Quantitative parameters.
  - Achievable: Realistic goals according to available resources.
- **BRAND VISIBILITY**
  - To be recognizable, a brand must first be present and visible. One aspect of brand visibility is the ability for the brand to appear as an answer to a user's question in hopes of solving a problem.
  - In marketing, "problem" refers to the difference between the current and desired state.
  - A potential user, aware of a "problem," actively searches for a solution—often through internet search engines.

4. DIGITAL BRAND

- **Depending on the type of query, search tools may include:**
  - Search box,
  - Total number of results for the search term,
  - Featured snippets (highlighted search results),
  - Other search options for more complete results (e.g., news, images, videos, tweets, knowledge graph),
  - Local search results with corresponding locations on Google Maps,
  - Most relevant websites as direct search results,
  - Related searches.

4. DIGITAL BRAND

- **BRAND CREDIBILITY**
  - Credibility is built by consistently managing public opinions expressed across various digital platforms.
  - Credibility-building activities involve all the views, messages, and comments a brand leaves on digital platforms.
  - The best way to maintain a high level of credibility (in the digital space) is by having quality, positive reviews and high ratings on digital platforms.

5. DIGITAL STRATEGY

- A digital strategy always aims to identify the specifics of the digital environment and assess the capacities of the company and other market actors. It should propose actionable steps aimed at establishing and maintaining the company's competitive advantage in the digital domain.

- Without a clear strategy, brands often find themselves in a situation where they are present on digital channels but fail to position themselves in the minds of their target group as the dominant choice. In other words, simply being present on digital channels does not fundamentally mean much for companies.

- Companies that know what they want to achieve through communication on digital channels often divide their activities into three main directions:

5. DIGITAL STRATEGY

- Building awareness,
- Consideration and positioning of the offer,
- Conversion (which is often a term for selling a product or service)
- **ELEMENTS OF A DIGITAL STRATEGY**
  - A digital strategy aims to create an environment in which a company can utilize existing and new digital communication channels such as websites, social media, and communication platforms.
  - A digital strategy aims to establish responses and concrete actionable steps that address the following issues: • Understanding the overall environment,
    - o Understanding the entire environment,
    - o Building the capacity to operate on digital channels,

5. DIGITAL STRATEGY

- o Defining the dynamics of operations,
- o Ensuring long-term sustainability and growth.
- **A good strategy, written in the form of a document, includes the following elements:**
  - Introductory part – the framework of the digital strategy,
  - Company description and the role of the digital strategy within the broader marketing strategy,
  - Environment analysis, defining the S.W.O.T. analysis,
  - Establishing goals and the creative concept,
  - Developing an action plan (Elements of the action plan, Sub-goals, Key Performance Indicators - KPI),

5. DIGITAL STRATEGY

- Budget,
- Activity calendar and media plan.

- **An especially important and highly applied element in practice is the media plan, which concerns the specific promotional messages and the channels through which these messages will be delivered according to the anticipated timing.**

- **In the introductory part of the digital strategy, the main marketing goals should briefly be outlined, as well as which part of the general marketing goals will be implemented through digital channels.**

- **The company description should be concise and mainly serves to remind the reader of the organization and to help transition into the material that follows.**

5. DIGITAL STRATEGY

- The environment of each company refers to all the actors and factors that affect the overall business circumstances. The ability to understand the company's environment represents a significant competitive advantage. Analyses such as Porter's Five Forces (bargaining power of customers, bargaining power of suppliers, barriers to market entry, threat of substitutes, and market competition) can help in understanding the space in which the company operates.

- A SWOT analysis (strengths, weaknesses, opportunities, and threats) can be conducted from two perspectives: SWOT of the company itself or a focus on the digital opportunities.

5. DIGITAL STRATEGY

- **The goals defined and addressed by the digital strategy must align with the marketing and broader company goals, while still being specific enough to contribute to the achievement of all strategies. The essence of the company's ability to establish quality digital strategy goals lies in:**
  - The ability to understand a given situation, i.e., the environment,
  - The ability to understand the needs and desires of its target consumers through various channels,
  - The ability to articulate goals in a way that is challenging but achievable for the company.

5. DIGITAL STRATEGY

- Building brand or product awareness is the first step in positioning within the consumer's mind. First impressions are key because they are harder to change later. The messages delivered through networks should be clear and eye-catching, using contrasting colors and provocative visuals to attract attention. In the product launch phase, the tone of communication should be educational, whereas, for similar products, it is necessary to explain why consumers should choose a specific company.

- The consideration phase is more mature than the awareness phase and aims to provide deeper information about specific benefits, guiding the target group to the next phase, which is conversion.

- Conversion signifies a change, in this case, transforming a non-consumer into a consumer.

5. DIGITAL STRATEGY

- **Key Performance Indicators**
  - One of the ultimate indicators of success is ROI, which represents the amount of money generated from sales compared to the amount spent on the campaign.
- **In digital marketing, another indicator is the so-called ROAS (Return on Ad Spend), which refers to the positive difference in sales compared to advertising costs. Digital marketing managers often use ROAS as a more accurate indicator of their success or failure.**

5. DIGITAL STRATEGY

- **The budget, in terms of the amount of money allocated for planned marketing activities, can be viewed in two ways:**
  - Bottom-up budgeting – characteristic of companies starting from a smaller or less established position, or in less mature markets where market positioning takes priority, and therefore marketing budgets are larger.
  - Top-down budgeting – characteristic of mature companies that have been on the market for a long time and have a relatively "secure" market share.

5. DIGITAL STRATEGY

- The media plan refers to the planned publications through various communication channels. The media plan involves having a plan, at the company level or at least within the marketing department, which clearly defines what content will be distributed through different channels and in what time frame.

Questions & Answers