

# THE RAPID EVOLUTION OF (DIGITAL) MARKETING

*Human nature has a tendency to admire complexity but reward simplicity.*

**Ben Huh, CEO, Cheezburger Network, addressing the SMX East conference in October 2009**

**T**hings move quickly online. New services spring up practically overnight, and trends shift at the drop of a (virtual) hat. As online marketers we're on a constant learning curve, one that usually gets steeper the higher up it we manage to climb. Keeping on top of everything that's going on in the digital space is difficult – we know, we live and breathe it every day, and there's always new stuff to learn. It can be overwhelming, but it's important to take a step back, a deep breath, and to look at the bigger picture. When you tear yourself away from the day-to-day minutiae you'll find definite macro-trends emerging that will help you as you embark on your next digital marketing adventure.

## **Your business, your brand, your customers – a unique combination**

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Search online or browse a bookshelf on anything to do with internet marketing and you'll find reams of prescriptive formulas and 'how to' guides promising instant success. We've never been fans of prescriptive formulae, and

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here's why: anything that's general enough to 'work' across the board patently doesn't. By definition a one-size-fits-all solution is generic; it's not tailored to your business's unique needs and so it cannot possibly deliver the best results for your business. Unless somebody knows your business, your customers and your market inside out how can they possibly offer you step-by-step instructions that will work seamlessly in your particular circumstances?

The short answer is that they cannot – and neither can we.

What we can do, however, is explore some of the trends that have emerged in the digital marketing space over the past couple of years, examine where we are today and then, in the case studies that follow, show you how some of the world's leading brands are using digital marketing to engage more effectively with audiences, promote brand awareness and boost their bottom line.

## Where are we now?

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As authors we're very conscious that any book about digital marketing, including this one, is in danger of dating quickly. The topic is among the most fluid and dynamic imaginable, and continues to evolve at a mind-boggling pace. Tools and services appear online seemingly overnight, and many disappear just as quickly, waxing and waning to the rhythm of fickle online consumers. All of which makes it a very exciting field to be involved in, but also makes writing about it in a way that will retain value for you, the reader, a challenging endeavour to say the least. But then, we're always up for a challenge.

### ***It's a huge and still rapidly growing market***

As we were researching *Understanding Digital Marketing* in early 2008, global online population statistics ([www.internetworldstats.com](http://www.internetworldstats.com)) put the number of internet users worldwide at about 1.3 billion. The latest stats, as of 30 June 2010, showed that close to 2 billion people across the globe had regular access to the internet. That's an additional 700,000 people or so, give or take a few million, in just a couple of years, and means that today more than a

quarter of the global population has access to the internet. Consider the regional breakdown of internet penetration and you start to see just how crucial it is for your business to connect with its customers online, wherever in the world you happen to operate.

In North America more than 77 per cent of people are online, in Australasia/Oceania it's 61 per cent and in Europe 77 per cent – although within that subdued European figure of just over half you have Scandinavian states sporting 80–95 per cent penetration, and the UK with more than 82 per cent. Asia's internet penetration figures stand at around 21.5 per cent, but that doesn't give the full picture either, because there's a massive swing from a high 81.1 per cent penetration in South Korea to a very low 0.4 per cent penetration in Bangladesh. Percentages can hide the sheer scale of the potential online market in some of these countries too.

Take China as an example. Only 31.6 per cent of Chinese people have internet access. That doesn't sound like much, but translate it to actual individual internet users and it represents a massive 420,000,000 people, giving China the world's largest online population by quite some margin.

## ***A global phenomenon, local impact***

In its report *Top Predictions for IT Organizations and Users, 2010 and Beyond: A New Balance*, analyst firm Gartner predicts that by 2014 more than 3 billion people – or a significant majority of the world's adult population – will have the ability to 'transact electronically via mobile or Internet technologies'. That's a staggering statistic that represents a fundamental shift in the foundation of global commerce.

Widespread internet adoption and the use of electronic media to facilitate commerce is a global phenomenon, but it's one that even local businesses cannot afford to ignore. Whether people are looking for a plumber to fit their new bathroom suite or using a smartphone to pinpoint peer-recommended Italian restaurants near where they're staying, consumers rely on the internet to guide their international, national and local purchasing decisions. Ready or not, that's already having an impact on your business.

## ***The way we access and use the internet is changing***

Once upon a time, not so very long ago, almost everyone who accessed the internet was doing so through a fixed desktop computer hooked up to either a work network or a painfully slow dial-up modem at home. These days the desktop PC is still with us, but you'll also find wireless-enabled laptops and even more portable netbooks offering untethered access to high-speed, wireless internet from anywhere in the home and beyond.

