Module 6: Digital Marketing
Lesson 2 - Digital Marketing

OVERVIEW

In this lesson, students will gain a fundamental understanding of how brands leverage **digital marketing** strategies to reach and engage with consumers.

OBJECTIVES

1. Explain the concept of digital marketing.
2. Recognize what makes digital marketing effective.
3. Describe the idea of content marketing and explain why it is important to marketers.
4. Identify the various forms of digital marketing.
5. Explain the concept of UGC.
6. Recognize how apps are used by businesses and brands as a marketing tool.
7. Understand how emerging technology like NFTs, Web3, AI and the metaverse are being used from a marketing perspective.
8. Explain the concept of geofencing.
9. Recognize the challenges associated with the development of an effective digital marketing strategy.

This Lesson Bundle Includes:

- What is Digital Marketing? - Lesson Outline
- What is Digital Marketing? - Presentation Slides
- Industry Application - Related Links
- Student Activity - Mobile Marketing
- Student Activity - App Marketing
- Student Activity - Podcast Marketing (Two Activities)
- Infographic - Branded Podcasts

KEY TERMS

Artificial Intelligence (AI)

Augmented Reality (AR)

Chatbot

Content Marketing

Cryptocurrency

Digital Marketing

Gamification

Geofence

Location-based marketing

Metaverse

Mobile Marketing

Non-Fungible Token (NFT)

Pay-Per-Click (PPC)

Push Notification

QR Code

Retargeting

Search Engine Optimization (SEO)

User-Generated Content (UGC)

Viral Content

Virtual Reality (VR)

Web3

Lesson 2 - Digital Marketing

WHAT IS DIGITAL MARKETING?

Digital marketing is when businesses promote their products and services using digital distribution channels.

Today's consumer is more aware of the marketing messages all around them, leaving them more likely to tune out advertisements or other forms of marketing communication. In the "golden age" of television, an advertisement on one of the big three networks could reach 70 percent of the viewing audience.[1] According to Seth Godin (author of Permission Marketing), today's consumer receives roughly one million marketing messages a year on average.

Overwhelmed consumers use the following tools to tune out marketing messages:

- E-mail filters to block spam
- Digital video recorders (DVR) to skip commercials
- Caller ID to screen telemarketers
- Recycling direct mail pieces without opening them
- Ad-blockers on internet browsers

Business and marketing professionals refer to this abundance of marketing messages as *clutter*. Clutter is a major problem for today's marketing professionals. As consumer attention to traditional media channels wanes, social media and digital marketing can provide a more effective and efficient way to reach and engage consumers. As a result, brands are investing more than ever in digital strategies.

What makes digital marketing effective?

Digital marketing is targeted.

- Being targeted is one of the most appealing attributes of digital marketing.
    - It is easier to reach demographic, psychographic, and geographic segments.
    - It is easier to segment based on lifestyle attributes, etc.

Digital marketing is measurable.

- Marketers can track things like reads, forwards, clicks, shares, and likes.

Digital marketing is cost efficient.

- Compared to the cost of a print ad or commercials during most live game broadcasts, digital is a less expensive alternative.

Digital marketing is flexible and dynamic.

- With digital marketing, it is easy to adjust the ad, the messaging, the storytelling, and the call to action (CTA).
    - For example, once you submit an ad for broadcast on ESPN radio, it is difficult to change the message

Digital marketing encourages consumer engagement.

- Consumers are much more likely to engage with brands on digital platforms.

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1 https://www.cbsnews.com/news/cutting-through-advertising-clutter/

Digital marketing drives sales.

- With interactive shopping experiences, websites that encourage e-commerce, and apps that allow customers to order ahead, digital marketing provides a valuable tool to drive sales.
- For example, McDonald's investment in digital has paid off significantly for the company in the past few years.
  - According to the McDonald's website, digital has created a more seamless customer experience that helped to increase sales through the company's digital channels.
  - Last year, McDonalds' top six markets saw more than 25% of their systemwide sales come from digital channels, a more than 60% increase from the previous year.

Forms of Digital Marketing

Forms of Digital Marketing:

- Search
- SEO (Search Engine Optimization)
- Content marketing
- Viral marketing
- Apps
- Website and email marketing
- Location-based marketing
- Podcasts
- Social media marketing
- Emerging technologies
  - Virtual Reality (V/R)
  - Augmented Reality (A/R)
  - The Metaverse
  - Artificial Intelligence (AI)
  - Web3
  - Cryptocurrency
  - NFTs

Search

Paid search is a digital marketing strategy where a business or brand pays search engines to place their ads higher in relevant search engine results pages (called "SERPs"). This is why you see certain search results marked "ad" or "paid" when looking for anything on Google, DuckDuckGo, YouTube, Amazon, etc.

PPC (pay per click) is the most common form of paid search. With PPC, a business or brand doesn't pay anything until a consumer clicks on a link or advertisement, providing the business with an affordable platform for advertising that helps to reach the most qualified prospective customers. These are customers who are actively searching for a specific product or brand.

Organic search results are the results displayed on a SERP that have not been paid for. The results displayed first are those that are most relevant to the search terms used, and the quality of the business or brand's SEO practices. Contrary to paid search, these are the search results that display without being tagged as an "ad" or "paid" result.

