GHENT UNIVERSITY

FACULTY OF ECONOMICS AND BUSINESS ADMINISTRATION

ACADEMIC YEAR 2014 – 2015

Essentials in the digital strategy.

Master thesis submitted in fulfillment of the requirements for the degree of

Master of Science in Complementary Studies in Business Economics

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under the guidance of
Professor Deva Rangarajan
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I present to you my thesis about the essentials in the digital strategy. This thesis is written in the context of my completion of Master of Science in Complementary Studies in Business Economics. By writing this thesis, I was able to deepen my knowledge on digital marketing and gain more insight in the contemporary business implementation of digital strategies in top companies in Belgium.

My interest in digital marketing and e-commerce is nested in my previous education on Communication Sciences. Throughout this additional master and a related internship on the topic, my former skills were enhanced to write this final extract. This thesis gave me the opportunity to further educate myself on this topic and prepare me for future endeavors, probably in a similar context.

First, I am happy to be granted the chance to work on this proposed topic. Therefore, I would want to give my big thanks to Professor Deva Rangarajan for allowing me to examine this topic. He understood my ambition – in light of my future career – to work on the topic. Furthermore, his critical but essential feedback and contiguous support resulted in a more qualitative result. Explicitly, I valued his fast response, the use of his network in my search for experts and clear guidance during the process.

Finally, I would like to thank my family and especially my boyfriend for the unconditional support during the development of my thesis.

Kirsten Janssen
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LIST OF ABBREVIATIONS

B2B = business-to-consumer
B2C = business-to-business
CRM = customer relationship management
EMEA = Europe, Middle East and Africa
FMCG = fast moving consumer goods
HCP = health care professionals
ROI = return on investment
SE = small enterprises
SEA = search engine advertising
SEO = search engine optimization
SME = small to medium sized enterprises
SoHo = small and home offices
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CHAPTER 1: INTRODUCTION

In only three decades, the rise of the internet has made an indelible impression on the society and commerce. As a motor of economic growth, the internet community reaches more than a quarter of the world’s population. An impressive two billion people are regularly interconnected throughout this medium and an estimated $8 trillion of turnover is generated each year through e-commerce (Manyika & Roxburgh, 2011). Unsurprisingly, this has made a significant impact on the business environment; it changed the way businesses operate and altered industry structures (Basu & Muylle, 2007). The new digital environment has created dynamic and complex markets with high levels of uncertainty and competition (Al-Debei et al., 2008). Traditional rules in business are almost obsolete. The traditional four P’s (product, price, place and promotion) are no longer sufficient. The internet allows a flood of new entrants because of the low barrier to entry (Porter, 2001), both in startup costs as replicability. According to (Al-Debei et al. 2008), companies in both business-to-consumer (B2C) and business-to-business (B2B) environments should develop digital strategies with a suitable business model that enables companies to respond quickly to rapid environmental changes with high quality business decisions. This will ensure survival of the business and leverage the competitive position (Al–Debei et al., 2008).

To grasp all possibilities and to leverage competitive advantages of the internet, established marketing and sales models and insights should be revised. Traditional businesses operate in a fundamental different way as they are tailored to the traditional – offline – shopper. An online or hybrid – online and offline – shopper has more choices, easier exit possibilities, different questions and needs. As will be discussed in at a later stage, merely ignoring this fact can have disastrous impact on businesses. The internet has changed how consumers purchase goods, use services and search information. This “new consumer” expects that needs, and hence business solutions, easily can be found online (Van Roy, 2012, P. 15 - 28).

The medium of internet paved the way for new forms of business for both B2C as B2B. In a business-to-business environment this brings opportunities for inter-organizational collaboration, online markets and trading platforms (Philips & Meeker, 2000; Tumolo, 2000). Yannopoulos (2011) states that the use of internet is a critical tool for marketing success and it can result in a competitive advantage for companies. It has become an important component of a firm promotion strategy to reach people and to deliver the company’s message; it generates awareness, provides relevant information and demonstrates the product. Due to its open interactive environment, it has an impact on consumer behavior, segmentation, relationship management, product management, pricing, distribution and promotion (Yannopoulos, 2011).

A decade after the introduction of the internet, the first fully web-based e-businesses were founded (Drew, 2003). However, in the beginning the pioneers struggled. Expectations were too optimistic and investors were blindsided by the benefits. Key reasons were that the pioneers did not have a clear digital strategy,
were mostly inexperienced and had uncritical investors. Integration of systems, online catalogs and online markets were not easily established and were more costly than expected. This resulted in poor governance and a short lifecycle of these early e-businesses. Many start-ups were forced to close or to rethink their business model (Gebauer & Shaw, 2002).

This first wave of entrepreneurs paid their lesson. Whereas it was formerly generally accepted that a flashy website would do the trick, ‘post-dotcom’ entrepreneurs realized that online venturing takes needs some specific viewpoints. Dennis & Harris (2003) state that both entrepreneurs and investors were more critical for a good business plan, promotion, focused customer service and an efficient distribution system after the crisis.

2.1 What does a digital strategy contain?

Digital is a very broad term. Overall, a digital strategy focuses on a company’s electronic business or e-business. The Department of Trade and Industry (2000) defines e-business as an entity that includes all business activities that apply information and communication technologies to facilitate a company’s operations and create cost-efficiencies. Using ICT will grow businesses, enhance the competitiveness and increase the customer value (Wright, 2002; Chaffey, 2007, p.13). Digital strategy can optimize internal processes and way of working, it can help with the collaboration with partners and lastly it can create value for the end-consumer through e-marketing and e-commerce.

The digital strategy of a business can focus on several or all business processes in the value-chain that use ICT to automate and change the way of working (Chaffey, 2007, p.14) – e.g. production, distribution, procurement, payments, inventory and marketing and sales. Digital technology can set up an intranet, use business intelligence and an internal enterprise resource system that manages administration, logistics and supply chain management. It can also have an external focus on the value network (working together with partners through the use of extranet) or it can focus on revenue-creating, digital marketing and/or e-commerce (Turban et al., 2008).

2.2 Demarcation for this thesis

The digitalization of business activities that focus on value creation for the consumer, either for B2C or B2B is the scope of this thesis. This includes both digital marketing and e-commerce. In research, both terms have different meanings. Some research uses them as synonyms, others separate them (Chaffey, 2007). In this thesis, these two definitions will be used: digital marketing is the promoting of products and services online and building “long –term and sustainable customer relationships that add value for the customer and the company” (Turban et al., 2008). Digital marketing includes online advertising, direct marketing, email marketing and mobile marketing (Chaffey 2012, 14-15). E-commerce on the other hand is used when a company offers a platform to sell their products or services online. Actual transactions take place by buying and selling online. This thesis focuses on digital marketing and e-commerce because they profoundly changed the way companies operate (Chaffey, 2007).
CHAPTER 2: THEORETICAL FRAMEWORK

This part of the thesis will provide an overview of academic research on digital strategies. Companies have to adjust to the new digital environment and changing consumer habits. The underwriter chooses to have a research scope over four different but interrelated topics in order to identify opportunities of research by studying the current state of literature. First, vast research emphasizes the basic need of having a clear digital strategy in order to direct the company and result in financial revenue. Although this sounds logical, many companies still struggle with setting up a digital strategy. Research compared companies without and with a digital strategy and clearly indicated financial improvement of the latter. A first goal of this thesis will be to test this assumption and to have a contemporary analysis of the current state of the implementation of digital strategies; hence, the first hypothesis is: H1. A clearly expressed measurable digital strategy in terms of direction and revenue has a positive effect on the financial performance.

Digital strategy development, maintaining and refining in a business context is all about making choices, such as time attribution, headcount and financial resources. Subsequently, in the second part, the current various opportunities that digital marketing and e-commerce offers are synthesized. Companies should make the right decisions in order to translate their digital initiatives into financial results.

In the third part, the importance of search engines is described. Research reports plenty key success factors on all different kinds of digital marketing and e-commerce possibilities; search engine marketing however, is considered amongst the most important ones. Large budgets are put in and research isn’t quite aligned on what leads to an increase in sales and return on investment. Expert opinions can put these research believes to test, hence the second hypothesis is: H2. An increase of budget for search engine marketing leads to an increase in sales and return on investment.

In the current internet era, business environment has changed profoundly. The most striking realization of businesses at the end of last century was that the consumer is different in this new environment. This has a profound impact on marketing – and common believes of consumer habits. Consumers no longer accept traditional marketing initiatives, but demand a different relationship. All the new digital marketing and e-commerce initiatives should be aware of this and should offer a specified approach. The third hypothesis is: H3. Companies should strive for engagement rather than merely focusing on increasing their reach.

A new topic in digital marketing and e-commerce is omnichannel. The changing consumer caused companies to strive for an omnichannel approach. Omnichannel provides a way to not only offer multiple touch-points with the consumer but to interlink them. It fits with the consumer needs. Vast research implies that omnichannel leads to more conversions because the consumer experience is smoother. As
research is still very limited, the hypothesis is: **H4. A smooth user journey within an omnichannel brand experience has a positive impact on the number of conversions.**

### 2.1 Digital strategies

As mentioned in the introduction, the emergence of digital technology – such as the internet – has changed the implementation of business processes and altered industry structures (Basu & Muylle, 2007). Not only has the internet changed industries and company processes, it especially had a great impact on marketing and sales fundamentals; moreover it created a whole new media landscape. New digital channels and the possibility of e-commerce create new opportunities for businesses to market and sell their products. Businesses should have a plan to work upon these digital opportunities and to prevent potential digital threats. As these businesses adjust to the new digital environment, they integrate digital strategies in their business model. The ability to respond quickly to rapid environmental changes with high quality business decisions can ensure survival and even improve the competitive position (Al–Debei et al., 2008). Companies learned from the failure of the first e-businesses to undertake digital projects without a clear plan. The first e-businesses failed because of overly optimistic expectations, inexperienced management, uncritical investors and poor financial control (Drew, 2003). These failures were innate due to the lack of specific and robust digital strategies. As a result, the e-pioneers had to revise their e-strategies and restructure their processes after the dot-com crash. The crash has been a valuable learning source for businesses (Gebauer & Shaw, 2002). Vast research emphasizes the importance of creating a digital strategy to direct the digital marketing and e-commerce initiatives (Li & Bernoff, 2011; Al–Debei et al., 2008; Drew, 2003; Chaffey, Chadwick 2012, 23).

#### 2.1.1 Models for developing a digital business strategy

In this part, three different models are described to develop a sound digital business strategy. Yannopoulos (2011) states that success in digital marketing and e-commerce could be achieved by following the classic basic principles of doing business while learning new rules in the digital environment. Classic basic principles of business are constructing a strategy statement, defining the scope of activities and to specify the competitive advantage (Johnson, Whittington & Scholes, 2011). For a digital strategy, companies should describe their mission, vision and goals and examine the competitive forces in the digital environment. Their scope of activities includes which digital media channels or what e-commerce platform they are going to use to reach these goals. As a final step, it is important that the existing competitive advantage is be reinforced by the digital strategy (Porter, 1985). Miller (2012) adds that the digital strategy must be a derivative of the general strategy. Business need to think about current business activities and examine market circumstances, competitors and trends. Subsequently, they must set objectives and allocate the budget accordingly to create accountability and measurability. According to Basu & Muylle (2007) there are four phases for the development of any new e-business project. First, businesses should identify the right high-potential e-business projects. The project should either create or add value or be cost effective and
in line with the competitive strategy of the company. Second, businesses should examine the scope of the project. Which business processes support and are needed for the initiative? The third step is to analyze the sustainability of the benefits by looking at barriers to entry and duration of the early-mover-advantage to determine how sustainable the competitive advantage is and finally businesses should prioritize the implementation of different projects. For digital marketing and e-commerce, companies can adapt the position of an innovator, early-adopter, early/late-majority and laggard. Taking up a position here can be a clear digital choice or caused by industry circumstances. According to Grover & Kohli (2013) digital strategists have the inclination to strive for a first-mover-advantage. However, although this sounds promising, due to the dynamic digital environment, the advantage of the first-mover position is relatively short term and can cost in long term value because the competition can gain insight on the activities of the organization due to the openness of the internet. Basu & Muylle (2007) adds that these innovators are easily imitated and even improved upon by competitors at a lower cost. As a final step, these authors suggest that the company should prioritize their off- and online business decisions according to this chosen strategy. It could be detrimental if the offline business is prioritized while opting for a first-mover-advantage online.

2.1.2 Development of digital marketing and e-commerce strategies

Academic and non-academic literature describes using digital strategies as a case of seizing opportunities and testing, refining, maintaining and improving possibilities. Especially for e-commerce, companies have to take the digital environmental forces into account: industry changes and trends, opportunities for growth and the need to keep up with competition (Drew, 2003). Hereafter, three models of e-commerce and the integration with digital marketing are discussed.

An influential and widely used method is the POST-method of Groundswell (Li & Bernoff, 2011). The POST-method (people, objectives, strategy and technology) includes four steps: first, companies should think about people. Based on their current observations they should envision how their customers want to engage with brands. Second, subsequently, companies should define the objectives for their digital marketing approach. Third, the objectives should be incorporated into a strategy. The strategy sets out the adjustments that a company should undertake for the implementation and decide what needs to be measured to determine the performance of the strategy. And finally, companies should pick the right technology that enables the company to accomplish the strategic goals. For digital marketing and e-commerce strategies, choosing the right digital channels and comparing the effectiveness of various media channels is one of the most vital issues (Danaher & Dagger, 2013).

Smits & Bisschop (2009, pp. 14 – 33) provide a model for digital strategy development for both digital marketing or e-commerce initiatives. Like traditional business principles, the first step is to identify the general business goals from an internal and external stance and then translate these into digital objectives. The next step
is to choose key performance indicators (KPI’s) and set targets based on historical performance or industry benchmarks. KPI’s represent the performance and success of the strategy. Research (Chaffey, 2004; Fagan, 2014, Smits & Bisschop, 2009) emphasizes the importance of digital analytics to evaluate these numerical indicators in order to maintain, refine and understand if the business is heading in the right direction. It is crucial for a company to choose the KPIs that are relevant and represent their specific business objectives (Fagan, 2014, p.12). KPIs drive business-critical decisions, measure ROI and monitor the performance which allows companies to be agile in digital environment. Drawing upon this preparation, companies can implement their digital marketing or e-commerce initiatives. As implementing is not the end-state, there is an ongoing process of searching for new e-business opportunities and constantly evaluating, maintain, refining and improving the digital strategy (Fagan, 2014).

Drew (2003) points out a difference on the strategy development for e-commerce between for small-to-medium-sized enterprises (SME) and large corporations. Smaller companies have to take other industry factors and larger competitors into account. Larger firms can imitate the strengths of SMEs in serving, developing customer intimacy and exploiting local knowledge. These large firms have the potential power to take up the margins of smaller suppliers. On a downside, these large firms need a transformational change if they decide to venture into e-commerce, because it needs to become the center of their technology and corporate strategies. To sum, e-commerce can be either a threat or an opportunity for larger companies. The result will dependent on the firm’s technical and digital knowledge, the industry’s structure and the pace of innovation in the industry.

2.1.3 Current situation

Nowadays, although companies are going in the right direction there are still many companies struggling with challenges in strategies. Berthon et al., (2007) indicate that companies continue being hesitant to endeavor into digital. They ignore or mismanage opportunities and threats. A lot of companies treat the internet as “another distribution channel”, and therefore misuse the true potential of the internet (Chaffey, Chadwick 2012, 23). Companies are reluctant or unable to develop strategies; they lack specific objectives that need to be set beforehand, they allocate budgets insufficiently or ineffectively and are unclear about responsibilities (Berthon et al., 2007; Chaffey, Chadwick 2012, 23).

Li & Bernoff (2011) add that companies have an “approach–avoidance syndrome”. Looking at the Groundswell, these are companies that know they should be digital and directly start from the technology- approach but technology is changing so quickly that they can’t keep up. Companies should start by thinking about the consumer and their objectives instead of the technology first.