Access to always-on broadband is becoming almost ubiquitous in the developed world (although there are still a few exceptions, as I'm reminded writing this in rural Ireland). Using the internet today has become so quick and convenient for many of us that we're going online more often, staying online for longer and doing much more online than we ever have before.

### ***Going social***

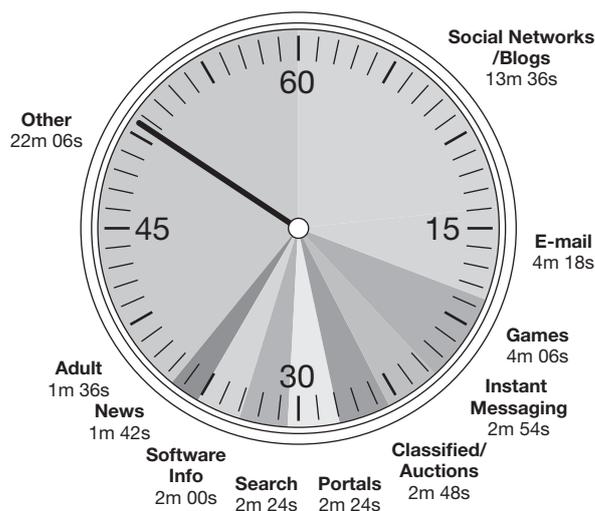
The shift towards social media is perhaps the most significant recent development in online marketing. Who hasn't heard about the meteoric rise of Facebook to the top of the social networking tree or the explosive growth of Twitter during 2009?

In April 2010, UK internet users spent 65 per cent more time online (884 million hours) than they did in April 2007 (536 million hours), according to figures from the UK Online Measurement company (UKOM) (nielsenwire, June 2010). The same report reveals a huge shift towards social media, showing that in 2007, social networks and blogs accounted for less than 9 per cent of all UK internet time, while in 2010, social sites and blogs accounted for nearly 23 per cent of the total time UK internet users spend online.

'Despite the large increase in the amount of time people spend online and the increasing proliferation of websites and online services, one thing has remained constant, and that is the bulk of time accounted for by communicating, networking and playing games,' says Alex Burmaster, Vice President of Global Communications for Nielsen's online division. 'These are the pillars on which the internet as a heavily used medium are built.'

What we do online: UK internet usage for April 2010 condensed into one hour (source: UKOM/nielsen).

If all April 2010 UK internet time was condensed into one hour, how much time would be spent in the most heavily used sectors?



Source: UKOM

Social media is not only changing the way people communicate online, but is impacting the way they consume other media too – people are using their online social connections to filter, discuss, disseminate and validate the news, entertainment and products they choose to consume, online and offline.

In June 2010, eMarketer reported that social networks in the United States had reached what it described as ‘critical mass’. The company estimated that 57.5 per cent of all US internet users (some 127 million people) would use a social network at least once a month in 2010. By 2014, it estimated that almost two-thirds of US internet users would be using social networks regularly.

But are consumers really interested in connecting with brands on sites where, historically, it’s always been more about friends interacting with friends?

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According to eMarketer senior analyst Debra Aho Williamson they definitely are.

'Those who still think that social network users are too busy engaging with friends to notice marketers must change their viewpoint,' she said on the company's blog. 'Brand interactions are real, valuable and growing. More than half of all internet users now use social networks, and the percentage of social network users who talk about companies, either in organic conversations or on branded company pages, is growing. Consumers do pay attention and they do value positive interactions with companies.'

Brands large and small are using Twitter, Facebook, blogs, forums, content sharing, bookmarking, reviews and other social media sites to foster ongoing, mutually beneficial relationships with a constantly growing community of online consumers. These are people who really want to engage with their favourite brands online. Brands in turn get valuable insight into what customers really want, can respond proactively to problems as soon as they arise, add value and notify people who are genuinely interested about new products, offers, events or whatever, enhancing the overall customer experience and boosting their online reputation.

Used effectively, social media is a great example of a win-win, with customers and brands benefiting in equal measure from the interaction.

### ***How big is social media?***

At the time of writing, Facebook is king of the social media heap. According to its own stats page it had more than 500 million active users, 50 per cent of whom logged on to Facebook on any given day. People on the site interacted with 160 million objects (pages, groups and events). The average Facebook user, the company said, connected to 60 pages, groups and events, and created 70 pieces of content each month. In total, more than 25 billion pieces of content (links, news stories, blog posts, notes, photo albums, etc) were being shared on Facebook every month.

In March 2010, the competitive intelligence service Hitwise recorded Facebook pulling ahead of Google for the first time ever as the most visited website in the United States. In May 2010, it did the same thing in the UK. Facebook is huge, it's growing all the time and the steady evolution of Facebook pages for businesses has been a catalyst for brands to harness what Facebook does best: interaction and engagement.