ACTIVITY

Using the list of search terms on the worksheet provided by your teacher, run an online search and identify which results are paid and which results are organic.

SEO (Search Engine Optimization)

Search Engine Optimization is the process of building and maintaining a business or brand's website so that it maximizes discovery and recommendations provided by search engines like Google, DuckDuckGo, YouTube, and Amazon. Search engines utilize algorithms to determine the legitimacy of a website. These algorithms dictate how valid, relevant, and useful a website is based on the search terms being used by consumers. Where a business or brand lands in the search results is a direct result of how effective the company's SEO strategy is. Does the business or brand show up as the top result or would a consumer have to scroll through several pages of results before finding its web page?

Content Marketing

The Content Marketing Institute defines **content marketing** as a strategic marketing approach focused on creating and distributing valuable, relevant, and consistent content to attract and retain a clearly defined audience—and, ultimately, drive profitable customer action.[2]

It is important for organizations to develop creative, quality content that will increase levels of consumer engagement.

Quality content is defined by three characteristics:

1. Distinctive
2. Engaging
3. Authentic – must be brand appropriate/relevant

Content marketing can be distributed online through a variety of digital platforms:

- Blogs
- Videos
- Social media posts
- Websites
- Apps

Viral Marketing

Viral content occurs when a piece of content is so engaging that it gets passed along without the support of any marketing or promotional campaign. The content is shared across online platforms in the form of memes, shares, likes, and forwards. Successful viral content is unpredictable and difficult to plan for. Viral content must be organic and cannot be forced for it to be effective.

Viral marketing examples:

- Ocean Spray, a 90-year-old brand that had been struggling, received an unexpected boost when a TikTok video featuring one of the brand's products went viral
    - The video showed Nathan Apodaca, a potato worker in Idaho, riding his longboard down a road after experiencing some car trouble, sipping Ocean Spray Cranberry Juice out of the bottle, and lip syncing to a 1977 hit song from the band Fleetwood Mac.
    - Within an hour of Nathan's Tik Tok post, the video had amassed over 100,000 views. Today, it has nearly 90 million views.
    - Not only did Ocean Spray get a huge boost from the exposure, but Fleetwood Mac's single, "Dreams", (the song featured in the video) shot up the charts, tripling in sales according to NPR, and the band reported its best week ever on streaming.
    - Ocean Spray clearly could not have planned for the video, nor its viral success, but did capitalize on the marketing opportunity.
    - Click here to read a story from CNN with the headline "How the viral Ocean Spray TikTok video transformed a 90-year-old company overnight" discussing how Ocean Spray benefited from the exposure.
- In 2022, the popularity of Wordle, an online word puzzle game designed by software engineer Josh Wardle for his wife, exploded.
    - On January 2, 2022, more than 300,000 played Wordle, up from just 90 total players on November 1, 2021.
    - Just one week later, the game went viral, and more than 2 million people had played Wordle.

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2 https://contentmarketinginstitute.com/what-is-content-marketing/

- o On January 31, 2022, The New York Times acquired the rights to the game from Mr. Wardle for an "undisclosed price in the low seven figures."

User-Generated Content

User-Generated Content (UGC) encompasses the millions of consumer-generated comments, opinions, and personal experiences posted in publicly available online sources on a wide range of issues, topics, products, and brands. UGC originates from:[3]

- Blogs
- Message boards and forums
- Social media
- Online opinion/review sites and services/ feedback/complaint sites

Digital media provides brands with a great source of UGC, and when brands leverage that content properly, they can develop very successful marketing campaigns. In fact, according to [TinTup](#), 42% of marketers say leveraging UGC is a priority in terms of an overall marketing strategy.

Examples of UGC:

- Some of the most iconic marketing campaigns in history have leaned on UGC to be successful, like Coca-Cola's "Share a Coke" or GoPro's campaign which encouraged consumers to use the hashtag #GoPro to share their activities and adventures on social media.

Website & Email Marketing

Businesses use their website for a host of marketing functions.

An effective website will help a company to:

- Build its brand
- Generate sales
- Communicate with consumers

Website marketing also includes:

- Search advertising
- Affiliate advertising
- Native advertising
  - o Sponsored content that is meant to look like editorial
- Retargeting
  - o **Retargeting** is an advertising strategy that involves putting a brand's ads in front of people who previously browsed its products or services without making a purchase.
  - o For example, have you ever noticed an ad pop up while you were browsing the internet for something you recently shopped for but did not purchase?
- Email advertising
  - o Click [here](#) for an infographic from Campaign Monitor examining the effectiveness of a "welcome email" message from a business or brand.

Website marketing example:

- In 2022, Airbnb's co-founder and CEO [called](#) the brand's [website](#) makeover "the biggest change to Airbnb in over a decade."
  - o By redesigning the website, the company was able to diversify the types of travel experiences that it offered consumers, beyond just deciding where to visit and when to travel.
  - o The company restructured the site to categorize content and make it easier for travelers to find what they were looking for, including searches based on activity (golfing), type of property (tiny homes or castles), and options to better protect travelers like cancellations or conditions that feel unsafe to customers.
  - o Click [here](#) to learn more about the initiative at axios.com.