Additionally, many businesses adapt digital marketing and e-commerce initiatives without considering how it fits within their marketing strategy (Yannopoulos, 2011). For digital marketing, executives often have trouble understanding new digital media and its possibilities (Kaplan & Haenlein, 2010). Unfortunately, the swift change of the marketing environment caused marketers to struggle with leveraging the real advantages (Romaniuk, Beal, & Jeans, 2012). Marketers lack the information they would like for
making these media decisions today (Taylor et al., 2013). For e-commerce, the prevalent challenge is the introduction. Many companies do not anticipate the complexity of the system and organizational hurdles; they only look at achieving cost savings, cycle-time reductions, and increases in productivity and quality (Gebauer & Shaw, 2002). Technical factors, lack of knowledge, insufficient funding, lack of promoting projects internally and externally are often barriers to start e-commerce (Drew, 2003).

### 2.1.4 Differences in B2B and B2C

Broad research (Chaffey, 2004; Miller, 2012; Chaffey, Ellis-Chadwick, Mayer & Johnston, 2009) suggest that business-to-business has been slower to adopt digital marketing and e-commerce initiatives versus business-to-consumer environments. Business-to-business companies were slow to realize the potential of the internet and out-opted often by threats of lack of security and lack of strategic vision (Chaffey, Ellis-Chadwick, Mayer & Johnston, 2009). B2B e-commerce lags behind due to the greater technological challenges and the barriers in overcoming existing business models (Drew, 2003). In time, they did start to adopt internet technologies for marketing benefits and external trading opportunities later. This resulted in interesting business models, like e-auctions and online marketplaces. Basu & Muylle (2007) give the example of the convenience store that introduced a web-based system that allows its stores to foresee demand trends and place online orders for beverages; rather than relying on fixed orders or having delivery trucks deal with fluctuating demand.

### 2.1.5 Hypothesis

To summarize, the importance of having a clear digital strategy is prominently documented in academic research. Companies have learned from the failures of the first e-businesses and are aware that they need to adjust themselves to the new digital age. A digital strategy will give a company direction on how to invest, how to allocate the budget and to give direction in the ever changing digital environment. However, as mentioned, reality shows that companies still struggle with digital strategies (Berthon et al., 2007; Chaffey, Chadwick 2012, 23; Yannopoulos, 2011). This is unfortunate – as Chatfield & Yetton (2000) indicate – companies miss out on a competitive advantage if they don’t have the business strategy aligned. Basu & Muylle (2007) imply that the digital strategy planning should be part of the overall corporate strategic planning process. Without a clear plan companies risk allocating too little resources, a competitor taking up market share, underestimating the demand, lacking expertise or inhibit to monitor performance with digital analytics (Chaffey, 2004). To implement digital strategy there should be a right internal structure; investments; technology and databases and expertise of the personnel (Chaffey, 2004). Lai & Wong (2006) add that companies with speculative business models have replaced these with models that are clearly expressed in terms of direction and revenue, their financial performances have subsequently improved. Therefore the first hypothesis is:

**H1. A clearly expressed measurable digital strategy in terms of direction and revenue has a positive effect on the overall financial performance.**
2.2 Digital marketing & e-commerce

As mentioned above, digital strategies consist of making the right choices. As discussed, choosing the right digital channels and comparing the effectiveness of various media channels is one of the most vital issues for digital marketing and e-commerce strategists (Danaher & Dagger, 2013). It is imperative for companies to choose the right mix that fits with their business objectives (Miller, 2012 & Fagan, 2014).

2.2.1 Digital marketing

Research is aligned on the benefits of digital marketing, among others: it creates value by new activities or adds value to existing business processes, it results in a reduction of costs, an opportunity for market expansion, current non-consumers or unserveable consumers can now be reached, is has an international scope and it significantly improves customer relationships (Basu & Muylle, 2007; Strauss 2012, 32; Brynjolfsson, Hu & Smith, 2006; Al –Debei et al., 2008). In all, companies can use multiple digital marketing mediums towards consumers or businesses: currently website/blog marketing, online advertising, online PR, search engine marketing, social media marketing, multimedia marketing, email marketing, and mobile marketing are the most used digital marketing tools (Ryan & Jones, 2009).

2.2.2 E-commerce

E-commerce is defined by the point that the broad e-business begins to directly generate revenue that is point that e-business turns into e-commerce (Laudon & Traver, 2007, p.11). E-commerce, all electronically information exchanges between an organization and its external stakeholders (Chaffey, 2004). It is a platform for selling products online, either via an owned site or a third-party website. E-commerce is not only exclusive for the large players in the market, SMEs are catching up to adopt e-commerce (Drew, 2003). The costs are no longer a barrier and their target group are also online. Benefits are selling directly to customers, the possibility to reach new markets, partnerships, expanding the scope of marketing, wider and richer communications and a significant reduction the cost of operations and transactions and customer service. Not all companies have embraced this type of digital application, but it is imperative for companies to seriously contemplate this option (Chaffey, Chadwick 2012, 23.). A global study of the Center of Digital Future (2014) found that the majority of the respondents make online purchases and in Brazil and China they even wish that they could make all of their purchases online.

2.2.3 Multiple key success factors

To all these opportunities, research indicates that they all have independent success factors for both B2C and B2B digital marketing and ecommerce. For example, the importance of responsive design could be tested, best practices of email marketing and the importance of choosing attribution models. To demarcate the thesis, the focus lies on four key success factors: having a clearly defined digital strategy, the importance of integrating search engine marketing, the importance of engaging the consumer instead of push advertising and the importance of striving for omnichannel.
2.3 Search engine marketing

According to research of Dou et al. (2010) the majority of internet users primarily use the internet to search information: 90% of all internet users search goods and services through a search engine and more than half of internet traffic starts with a search engine (Shih, Chen & Chen, 2013). Additionally, Basu & Muylle (2007) add the benefit of search engines to reach out to current non-consumers who could become aware of a brand through web-searches. Research emphasizes the importance of search engines for businesses. The purpose of a search engine is mostly purely information seeking (Shih, Chen & Chen, 2013). The internet user that is searching information on products and services is already interested. This is the opportune moment for companies to appear in these search results, as it leads a potential customer – both for B2C and B2B – towards your product or service information or to your e-commerce platform. Therefore, search engines are the platforms to market product and services. Search engine marketing is the most popular component of digital marketing (Lilienthal et al., 2014) and therefore assigned as one of the key success factors of this study.

Search engine marketing can be accomplished in two ways. When an internet user types in certain keywords, two types of search results appear in the search engine. The top search results and links on the right-hand side are paid search results. The lower ranked search results are unsponsored or organic search results that search engines automatically show based on their relevance to the search query. As different by nature, there are hence two ways to optimize the company’s website. First, by optimizing the website to fit the search engines requirements a company can receive a high rank for organic search results. Second, search engine marketing can be accomplished through search engine advertising (SEA); companies can buy their place in search engines through paid results or ads.

The ranking of search results is very important. It reflects the relevance to the search query calculated by a search algorithm. For paid search, it also reflects the highest bid. Research shows that internet users usually only look at the first 10 to 20 results and there is a strong positive correlation between the ranking on a search engine and the website traffic (Strauss, 2012, p.35).

2.3.1 Search engine optimization (SEO)

According to the definition of Parikh & Deshmukh (2013) search engine optimization – or SEO – is the combination of strategies and techniques to obtain a high-ranking placement in the search results page of a search which will increase the amount of visitors to a website. These techniques manipulate the site’s content and technicality to attract more incoming links from other sites which results in improved ranking (Shih, Chen & Chen, 2013). Adjusting your website to fit search engines requirements is an organic way to promote your website and its content. To put the need into perspective: 90% of users use search engines to find information; 84% of these never visit the second page of the search results (Strauss,
To sum, SEO is a way to improve the visibility and exposure of the goods or the site, and thus increase sales (Lee, Chiu, Liu, & Chen, 2010).

Companies should ensure that their website link appears in the highest ranked organic results through search engine optimization or SEO. The importance is proven by the study of Malaga (2009) which shows that users are inclined to trust the organic results more than paid results and are more likely to purchase products from a company that scores high on organic search. The ranking of the results in search engines depends on the search engine algorithm. The crawler of search engines scans all websites with an external link on their content and uses a specific algorithm in order to determine the relevance of a website (Parikh & Desmukh, 2013). Keywords in a search query are then linked with relevant websites based on the algorithm.

Companies should try to adjust their websites, functionality, user friendly and relevant, in order to meet the requirements of the algorithm as much as possible. Companies can improve their search results by site performance, page-optimization, link building and click popularity. Companies should improve the quality of the content on the pages and increase the frequency of updating (Parikh & Desmukh, 2013). The landing page is like the entrance to a shop for the user and it should meet the requirements of the search query. Is their question being answered? Is the content understandable? In order to do this, websites should choose the right keywords to put in the backend of the website. Additionally, keywords with local or geographical content are important as they lead consumers to a company nearby (Kumar et al., 2012). Additionally, link building is key. The more links on external sources to the website, the higher the popularity of the website. The algorithm translates this as an indicator of the reputation of websites (Alexandru, 2007). Finally, click popularity is important. The more clicks on the search result, the higher the search result is ranked. An interesting unique selling point in the search result can enhance the number of clicks. An important disclaimer is that SEO is an ongoing process which needs to be re-analyzed, refined, maintained and improved throughout time (Parikh & Desmukh, 2013).

### 2.3.2 Search engine advertising (SEA)

The second way companies can work on search engine marketing is through search engine advertising – or SEA – or the phenomenon of sponsored-search advertising, where advertisers pay a fee to internet search engines to be displayed alongside organic web search results (Ghose & Yang, 2009). Search engines like Google, Bing, Yahoo and Baidu offer these services. Unsurprisingly, Google is the biggest player with a market share of 53, 74% (Lee, Chiu, Liu, & Chen, 2010).

As mentioned before, companies can pay for a click on a sponsored search result which contains a link to the website. In search engines, the top results (max. 3) and ads on the left side can be sponsored. Paid search results appear when a search engine user types in certain keywords; for Google this service is called Google AdWords. Companies pay by a CPC (cost-per-click), CPM (cost-per-mention) or CPA (cost-per-acquisition) model. They set a budget for the campaign and the search engine figures out how often to show the advert in accordance to the budget. Advertisers with limited budget have difficulties to keep the
top ranking. Sometimes the bid prices on popular search terms are too high. These companies should make strategic choices on what keywords to invest (Shih, Chen & Chen, 2013).

As discussed in SEO, the ranking is also key with search engine advertising or SEA. This ranking is based on the algorithm of the specific search engine. The advertising position is determined by the combined result of the highest cost-per-click bid and the quality score. Companies bid on the price they want to pay for a certain keyword. The algorithm searches the relevance of the ad-text, the search key words, the history of clicks and the score of your website in performance and relevance. (Lilienthal et al., 2014).

Typically, the reason companies opt for SEA can be threefold, depending on the specific goal: a higher impression share, a higher number of click-throughs to the website or improvement of conversion rates on the website. There are a lot of benefits for SEA: an immediate top ranking is secured; targeted, controllable budget and measureable. It is important to stress that companies report a high ROI on SEA investments (Shih, Chen & Chen, 2013).

### 2.3.3 Differences in B2B and B2C

A recent whitepaper of De Young (2014) clearly summarizes differences of search engine marketing in B2C and B2B contexts, both for search engine optimization and search engine advertising:

- First, the ultimate goal for both the use B2C and B2B is to increase sales; however search engines have different executions towards this goal. In the business-to-consumer environment the path towards a conversion is straight forward. Ideally, in a single visit the customer can make a purchase: the potential customer searches information in the search engines, clicks on a high ranking results and navigates quickly from the landing page to the goal – either an e-sale or a lead to a physical store. However, the decision making process in the business-to-business environment is often much more complex. These search engines are not focused on making an immediate sale, but rather on having an important influence in the consideration process. For B2B, being present in the first place to be included as an option – or to be top-of-mind – is the initial goal. The website should have credible content to inform the potential customer in order to move to the next round of consideration.

- Second, because of the often complex decision making process the buying cycle in B2B context is much longer. Consequently, search engines have to be used differently. In the B2C environment, search engines are focused on a sale from a single visit. In B2B, customers have several consideration rounds to compare potential suppliers and offers. In the first cycle the purchaser is seeking potential suppliers with generic search terms and the next rounds are much more specific. For B2B it is important to pay attention that the search engine is leveraged in the different phases of the buying cycle. The goal is to ensure that the company is initially found and then further considered.
Third, choice of keywords is much more complex for B2B for SEO and SEA. These terms are mostly highly technical and don’t have a lot of synonyms to enhance the chance of a high result. B2B searchers mostly use industry-specific lingo or generic terms; they seek for a specific need or problem, rather than a product. The text included in the search result should establish confidence between the seeker and the advertising company. This credibility will determine whether the company continues to be considered as a potential supplier. In comparison to B2C appealing low prices or promotions won’t convince the B2B customer.

Fourth, the impact of optimization on the conversion funnel towards a sale in B2C – either online or through a lead – is much easier measured. Conversion ratios in the B2C environment are measured as the percentage of organic click-throughs that resulted in a sale, mostly in a single visit. As a result, much effort goes into optimizing this. However, the conversion of B2B is rarely immediate or even online.

2.3.4 Hypothesis

It is important to invest time, effort and money into search engine marketing, both through SEO and SEA. The importance of search engines in digital marketing and e-commerce and the positive results of the implementation have been widely documented in research. Stephan & Galak (2012) indicate that search engine searches can be predictive of sales. An increasing number of searches for a brand are directly related to an increase of sales. Multiple studies (Goel et al. 2010; Kulkami et al., 2012) support this statement and show the correlation between internet search activity and sales. Strauss (2012, p.35) adds that having a high ranking in search results improves branding; increased brand awareness and a solid brand image eventually result in an increase in sales. Finally, Parikh & Desmukh (2013) indicate that search engine marketing increases revenues for businesses; the high page ranking increases quality traffic for the brand and ensures a high return on investment. The search engine budget is often a key part of companies’ marketing budget. Multiple studies (Chen & Chen, 2013; Lilienthal et al., 2014) point out that budget has increased significantly in the last five years, more rapidly than other online media investments. The findings of research have caused companies to believe that an increase in spending for search engine marketing leads to higher advertising effectiveness and therefore an increase in sales and a high return on investment (Levin and Milgrom, 2010).

In this thesis, this statement is tested whether companies indeed believe that it takes a mere increase in budget to improve the success of search engine marketing. Recent studies have added nuances to this statement. For example, Lilienthal et al. (2014) recommend companies only to raise the budget if indeed the number of click-troughs improves which indicates in increase in advertising effectiveness as supposed to raising the budget to compete with competitors on keywords that drive prices up without having an impact on the number of click-troughs. Another recent study (Zhan et al., 2014) recommends companies
to focus on budget optimization instead of budget increase. Therefore, the hypothesis for this key success 
factor is the following, in order to test if this outdated hypothesis can indeed be rejected.

\[ H_3. \text{An increase of budget for search engine marketing leads to an increase in sales and return on investment.} \]

2.4 Engagement

2.4.1 New consumer

One of the most latent changes that arrived with the coming of age of digital technology is the emergence 
of a new type of consumer. A global study of the Center of Digital Future (2014) studied this new 
consumer in the US, China, UK and Brazil. The main conclusion is that this technology fundamentally 
changed the lifestyle: people nowadays are prone to integrate technology in all aspects of life. Very visible 
examples of these are digitally controlled household devices, mobile payments and online shopping. Some 
researchers speak of technology dependence. Keller (2009) found out that the introduction of digital 
technology also changed information processing; the consumer chooses if, how, when and where he or 
she processes information. This new type of consumer is always online and interconnected with others 
through mobile devices. They share information, both positive and negative experiences and opinions and 
of course they also discuss brands, products and services online (Van Ossel, 2014).