Twitter is also big news, and while its user base is much lower than that of Facebook, it continues to grow at an astonishing rate. Here are some of the stats the micro-blogging service shared during its 'Chirp' Developer Conference in San Francisco on 14 April 2010:

- Twitter has 105,779,710 registered users.
- New users are signing up at the rate of 300,000 per day.
- 180 million unique visitors come to the site every month.
- 75 per cent of Twitter traffic comes from outside Twitter.com (ie via third-party applications).
- Twitter gets a total of 3 billion requests a day via its application programming interface (API).
- Twitter users are, in total, tweeting an average of 55 million tweets per day.
- Twitter's search engine receives around 600 million search queries per day.
- Of Twitter's active users, 37 per cent use their phone to tweet.
- Over half of all tweets (60 per cent) come from third-party applications.
- Twitter as a business has grown: in the past year it has grown from 25 to 175 employees.

Those are impressive numbers, but it's important to remember that the big players in social media don't represent the only game in town. There are thousands of specialist social media sites out there catering for enthusiasts in every niche market imaginable. While they don't have the scope or reach of

the bigger sites, they do have something potentially more valuable to your business: relevance.

As always in online marketing, it pays to do your homework, to find out what's out there. You need to know what the people you want to connect with are talking about, and where. Look at the available options and decide where you can best contribute constructively to the online dialogue to ultimately win and retain business.

### ***Going mobile***

As well as shifting usage patterns, we're also accessing the internet today using a broader array of devices than ever before: from digital set-top-boxes to games consoles, the family PC to sophisticated mobile phones and the latest dedicated internet-optimized devices, 'tablets' such as Apple's much vaunted iPad™, designed to make accessing the web easier, more convenient and more compelling than ever.

In most developing nations personal mobile devices are the primary mode of internet access today, and according to Gartner's analysts, by 2013 browser-enabled mobile phones will overtake PCs as the most common web access device worldwide. They predict there will be 1.78 billion PCs in use in 2013, compared to 1.82 billion browser-equipped mobiles. Mobiles will continue to outnumber PCs for internet access thereafter.

Mobile commerce is set to rise accordingly, with the widespread adoption of web-enabled smartphones, affordable mobile data plans over existing 3G and emerging 4G mobile networks and the maturing of mobile payment gateways. US technology research company Coda Research Consultancy Ltd predicts a doubling of mobile commerce revenues in the United States during 2010. As consumers overcome their initial reluctance to paying for things using their mobiles, they'll spend a projected US \$2.4 billion for the year (eMarketer.com, June 2010).

Meanwhile PriceGrabber.com's 'Smartphone Shopping Behaviour Report' reveals that in April 2010, 35 per cent of US web-enabled mobile phone users

said they had participated in shopping-related activity (including browsing and researching prospective purchases) on their mobile phones over the past year.

Mobile internet usage is gaining traction and is starting to fulfil some of its long-anticipated promise as 'the next big thing' in digital marketing. If you want to stay ahead of the game, your digital marketing strategy needs to evolve to encompass mobile-optimized content for easy access on small form-factor devices. Mobile-specific applications and campaigns also need to form part of your online marketing mix moving forward, and many of the case studies you'll read later in the book include a mobile element.

Embracing and facilitating mobile internet access for your brand is an intelligent step today... and will become an imperative for online success for many businesses over the coming years.

### ***Any time, any place, anywhere***

Thanks to the ubiquity of broadband in the home, the widespread availability of public WiFi hotspots, better 3G mobile coverage and more affordable mobile data plans, internet access really is becoming an any time, anywhere commodity. It's cheap, it's convenient and it's changing the way we communicate and interact on a social and a commercial level.

As marketers, we need to be aware of these changes, understand them and adapt to them. We have a remarkable opportunity to harness the potential of this shift in consumer behaviour to connect with customers in a more targeted way that adds real value, instead of merely pumping out messages that few of them really want to hear.

Of course, instant access to the internet whenever and wherever people go means that they are tweeting, updating, reviewing and generally commenting on their daily experiences as they happen. Anyone on Twitter knows that most of the major international, national and local news stories of 2009/2010 broke on the short messaging/micro-blogging service long before 'traditional' media channels got wind of them.

That immediacy doesn't just apply to news: that bad experience in a restaurant, poor customer service on the telephone or frustration at an ineffective product is now spreading online as soon as it happens in all its multimedia glory. That makes the quest for excellence, and the need to offer customers real service and value, more crucial than ever. It also means that brands need to be extra vigilant when it comes to monitoring online sentiment and engaging proactively in the online communities where their customers choose to spend their time.