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3 http://www.nielsenbuzzmetrics.com/cgm

Mobile Marketing

Mobile marketing represents an area of massive potential growth. According to data from Statista, mobile advertising spending worldwide amounted to $223 billion in 2021 and it is expected to surpass $339 billion by 2023. Compare that to the $7 billion that was spent in 2011 on mobile advertising.

- 81 percent of smartphone users have done product research from a smartphone, and 50 percent have made a purchase via their phone.[4]
- Two years ago, Americans sent more than 2.2 trillion text messages according to CTIA, a trade group for the US telecommunications industry.[5]

Push notifications are a popular marketing tool among businesses and brands of all sizes. In marketing, a **push notification** refers to the practice of communicating information about products and services by sending messages to a consumer's mobile device or computer. However, before a company can send push notifications, the consumer must first "opt-in" to the communication. The company must explain what type of information they will be sending and how that information will be used, and the consumer must agree to receive those marketing messages through some form of an opt-in feature.

Why send push notifications?

Consider the following statistics from invesp, a digital marketing firm:

- Push notifications can boost app engagement up to 88%
- 65% of users return to an app within 30 days when push notifications are enabled
- 48% of mobile app users made an in-store purchase after receiving a push notification triggered by a user's profile data,

However, marketing professionals must strike a careful balance when deploying a push notification strategy. According to the Business of Apps, the average app user in the U.S. receives 46 push notifications a day, and 32% of users will disable those notifications if they receive more than 5 per week.

Click here to see more statistics in an infographic from the invesp website.

DISCUSSION QUESTIONS

- Have you ever received a message on your mobile device from a business or brand? What was the message?
- Why do you think you received that message?
- Did you "opt-in" to receiving those notifications?
- Is the sender always trying to sell you something or is there other messaging about the brand?

ACTIVITY

Think about your favorite business or brand. How do you currently interact with the brand on your mobile device? Using the worksheet provided by your teacher, create a new mobile marketing campaign to help boost consumer engagement through mobile. In this activity, you will also create a slide presentation describing your mobile marketing strategy. Be prepared to explain how the business or brand will benefit from your strategy.

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4 http://www.forbes.com/sites/cherylsnappconner/2013/11/12/fifty-essential-mobile-marketing-facts
5 https://www.ctia.org/news/2021-annual-survey-highlights

Apps

Today, nearly every brand offers a mobile app loaded with features and content. According to an analysis from CNBC, Apple's App Store grossed more than $64 billion in 2020 alone. That's up from an estimated $50 billion in 2019 and $48.5 billion in 2018, according to the same analysis.[6]

Since the launch of Apple's App Store more than a decade ago, the number of third-party apps has grown from 500 to more than 1.8 million—compared to 60 apps offered by Apple (first-party apps). Today, more than 99.99 percent of iOS apps are made by third-party developers, fueling a growing and competitive marketplace that contributes to a dynamic experience for users to the benefit of Apple and third-party developers alike.

Using apps, businesses and brands can offer unique benefits to customers, while leveraging the app to help build brand loyalty, increase sales and engage customers in a variety of ways. A brand like Chipotle can offer the convenience of ordering ahead via the app, a benefit to customers, while collecting valuable data about the customer, including their personal information, preferences, and ordering habits.

App marketing examples:

- According to the Verge, Uber introduced an app feature called "Explore" which allowed customers to purchase concert tickets, book restaurant reservations, and earn discounts on rides to popular destinations
  - More activity on the app results in more engagement, and can help to direct more customers toward its food and grocery delivery business.
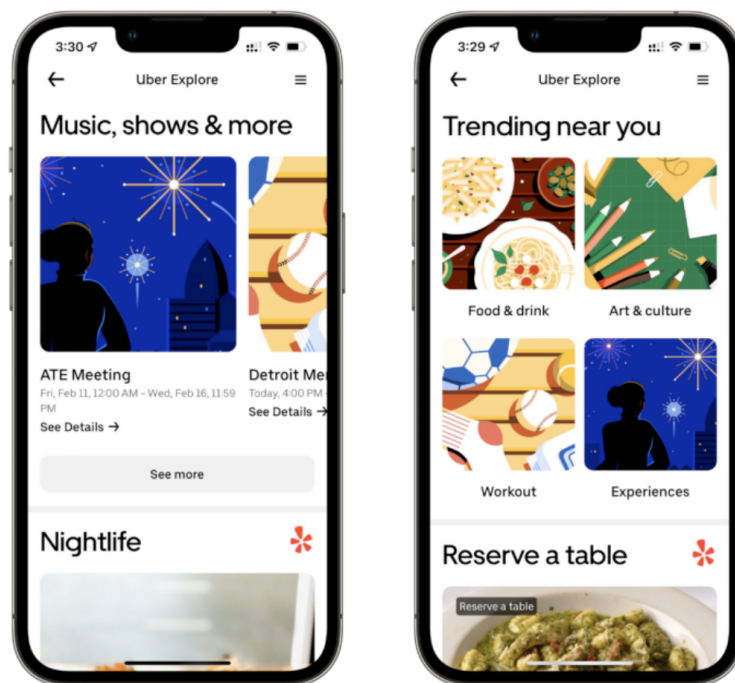
- Domino's added a "mind-ordering" feature to its app as part of a larger tie-in with Netflix's summer release of 'Stranger Things Season 4'
  - According to a news release from the company, the app used facial recognition and eye-tracking technology that allowed customers to use their "powers" to order pizza.
  - Click here to see a video from the Domino's YouTube page (the video had been viewed nearly 7 million times in just over two months).