2.4.2 Changing expectations

Both the ability for consumers to communicate anywhere anytime and their unlimited access to 
information has changed their previous relationship with consumer brands significantly. The obsolete 
tenet of traditional advertising of merely pushing advertising messages to consumers does not apply 
anymore. Vast research shows that consumers are fed up with advertising and actively try to avoid it 
(Center of the Digital Future, 2014; Van Ossel, 2014; Van Roy, 2012, 15 - 28). Because of easier access to 
information on the internet, the consumer is empowered to choose what kind of information he or she 
digests. This makes is hard for marketers to still grasp the attention of the attention of the consumer 
which marks the end of mass-communication (Van Roy, 2012). People are better informed and brand 
advertisements are not their only source of information anymore. Consequently, consumers nowadays 
prefer to look at other sources of information, like opinions of others instead of branding messages. There 
is a shift from command-and-control marketing or interruption marketing by advertisers towards permission 
marketing (Van Roy, 2012). Moreover, the increased requirements and expectations consumers have 
towards brands signify the shift of power towards this consumer (Cadden & Lueder, 2012; Strauss, 2012; 
Van Ossel, 2014). He or she chooses if, how, when and where companies may interact with him or her. 
Companies should rethink how they communicate and advertise online.
Research shows that consumers allow companies to advertise if these messages meet three important conditions: creating relevance, engage with the customer and give the opportunity to interact and share experiences with other customers. These three conditions are explained here:

- **Relevant advertising instead of traditional advertising.** The promise of traditional advertising is no longer sufficient today because consumers have the feeling it doesn’t offer anything relevant for them (Golan & Zaidner, 2008). Moreover, they perceive unsought advertising messages as displeased and disrespectful (Van Roy, 2012). However, consumers are aware of the importance of their attention for marketers and use this knowledge to their advantage. These consumers don’t mind advertisements if brands deliver valuable services for them hence vague promises by brands and push advertisements are no longer sufficient (Van Roy, 2012, P. 15 - 28; Center of Digital Future, 2014). **Brands should create services that are user-centric, useful and add some real value to peoples’ lives.** For example, brand-created tools like a mobile app. There is an **evolution towards content marketing:** “Content marketing is the process of delivering brand value to an audience by publishing branded content designed to help or entertain in order to earn attention rather than pay for it” (Marsden, 2014, p.1). To sum, marketers and advertisers should earn the scarce bit of attention of their consumers in this high-attention world.

- **Consumers want to engage with brands.** Because consumers intercommunicate on a continuous basis, they also expect direct communication between consumers and brands in real-time, 24/7 (Cadden & Lueder, 2012). They want companies to listen and respond in order to show their engagement towards them. Companies should be ready 24/7 to answer questions, react to opinions and remarks. There is an urgent sense of “right here, right now” (Van Roy, 2012, 15 -28). Not only do they want companies to listen, consumers are often willing to have a conversation with a brand (Kietzmann et al., 2011; Van Ossel, 2014). A watch out is that these online communications with consumers should be honest and authentic in order to establish long term and valuable relationships with the consumer. Consumers appreciate companies that consistently show authenticity, humanity and transparency (Van Roy, 2012). In this way, companies can strive to create brand lovers with true brand engagement. These are consumers that have a sincere interest in the brand or campaign, feel emotionally attached and interact with the brand. A prerequisite for companies is that they should establish an ongoing communication plan (Yannopoulos, 2011). Companies can do this by informing the customer and provide tools for customers to communicate their opinions, thoughts and questions. **Social media is the ultimate way for companies to directly engage with their customer** (Smith, 2011). Social media is the umbrella term of blogs, forums, multimedia and social networking websites which are used for social shopping, review marketing, social customer support and viral marketing (Kumar et al., 2013). They have the potential to directly respond and converse with current or new customers about the brand or build relationships. **Real-time engagement** on social media provides valuable opportunities for brands to satisfy customers; help them and delight them. Companies have acknowledged the
importance of social media. Nowadays, companies assign increasingly higher budget on social media (Kumar et al., 2013) because of its high response rates and customer engagement (Trusov et al. 2009). However, multiple studies (Kaplan & Haenlein, 2010; Berthon, Pitt, McCarthy, & Kates, 2007) show that still a lot of companies are reluctant or unable to develop strategies and allocate resources to actively engage with their audience on social media.

- **Consumers want to listen to other consumers.** Digital marketing is all about conversations, primarily between peers and mainly on social networking sites (Van Roy, 2012, p. 15 - 28). Companies need to join the conversation, because topics vary on consumers comparing, promoting, criticizing and judging products online. This communication about brands happens, with or without permission of the firms in question; marketers are no longer in charge of the message he or she would like to spread (Kietzmann et al., 2011; Van Roy, 2012, p. 15 - 28). *Online customers are empowered with tools to share, discuss, inform and control the way they perceive the marketing message together with other people, who appear to be more credible than the company itself.* Consumers interact and influence each other with opinions on social media which has a direct impact on brands (Trusov et al. 2009). The buying decision is mostly influenced by mouth-to-mouth - 76% vs 15% with traditional advertising – which is no different with online conversations (Dobele et al., 2006). The global study of the Center of Digital Future (2014) showed that social media posts, online industry reviews, online consumer reviews, word-of-mouth are ranked higher in influence than traditional advertising and there is a lower barrier to write online reviews. Thus, receiving information from social media could be more influential in shifting consumers' opinions and result in higher conversions (Kumar et al., 2013). Marketers can influence this information indirectly by either gain favor or criticism from their customers (Strauss, 2012, 36). As BBC Business Editor Tim Weber (2010) explains: “These days, one witty tweet, one clever blog post, one devastating video – forwarded to hundreds of friends at the click of a mouse – can snowball and kill a product or damage a company’s share price” (Kietzmann et al., 2011). Marketers must do efforts to grasp attention and win their trust. *The mutual respect will resort into a valuable long term relationship that will motivate the consumer to talk about the brand and further spread their message. This message will go on to peers with similar interests and therefore possible acquisitions. These peers are more triggered to read and be affected by the message if this is originating from peers (Van Roy, 2012, 15 - 28). Certain tools can monitor, track and map these conversations to redirect and react in an appropriate time (Van Roy, 2012, 15 - 28).
2.4.3 A new consumer funnel – the engagement funnel

The shift from traditional marketing towards digital marketing has created a new type of consumer. The new type of customer resulted in turn into new purchase funnels to support the customers’ purchase journey. The original purchase funnel or customer funnel is described by the AIDA model (Chandler-Pepelnjak, 2009). This funnel has four different phases: people become Aware of a product or service, they begin to express an Interest, then this grows into a Desire to purchase the product or service and finally people can take Action to actually purchasing the product or service. However, in the light of the above described changes, Forrester (2007) has refined this traditional model and included the need for engagement into Awareness, Consideration, Preference, Action and Loyalty. Forrester (2007) explains that the consumer journey is a combination of decisions influenced by user-generated content, recommendations from friends, peer reviews and competitive alternatives. After the purchase, a customer can turn into a brand advocate because of satisfaction and positive brand experience. A brand advocate has four stages: involvement (e.g. a qualitative durable visit to the website), interaction (e.g. a customer comment on forums, blogs and reviews), intimacy (e.g. tracking the sentiment) and influence (e.g. forward content).

2.4.4 Differences in B2B and B2C

The most pronounced challenge described in research for B2B companies versus B2C companies is that B2B should emphases to create personal relationships even more than B2C due to the often long term durable relationship they have with their customers (Fill & Fill 2005, 145-147). Although the direct communication between companies and their B2B customers is typically in person or by email, the medium of social media is not yet fully exploited. Michaelidou et al. (2011) reaffirms that social media is an important relationship marketing tool; however, mostly used for direct consumer purposes. B2B companies rarely use social media and there has also been little academic attention. The preliminary research (Shih, Chen & Chen, 2013) suggests that B2B companies can use social media such as Facebook and LinkedIn to communicate with their customers and suppliers, build relationships and trust, as well as to identify prospective partners in terms of B2B selling, to increase traffic to their website, identify new business opportunities, create communities, distribute content, collect feedback from customers and support their brand (Breslauer & Smith, 2009), initiating two-way conversations with customers and developing relationships with customers through communication and interaction (Enders et al., 2008; Kaplan & Haenlein, 2010), achieve word-of-mouth and make their brands better known. Lack of staff, familiarity and technical skills are factors that prevent the current implementation in B2B contexts.

2.4.5 Hypothesis

This chapter learned that digital technology has had a significant impact on traditional marketing. Traditional advertising by pushing messages onto consumers is no longer sufficient and even has an opposite – detrimental – effect. Purely reaching consumers in other words is neither sufficient nor effective. Vast research show that instead of pushing messages towards the consumer, brands should pull
consumers in by engagement. Engagement is created by responding and listening to the customer online and even dare to interact with them. This can result in positive brand perception and helps online PR. If companies engage in the right way, they can make their reputation. Vast research indicates that consumers want companies to listen and converse with them (Kietzmann et al., 2011; Van Ossel, 2014). To make engagement as a new fundamental prerequisite, a new consumer funnel is suggested.

To sum, consumers from both B2B and B2C companies desire value from a brand instead of meaningless and hollow advertisements, they want to converse with brands through and listen to other consumers. Brands should react to the changes by striving for engagement as an ultimate goal instead of mere reach as was the case with traditional advertising. Therefore the third hypothesis is:

H4. Companies should strive for engagement rather than merely focusing on increasing their reach

2.5 Omnichannel

2.5.1 New consumer

As mentioned, digital technology has created a new customer. Besides the expectation of engagement, more recently, the consumer now also expects an omnichannel approach by companies. Since the rise of smartphones, people are always and everywhere online through their mobile phones. Research shows that this new habit has had a profound impact on their shopping behavior on two different levels. First, consumers nowadays make better purchase decisions (Center of Digital Future, 2014). They compare and search information online before deciding upon buying a product. Second, because of the use of mobile technology, the border between physical and online shopping is fading. Consumers use different channels simultaneously to make purchases anytime, anywhere, with any device (Belu & Marinoiu, 2014). While consumers are present in physical stores, they use their mobile devices to search and compare online content on the products, constructing an omnichannel environment (Brynjolfsson, Jeffrey, Rahman, 2013; Lazaris & Vrechopoulos, 2014). For example, while shopping for groceries, consumers might check out latest recipes to give them inspiration. Companies and brands could grasp the opportunity to respond to this search query with relevant content, like a recipe which promotes their product. To sum, new mobile technology preluded a transition in customer relationship management: consumers decide how, when and where they want to interact with brands and expect brands to be present on all touch-points with the right content (Belu & Marinoiu, 2014).

2.5.2 Definition of omnichannel

Marketing has evolved from single-channel, to nowadays multichannel and soon omnichannel. Digital marketing started with a single channel; for example, companies only had one website to inform customers. Nowadays, companies primarily are multichannel: they offer multiple ways for the customer to connect with them – via website, email or social media – and created the option of e-commerce (Sealey,
However, due to the changing needs of the consumer, companies are now striving for omnichannel. Just after the dotcom-crisis, early research (Burke, 2002; Görsch, 2002, p.757) already pointed out the need from consumers for multichannel shopping to be more integrated and assisted in order to move easily between them and that consumers long for a customer experience that is consistent and seamless identical across channels. *Instead of multichannel that offers multiple touch-points in parallel, omnichannel uses them all simultaneously.* Consumers no longer focus on choosing a channel to use but instead combine the advantages of trying the product in physical stores while using the information-rich online shopping platform (Rigby, 2011, p.4) The focus has shifted towards a brand experience (Ortis & Casoli, 2009). Research defines omnichannel as the use of multiple channels, both online and offline, in order to offer an innovative and unified seamless shopping experience (Sealey, 2014; Lazaris & Vrechopoulos, 2014). Companies should seek to fit and optimize every on- & offline touch point consistently with each other to create a flawless fitted costumer journey that holds on to the attention of the customer throughout the experience. Belu & Marinou (2014) expect companies to increasingly focus on digitally offering the convenience to search for products, to compare prices, to order online. The new consumer calls a reevaluation of innovative strategies and companies strive for this goal by four action points (Center of Digital Future, 2014):

- First, companies should offer a seamless shopping experience by *creating a fusion between offline and online channels* (Yannopoulos, 2011). They should combine both the convenience of online shopping with the benefits of a physical store (personal service, product experience). All channels and touch-points should be seamlessly integrated and optimized in order for the customer have the freedom to choose which channels they use (Van Ossel, 2014).

- Second, companies should also *interlink digital channels with each other.* For example, social media pages, websites, email campaigns, online advertising should all link to each other reciprocally (Parikh & Deshmukh, 2013).

- Third, companies should *broadcast consistent messages over all touch-points.* Digital channels are an important part of the marketing communications mix therefore their message should be consistent with offline channels (Yannopoulos, 2011). In all, they need to form a smooth engine that combines and interlinks the different channels (Smith, Gopalakrishna & Chatterjee, 2006).

- Finally, companies should *optimize their purchase path to be seamless.* They should examine the consumer closely to find out how they can optimize the brand experience and lead the consumer towards a conversion.
2.5.3 Customer journey

In order to create an omnichannel experience for the consumer, the company should map out the path to purchase of the customer or the customer journey by choosing a right model (Van Ossel, 2014). Court et al. (2009) urges companies to start with examining the purchase funnel. The study recommends the use of McKinsey’s consumer decision loop. This loop refined the previously discussed funnel of Forrester (2007) into the loop of: awareness, familiarity, consideration, purchase and loyalty. Instead of using funnel that increasingly narrows the size of audience; they use the metaphor of a loop. The loop has four steps:

- First, the consumer considers a set of brands based on brand perception and exposure to touch-points. This initial stage is triggered by something.
- Second, the consumer refines the number of brands according to the need by shopping and information seeking.
- Third, the consumer selects and purchases the brand of choice.
- Finally, after the purchase, the consumers have build up expectations to inform the next decision by ongoing exposure. McKinsey talks about exposure as “touch-points” in every stage. Touch-points work as a trigger to either start the consumer decision journey or uphold it.

After choosing the model to use, the company can start mapping out the personal path to purchase of its customer (Van Ossel, 2014). This is a representation of the different touch-points that a customer has through interacting with a company or a service (Richardson, 2010). Companies should map out both the path towards a purchase (the shopper-phase) as well as the path to retention (consumer-phase). The company should project himself into the customer and examine all possible touch-points that customer might have with the company or brand (Van Ossel, 2014). The company should think about the devices they use, what information sources (website, comparison websites social media, forums or blogs) are most valuable and the way, how, if and when the customer orientates online. If the company can map out the different paths, they can adapt to this. Importantly, the consumer must be offered the exact same service in physical stores as well as online stores (Belu & Marinoiu, 2014).

Besides the direct conversion path, Van Ossel (2014) recommends companies also to examine the start-up phase of the purchase. The purchase path does not only exist of the actual purchase on the website. A consumer might have been triggered by an offline advertisement, has seen a banner on an external website, queried in a search engine or was referred to the product by a social media post. Turner (2010) calls these macro- and micro-conversions. The actual purchase online is a macro conversion for e-commerce. For digital marketing, the purchase in an actual store might result because of filling in a contact form digitally. These are macro-conversions, the actual transaction online or the intent to purchase a product or service. Micro-conversions on the other hand are touch-points that guide the way towards a conversion. For example, a search query in Google might result later on in a purchase. The search engine is both a contributor and an indicator that a customer is moving towards a conversion but is not the direct
conversion itself. It is important to study these touch-points in the conversion journey so that the company understands the value of the marketing channels and how they work together. The company can attribute a value for each marketing channel in their contribution to the actual conversion.

2.5.4 Implementation of omnichannel

After identifying the right model and mapping out the customer journey, it is time for companies to optimize their customer journey by measuring, testing and refining it. Two specific remarks on tools and requirements are given:

- First, research emphasizes the importance of digital analytics in mapping out the customer journey and enabling companies to create a personalized customers experience (Nash et al. 2013). The data shows internet activity and personal information from social media. Companies can use this information to their advantage. The ultimate goal is to tailor the experience for every digital touch-point to individual customers.

- Secondly, the customer journey should be flawless and have a well-thought out user-centered design. As a requirement, the website should be optimized in terms of speed, easy transactions, no technical problems, no dead-ends and constantly available customer service (Chaffey, 2007). Without turning brand communications into a carnival of push notifications and flashing buttons, it should short rout to conversion; clean cut and easy. Respondents of the global study of the Center of Digital Future (2014) indicated that if the website experience would be more dynamic and enjoyable, they would buy more.