### ***Location, location, location***

Coupled to a large degree with the growing number of high-end mobiles, many of them equipped with built-in GPS receivers, and the refinement of methods to determine the approximate position of non-GPS-enabled mobile phones, is the rise of location-based services.

These services allow users to access (and businesses/marketers to deliver) relevant information (and targeted advertising) directly to their handsets based on their current location.

That could be a GPS-enabled smartphone app that automatically routes your takeaway order to the nearest restaurant of your favourite pizza chain, making sure your pizza arrives piping hot in the shortest possible time; a service that delivers regular weather updates for your current location, wherever you happen to be in the world; or one that lets you see which of your online friends is nearby, so you can arrange an impromptu face-to-face meet up.

Location-aware social applications such as FourSquare ([www.foursquare.com](http://www.foursquare.com)) allow people to discover new places wherever they go, 'check in' and see who else is at the same venue or at other venues nearby, read tips and recommendations from people who have been to the same venue before, and earn points, badges and other virtual and real-world goodies for regular visits to the same venue.

Foursquare allows people to discover new places, see which of their friends are nearby and connect with others based on their current location.



For marketers, location-aware services offer the opportunity to connect with customers who are physically nearby – offering timely, valuable information and new ways to connect through rewards, incentives and more. Many bars and restaurants, for example, are already offering discounts and rewards to regular FourSquare visitors to their establishments.

Location-based marketing is in its infancy, but is certainly growing fast as sales of location-aware mobile phones continue to accelerate. We're only beginning to tap into its potential. Whether location-based marketing offers great opportunities for your business or not will depend largely on what you do and who your customers are, but it's certainly something to bear in mind as you ponder your strategy moving forward.

## ***Say it with (moving) pictures***

If a picture is worth a thousand words, how much is video worth? Quite a lot, as it happens.

Online video has been around for some time now and is already a well-utilized marketing channel in its own right, but it's one that continues to grow apace, and the rise of the viral video shows no sign of abating any time soon. During April 2010 around 178 million US internet users watched 30.3 billion online videos, that's according to the latest figures from comScore. In December 2008 comScore also published figures that showed that video-sharing giant YouTube (which is owned by Google) had surpassed Yahoo! to become the *second most popular search engine on the internet* in its own right, after Google's own core search service, a spot it has retained ever since.

Online video is so powerful because well-executed video can be incredibly engaging and entertaining, demands little effort to consume and packs a lot of information into a relatively short space of time in comparison to other media. It's also incredibly easy to share, so people do, all the time, through social media, blogs, e-mail, etc.

Viral video, often distributed via Google's video-sharing site YouTube, has become a stalwart of contemporary online marketing campaigns.



Video is a firmly entrenched stalwart of the online marketers toolkit today, and you'll find viral video components featuring in many of the case studies later in this book.

### ***Don't forget the old faithful***

All of these changes give you a flavour of the shifting sands of the digital marketing landscape, but lest we forget, the basics of online marketing – developing a solid strategy, creating a high-quality web presence, search engine optimization (SEO) and search engine marketing (SEM), website analytics, e-mail marketing, social media, online PR, affiliate marketing and online display advertising, the topics we cover in *Understanding Digital Marketing* – all still apply. Effective digital marketing is all about finding the blend of channels that works best for your particular business and your particular group of customers.

Amidst all the media coverage and online hype surrounding social media, it's easy to forget that search offers the most effective direct channel to targeted prospects who are actively looking for what you have to sell. According to comScore figures for December 2009, the global search market grew by 46 per cent year on year, with a staggering 131.3 billion searches conducted worldwide during the course of that single month, compared to 89.7 billion searches for December 2008.

We mentioned this in the first chapter of *Understanding Digital Marketing* and it's worth reiterating here.

Technological advances have punctuated the evolution of advertising throughout history, each fundamentally altering the way businesses could communicate with their customers. Interestingly, however, none of these ground-breaking developments superseded those that came before. Rather, they served to augment them, offering marketers more diversity, allowing them to connect with a broader cross-section of consumers. In today's sophisticated age of paid search placement, keyword-targeted pay-per-click advertising and social networking, you'll still find the earliest forms of advertising alive and well.

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That assertion applies equally to digital channels. Popular emerging platforms in the digital space don't supplant the channels we're already using, they simply add more strings to the online marketer's virtual bow, offering ever more opportunities to reach out to and engage with consumers and business customers.

The case studies that follow help to illustrate how some familiar brands, and one or two less familiar ones, are rising to the challenges thrown up by today's digital marketing landscape. Leading marketers offer us a glimpse into an eclectic mix of campaigns that have been particularly successful over the past few years, and provide inspiration, ideas and insight that will help us with our own campaigns in turn.

Enjoy!