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6 https://www.cnbc.com/2021/01/08/apples-app-store-had-gross-sales-around-64-billion-in-2020

Location-Based Marketing

Location-based marketing is the practice of using technology to send messages or alerts to consumers through their mobile devices once they enter a predetermined geographic location or area, otherwise known as a **geofence**. The geofenced region could be anything from a specific department in a store, to an area where an event is being held, to a specific neighborhood or an entire city.

Location-based marketing examples:

- Burger King once launched a "Whopper Detour" campaign to lure diners away from McDonald's restaurants using geofence technology as a way to promote the company's new app.

  - For one week, Burger King encouraged anytime a customer was within 600 feet of most McDonald's locations, a promotional notification was sent to their mobile device offering a Whopper for just one cent. The order was actually placed at the McDonald's location, with the app then directing them toward the nearest Burger King location to pick up their order.
  - According to data reported by the marketing agency Contagious, the "Whopper Detour" campaign yielded incredible results.[7]
  - According to the company, the promotion resulted in 1.5 million app downloads
  - "Whopper Detour" created 3.3 billion impressions, the equivalent of $37 million in media exposure
  - Mobile sales tripled during the promotion
  - More than 500,000 Whoppers were redeemed
  - Click here to see a video of the "Whopper Detour" campaign

Podcasts

Podcasts are exploding in popularity. In 2020, data from Statista estimated that 332 million people around the world listened to podcasts. Halfway into 2023, the number of podcast listeners swelled to 465 million globally. As the number of podcast listeners increases, so too will ad spending. IAB Pricewaterhouse Coopers estimated podcast ad spend was $800 million in 2020, and will exceed $4 billion by 2024.
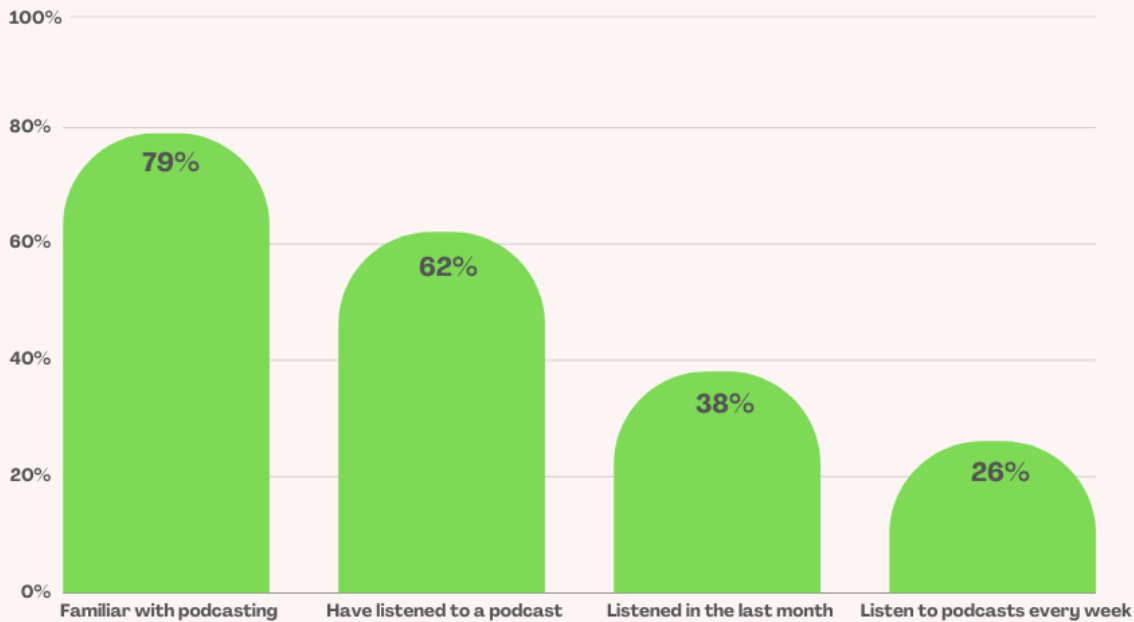
There are literally millions of podcasts available to listeners. According to DemandSage, there are currently more than 5 million active podcasts. Advertisers must determine which podcasts will reach their target audience while maximizing the number of impressions. Meanwhile, several big businesses have already begun to introduce their own branded podcasts to directly communicate information about the brand, the business, and products and services to consumers.

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7 https://www.contagious.com/news-and-views/burger-king-whopper-detour-strategy-cannes-interview

HOW MANY AMERICANS LISTEN TO PODCASTS?

As the number of people listening to podcasts in the United States continues to climb, marketers are recognizing the opportunity to reach consumers by advertising on podcasts.

Category	Percentage
Familiar with podcasting	79%
Have listened to a podcast	62%
Listened in the last month	38%
Listen to podcasts every week	26%

Source: Infinite Dial report (2022)

DISCUSSION QUESTIONS

- Do you listen to podcasts?
- When and where do you listen?
- Have you ever listened to a branded podcast?
- Why would a brand create its own podcast? What type of content might they discuss or share in a branded podcast?
- Have you ever heard an advertisement while listening to a podcast?
- Why would a brand want to advertise during a podcast?
- How do you feel about ads during a podcast?