As a guideline, Van Ossel (2014) suggests a broad model to develop and implement omnichannel. Four steps are described: firstly, companies should determine the strategic direction and envision the omnichannel customer path. Secondly, they need to translate this into concrete projects that realize this omnichannel customer path. They need to prioritize, check for feasibility and predict the impact of the project on their internal organization. Third, they need to create a new internal culture including the whole organization to turn into an omnichannel organization that is inclined to try, to experiment and to test. Finally, they need to plan out the implementation and set the right KPIs.

Unfortunately, a lot of companies still struggle with implementing omnichannel and keeping up with these new consumer’s requirements. Companies are not yet structured to support a flawless cross-channel convenience (Center of Digital Future, 2014). According, to Van Ossel (2014) companies lack persistence, focus, time and resources. They need to rethink the whole value chain and bring people of multiple disciplines together in order to offer a personalized customer experience. He believes that the solution is job-rotation, to encourage people to think outside the box.
2.5.5 Differences in B2B and B2C

As the concept of omnichannel is rather new, the research for omnichannel is very limited, especially for B2B companies. Relating back to the previously discussed different purchase decisions for businesses, the omnichannel approach will be different for both B2C and B2B as they have other decision paths and customer journeys. However, like consumers, a consistent message throughout the purchase decision is still important. B2B companies differ in their decision making process. Most of the time B2B buyers are not the end-consumers (Fill and Fill, 2005) and often B2B purchases result in enabling production instead of satisfying a personal need (Van Weele, 2010). However, as mentioned previously, the path to a conversion differs enormously.

2.5.6 Hypothesis

To sum, implementing an omnichannel approach requires thorough media planning and integration of different channels in order to interlink (Romaniuk, Beal & Uncles, 2013). The omnichannel experience should make the customer an advocate of the brand (Sealey, 2014). Companies should adjust to the requirements of the new consumer and take their perspectives to design to customer journey. According to Yannopoulos (2011) companies that fail to do this, are less likely to succeed. Multiple studies suggest that the mix of integrated media results in more reach and different channels mutually reinforces each other’s effectiveness and efficiency (Wakolbinger, Denk & Obercker, 2009; Kliatchko, 2008). However, simply using all marketing channels is not a sound option: Binet & Field (2009) found that companies should focus on three or four advertising media; increasing the amount of channels caused lower returns. Additionally, research (Nash et al., 2013; Shankar et al., 2011, p.33) found that a seamless enhanced shopping experience leads to increased customer satisfaction, shopper retention, loyalty and bigger customer lifetime value. Moreover, brands that excel in omnichannel can gain a durable competitive advantage (Belu & Marinoiu, 2014). Van Ossel (2014) agrees and adds that companies that fail to offer omnichannel will eventually lose market share and even risk a withdraw. Unfortunately, omnichannel academic literature is very limited, especially for the B2B context research. Lazaris & Vrechopoulos (2014) reviewed current literature on omnichannel and explicitly call for further research. To contribute to the research, the fourth hypothesis is:

**H4.** A smooth user journey within an omnichannel brand experience has a positive impact on the number of conversions
CHAPTER 3: METHODOLOGY

Due to the complexity of digital strategies, the goal of this study is threefold: firstly, the purpose is to identify the contemporary key success factors (KSF) of digital strategies; second, research suggests that their interpretation and importance vary in different markets and finally, within these different markets, there could be a difference between the executions in business-to-business or business-to-consumer environments. Several hypotheses on KSFs identified by academic research are tested. In-depth semi-structured interviews with experts of large corporations in six different markets give insight into the validation of the hypotheses. This method will ensure an insightful view to eventually determine the KSFs sensitive for different operating markets and environments.

Hereafter, the details of the methodology used for this research are described. First, the KSFs of this study are specified and followed by the method used to examine them. Second, the choice for qualitative research is justified with its benefits and its limitations. Third, the participating companies for the case studies are described and expertise of the correspondents is illustrated. Due to confidentiality reasons, the names of respondents and companies are not published.

3.1 Key success factors and method

Building on the existing literature of digital marketing, this thesis’ purpose is to add value to the research on success factors of digital strategies. As digital marketing and e-commerce are currently hot topics in both academic and non-academic research, the amount of information is plentiful as are the number of identified potential success factors. This study focusses on four of the most important key success factors, hereafter the KSFs:

- First, through historic learnings – by looking what worked or did not work in the past – studies clearly emphasize the importance of having a defined digital strategy.
- Second, the importance of search engines is accentuated in academic research. It is seen as one of the most important digital marketing and e-commerce tools to attract consumers to the website.
- Third, because of the changing consumer, companies have to adjust to their new requirements and engage with their consumer online.
- Fourth, a recent trend in both non-academic and academic research is the omnichannel approach; companies should interlink both online and offline marketing channels in order to create a consistent brand experience for the consumer.

These four KSFs will be examined through six in-depth case studies. Each study links these KSFs with digital marketing experts’ view on pragmatic and relevant practices within different companies. Per company, two experts are interviewed specifically on the experiences in their environment (either business-to-consumer or business-to-business). This allows the thesis to examine the opinions, insights
and experiences to either validate or reject the hypotheses of existing academic research. Six multinational corporations from different industries – all both active in business-to-consumer or business-to-business segment – are chosen to generate these valuable insights.

The method can best be summarized in the research grid, here below (Figure 1). The four discussed KSFs will be analyzed in multinationals at six different markets, both at their B2C as their B2C segment, resulting in 24 potential learning spots.

### Figure 1: The research grid

| H1. A clearly expressed measurable digital strategy in terms of direction and revenue has a positive effect on the financial performance. |
| H2. An increase of budget for search engine marketing leads to an increase in sales and return on investment. |
| H3. Companies should strive for engagement rather than merely focusing on increasing their reach. |
| H4. A smooth user journey within an omnichannel brand experience has a positive impact on the number of conversions. |

<table>
<thead>
<tr>
<th>FMCG Food</th>
<th>Telecommunications</th>
<th>Pharmaceutical</th>
<th>Financial sector</th>
<th>Electronics</th>
<th>Automotive</th>
</tr>
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### 3.2 Qualitative research

As discussed in the method, six companies from different markets will be examined on their digital approach. For each company both respondents on the B2C digital strategy and the B2B digital strategy are questioned through an in-depth semi-structured interview based on the four stated KSFs.

Taking the overall goal of the study into account, the thesis preferred to opt for an in-depth study of academic research in combination with real-life case studies as the most optimal way to identify the KSFs. Due to the open-ended nature of potential insight, the qualitative research method (vs quantitative research) is expected to deliver the most valuable and relevant information: where do the experts focus on, what have they learned from experience and what nuances or additions can they give to contemporary
research, which trends do they see in the market, etc. Additionally, the thesis opted to compare B2C and B2B environments in the same company to point out the difference more clearly. This excludes a lot of interfering variables because their marketing message and strategic overall objectives are mostly the same and the dynamics between both sides could result in interesting insights.

As the qualitative nature of the study has its limits (generalizability, significance, etc.), the goal of this thesis is to pave the path for future quantitative research. This research can aim to generalize the result over multiple businesses to reach to academic significance.

The in-depth interviews are semi-structured to give the digital marketing and e-commerce experts the freedom in expressing their views in their own viewpoint while the structure of the interview still ensures targeted information gathering. For the interviews a discussion guide was used (see Appendix 1) which provides a clear set of instructions and ensures reliable, comparable qualitative data.

### 3.3 Choice of companies

The six companies that were subject to this research were chosen based on three criteria. First, all of them are multinational corporations, considered as large corporations (>500 employees) worldwide. Secondly, the business models of these companies both are focused on the end-consumer as on other business, allowing differentiating between B2C and B2B. Thirdly, these companies play in different industries and markets vis-à-vis each other. The names of the companies are not disclosed because of the strategic importance of digital strategies and confidentiality reasons.

One important remark to this criteria; the pharmaceutical company studied mainly focused on prescription drugs is legally limited in their business-to-consumer relationship. However, it is clear that they do have an important business interest in this.

### 3.4 Respondents

The respondents are carefully selected on their position and responsibility within their respective companies. All of them are in charge of the digital strategy development in their segment, be it business-to-consumer or business-to-business. The respondents are considered experts on digital marketing (and e-commerce) within their company and in the industry. Due to confidentiality reasons, the names of the respondents are reduced to initials. A short description on the relevance and background of the respondents:

- **The pharmaceutical company experts:** the first respondent for the pharmaceutical market was Mrs. S.B., the multichannel marketing strategy manager of an international pharmaceutical company. She plans out the digital strategy for Europe, Middle East and Africa (EMEA) and supports local departments in implementing the strategy. The second respondent for the pharmaceutical
multinational is Mr. K.E., an e-communications specialist. He is in charge of outlining the digital strategy for the Benelux market, considering the guidelines form the EMEA department. He is a digital marketing expert and IT integration strategist.

- **The FMCG food company experts:** The first respondent for the fast moving consumer goods (FMCG) market is Mr. K.V. He is the head of digital marketing to consumers at a renowned FMCG company in the food industry. He is experienced in building digital marketing strategies for international brands. The second interview for the FMCG company was with Ms. D.C. She is the sales & marketing out of home coordinator. She is in charge of the overall marketing communications strategy and digital strategy towards food service businesses, wholesalers and caterers. She has previous experience at two important advertising agencies.

- **Telecommunications provider experts:** The first respondent is Ms. H.V., the e-sales segment marketing specialist at a large telecommunications provider. As e-sales specialist, she defines and develops strategic plans to boost sales online and she analyses and ensures the optimal customer flow. The second respondent is Mr. D.L., the head of digital marketing for the business-to-business segment at the telecommunications company. He is responsible for end-to-end digital channel usage on B2B market segment for both small and home offices (SoHo) and small to medium-sized enterprises (SME).

- **The electronics company expert:** Mr. N.A. is the senior online marketing manager at an international electronics company. He is responsible for all online marketing activities for the Benelux market. His expertise lies in e-commerce, multi-channel retailing, online and mobile sales and marketing, the customer journey and experience, social media marketing, search engine marketing, website optimization and branding. In addition, he has had previous experience an e-commerce manager at another electronics company.

- **The automotive market expert:** E.V. is the E-Business Officer at an automotive company for Belgium and Luxembourg. She is both responsible for the business-to-consumer and the business-to-business focus of the digital strategy. She sets out the strategy for the websites, social media, email campaigns, search engine marketing and online advertising of the company. She has had previous relevant experience at a global logistics company and at a local media concern.

- **The banking sector experts:** The first respondent is B.S., the Head of Channel Infrastructure at a large national Belgian bank. He works in the retail and commercial banking division which is focused on servicing private individuals, SMEs and entrepreneurs. B.S. is responsible for channel infrastructure, including internet and mobile channels, office infrastructure and ATMs and he controls the multichannel CRM. The second respondent is B.K., the Product & Innovation Manager at the national Belgian bank. He works within public and wholesale banking division. This includes focusing on providing financial services to public institutions, corporations with a turnover greater than 10 million euros and the social profit sector, such as social secretaries and hospitals etc. He is responsible for online and mobile banking.
CHAPTER 4: RESULTS

As discussed in the method, two respondents for six companies – both experts on digital strategies for either the business-to-consumer or the business-to-business environment – are interviewed in a semi-structured way. The following part of the thesis describes the insights of these in-depth interviews per company. For each company, the input on the four stated hypotheses – digital strategy, omnichannel, search engines and engagement – is synthesized. As indicated in the method, the thesis prefers to offer broad insights of the experts. This allows discussing the insights as relevant case studies on digital marketing and e-commerce. This part ends with a clear validation or rejection of the hypotheses.

4.1 Case study 1: The telecommunications company

The first case study contains a large Belgium national telecommunications provider that offers television, internet, telephone and mobile products and services. It operates on the Belgian market but also offers data transmission products internationally. The first respondent H.V. is the e-communications specialist on the e-transformations department. She is in charge of e-sales and digital marketing towards the consumer. The second respondent D.L. works in the enterprise business unit. He is responsible for the digital strategy towards home offices and small enterprises. Both respondents follow up on each other through alignment meetings but don’t collaborate.

2.1.1 Digital strategy

In the international telecommunications market, both experts indicate that the Belgium market is less advanced in digital marketing and e-commerce strategies as supposed to advanced countries like England and the Netherlands. D.L. describes the company as rather conservative and a laggard within the Belgian telecommunications market. As a result, the company tries to work closely with international partners in order to exchange best practices – in particular with Swiss telecommunications companies as it is also a trilingual country.

The current digital strategy towards the consumer is the result of historical learning. Previously, the focus was mainly on acquisition and there was no overall “umbrella” strategy but only ad hoc set campaign objectives. Advertising was fully outsourced to an agency and the budget was allocated only based on traffic results. Now, they allocate the budget with a conversions-approach instead of a traffic-approach.

The e-transformations department (H.V.) has three digital strategy goals related to B2C. First, they support the brand in being present on all possible touch-points. To either convert (sales), bring value (entertainment) or support the consumer (self-service platform). Secondly, they aim to acquire new customers and cross-sell or trade up to existing customers. Thirdly, they provide value (like the self-service platform and mobile apps) to strive for customer satisfaction, retention and loyalty.
The digital strategy has a vision and a direction with defined KPIs and targets, but no long term strict objectives. The (digital) environment of the telecommunications industry can change abruptly and the company needs to be very agile. Especially because they indicate that their competition has quicker go-to-market timing. Consequently, they have identified KPIs on the user journey towards an e-sale and have set appropriate targets by looking at the evolution of performance and using the successful year 2013 as a benchmark. In addition, the e-transformations department of H.V. is working on setting a performance model, to attribute financial value to non-conversion efforts (like retention or stimulation) and leads from offline channels. D.L. agrees on the difficulty and indicates that the B2B side is also optimizing their performance model.

D.L. discloses they are more advanced in defining the strategy in the B2B segment, expressed in three points. First, D.L. explains that there is a clearly defined digital strategy that contains a vision on the brand experience. Second, the B2B division is also more advanced in targeting the relevant customer (for example, contrary to the B2C segment, they use social media to target small business owners). Third, they are more advanced in linking channels during campaigns, both online and offline. They have KPIs set that look at cost of acquisition, customer satisfaction and revenues generated by sold products. To determine the success of the KPIs, the B2B segment interprets the result by observing the external circumstances (like the effect of seasonality) instead of benchmarking. D.L. expects a further growth in sales but only for “simple” products, like a SIM card. Sales numbers on other more complex products are stagnating.

“It depends on the simplicity of the product if the number of online sales grows’ – D.L.

An interesting remark is the difference within digital strategies on business-to-business focus. The characteristics of small enterprises (SEs) are similar to residential customers. Hence, the products that are offered are similar and can be offered via the e-commerce channels. For the companies that are bigger, they offer a separate website without e-commerce. These companies are assigned to an account manager, which approach is relationship-based and less digital. For both B2C and B2B, digital marketing and e-commerce has multiple benefits and therefore digital strategies will increase in importance in the future. First, the company has a more cost-efficient way of working. There are cost-efficiencies through reduced call-deflation, reduced cost in manpower for servicing and a reduced cost of goods sold (commission costs). Second, digital channels allow the company to offer extra services, like being able to support clients 24/7. This is especially beneficial for businesses. Thirdly, D.L. points out that, having a digital strategy will also help to allocate responsibilities to the right employees. He points out that a lot of companies struggle to find out which department(s) should take the lead in digital; is it marketing, sales or customer service?

“A digital strategy causes sales and revenue growth, reducing customers leaving, increasing customer satisfaction, cost-efficiencies and better allocation of the budget.” – D.L.
2.1.2 Search engines

H.V. emphasizes that search engines in the telecommunications industry are extremely important. Consumers search for information on telecommunication products online and compare offers on comparison websites. As a result, the company has a strong focus on search engines. The company uses up to 47,000 keywords to increase their visibility via SEO and almost 90% of the budget is spent on SEA. The website is fully optimized in order to have highly ranked organic search results which are managed by a specific tool. The tool also tracks the performance of competitors alerting the company when changes need to be made. Interestingly, competitors in search engine marketing are often direct competitors but also partners of the company. According to H.V. however, the importance of organic search results is diminishing. Google is increasingly emphasizing paid search results. The company advertises on search engines via specific and generic AdWords campaigns. Generic campaigns have a lower ROI and conversion rates but are still important for brand awareness. All campaigns are monitored by web metrics like impression share, top of page rate and position rate, and they monitor competitors.

