



# Digital Marketing Mix

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## Contents Covered

- Meaning of Digital Marketing mix
- Product
- Price
- Place
- Promotion

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## The Marketing Mix

"Marketing Mix" is the set of controllable, tactical marketing tools that work together to achieve company's objectives.

Adaptation of product, price, and promotion to the digital marketing context.

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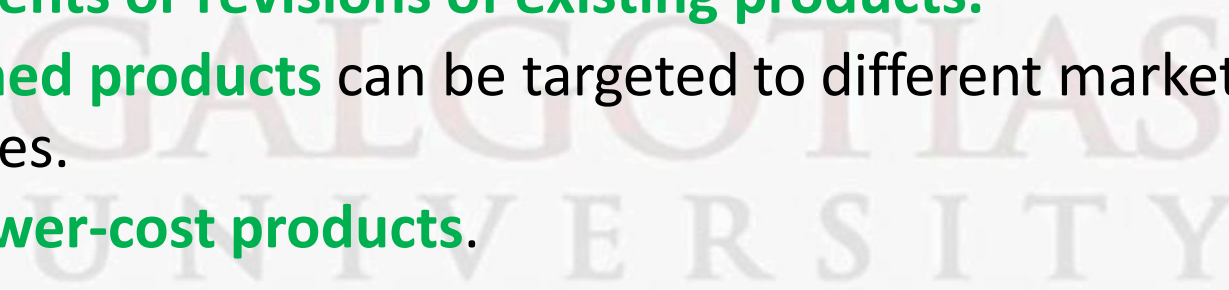
## Product

- A product is a bundle of benefits that satisfies needs of organizations or consumers.
  - **Includes goods, services, ideas, people, and places etc.**
  - **Products such as search engines** are unique to the internet while others simply use the internet as a new distribution channel.
- Organizations use research to determine what is important to customers when creating new products.

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## Categories of New Products

- Firms will select one or more of the following strategies, based on marketing objectives, risk tolerance, resource availability etc.
  - ✓ Discontinuous innovations are **new-to-the-world products**. These products create an entirely new market.
  - ✓ **New-product lines** are new products in a different category for an existing brand name.
  - ✓ **Additions to existing product lines.**
  - ✓ **Improvements or revisions of existing products.**
  - ✓ **Repositioned products** can be targeted to different markets or promoted for new uses.
  - ✓ **Me-too lower-cost products.**



## Creating Customer Value Online

- Customer value = benefits - costs
- **Perceived value = Perceived benefits / perceived cost of acquiring the product**
- The Internet increases customer benefits in many ways.
  - Media, music, software and other digital products can be presented on the Web.
  - Mass customization is possible.
  - User personalization of the shopping experience can be achieved.

## Creating Customer Value Online

- Marketers must take Four Product decisions that must be made that deliver online benefits to customers:
  - Attributes
  - Branding
  - Support Services
  - Labeling

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## Digital Pricing

- **Price** is the amount of money charged for a product or service.
- Price is the sum of all values that customers give up in order to gain the benefits of using a product or service.
- **Internet pricing**
  - ✓ **Fixed pricing**
  - ✓ **dynamic pricing**
- The internet also allows **price transparency**.

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## Internet may put Upward Pressure on Prices

- Online customer service is an expensive competitive necessity.
- Distribution and shipping costs.
- Affiliate programs add commission costs.
- Site development and maintenance.
- Social media maintenance.
- Customer acquisition costs (CAC)

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## Internet may put Downward Pressure on Prices

- **Firms can save money by using internet technology for internal processes.**
  - Self-service order processing.
  - Just-in-time inventory.
  - Overhead.
  - Customer service.
  - Printing and mailing.
  - Digital product distribution.
- ✓ These efficiencies usually result in **lower prices** for customers online.

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## Pricing Strategies

- Price setting is full of challenges and has become an art as much as a science.
  - How marketers apply pricing strategy is as important as *how much* they charge.
  - Marketers can employ all traditional pricing strategies to the online environment.
- ✓ Fixed pricing
  - ✓ Dynamic pricing
  - ✓ Segmented pricing
  - ✓ Value pricing

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## Distribution Channel Overview

- A distribution channel is a group of interdependent firms that **transfer product and information** from the supplier to the consumer.
  - Producers
  - Intermediaries
  - Buyers
- The structure of the channel can make or impede opportunities for marketing on the internet.

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## Online Channel Intermediaries

- Wholesalers buy products from the manufacturer and resell them to retailers.
- Retailers buy products from manufacturers or wholesalers and sell to consumers.
- Brokers facilitate transactions between buyers and sellers.
- Agents may represent either the buyer or seller.
- ✓ Manufacturer's agents represent the seller.
- ✓ Purchasing agents represent the buyer.

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# Digital Marketing Communication

- An integrated **Marketing Communication is the mixture of all communication tools which** link the marketing function with the communication function to deliver Effective Marketing Messages.
  
- Goals:
  - ✓ Inform
  - ✓ Persuade
  - ✓ Remind
  - ✓ Reinforce

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## Digital Communication Mix Tools

- **Advertising**
- **Personal Selling**
- **Sales promotion**
- **Public Relations**
- **Sponsorship**
- **Viral marketing, affiliate marketing, e-mail a friend, links**

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