Branded Podcasts

Which brands have found success in the podcast game?

Trader Joe's
"Inside Trader Joe's"

Started in 2018, TJ's pod takes listeners behind-the-scenes of what it is like to run a grocery store. It covers seasonal products and explains how staff determines which products to stock.

Blue Apron
"Why We Eat What We Eat"

Blue Apron, the popular meal kit subscription service, explored the psychology behind food culture in episodes of "Why We Eat What We Eat."
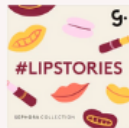
Johnson & Johnson
"J&J Innovation"

Johnson & Johnson, the parent company of health and personal care brands like Band-Aid and Tylenol, released 44 podcast episodes, exploring innovations in healthcare.

Sephora
#LIPSTORIES

#LIPSTORIES was an uplifting podcast collaboration between Girlboss Radio and Sephora that featured influential women sharing empowering stories. There were two seasons of the show, from 2018 to 2019.

General Electric
"The Message"

In this 8-part science fiction podcast co-produced by the Panoply podcast network, scientists worked to decode extraterrestrial messages using real tech developed and sold by General Electric.

Source: BackTracks.FM & Riverside.FM (https://backtracks.fm/blog/10-successful-branded-podcasts / https://riverside.fm/blog/branded-podcasts)

ACTIVITIES

Activity #1 - Think about your favorite brand, and identify five different podcasts where the brand might consider advertising to reach its target audience. List the podcasts using the worksheet provided by your teacher.

Activity #2 - Create a branded podcast for one of your favorite brands. Describe the content that will be discussed, how many episodes will air, and who will host the show. Using the worksheet provided by your teacher, describe the podcast show in detail.

Emerging Technologies

Technology is always evolving. New technological advances emerge while other technologies become obsolete. As new technology emerges, marketing professionals must navigate the best way to utilize the technology in a way that helps them to successfully reach, and engage, consumers.

Digital marketing trends are established as businesses and brands embrace emerging technologies in ways that help to connect with consumers. For example, brands utilize gamification strategies to boost levels of consumer engagement while businesses around the world use "chatbots" to increase sales and improve customer service.

Gamification

Gamification is a marketing strategy that encourages consumer engagement with brands through gameplay or similar activities. Marketers believe that if you're able to successfully tap into the natural human instinct of competition, it will result in higher levels of engagement relative to whatever it is they are promoting.

Gamification Example:

- According to a story at Media Post, Burger King's "gamified" its first foray into the world of NFTs by placing QR codes on meal packaging that customers could scan and redeem for one of three collective NFT game pieces. Once a customer had collected the full set, they would receive a prize, ranging from autographed merchandise to free Whoppers for a year.

Chatbots

Chatbots are programs built to automatically engage with messages received from a customer. These software programs conduct conversations via an online chat without a human employee present to manage the conversation. Chatbots allow a business to respond to customers quickly and with around-the-clock availability. Chatbots can be very cost-effective and efficient.

Chatbot example:

- According to a story published by Clickz, the iconic beauty brand Sephora was an early adopter of artificial intelligence technology. The company began using a chatbot to share beauty advice in 2017, helping customers with purchase decisions, beginning with a quiz about product preferences.

Emerging Technologies Featuring Interactive Experiences

QR Codes

A **QR code** is a barcode that can be scanned by camera-enabled mobile devices that direct consumers to various digital content like web pages, or other phone functions like email and text messaging. QR codes provide marketing professionals with a platform for communicating additional information to consumers.

QR codes example:

- To help launch the company's new rewards program, IHOP utilized QR technology
  - For every $5 customers would spend at IHOP restaurants, they would receive IHOP-branded currency called a "PanCoin" from the "International Bank of Pancakes" which can be redeemed for rewards. The "PainCoins" are automatically loaded into the diner's accounts by simply scanning a QR code at the restaurant, and the "currency" can also be traded in the "Stack Market" for coupons for other food, products and experiences, according to Nation's Restaurant News.
- According to a news release, M&M's partnered with one of America's most beloved cookie creators, Milk Bar's Christina Tosi to celebrate the 2022 release of a new product, M&M'S Crunchy Cookie candies. The promotion included the release of 100, one-time-only cookies hand-made by the celebrity baker as part of a limited cookie drop.
  - M&Ms included a QR code on the packaging of Crunchy Cookie candies, which when scanned, would opt customers in to be notified when the limited-run of M&M'S x Christina Tosi Crunchy Cookie cookies dropped via email.

"Shoppable" Advertisements

Technology now provides businesses and brands with opportunities to create digital, "shoppable" advertisements. With a shoppable ad, the goal for marketers is to make it as easy as possible for consumers to make a purchase by interacting directly with the advertisement.

For example, Must ShopTV launched shoppable ads in 2023 that allowed viewers to purchase products that appeared in several of the NBC's Peacock shows they were watching. For example, viewers tuned into "Top Chef" could purchase the exact knives and cutting boards being used in the show, and will soon be able to shop via their TV remote, according to TechCrunch.

Virtual Reality (V/R)

Virtual reality (VR) describes a computerized 3D simulation that enables an individual to interact with an artificial environment. VR applications immerse the user in a computer-generated environment that simulates reality through the use of interactive devices such as goggles, headsets, gloves, or bodysuits.