Although tempting, merely increasing the budget for search engine marketing doesn’t increase conversions and sales. First, there is a ceiling-level on the budget that a company can spend. The company currently has a 99% impression share, so increasing the budget is pointless. Second, it depends on the type of campaign. For promotional campaigns, increasing the budget can have an impact. For awareness campaigns, on the other hand, it won’t have an effect if it has already reached the ceiling-level. H.V. indicates the budget can only be raised when at the same time the content of the website and advertisements are improved through AB and usability testing. Third, companies should allocate their budget more efficiently instead of only increasing it. Companies should use digital analytics to explore how to approach the consumer on the right time with the right message.

The difference between B2C and B2B is that search engine marketing for the business-to-business division is fully outsourced to external agencies. They have the ownership on the campaigns, monitor and report the performance to D.L. directly. Interestingly, because of a more limited budget, they have to make strategic choices in the purchase of keywords. They won’t compete on certain keywords as they are too expensive (like Apple). However, they do capitalize on the search engine marketing efforts of the consumer division. These search results can redirect the user to the offers for SE. D.L. agrees with H.V that raising the budget doesn’t have a cause-effect relationship on increasing conversions.

2.1.3 Engagement

One of the strategic goals of the telecommunications provider is to be close to the customer. Therefore, they have defined a specific communications strategy. Firstly, the company strives for 360° communications and adjusts the tone of communication to each channel. The overall message is always the same to ensure consistency, but the content is specified for specific channels. For example: they use more promotional...
content in their AdWords campaigns as they have noticed that this generates good results. Secondly, they differentiate in channel-specific communication: either product-related or entertainment-related content. The first is the website with product and service-related content and the latter the website for entertainment. Thirdly, the company holds the same channel-specific social media communication: there is corporate social media page that engages with consumers about the products and an entertaining social media page that is all about sports.

An interesting opinion on brand lovers: consumers do interact with the brand on corporate pages but they don’t have brand lovers as some competitors do. H.V. indicates that the company does not actively strive to get brand lovers for their corporate channels. Their brand stands for service and quality; however, engagement is still important to them. They want to engage with the customers that are willing to communicate to them instead of actively forcing conversation. H.V. notices that consumers who want to interact with brands primarily seek customer service online via social media.

"Companies should dare to converse with their customers" – H.V.

The business-to-business division also uses multiple channels to approach customers. However, D.L. indicates that there is no two-way-communication in the SE division. Currently, they only react on complaints. For the business-to-business environment however two-way communication is desirable. D.L. points out that the specific requirements to implement direct communication in B2B context are different: in addition to linguistic writing skills they would need different product knowledge and more professional tone of voice than consumer business. Through preliminary trial-and-error steps, D.L. learned that only informing people on the product isn’t enough; people want to engage with the brand. D.L believes that LinkedIn might be a suitable platform for this purpose. However, it is important to remember that B2B customers only join these social communities if they offer value for their business.

2.1.4 Omnichannel

The user journey towards an actual purchase at the telecommunications company has two different paths in the business-to-consumer side: through the online purchase in the e-shop or as an assisted sale. The first path to a conversion online is closely followed up on with various metrics. It is constantly optimized with multivariate and usability testing to ensure a simple and smooth flow towards the conversion. H.V. agrees that this results into an increase in conversion rates. The second path is an assisted sale or contact by a co-worker to complete the sale. H.V. points out that some consumers, after searching information online, are often more comfortable to close a purchase with assisted sale.

The relative large number of assisted sales shows the need to interlink all channels. Next year, the company will implement two tools that fill this need. The first one allows the consumer to start the purchase
process online and finish it offline. In addition, a second tool will be implemented to map out the consumer journey. The information on what advertising messages the consumers already have been exposed to, will optimize advertising. There is a cost-efficiency incentive for the company to convey their message to the right customer on the right time on the right channels.

An important remark is that the company operates in silos. Different marketing departments use the same channels but they do not work together. They align their promotional calendar but use different agencies. This has an impact on omnichannel approach; all marketing activities should be closely aligned.

The business-to-business side of the company is slightly more advanced in omnichannel. Although, the user journey doesn’t differentiate for the consumer and small businesses, they are already linking different channels in their campaigns. These links are constantly measured and optimized. As of 2014, the company uses cookies that allow targeting certain people with personalized offers or a follow-up call/email. Tracking cookies also map out user journeys. D.L. indicates that a smooth personalized user journey and linking all channels facilitates the process towards a conversion.

“In addition, omnichannel improves the brand image, increases customer service satisfaction and improves retention rates.” – D.L.

4.2 Case study 2: The FMCG food company

The overall FMCG market is actively exploring multiple digital options. The market is quite advanced in digital marketing but e-commerce is still new, especially in Belgium. E-commerce can either be hosted by the companies themselves or through the e-commerce platform of the retailer. This case study involves a multinational company active in the food industry. The digital strategy is created in a central international digital division and local digital teams implement and adjust the strategy in the various countries. They have a highly developed digital marketing approach but no e-commerce. The company focuses on two customers, the end-consumer and businesses. The first respondent K.V. is the head of digital and sets out the overall consumer strategy internationally. The second respondent D.C. is in charge of marketing communications towards businesses.

4.2.1 Digital strategy

The decision to use a digital strategy was based on clear benefits: a high ROI, the possibility of ambassadorship, the ability to reach current non-consumers, the ability to segment different target groups and the importance of digital in the omnichannel approach. As turned out after implementation, this was also a competitive advantage. Due to significant underspending by competitors, they could take up a large market share. The importance of digital is also shown by the growth in spending and man power each year.
K.V. indicates that preparation for the adaptation of digital marketing is key. First, the company mapped out the overall business objectives of selling products and profitable growth and examined the fit with digital marketing in their communications mix. Second, they started to define a digital strategy. Strategic overall goals were translated into digital objectives and conversion goals. Third, they looked at the user journey towards that conversion goal and assigned specific KPIs. The success of the KPIs is interpreted based on experience and research. Fourth, companies should examine the competition and choose their competitive position. Finally, digital analytics give companies an elaborate choice of metrics, it is key to choose the right ones relevant to the business.

“A successful digital strategy can be attributed to the development phase of the digital strategy.” – K.V.

K.V. refers to faulty preparation in the metaphor of the shiny object syndrome: companies read about the benefits of digital marketing and directly decide to implement it because it sounds good. To prevent this, he indicates that the POST method of Groundwell could serve as a model: companies should start with the people instead of the tactics. Companies should emphasize the phases of fitting the overall strategy with the target group. If companies start strategically they can allocate the budget and choose the right channels.

“A focused, goal-coordinated way of working results in a positive impact on the company’s results and KPIs” – K.V.

K.V. points out that digital strategies of companies within the FMCG market differ immensely while other sectors might have more internal communality. This is because the FMCG market has such a variety of different products (food and non-food). These companies operate on different segments and therefore have different KPIs and budget sizes.

Finally, K.V. warns companies to not set the digital objectives to strict in the far future. Companies should not try to predict the future because the digital environment changes constantly. Instead, it is key for a company to be agile. Investing in a plan for 2 – 3 years based on predictions is very risky in terms of ROI, because the chance of a right prediction is small. Companies should rather invest money in creating agility. This is often ignored because it has a profound impact on the structure of the organization and the budget.

“Companies should work at being agile in adjusting to changing digital environment instead of trying to predict the future” – K.V.

Remarkably, while the consumer side of the company is quite digitally advanced, the business-to-business segment of the company has limited digital marketing adaptation. Currently, the company has primarily offline non-digital marketing communications towards businesses. Their website only informs users on one product and it is linked to the consumer website. D.C. plans to launch a new business-to-business website next
year which will stand on its own and which will be much more elaborate than the current website. The website will serve as a professional platform that brings value for businesses (branding content, product information and interesting how-to videos). Additionally, the businesses will also have the opportunity to register and order samples. This project is completely outsourced.

“It was a strategic move to decide to create a larger online platform for professionals.” – D.C.

Other digital channels like social media or multimedia platforms will not be used in B2C. D.C. explains that these channels do not fit with the business-to-business environment. In addition, she is afraid to attract end-consumers on social media. She indicates that it is important to keep B2B and B2C separate in order to avoid confusion. This is why they choose to launch a website independently from the consumer website.

D.C. trusts on a spillover effect of the consumer side while creating the business-end website. First, she wants to use the internal knowledge of the consumer segment to help with the content creation. Secondly, to ensure recognition, the website and its content will have the same visual brand look-and-feel as the consumer side.

4.2.2 Search engines

K.V. indicates that focusing on search engine marketing has at least three beneficial advantages. Primarily, using search engines is one of the highest scoring digital marketing methods in terms of ROI. Secondly, search engine marketing has a positive impact on the brand image. When people see both paid and organic search results they are convinced that the brand is trustworthy, because the search engine gives them a high ranking. It is like a window shelf; the most prominent brand is seen as the leader and therefore represents quality.

Companies know that consumers have a certain need because they search information. If a brand responds to that need with the right content through either advertising or organic search results, then you have captured the potential customer in the funnel. The only difficulty is the complexity of SEO; it is hard to get it right because there needs to be an internal alignment in the company. Search engine optimization is a basic need, search engine advertising reinforces this.

“Search engine advertising reinforces search engine optimization, not the other way around” – K.V.

Budget for search engine optimization goes into hiring external consultants, however increasing this budget has no impact. On the other hand, advertising has a short term ROI as it brings interested potential customers into the funnel. The company monitors KPIs like the position, cost-per-conversion, cost-per-click, qualitative visits and impression share. Investing in budget for SEA has two important dimensions. First,
there is a *ceiling of the market growth or headcount*, the number of people that search for a certain keyword. Companies can raise the budget until they have reached them all. Second, there is *saturation*. At one point people are fed up with the overly prominent promotional messages and it is no longer profitable. At this point, companies should work on the content. The first concern, headspace, can be tracked by Google; saturation however, is more difficult to examine because companies need elaborate analyses to see when the profit decreases.

D.C. explains that the business-to-business department currently is contemplating to invest in search engine marketing for their website. She indicates that the possibility of *targeting messages* is one of the greatest benefits of search engines. The right target group will be directed to the website *avoiding potential confusion*.

“It is important to direct the right target group to the right content in order to avoid confusion.” – D.C.

### 4.2.3 Engagement

K.V. explains that brands should create a content strategy with the consumer in mind. In this context, the company engages its consumer through the website, social media, direct mail and a mobile app. The importance of engagement is proven by the competitiveness on the market of online monitoring tools. Companies understand that they need to listen to the consumer. Monitoring tools allow companies to track the overall sentiment towards the brand and allow companies to actively engage with the consumer on social media. D.C., however, states that *direct communication on social media is sometimes difficult*, as the market is strictly subjected to food regulations.

K.V. indicates that *FMCG companies differ in their content strategy approach, mostly because of the size of the company*. *Large corporations* might want to focus more on awareness instead of actively engaging with brand lovers because they are not as agile as *smaller companies*. However, in all, there is no universal model or algorithm. It is a *trial-and-error process*, which is inherent to digital marketing. Exploring what content works and what doesn’t is time consuming and costly. It is to keep in mind that there is an enormous opportunity cost for companies if they don’t interact with their consumers online while having a *large reach*. These “sleeping communities” miss out on a large range of people that want to engage with the brand or the cost and effort to recruit a community might be a *waste of investment* if this asset is not activated and maintained. In both cases there is money lost, either by wrong made investment or the potential revenue lost.

“It is important to strive for interaction, but is all depends on the strategy.” – K.V.

For the food company it is obvious that engaging the consumers is profitable in terms of ROI. Again, consumers are guided through the AIDA funnel because of the direct communication. McKinsey’s
costumer loop adds that companies lose a certain amount of potential customers in every stage of the funnel, but *by engaging the consumer you bring them back*. It is like the oil of the machine.

> “Engagement accelerates the funnel process” — K.V.

Due to the limited adaptation of digital marketing, there is no online engagement with customers on the B2B side of the company yet. However, offline, they are actively trying to personalize content and target based on the type of customer: large wholesalers or small enterprises. The company is planning to keep this up online by offering valuable content to the clients on the website, updating the content seasonally and actively engaging with businesses on food service forums. D.C. observes the trend to engage on food service forums and recognizes that the company has to join.

### 4.2.4 Omnichannel

The business-to-consumer part of the company chooses six specific digital channels each year to focus on. This can differ among countries and in time, K.V. again emphasizes the *importance of agility*. The six channels are chosen in light of the company’s perception on how the target group wants to be approached by a brand. How does the consumer use the channel and does he/she expect the brand to engage with them? The way their channels interlink with each other depends on how the consumer links these channels. In other words, *narrowing the focus, consumer centric thinking and a company’s ability to adjust to these insights* are KSFs.

> “For omnichannel, consumer centric thinking and being agile as a company to adjust to the consumer is the key to success.” — K.V.

Nowadays, companies in every sector strive for omnichannel. Unfortunately, most companies still apply *multichannel*: at the start of every campaign companies just tick off the boxes of channel usage, both online and offline. Although both online and offline channels are used for the same campaign, the channels aren’t used to their full potential. *The key is upstream information*: during the development of the campaign, brands should consider all channels and examine how they can be optimized and linked. Due to the organizational structure of companies this could be a challenge. Especially, in big corporations it is very difficult to get the different departments together. K.V. declares that the overall FMCG industry is not yet ready for this challenge and some companies within the sector might never be. This is unfortunate, as K.V. explains that omnichannel has a positive effect on conversions as it eases the way of pulling consumers through the user journey. *Brands need to guide consumers through their user journey*. By interlinking channels and by giving them a logical, coherent and consistent brand experience, the consumers are more likely to stay on the journey and proceed to the next phase which is the purchase of a product or service.
The business-to-business department is first and foremost a multichannel approach and in addition primarily offline. Multiple marketing channels (tastings, events, brochures, leaflets) promote products to their target group. However, they are planning to link online and offline channels as much as possible when they launch the website.

4.3 Case study 3: The banking sector company

The subject of this case study is a large national Belgian bank that offers multiple financial services to private individuals, companies and public institutions. The Belgian bank sector is highly competitive and has suffered severely both financially as on brand perception because of the recent financial crisis. The market is highly regulated by the government and the European Union. Digitally, the international banking sector is increasingly advanced as they offer the option of online and mobile banking.

The company is divided in two departments. The bank offers services to private individuals, entrepreneurs and small and medium-sized companies within the retail and commercial banking department. Large corporations (>turnover of 10 million euros), public and social profit institutions are accommodated within the public and wholesale banking department. B.S. works in the retail and commercial banking department (B2C), where he is responsible for the multichannel infrastructure for sales and services. B.K. is Product & Innovation Manager for the public and wholesale banking (B2B). They are both responsible for the digital strategy implementation of online and mobile banking.

4.3.1 Digital strategy

The bank has chosen to use digital channels because of four reasons. First, the bank notices consumer needs have changed and that consumers expect banks to have a prominent presence online. In the banking sector, customer satisfaction is the most important goal to strive for. Therefore, they have set the strategic objective to develop their online and mobile banking applications with the purpose to be the best and to keep their customers satisfied. Second, offering relevant digital services contributes to a good brand perception, especially needed in the post-crisis environment. Third, the digital automation of processes not only makes it easier for the customer, but it also includes cost-efficiencies for the bank. B.K. gives the example of documents with legal digitally-signed signatures that can be sent to companies resulting in an enormous cut of paperwork costs. Finally, B.K. adds that the use of digital channels also allows the bank to differentiate from competitors in the B2B environment. More specifically, the discussed bank company is offers a supplementary channel on an existing multi-banker platform for public institutions and large corporations. This has a competitive advantage in the sector as recent study shows that their channel scores 90% on customer satisfaction as supposed to 70% for the existing multi-banker platform. These goals are all incorporated in a clearly defined strategy.
Both experts indicate that the business-to-consumer segment sets the tone for the business-to-business strategy. New projects, like mobile applications, are first introduced to private individuals before it is rolled out for the business-to-business segment with the appropriate adaptations. For example, online banking was initially developed for private individuals and later adapted to fit businesses clients’ needs.