Virtual reality is not the same as augmented reality. VR completely takes over the user's field of vision, giving the impression that they are transported to an entirely different environment. AR superimposes new images over whatever visual the individual is already looking at, like a Snapchat Lens.

Virtual reality example:
- To further establish its position as a restaurant that always uses fresh, never frozen, beef in its burgers, Wendy's created a VR marketing experience within Fortnite's virtual world.
  - Fortnite announced a new game mode called "Food Fight", in which players were encouraged to kill freezers instead of other players because Wendy's "doesn't do frozen beef." The game was also streamed on Twitch, which was viewed live more than 250,000 times, generating more than 1.5 million minutes watched. According to We Love Ads, mentions of Wendy's on social media increased by 119% during the stream.
    - Click here to see the promotion on YouTube.

Augmented Reality (A/R)

Augmented reality (AR) is essentially the practice of taking the same graphics used on television screens or computer displays and integrating them into real-world environments. AR provides companies with a means for creating a more immersive customer experience at every level.

Augmented reality example:
- IKEA launched "Escape the Clutter", an augmented reality version of an "escape room" concept. According to a news release from the company, the initiative was IKEA's "first-of-its-kind, crazy-fun-but-also-fairly challenging augmented reality escape room on Snapchat. Like all escape rooms, we provide the clues but you have to find the keys to escape."
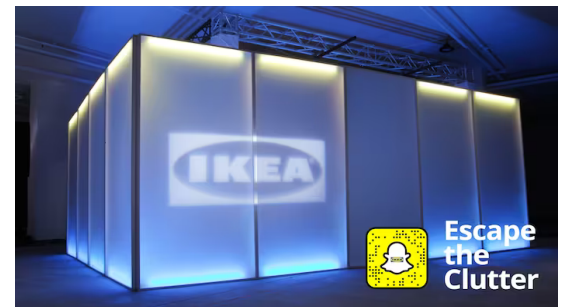
The Metaverse

The **metaverse** describes a virtual world that exists online using a combination of virtual and mixed reality. Businesses and brands are evaluating the metaverse, trying to determine how the platform will best help them to achieve their marketing goals. Most businesses and brands view the metaverse as a marketing tool with limitless potential, opening the doors to new revenue streams in the future.

One company, Roblox, has already established a highly populated metaverse platform. In Roblox, users can interact with one another in virtual worlds. According to the technology news website Emerging Tech Brew, Roblox already boasts a whopping 47 million daily active users globally and 9.5 million developers who build out "experiences," which include various user-created worlds and games. The popularity of Roblox has led some companies to collaborate with the platform to find ways to integrate their brands.

Metaverse example:
- Luxury fashion brand Gucci launched "Gucci Town", a virtual world with the Roblox metaverse. Users can explore the town, visit a cafe, learn about the brand's history, and socialize with other users through a series of mini-games and browsable art exhibitions. The town also features a Gucci store, where users can purchase Gucci-branded clothes for their Roblox avatars.
  - According to Gucci's YouTube channel, Gucci Town is "A digital destination on Roblox dedicated to those seeking the unexpected, Gucci Town is a place to discover more about the House and its heritage alongside the creative vision of Alessandro Michele, as well as to express one's own individuality and connect with like-minded individuals from all over the world."
    - Click here to see a video preview of Gucci Town on the brand's YouTube channel.

Additional Emerging Technologies Used in Marketing

Artificial Intelligence (AI)

Artificial Intelligence involves using computers to do things that traditionally require human intelligence, combined with the processing power of computers. AI is able to recognize patterns and make decisions like humans. AI marketing is the process of collecting and analyzing data using AI with the goal of improving the overall customer experience. This is why businesses and brands go to great lengths to learn as much about consumers as possible. Data allows businesses to personalize the customer experience.

Voice-enabled devices Apple products and Amazon Echo use artificial intelligence to power conversational AI applications like Siri and Alexa. The more consumers interact with the device, the more it learns about individual preferences. As it captures and analyzes that data, it improves its ability to personalize the customer experience.

AI is being increasingly used in the development of ad campaigns, with its primary benefit for marketers being its ability to quickly complete projects, such as brand strategy briefs, according to Wall Street Journal. AI can also help with a range of marketing strategies, including defining a target audience. For example, the travel search company Kayak contracted with Supernatural, an ad agency specializing in AI, to develop an ad campaign. According to Wall Street Journal, Supernatural's Artificial Intelligence suggested Kayak's campaign should primarily target young, upper-income men, who would respond to humor about Americans' inability to agree on basic facts in politics and pop culture.[8]

In 2023, the popularity of AI surged. AI is now being used for a wide range of business functions, including the creation of advertisements and establishing price points for products and services. According to reports, ChatGPT registered 1 million users in just five days after launch. By comparison, it took Netflix 3.5 years to reach 1 million users. Microsoft invested $10 billion in OpenAI (the creator of ChatGPT) and would later feature the program as part of its Teams product while announcing plans to feature an "AI Assistant" with a subscription to Microsoft Office products like PowerPoint, Word, and Excel.

Web3

Web3 is considered to be the next generation of the internet. The general concept of Web3 suggests that individual users will take more control of their internet experience, with an emphasis on user privacy and ownership of personal information and data. NPR describes Web3 as "grabbing some of the power back" from big tech companies like Facebook and Google.

The vision for the newest iteration of the internet focuses on technology like decentralized blockchains and tokens. Web3 has not yet been fully developed, however, and is likely still a few years away from being available for general use and consumption.

Cryptocurrency

Cryptocurrency is a digital or virtual currency that is encrypted in a way that makes it nearly impossible to counterfeit. Crypto is essentially an electronic payment system where transactions are verified and recorded on a blockchain (a shared, immutable ledger that records transactions and tracks assets in a computer network). Bitcoin was the original cryptocurrency, followed by Ethereum, and eventually thousands of others. According to SoFi, there were more than 18,000 different types of cryptocurrencies as of March 2022.

- Click here to view a "Brief History of Cryptocurrency" infographic on SCC's Pinterest page.

Cryptocurrency in marketing example:
- Burger King partnered with Robinhood to offer free crypto as a way to promote its Royal Perks loyalty program
  - When customers spent $5 on the Burger King app, they had the chance to receive either Bitcoin, Dogecoin, or Ethereum cryptocurrency where they would claim the prize using the Robinhood app
- Chipotle gave away $200,000 in Bitcoin, Ethereum, and other cryptocurrencies to bring awareness to the restaurant's new policy of accepting digital currencies as payment
  - They "gamified" the promotion, launched on "National Avocado Day", with the inclusion of a "Buy the Dip" interactive game hosted on a microsite at https://www.chipotlebuythedip.xyz.

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[8] https://www.wsj.com/articles/did-a-robot-help-create-that-ad-the-answer-increasingly-is-yes-11660125601

Non-Fungible Tokens (NFTs)

A **non-fungible token**, or **NFT**, is a digital asset that is bought or sold online. The token gives the buyer a certification of ownership of the asset, recorded on a blockchain. Almost anything can be converted into an NFT, like trading cards, artwork, and music. And almost everything has been converted. Jack Dorsey, founder and CEO of Twitter, sold his famous first tweet as an NFT, and Sina Estavi, a crypto entrepreneur from Iran, paid $2.9 million to own that image with the phrase: "just setting up my twttr."

In some cases, an NFT is a unique, one-of-a-kind digital asset, like an original Picasso painting. In other cases, like with trading cards, there could be hundreds of copies of the same NFT available for purchase.

NFTs in marketing example:

- Charmin created five pieces of digital art and called them NFTPs, "the world's first Non-Fungible Toilet Paper." According to a story published by HYPEBEAST, bids for the Charmin NFTs ranged between $500 to $2,100. While the proceeds were designated to be donated to charity, the brand generated significant exposure.

- Leading up to the Super Bowl in 2022, condiment brand Frank's RedHot launched an "edible NFT", boosting brand awareness as millions of fans would soon be gearing up to serve buffalo wings (Frank's RedHot is a popular ingredient) at viewing parties all around the world.
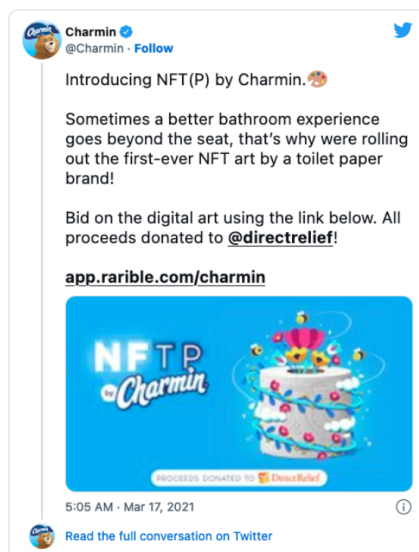
Digital Marketing and the Consumer

Digital marketing provides businesses and brands with a valuable tool for cultivating and enriching relationships with consumers. For a business or brand to succeed, it must develop sound strategies, both short and long-term, for managing consumer relationships.

Consumer Relationships

To maximize consumer connections, businesses and brands must invest in relationships. Personalized interactions must occur on a variety of channels to establish meaningful relationships with consumers.

To successfully build consumer relationships, businesses and brands must develop marketing strategies that are:

- Ongoing
- Consistent
- Relevant
- Relatable
- Authentic
  - According to data from Stackla, 88% of consumers say authenticity is important when deciding what brands they like and support
- Transparent

Digital Marketing Challenges

Digital marketing campaigns and strategies for building relationships with consumers aren't established overnight. There is a delicate balance in trying to win consumer trust, and when a strategy isn't properly executed, a marketing initiative could backfire. Digital marketing does not come without certain risks. As the tech driving the digital world becomes more sophisticated, so too are consumer expectations and demands. It is imperative to understand the consumer and to build marketing strategies accordingly.

Example of a digital marketing initiative that backfired:

- Coca-Cola, recognizing the booming popularity of esports, launched a campaign targeting gamers. Unfortunately for the brand, the advertisement missed the mark, drawing criticism from many in the gaming community.
  - According to the Drum, a marketing news source, "Coke's 'Real Magic' ad has come under fire for being tone-deaf. Its story of battling avatars coming together in peace is accused of patronizing and misunderstanding the gaming community that it's looking to attract."
  - Media Post published the headline "Coke's Attempt To Engage With Gamers Flames Out On YouTube", remarking that the video had garnered 56,000 dislikes with just 3,900 likes
  - One of the more than 7,000 comments posted to the brand's YouTube channel read, "The cringe is so strong in this one, it actually cured my soda addiction."