B.S. indicates that in the past the digital strategy was more focused on expanding services via digital channels whereas now and in the future they focus on the exploitation of digital channels in order to stimulate sales. In addition, currently the strategy directs the bank to develop projects that are “mobile first”, as they understand the need in the market. New features and services are first introduced via mobile and tablet applications and later on the website.

B.K. signals a difference between the business-to-consumer and the business-to-business segment of the bank: the main focus of the first is investing in mobile banking while the latter’s focus is into online banking. The mobile apps of the bank are rarely used for banking activity by public and wholesale clients. Banking accounts of large corporations are daily managed by accountants that primarily use online banking. Some exceptions exist, limiting mobile banking to a mere complementary role within public and wholesale banking vise-a-vie commercial banking. This business mobile banking is based on the commercial mobile banking application but adapts further to the corporate client. The public and wholesale banking division is the first in Belgium to launch a mobile app. One of their commercial objectives is to promote the platform and push customers to activate and use the app.

The digital strategy of the bank is closely monitored by measuring the performance of various KPIs. However, it is difficult to directly allocate a financial result to the digital strategy, but in order to get an indication of the financial result, the company looks at the evolution of digital sales (for example the number of conversions of opening a banking account online) and comparing them to sales evolution in the offline channels, in the local offices. Secondly, the active usage is measured, especially of mobile applications. Both the business-to-consumer and the business-to-business division keep track of this data. Finally, B.S. explains that the budget for digital marketing and e-commerce is expressed in IT man hours. Every year, the business units a certain IT capacity allocated in function of their planned projects. The retail and commercial banking budget is approximately between 40 and 60 % of the IT capacity. B.S. estimates a growth towards 70% in the future. For mobile and tablet platforms this is 30 – 35% of the IT capacity.

4.3.2 Search engines

B.S. explains that search engine advertising is done in another department; however, he indicates that it is an important tool to promote their products and services. Besides the promotional uplift, the budget for search engine advertising is valuable to the bank. Increasing this budget, will cause more visibility for the website, it will increase the chance of a click-through and therefore the chance of a conversion.
Additionally, for years, the bank has hired *external consultants* to make sure that the website is optimized in order to fit the requirements of search engines. The goal is to get certain products at certain times in the highest ranked results. Remarkably, they are not involved in personalized advertisement by using user-identification codes, such as cookies. This is typical for the whole banking industry and is nested in privacy reasons. The respondents declare on top that, by not doing this, they want to convey the message that they respect the customer.

### 4.3.3 Engagement

The greatest benefit of digital channels is that the consumer sentiment towards a brand can be closely followed up on, measured and improved. The bank tracks popular social media channels daily, like Facebook, LinkedIn and Twitter, in order to get an idea of the *brand image* and *customer satisfaction*. Customer satisfaction is inherently important for the full banking sector. Not only do they track social media, they also engage with the consumer. If there is a problem with the banks servicing, noticed through an online complaint, they immediately react to solve the problem. This results in an *improved service* but often also *positive endorsements* by the clients on social media. Clients often reward the bank for its agility and quick response by posting a positive review for the bank on social media.

Although they react and follow up on social media, however, *an active online community with brand fans is not applicable in the banking sector*. For one, the company doesn’t expect people to talk about the bank on social media. Secondly, it is difficult to discuss non-banking related topics, because people are suspicious on the sincerity of communications: consumers think you are trying to sell them something. A preferred other direct communication channel is *email*. The online and mobile banking applications include a secured email account in order to send private and personalized messages firmly protected from hacking. A third communication channel is *targeted advertising*. The bank can personalize these ads by using the information of their own database (however, no cookies). Currently, the retail and commercial banking department (B2C) is gathering all these types of direct communications into a defined content strategy. They want to create a policy on the subjects, channel usage and the maximum number of messages that are sent to the customer. Their goal is to offer qualitative value instead of overwhelming them with product messages.

The business-to-business public and wholesale banking is slightly more advanced in creating engagement with their clientele. They have clear *communication plans*, *customer segmentations* and a matching *conversational calendar* that declares when a certain product should be highlighted. They take on an *omnichannel approach* when promoting a product. During that period, all communication channels including face-to-face relationship managers highlight the product. They convey the same message on all channels to a certain target group during a certain period of time. In addition, currently, the public and wholesale banking delivers *interesting content and whitepapers through the online portal and website*. However,
B.K. explains that the success falls short. Due to the public and wholesale banking environment, social media is not applicable. Their clientele doesn’t use social media to communicate with the company. One exception is the use of LinkedIn, a social media network for professionals, where the bank tries to connect with the clients who are active here.

4.3.4 Omnichannel

The bank has noticed that the consumer needs have changed and that consumers expect banks to give them an omnichannel experience, the company exploited three action steps (B2C). First, B.S. indicates that they want to adjust and respond to this trend appropriately by interlinking all channels and connecting online and offline touch-points; the local offices, ATM’s, online banking and mobile banking. That is why retail and commercial banking will introduce a new CRM multichannel system next year. The new CRM system allows account managers in the offices to see the customers’ previous online activity. This enables the account manager to know what customers are interested in and results in offering relevant and appropriate services. Next to this, the user journey is well examined. The data captured in one channel can be used to contact a consumer on another channel with a personalized, relevant message. Finally, another interesting way that online and offline channels are interlinked, is by using the online banking platform as a central archive. This allows people to start a transaction on one channel, for example in an office or online, which they can finish later through another channel. B.S. points out that this definitely has a positive impact on sales and conversions numbers. In the last years, because of mobile and tablet banking, the number of contact moments via digital channels has increased exponentially resulting in higher conversion and sales percentages.

The public and wholesale banking division uses the same approach by using one database which can be accessed through multiple channels. By using a joined database, they allow clients to have an overview of all transactions on each channel. The interviewed bank is the only bank in Belgium that offers the functionality. For example, a social secretariat can make transactions via the existing multi-banker platform, the accountant can check the transaction in the channel of the bank and the financial director can sign the transaction on the mobile banking application. Other banks cannot connect the transaction information of the multi-banker platform with an owned channel. Logically, B.K. values this as a competitive advantage for the company within the banking sector.

B.K. indicates that there are two important differences between B2C and B2B segments. A first difference is that the business-to-business segment doesn’t have the option of opening an account online. The conversion of— for example— opening an account with the bank is done by multiple negation meetings and the process is far more complicated and price sensitive than in the retail and commercial banking division. The sale is typically executed by an account or relationship manager. A second difference is that the digital channels for private customers have both an operational and a sales function whereas the digital channel for the public
sector or large corporations is more purely operational. The decision making process is much more complex. A large company or public institution will not easily decide to invest or to get a loan from the bank. This sales function is difficult to integrate in online or mobile banking applications.

4.4 Case study 4: The electronics industry company

The fourth case is about a multinational corporation active in the electronics industry. The company has three business units with different product ranges. The first unit is fully focused on consumer products; the second unit sells medical equipment to health care professionals (HCPs) and the third unit focuses primarily on delivering electronic services to businesses. The company is quite advanced in their digital marketing activities and e-commerce is one of the most successful channels to sell their products. All country divisions of the company can either decide to create an e-commerce platform themselves or use the e-commerce platform of other third-party businesses. N.A. is responsible for the Benelux digital strategy of the company and can give insights on both the consumer digital strategy and the digital strategy towards businesses.

4.4.1 Digital strategy

In the Benelux, both consumers and businesses can purchase products either in physical stores or the online shop of the company. Additionally, they also sell their products via the e-shops of third party resellers. This channel is currently the most important one in the Netherlands. For all these channels, the electronics company has a clearly defined digital strategy. The budget for digital is 30% of the total marketing budget. This isn't an indication of the importance of digital, broadcast media is just more expensive. The company has many KPIs to keep track of market share and turnover. There are KPIs set for the performance on search, the website, the third party retailers, comparison websites, review websites and social media. The targets for these KPIs are set through market-related experience, external competitor benchmarks, comparison to previous campaigns and logical reasoning.

According to N.A., digital channels have numerous advantages over offline channels. The greatest advantage of digital is the direct connection with the end-consumer. Digital channels can reach consumers who clearly portray an interest in certain products. Consumer look up information on products online which gives companies the opportunity to provide that information and lead the consumer to their stores. Traditionally, a retailer had to open a local store, hire employees and start broadcasting campaigns. Nowadays, businesses can easily reach the right consumer digitally. Adding to that and contrary to a common perception, digital channels reach as much or even more people in comparison to offline channels.

N.A. stresses the importance for B2C and B2B companies to adapt digital channels in their marketing and sales strategy, however they should think before they start implementing. First, they need a strategy with a clear direction on what role of digital has in the consumer journey and both the budget and people should
be allocated accordingly. Secondly, they need to create relevance for their customers by offering valuable content online. Third, there should be a focus on the consumer instead of internal company preferences. For example, Belgium companies should recognize that the Belgian consumer wants to buy products online instead of holding on to the outdated belief that people only make their buying decisions in stores.

“Companies should focus, measure, learn and create agility to react to changes and improve.” – N.A.

N.A. sums up four commonly made mistakes in digital strategies by companies. First, again, a lot of companies still have the obsolete perception that people are making their buying decisions in stores. N.A. clearly sees that people are being triggered – often offline – to go online to search for information. It is inherently important for a company to intercept these people by offering an online platform with their products and services. Even if people don’t buy online, it is still essential to have a digital presence as it influences the decision making process of the buyer. The consumer might buy the product in stores after an online search, because some customers want to be well-informed before a purchase. Most companies still only look at direct digital conversion numbers and overlook the contribution of digital in the offline sale. A second common mistake is companies that overindulge in digital. It is almost a disadvantage that digital offers such an elaborate amount of opportunities. N.A. explains that a lot of companies use digital campaigns, but they want to include all components at once (banners, videos, search etc.). However, some aren’t able to fulfill the promise that they make in the campaign. For example, a big campaign leads consumers to a product that is out of stock, or a dead-end landing page or products with bad reviews on comparison sites. Another argument is that these digital campaigns should contain the right content with a clear message to the customers; otherwise the campaign loses its persuasive power. Companies should prepare; they need to consider the availability and distribution of the product and check if they are providing full and correct information. These basic criteria should be met in order to activate a digital campaign. A third common mistake is that companies still copy traditional offline marketing approaches to online marketing platforms. They want to promote products by pushing advertising messages. However, people use the internet to search information and compare offers. N.A. explains that if the advertising messages aren’t supported by positive online reviews of other customers, the success of advertising decreases.

“Companies still hold on to the old marketing approach, pushing products online instead of proving the quality of a product.” – N.A.

A last common mistake is companies that start to use digital media without any preparation or plan. N.A. explains that creating a digital strategy is only a matter of deliberately making choices. However, a lot of companies want to implement digital marketing as fast as possible. He explains that often CEOs read or hear about the success of digital media and then immediately want to implement “something digital” without any preparation or thought behind it. They should be choosing the right people, setting an
appropriate budget and focus on which touch-points in the consumer journey they want to outperform in comparison to the competition. If companies do not make the right choices with a clear direction they are just throwing away money.

“It is important for companies to make clear choices on what they should and shouldn’t do in their digital strategies” – N.A.

Therefore, N.A. can set a clear cause-effect relationship between a clear digital strategy and the increase of turnover. Since the company has set a clear digital strategy, the online market share has increased significantly to about the same level as the offline market share. N.A. indicates that the company outperforms their expectations online. They have reached the largest market share purely because of narrowing the focus and allocating the budget and people accordingly.

The digital strategy for both the consumer segment and the business-to-business divisions are completely different in terms of consumer journey, target group, KPIs and goals. The company is active on different industries and consequently the digital involvement and digital approach varies. For example, the health care business unit focuses on being endorsed by key influencers in the industry instead of focusing on big reach campaigns. Although the strategies are completely separated, they do try to learn from each other and the company still tries to synchronies the different digital strategies across different sectors.

4.4.2 Search engines

N.A. states that the consumer journey usually starts after a trigger that leads people to search for information online. Companies can respond to this search query with relevant information that might ultimately result in a conversion. Therefore, there is a specific strategy in place for the use of search engines. First, there are significant efforts made to ensure that the website is found in the highest organic results as this generates a lot of traffic. They do this by investing in the technicalities of the website, updating the content regularly and involving the PR department in link building. Secondly, search engines are used for advertising via AdWords and Google Display network. The budget is a reasonable 10-15%, primarily used for activation campaigns and all-year-through visibility of the brand. They result in a high return on investment. N.A. adds that ROI for SEA is the highest when launching a new website. Interestingly, N.A. signals the influence of Google in search engine marketing. Google is making paid search results more prominent at the cost of organic search results. N.A. advises against this approach by Google, because it will reach a tipping point at which the consumer is fed up. Offering organic search results is one of best services of Google because people trust organic search results; however, everyone can buy paid search results. N.A. also predicts that Google and other search engines are losing their market position in comparison to retailer websites. In America, increasingly more people directly search an e-commerce platform (e.g. Amazon) instead of a search engine to look up product information.
N.A. states that increasing the budget in search engine marketing will lead to an increase in sales, however, on three important conditions. First, again, the company should be able to back up the promotional campaign. For example, the landing page of the search result should be optimized and should enclose relevant content. Second, search engine marketing should be supported by other offline marketing campaigns. Offline marketing is the most important trigger for a search query by consumers. If companies do not invest in these triggers, the search volume will decline. Third, SEA can reach a certain limit at a point to which return begins to stagnate. Triggering an offline campaign at this tipping point can further increase the search volume. N.A. sees search engines as carriers. People search for information and search engines redirect them to relevant information. It is important to attribute the right value for search engines. They do not close the deal, but their contribution to the revenue creation should not be underestimated. All touch-points should be rewarded for their contribution: the starting trigger (often offline), the carrier (search), the channels that assist the conversion (e.g. comparison websites) and to the channels of final conversion.

“Companies shouldn’t forget that search engine marketing should be supported by offline marketing efforts” - N.A.

### 4.4.3 Engagement

The electronics company is present on multiple online channels to engage with the consumer. They are active on social media to react to consumer questions, complaints or remarks. Surprisingly, N.A. feels that social media is too hyped due to multiple reasons. Again, companies should think about the approach. First, they should find and recruit consumers by actively promoting their social media pages. However, reach is no absolute KPI on itself, it should inflict interest. Fittingly stimulating engagement is difficult. Companies should have a necessary relevance to trigger a conversation. Companies should consider if they are able to meet this requirement.

“If you don’t have anything to say, don’t say anything at all.” - N.A.

Second, social media is used to interact with the consumer but companies’ first need to consider if they want pull the conversation to their own social media channel or engage with the consumer on other pages. It doesn’t make sense to have your own social media channel with no interaction. A lot of companies are proud of the fact that they have a social media account but it is far more important to be active on platforms where the consumer of your product is. For example, the company sells products for young mothers. Consequently, it is best to engage with their target group on first-born forums, blogs or social media. They join discussions and exchange knowledge about the products or converse about other relevant topics. There are no active promotions or sales triggers added. If a consumer senses that the company is only trying to sell products, then they lose a potential customer. The conversation online should be seen as a conversation with a friend. The company should deliver value that is relevant to the consumer group. N.A.
warns for interest decline in apps as well. Apps should be interesting and relevant for consumers, not as such product-related apps. People have few apps that they use regularly. Therefore, companies shouldn’t create an app just because it is a current trend but think about what service they can offer that is accommodating to the lifestyle of the consumer.

"Be there where your consumer is" – N.A.

4.4.4 Omnichannel

In the future doing business in B2C and B2B will be done within an omnichannel approach. There is a mix of possible touch-points: physical or online stores, contact-centers, delivery points, third-party online shops, etc. Companies should adapt to the consumer purchase funnel. Digital touch-points should be connected and tailored to the various stages of the consumer funnel. The consumer has the power to decide on which channels in which stage of the funnel they use. Consumers expect an omnichannel approach and therefore companies should strive to achieve it. Companies should adapt to fit the needs of the consumer. However, in practice, this is difficult to realize because of the internal structure of companies. Various stakeholders from different departments should be involved in creating omnichannel. Unfortunately, organizations are built in silos and rarely work closely together. Nevertheless, the company is actively trying to pursue omnichannel by trying to gather all co-workers involved in one product group. Together they will create the go-to-market approach with one claim, one message. N.A. believes in creating non-traditional organizational structures. Various disciplines should be gathered in flexible teams in order to align all communications to broadcast the same message over all channels, both online and offline.

E-commerce is a trend that is taking over the market. There are e-commerce platforms in the electronics industry for product generalists, specialists and separate platforms that are used by various third parties. Companies can also choose to host a direct-to-consumer e-commerce platform themselves. N.A. predicts that online e-commerce platforms will go through the same consolidation trend as “offline” stores: large corporations will become even bigger and the small enterprises will slowly disappear.

N.A. detects obvious differences between countries. The Dutch and UK market are much more advanced in e-commerce in comparison to Belgium when he compares market shares. In the Netherlands, 30% of their products are sold online with an annual growth of at least 14% each year. No other channel grows this quickly. It will be the most important channel in one or two years. He is concerned for the situation in Belgium. Belgian retailers don’t acknowledge the importance of e-commerce yet. Consequently, a lot of foreign competitors are conquering market share. Sales numbers of the company clearly indicate that 33% of Belgian consumers buy their products online via foreign online platforms, compared to 10-12% in the Netherlands and the UK.
N.A. sees omnichannel as a basic fundamental necessity. Omnichannel doesn’t generate an increase in sales on its own. The strength of omnichannel is consistency. Discrepancy in communication can confuse the consumer. If consumers see contradictory messages between owned channels and third party channels, the chance of a sale will decline. If the consumer is constantly confirmed on every touch point that the product is good, the easier they will make a buying decision.

Omnichannel is very similar for business-to-consumer and the business-to-business segment. Both need a clear focus, should make clear decisions in line of that focus, set KPIs, allocate budget and decide on one message for all touch-points. The only difference is the definition of the consumer journey. The purchase of medical equipment by a hospital has a more complex decision making process and other influence factors, like key opinion leaders. The opinion of a renowned doctor can influence others. The focus lays on storytelling and promoting the solution that the product offers.

### 4.5 Case study 5: The pharmaceutical industry company

This case study describes a multinational corporation active in the pharmaceutical industry. This industry is known for its high production and research costs, strict legal regulations and high competitiveness. S.B. is the multichannel director of the EMEA countries and sets out the overall digital go-to-market approach. Implementation of the strategy and tailoring it to the specific countries is done independently by the local departments. For the Benelux region, K.E. is in charge of for commercializing the pharmaceutical products to the market as well as executing the digital strategy. Companies in the pharmaceutical industry do not have a strict business-to-business or business-to-consumer approach. Due to strict legal regulations, promoting pharmaceutical products is strictly prohibited to the end-“consumer”, the patient. Nevertheless, their digital strategy is focused both on the patient and care givers (“business-to-consumer”) as well as on health care professionals (HCP) (“business-to-business”). This approach makes this company interesting to include in the thesis.

#### 4.5.1 Digital strategy

Both S.B. and K.E. point out that for the pharmaceutical industry digital marketing is still a new phenomenon in comparison to other industries. Within the pharmaceutical industry, K.E estimates that the company belongs to the early majority in adapting digital channels. Nevertheless, they recognize its growing importance. They are aware of the changing environment and the accompanying changing habits of the consumer, both of the HCPs (health care professionals) as well as the patients and care givers. Market research shows that both target groups are active online, to search for and share medical information. The company wants to respond to this need by providing holistic information on diseases, treatments and medicine online.
The EMEA digital strategy derives from the overall marketing strategy. Product managers and brand teams work together on a marketing plan for the EMEA countries and the country divisions decide how to implement this locally. The allocation of the marketing budget towards digital initiatives and the amount of people that work on digital is different in each country. K.E. estimates that digital marketing budget for established brand products is about 80% of the total budget. For new product launches, this is only 20% because most investments go to sales by representatives (high people cost).

The digital strategy of the company is mainly focused on HCPs (B2B). In the ‘70 and ’80 sales representatives visited and informed doctors on the usage of their medicine. The doctors were dependent on sales representatives to get information. The internet has changed this dynamic: doctors search for information online. Therefore, the digital strategy is mainly focused to create value by providing information and services for them. They inform and promote their products as well as share relevant information and eventually strive for co-creation with the HCPs.

S.B. indicates that, although digital marketing towards patients and care givers ("consumer") is still a secondary focus, they do have digital marketing initiatives towards them. In the Benelux, they have multiple disease awareness websites to inform the patients and care givers about the disease and possible treatments.

S.B. signals great differences between digital involvements of local country departments. Countries that are more digitally involved generate better results, like Turkey and Italy. Therefore it is imperative that the other countries attain the same level. S.B. emphasizes that in order to start digital initiatives, companies should take on a new perspective and realize the importance of digital. They have to take on a new mindset and dare to take risks and test digital opportunities. It is all about trying, testing, optimizing and learning. K.E. agrees and adds that a top-down push to use digital channels is necessary to change attitudes. For example, a product manager would never come up with the idea to use a digital email campaign to follow up on their visit to HCPs. With a push from an ambitious management that emphasizes the importance of digital market through market research. They should explain that the company needs to adjust itself to the changing the behavior of the consumer.

"Good digital results depend on the mindset of an organization" – S.B.

S.B. indicates that their current goal is to develop a multichannel strategy, with an online and offline presence. They strive for an all-round approach in informing the target group. This strategy has a clear focus on who the target group is and how to target them. K.E. indicates that the ambition of EMEA is to turn 40% of the contacts to non-traditional (digital) channels in the future. However, due to the characteristics of the industry, there are neither financial goals defined nor is there a focus on financial revenue via digital.

Kirsten Janssen
channels. The link between digital efforts and financial results is too indirect. The result would be based on assumptions that can create a biased representation. Nevertheless, they do set certain KPI objectives to direct the strategy. The success of the strategy is not measured in terms of revenue but in terms of engagement, satisfaction and loyalty. They keep track of multiple metrics to measure these goals like click-through rates, conversion rates, share of voice, adoption rates, message retention rates, market research and multi-tech communicator measurements. For example, for an email campaign that invites doctors to an event, the outcome should be a certain number of conversions: the number of HCPs that actually attend the event. These metrics help the company to determine whether a certain initiative is successful.

Overall, the difference between digital marketing efforts towards HCPs (B2B) and patients (B2C) is the extent of targeting. HCPs are targeted by using digital data whereas the communication to a larger audience is aggregated to fit overall characteristics. A second difference is that the company uses branding of products to HCPs which is strictly prohibited to do towards the patient. Towards the patients, their digital marketing focusses on disease and treatment awareness. In the pharmaceutical industry, e-commerce is not possible for prescription drugs towards patients. In the far future, S.B. estimates that e-commerce for the HCPs might be a feasible option because they could potentially order products online.

4.5.2 Search engines

S.B. declares that search engines as a digital marketing channel are not top of mind in the pharmaceutical industry. The EMEA division advises the countries on their search engine strategy. They recommend investing their efforts mainly in search engine optimization for the corporate websites, they advise against advertising on search engines. Disappointing results on return on investment in search engine advertising led to this decision: it didn’t bring the sought-after volume of traffic. Search engine optimization is the best option by adjusting the websites technical structure, link building and updating the content regularly. S.B. indicates that an exception can be made while launching new websites; in these cases search engine advertising can be a good choice. This form of advertising can give the website the initial boost of traffic that it needs to jumpstart its visibility. This can only be done if a correct search engine optimization is developed simultaneously.

“"It is imperative that search engine advertising is supported by organic search optimization." – S.B.

At the Benelux division, they have three specific tactics for search engines. First, an external agency is hired to help them with search engine optimization for both their corporate website and project-websites. Their corporate website is targeted at HCPs and needs a high organic ranking to generate traffic to the website. In addition, the Benelux division has project websites; these are informative websites on various diseases, for example schizophrenia. Their goal is to increase disease awareness, to inform patients and care takers about medication and treatment of diseases. Second, following the recommendations of the EMEA
division, they do not advertise their corporate website as it is a needless investment. For the project websites, on the other hand, they use Google campaigns to increase traffic to the websites. They notice the significant impact of paid search when comparing it to offline advertising (such as sales representative campaigns, leaflets and posters in waiting rooms). Recent numbers show that 68% of their website visitors came from paid search. The budget for paid search hasn’t changed since the launch of the website but Google metrics are regularly checked to track the performance. Third, the company strives for correct information on disease and treatments on other websites. By looking at the search keyword footprint, they examine websites in the top five search results that also provide information about diseases that the company specializes in. They contact the website in order to influence and correct the information. They strive for a better informed patient. This noble initiative enhances disease awareness and offers a trigger for patient to discuss this with their doctor which in turn will direct the patient to the products of the pharmaceutical company.

4.5.3 Engagement

The respondents share that engagement with the target group is one of the digital goals of the company. They strive for co-creation with the HCPs behind the closed login website. They want to provide, share and improve information in collaboration with the HCPs. At the moment, they are still in the development stage: S.B. indicates that this is currently mostly one-way communication. K.E. adds that there is currently little enthusiasm within the HCPs community. A part of the reason is that the community is hesitant to register as they stereotype pharmaceutical companies as commercial entities trying to push products. Especially in the Netherlands, companies are by default “bad pharma”. Although pushing products is prohibited by the government, the stigmatization remains.

“For pharmaceutical companies it is hard to convince people of the honest intention of the company to offer holistic independent information” – K.E.

In addition to this informative platform they want to create relevant mobile apps and other services. The Benelux division developed a service which allows doctors to register their patients to get periodical reminders on their mobile phone to plan the next doctor visit. HCPs are easier convinced to use these service applications as opposed to the website platform; adaption rates have proven the popularity. The company wants to bring value to both the HCP as well as to the patient with these digital applications. On social media the company is hesitant to engage with the consumer directly. An adverse event – an undesired harmful effect resulting from medication – can result in an online complaint. When this happens, this will be reported internally within 24 hours and a procedure starts to help the patient offline. They don’t react to the complaint online; they only listen and regularly check social media. Direct communication about the products (prescription drugs) towards patients is not allowed due to strict legal regulations in the pharmaceutical industry. Instead, multiple websites are developed by the company on disease awareness and treatments in order to correctly inform the patient and their care givers on possible therapies, symptoms and signals
of relapse for example. The result of engaging both the HCPs as well as the patients online is the insight the company gets on their perceptions, questions, needs and concerns. With these insights the company can improve their services.

4.5.4 Omnichannel

The pharmaceutical company has a wide array of digital channels available that can be used locally. S.B. indicates that countries differ on which digital channels they use, some are more advanced than others. Overall the use of different channels is rather limited. The EMEA division itself has a corporate Twitter account to inform people about the company. At the moment, the countries mainly use traditional digital channels such as the website, but mobile apps and email marketing is rarely applied. The pharmaceutical industry is not yet digitally advanced enough to have omnichannel. The present goal is to strive for a multichannel approach with the use of at least three or four channels locally.

“The pharmaceutical industry strives for a multichannel strategy instead of omnichannel strategy.” – S.B.

Surprisingly, the Benelux division is one of the countries that are actively seeking an omnichannel approach through various digital marketing tools. An example; the company uses a direct messaging tool that is integrated in their CRM system. They want to connect with HCPs through SMS and email campaigns. Unfortunately, K.E. indicates that their target group is not quite ready for this as they are reluctant to give a commercial agency permission to send messages. In addition, they are active on the most social media. Both K.E. and S.B. agree that there is a lot of prudency within the company to use social media. Although social media is an excellent tool to reach a large target group in order to increase disease awareness and to break through the stigmatization, the company is hesitant because of potential adverse events and opponents of the company. There are people who aren’t convinced of the honest intention of the pharmaceutical company. As a rule, the company set that they either need the public support or a strong bond with a patient association in order to successfully engage on social media.

The Benelux division tries to interlink all the different tools and channels as much as possible. For example, email campaigns have click-troughs to the websites landing pages. They also strive for a connection of offline and online touch-points. For example, after a visit to a HCP, the sales representative will put the feedback into the CRM system. On the basis of that input the CRM system will trigger a personalized campaign – for example via email – in order to give the right information targeted to that professional. The company uses the feedback of this initial conversation, as the starting point for each online or offline campaign. Besides this, activities of visitors of the different websites are tracked in the CRM system which can trigger certain campaigns with relevant content for them. This omnichannel approach results in efficiency which are highly needed in the costly and competitive context of the industry. Live visits are time consuming and costly for both the sales representatives and the clients. The new system
ensures that the right information is conveyed but in a more efficient, controlled but still personal way through multiple channels. The discussed pharmaceutical company reports a significantly growth in sales in comparison to their competitors, partly contributed in the competitive advantage they have with the use of an omnichannel approach.

“The omnichannel approach is a competitive advantage in the pharmaceutical industry.” – K.E.

4.6 Case study 6: The automotive industry company

The subject of this final case study is a German based global automotive company. The division of the company that was interviewed has two car brands, a luxury car brand and a city car brand. It is divided into multiple business units including cars, buses, vans, coaches and trucks. Automotive companies need an impeccable branding and marketing strategy in order to promote high-end products. The industry is quite advanced in their digital marketing efforts due to the competitiveness of the market. Within this company, every business unit has its own communications team to publicize the products and services. In addition, there is one co-worker full-time working on digital marketing. In Belgium, E.V. is the e-business officer who is both responsible for the business-to-consumer as well as business-to-business digital strategy for both the luxury brand and their city car brand.

4.6.1 Digital strategy

E.V. explains that the company has three different digital strategy goals. A primary broader goal of the automotive company is to offer 360° communications towards the consumer and other businesses. Secondly, they want to be visible and accessible 24/7. Finally, the internet has inherently changed the communications mix and digital channels have become one of the most important components for marketing. E.V. considers the use of digital channels as an inherent integrated part of their marketing strategy. In order to reach consumers and other businesses and inform them on new launches and product ranges. The importance of digital is crucial in the communications strategy and it is still growing in importance.

E.V. emphasizes the number of benefits that the digital channel offers. The biggest advantage is the fact that digital can make the company agile. It allows the company to response quickly to consumer remarks or questions and it can announce product launches and promotions fast. Targeting is a second important benefit; it allows the company to segment and interact with people who are likely to be interested in the products based on their characteristics. Thirdly, in the automotive industry branding and brand image are inherently important to maintain. Therefore, one of the strategic goals of the company is to engage with the clients to give them a real luxury brand experience. Social media allows them to actively engage with consumers and to turn them into brand lovers. The brand can show its dedication and willingness to engage with the consumer.
The digital strategy derives from the global strategy: how can they integrate the digital channels and what role does digital have within the communication mix? How can they use and optimize digital channels to their full potential? Of the overall marketing communications budget, 12% goes to digital above-the-line marketing efforts, to promote their products to mass audiences. Per campaign or product launch, digital marketing opportunities are examined in what way they can contribute. They strive to get the most out of every carefully chosen channel. Next, they set a clear strategy for every separate digital component; these components exist of multiple websites, social media networking pages (Facebook, Twitter and LinkedIn), mobile apps and search engine marketing. For each digital component there is a strategy in place with appropriate KPIs. Challenging objectives are set in line with the global communications strategy. Every year the KPIs are revised to determine if they still measure the right components to signify the performance. These objectives and the performance of the KPIs are closely followed up on by regular interim status meetings with the agencies. The regular status meetings allow the company to react swiftly to changes and adjust their campaigns.

E.V. detects an upcoming “Being connected”- trend in the digital environment. People and businesses will evolve towards a state of constant connectivity. Translated to the automotive market this means that people would want to be in constant connection with their car. The automotive company has foreseen this trend and will launch a mobile app that will allow people to check on the status of their car at all times. They can check on various functions of the car, like the fuel level, tire pressure, where the car is parked, etc.