KEY TAKEAWAY

To maximize consumer connections, businesses and brands must invest in relationships. Personalized interactions must occur on a variety of channels to establish meaningful relationships with consumers, and this can be accomplished with an effective digital marketing strategy.

INDUSTRY APPLICATION

Connect your classroom with industry examples by reviewing the following news stories relating to concepts covered in this lesson:

Artificial Intelligence - How AI is Changing Retail Marketing

Artificial Intelligence - Instacart launches new in-app AI search tool powered by ChatGPT

Artificial Intelligence - Why Google's head of advertising in the Americas thinks the AI revolution is a good problem

Artificial Intelligence - Volkswagen's deepfake AI ad has people in tears

Artificial Intelligence - Artificial intelligence is helping companies set retail prices

Artificial Intelligence - Microsoft stock pops after it announces $30 per month A.I. subscription for Microsoft 365

Shoppable Advertising - Wendy's first to test Roku, DoorDash deal around shoppable TV ads

Augmented Reality - Order Up! Denny's Launches a Fresh New AR Menu Featuring Food That Jumps off the Page, Literally

App Marketing - Why McDonald's leveraged buzzy Szechuan sauce to boost its app

App Marketing - The World's Biggest List of Branded Podcasts and Video Shows

Gamification - The Power and Pitfalls of Gamification

Gamification - Retailers are gamifying shopping with virtual storefronts to boost engagement, loyalty

Gamification & App Marketing - Taco Bell revives coin drop game from aughts to boost mobile app

Metaverse - Here's what traditional and digital brands did for Metaverse Fashion Week

Metaverse - J. Crew opens shoppable 'beach house' – in the metaverse

Metaverse - Meta, Microsoft, and Disney are reversing their bets on the metaverse

Mobile Marketing - Why your last text message is probably from a brand

NFTs - Starbucks NFTs Sell Out In 18 Minutes As Secondary Price Soars

Podcasts - A Profile of the Top-Ranked Podcasts in the U.S.

Podcasts - 10 Successful Branded Podcasts

Viral Marketing - TikTok star gives Ocean Spray a boost as brand looks to Thanksgiving, and the future

Web3 & NFTs - Prada expands Web3 offer with product-linked NFT drop and Discord launch

Web3 & NFTs - Nike's Web3 Platform .SWOOSH Will Reward Creators for Virtual Sneaker Designs

KEY TERMS DEFINED:

Artificial Intelligence (AI): using computers to do things that traditionally require human intelligence, combined with the processing power of computers. AI is able to recognize patterns and make decisions like humans.

Augmented Reality (AR): the practice of taking the same graphics used on television screens or computer displays and integrating them into real-world environments.

Chatbot: programs built to automatically engage with messages received from a customer.

Content Marketing: A strategic marketing approach focused on creating and distributing valuable, relevant, and consistent content to attract and retain a clearly defined audience — and, ultimately, drive profitable customer action.

Cryptocurrency: a digital or virtual currency that is encrypted in a way that makes it nearly impossible to counterfeit.

Digital Marketing: Actively promoting products and services using digital distribution channels as an alternative to the more traditional mediums such as television, print and radio.

Gamification: a marketing strategy that encourages consumer engagement with brands through gameplay or similar activities.

Geofence: Using technology to identify a very specific location for which a business can target customers.

Location-based marketing: the practice of using technology to send messages or alerts to consumers through their mobile devices once they enter a predetermined geographic location or area, otherwise known as a geofence.

Metaverse: a virtual world that exists online using a combination of virtual and mixed reality.

Mobile Marketing: advertising that is delivered to a mobile device.

Non-Fungible Token (NFT): a digital asset that is bought or sold online. The token gives the buyer a certification of ownership of the asset, recorded on a blockchain. Almost anything can be converted into an NFT, like trading cards, artwork, and music.

Pay-Per-Click (PPC): a form of mobile advertising where a business or brand pays for placement each time a consumer clicks on their link or ad.

Push Notification: the practice of communicating information about products and services by sending messages to a consumer's mobile device or computer.

QR Code: a barcode that can be scanned by camera-enabled mobile devices that direct consumers to various digital content like web pages, or other phone functions like email and text messaging.

Retargeting: An advertising strategy that involves putting a brand's ads in front of people who previously browsed its products or services without making a purchase.

Search Engine Optimization (SEO): the process of building and maintaining a business or brand's website so that it maximizes discovery and recommendations provided by search engines like Google, DuckDuckGo, YouTube, and Amazon.

User-Generated Content (UGC): (UGC) encompasses millions of consumer-generated comments, opinions, and personal experiences posted in publicly available online sources on a wide range of issues, topics, products, and brands.

Viral Content: Occurs when a piece of content is so engaging that it gets passed along without the support of any marketing or promotional campaign.

Virtual Reality (VR): a computerized 3D simulation that enables an individual to interact with an artificial environment.

Web3: the "next generation" of the Internet where individual users will take more control of their internet experience, with an emphasis on user privacy and ownership of personal information and data.