4.6.2 Search engines

For both specific brand- or product related keywords and generic keywords, the company’s goal is to be in the top search results in search engines at all times. According to E.V., there is an important focus on organic search results. Consumers find organic search results much more trustworthy than paid search results because these are difficult to influence by companies. For the automotive company, their organic search results are mostly, in addition to their own websites, reviews on comparison websites and blog posts. To get a high rank, the main office of the company makes sure that the textual content on the website is highly qualitative and interesting. These texts are examined by search engine spiders to check for quality. In addition, they put a lot of relevant keywords in the backend of the websites to ensure a top result for organic search. E.V. indicates that return on investment on the effort that they put into optimizing the website is impossible to measure, but it is a fundamental effort that companies need to take in order to lead consumers to the website. Search engine optimization is done by the main office and an agency. Search engine advertising – both paid search results and banners – is used for promotional campaigns. For example, past year they promoted a four wheel drive system that increases traction for cars on slippery roads; for every car model they used a different advertisement. On regular basis, she looks at the KPIs that they have set and how they can improve their advertisements in order to generate more clicks and traffic to the website. The result is an increased visibility of the product and it can easily trigger
interest. E.V. states that search engine advertising is a priority because of the large budget that goes into it.

4.6.3 Engagement

As emphasized by E.V. before, engagement with the consumer is very important and the company tries to enable this engagement with a set of different ways. They have direct-to-consumer communication on social media. The company responds to questions, remarks and complaints of the consumer. They want to react as fast as possible on social media and to try to engage with the customer in a conversation. An agency uses specific digital analytics monitoring tools to track social media and these results are reported to the company on a regular basis. If customers comment on the brand via social media, the agency reports this to customer services. Secondly, the company tries to encourage speech on the brand by the customers. The goal is to let the customer get to know the brand in a fun, informal way. As a next step, they try to establish a bond with the consumer in order to be top of mind when deciding on buying a car. Thirdly, through the entertainment website and emotional appealing social media posts they want to indulge the consumer into the lifestyle of the brand. The pictures and videos should speak to the imagination and let people dream of the car. As such, working on customer engagement can be an important way to work on their brand image. It is inherently important for the company to portray a luxury lifestyle for their luxury car brand on one hand and quality and utility of the city car on the other hand.

E.V. realizes that social media is so change sensitive that it is necessary to track all new social media trends, features and novelties closely. The company has a social media agency that they have regular status meetings with in order to discuss all topics and new trends and to see if the strategy should be changed.

On the subject of digital advertising they try to think out of the box. They want to create conversion by their extravagant advertisements. The company uses very interactive banners that fit within a specific theme. For example, they have branded an “untamed” car type which is portrayed in the banner by a car driving out of the banner space. Another example is a car driving through snow, rain and fog to emphasize road stability during bad weather. Engaging the consumer in online advertising is equally important because it can leverage “sleeping customers” by informing them on new products and conditions.

4.6.4 Omnichannel

The automotive company follows specific steps to implement an omnichannel approach for a specific campaign. At the start of every campaign, all digital channels are examined to see their possible contribution and fit with the campaign. When the right mix is chosen, the company puts a lot of effort in linking the different channels together in order for the consumer to have a consistent brand experience via every channel they choose to use. As a final step, the content is adjusted to the specific channel. For example, social media is
used to engage with brand fans and turn them into brand advocates and with search engine advertising and bannering they try to gain a large reach.

The automotive company uses four digital marketing channels and tools to implement the digital strategy. First, they have multiple websites per country. They have the corporate website, dealer-websites and an entertainment website. The corporate and dealer website consist of more formal information with ‘facts and figures’ such as CO2 values, prices and conditions. Next to this, the company owns a comparison website that compares different type cars. The entertainment website is totally focused on lifestyle of the car owner. It includes articles, stories, reports, interviews and other content that fits with the image of the car owner that the company wants to create. They want to indulge consumers in the brand experience and lifestyle by using videos and photography. Second, they roll out a specific social media approach. In Belgium, they actively focus on dialogue and engaging the brand fans on the most popular social media channels (Facebook, LinkedIn and Twitter, etc.). On social media, the communication is much more informal and their messages often contain emotional triggers as they want to invite the consumers into the world of the brand and let them dream about a luxury lifestyle. Third, they actively use search engine advertising, bannering on external websites via the display network of Google and social media advertising to promote the brand. And finally, direct mail enables the company to communicate directly with and target a specific consumer and business group.

All channels and digital marketing advertising are linked together to create a consistent brand experience. Social media posts refer to the website, the websites are interlinked to each other and the direct mails contain click-through-links to the website pages. They emphases this all-round omnichannel approach because they want to indulge the consumer into the brand experience.

### 4.7 Hypotheses testing

In this part, the four hypotheses are shortly either validated or rejected and indicated how they differ between B2C and B2B environments. In the discussion part, the results are further discussed in detail. The goal of this thesis is to determine what the KSFs of digital strategies are and to compare digital strategies focused on B2B and B2C. Four KSFs were identified by critical examining academic research: the importance of having a defined digital strategy, search engines, engagement and omnichannel. In all, experts confirm that the elements indeed are key success factors, as one of the experts indicates that these summarize their digital strategy.

**H1. A clearly expressed measurable digital strategy in terms of direction and revenue has a positive effect on the financial performance.**
This hypothesis is validated. All experts agree on the importance of setting a clear digital strategy. A digital strategy results in a clear sales and revenue growth, reduction of customers leaving, increase of customer satisfaction, cost efficiencies and better allocation of the budget.

In both B2C and B2B environments, setting a digital strategy is equally important. However, interestingly, multiple companies see differences between their B2C and B2B side in the advancement of their digital strategy development.

H2: An increase of budget for search engine marketing leads to an increase in sales and return on investment.

This hypothesis is rejected. This assumption of academic research is largely correct but it is too simplistic. The experts add important nuances. First, there is a ceiling level to the increase of the budget. Second, increasing the budget comes with the risk of saturation. Third, increasing the budget should be supported by correct and appealing content. Fourth, increasing the budget in search engine marketing should be backed up by essential prerequisites. Fifth, search engine marketing should be supported by other offline marketing campaigns to increase sales and return on investment. These nuances are suggested by both B2C and B2B experts; they support the rejection of the hypothesis.

H3: Companies should strive for engagement rather than merely focusing on increasing their reach.

This hypothesis is validated. All experts from both the B2C and B2B side of the companies indicate that striving for engagement is desirable. Engagement results in customer satisfaction and brand image. However, experts indicate that it should fit their strategy, otherwise it won’t work.

There is a clear difference spotted for this hypothesis for B2C and B2B environments. First, B2B experts from the banking sector and the telecommunications sector reported disappointing results in their efforts of trying to engage with their consumer. Second, expect for LinkedIn, direct communications towards business customers is not possible. Third, multiple experts indicate that they seek another type of communication.

H4: A smooth user journey within an omnichannel brand experience has a positive impact on the number of conversions.

This hypothesis is validated. All interviewed experts from both the B2C and B2B environment agree that omnichannel facilitates the process and will therefore increase the probability of a conversion. Moreover, it improves brand image, increases customer service and retention, creates a competitive advantage, consistency, cost-efficiencies and budget optimization.
There is a difference in omnichannel implementation for B2C and B2B because of a different decision making process and therefore omnichannel has a different meaning. It is more complex and other factors influence the decision. However, the concept of omnichannel is still desired and strived for, experts of both environments agree with the hypothesis.
CHAPTER 5: DISCUSSION

The goal of this study was threefold: firstly, the purpose is to identify the contemporary key success factors in digital strategies; second, research suggests that their interpretation and importance can differ in different markets and finally, within these different markets, there could be a difference between the executions in business-to-consumer or business-to-business environments. The goals were investigated by examining six multinationals from different industries that have both a B2C and B2B focus and respective experts.

In the following part, the academic literature and practical insights from the interviews with experts are combined and critically reviewed. We discuss the hypothesis, best practices and recommendations for each key success factor (KSF). Next, differences between industries and differences between B2C and B2B environments of academic research are critically compared to the experiences of the respondents.

5.1 Key success factors best practices models

5.1.1 Digital strategy

Defining a clear digital strategy has shown to be a KSF for digital marketing. In line with studies (Li & Bernoff, 2011; Al –Debei et al., 2008; Drew, 2003; Chaffey, Chadwick 2012, 23), all experts agree that defining a strategy causes sales and revenue growth, reducing customers leaving, increasing customer satisfaction, cost-efficiencies and better allocation of the budget. For some it even turned out to be a competitive advantage (Chatfield & Yetton, 2000; Al –Debei et al., 2008). One expert clearly indicated the increase in turnover after defining a clear digital strategy, consistent with the research of Lai & Wong (2006). The hypothesis on the importance of defining a digital strategy is validated in the results. A digital strategy results in clear sales and revenue growth, higher customer retention, cost-efficiencies, higher ROI and the ability to reach current non-consumers.

Interestingly, in line with the overall research sentiment (Berthon et al., 2007; Chaffey, Chadwick 2012, 23; Yannopoulos, 2011) the findings of this study agree that companies still struggle with their digital approach. Some of the experts in both B2C and B2B environments indicate that they are in the beginning stages of defining a digital strategy. The telecommunications and pharmaceutical company consider themselves laggards in digital implementation; contrary to the FMCG company that has a first-mover advantage. However, this last position is not the most desirable as research indicates (Basu & Muylle, 2007); they constantly need to monitor the competition closely in order to keep their position. They risk being imitated and improved upon.

Also companies with established digital strategies still struggle on refining and improving the digital strategy. Companies work on performance models, as suggested in research by Turner (2010) to see to what degree digital marketing tools contribute to sales. All touch-points should be rewarded for their
contribution: the starting trigger (often offline), the carrier (search), the channels that assist the conversion and the channels of final conversion.

To implement a digital strategy, companies should invest in technology and expertise of the personnel (Chaffey, 2004). The interviewed experts add that companies need to take on a new mindset. It is an ongoing process of trying, testing, optimizing and learning. They need to dare to take risks and test digital opportunities, companies need to create agility. The digital environment changes so fast that they need to be agile instead of setting the strategy too strict (Fagan, 2014).

Research shows that companies struggle with allocating resources, monitoring competition, underestimating the demand, lacking expertise or fail to monitor performance of digital analytics (Chaffey, 2004). This thesis adds four common mistakes that companies make in digital strategies.

- **First**, in line of the study of Li & Bernoff (2011) experts agree that some companies have an *approach-avoidance syndrome*. They explain that often companies read about the benefits of digital marketing and directly decide to implement it because it sounds good; K.V calls it the *shiny object syndrome*. Companies want to use digital marketing and e-commerce tools ASAP and forget the crucial phase of the development planning. They should be choosing the right people, setting an appropriate budget, focus on the right touch-points, have clear objectives that fit with the strategy, use digital analytics and follow the right sequence of implementation of the strategy.

- **Second**, often companies are not looking at their consumer needs. A digital strategy should be consumer-centric. For example companies should contemplate the option of e-commerce as research suggests (Chaffey, Chadwick 2012, 23.).

- **Third**, companies need to check for consistency with other marketing efforts. There should be one consistent message and earned media, such as online reviews and remarks on social media should support the advertising message that the brand wants to send out.

- **Fourth**, companies want everything at the same time. However it is key to choose the right steps to succeed (Danaher & Dagger, 2013).

Multiple experts and academic research emphasize that the success lies in the development of the digital strategy. Research has given multiple models for companies to ensure that their digital strategy is correctly developed (Li & Bernoff, 2011; Danaher & Dagger, 2013; Chaffey, 2004; Fagan, 2014; Smits & Bisschop, 2009). In all, the company should map out the overall business objectives. These strategic overall goals should be translated into digital objectives in order to define a digital strategy. Then, companies should look at the customer journey and assign specific KPIs. The success of the KPIs is interpreted based on benchmarks. Our findings show that companies often use benchmarks like previous campaigns, they observe external circumstances, use experience and research and logical reasoning. Finally, digital analytics give companies an elaborate choice of metrics, it is key to choose the right ones relevant to the business.
5.1.2 Search engines

All experts agree on the importance of search engines as reported in academic research. They agree with the study of Lilienthal et al. (2014) that search engine marketing is a vital tool for digital marketing and e-commerce. People search and compare products via search engines (Dou et al. 2010; Shih, Chen & Chen, 2013). Therefore, it is essential for companies to use search engines to their full potential. Multiple experts emphasize that search engines have the highest ROI of all digital marketing efforts.

All companies have a specific strategy for both SEO and SEA. They put a lot of effort in adjusting the website’s technical structure and updating the content regularly to ensure visibility on search engines – which is an ongoing process (Parikh & Desmukh, 2013). For SEA they have set KPIs which are closely monitored in order to improve them when needed. This is necessary as these companies indicate that a significant portion of the budget is spent on search engine marketing. It is also often outsourced to external consultants to help them gain a high ranking in search results.

The experts explain that search engines can capture potential customers in the purchase funnel. The fact that people are searching for information indicates that they have a heightened interest level. Responding to a search query with relevant information can assist leading potential customers towards certain products and push people from the “interest”-phase into the “action” phase of the AIDA-funnel (Chandler-Pepelnjak, 2009). They all agree with the results of multiple studies (Stephan & Galak, 2012; Goel et al. 2010; Kulkami et al., 2012; Parikh & Desmukh, 2013) that clearly point out a positive correlation between the number of searches and the increasing number of sales.

As a consequence, the study of Levin and Milgrom (2010) shows that companies believe that an increase in spending for search engine marketing leads to higher advertising effectiveness and therefore an increase in sales and a high return on investment. On the contrary, recent studies (Lilienthal et al. 2014; Zhan et al., 2014) reject this finding. Adding additional research is necessary to reject or validate the finding, the second hypothesis of this study was therefore:  

H2. An increase of budget for search engine marketing leads to an increase in sales and return on investment.  

Interestingly, this hypothesis is also rejected by the interviewees. All experts agree that increasing the budget, will cause more visibility for the website and will increase the chance of a click-through and therefore the chance of a conversion. However, the experts add important nuances to this correlation; to successfully increase of the budget in order to increase sales, companies should consider following conditions:

- First, there are two ceiling levels to budget spending. On one hand, search engines indicate when a company has reached the highest level of impression share. There is no need to increase the budget if a company already has 100% visibility. On the other hand, there is saturation. At one point people are fed up with a constantly repeated message and it is no longer profitable. Companies need to analyze both limits closely in order to avoid wrongly assigned budgets.

- Second, experts recommend companies to support their search engine marketing with offline marketing efforts. Offline marketing efforts are the most important triggers for consumers to
search information online. Investing in these triggers reinforce and boost the performance of search engine marketing.

- Third, experts recommend monitoring and using digital analytics closely in order to allocate the budget more efficiently instead of merely increasing the budget. This is in line with the finding of Zhan et al., 2014. Additionally, with digital analytics they should also monitor competitors closely. Competitors are direct competitors or even partners. Companies should monitor the bids on keywords closely and make strategic choices on which keywords they will invest. The study of Shih, Chen & Chen (2013) already advices against bidding on popular keywords because prices are too high, like “Apple” for the telecommunications company. Increasing budget to invest on popular keywords is a bad investment because it doesn’t result in an increase in sales.

- Fourth, the possibility of increasing the budget also depends on the type of campaign. Awareness campaigns do not need an increase in budget but rather a stable level, on the other hand an increase in budget of promotional campaigns could lead to more success.

- Finally and most importantly, experts recommend increasing the frequency of revision of content on the website instead of increasing the budget. They emphasize the importance of qualitative content. The website should offer content that a consumer is looking for. It should deliver upon their promises. Additionally, advertising messages with a dead-end landing page for example will not result in a conversion. It is important to deliver valuable content and optimize the website through usability and AB testing according to the consumers’ expectations. This can also bypass the risk of saturation.

Experts accentuate the reinforcement of SEO for SEA. SEA cannot stand alone. The website should score highly on SEO because this means that their content is relevant to the search query. In line with research of Malaga (2009), experts indicate that people tend to trust organic results more than paid results. Additionally, scoring highly on both SEO and SEA results in a positive brand image, in line with the study of Strauss (2012, p.35). Experts make the comparison of a search results page and a shop window of shelf. If a brand is very prominent on both SEO and SEA, people tend to trust these brands easier, they see them as leaders and more qualitative. However, interestingly, experts recommend focusing slightly more on SEA when launching a new website. SEA can give the website the initial boost of traffic it needs to result in success.

Multiple experts have expressed their opinion on the future use of search engines. Google is currently expanding the space for paid search results at the cost of organic search results. Companies have to adjust to this change. However, one expert in this study predicts that Google is making a wrong move. First, by expanding paid search results they lose relevance for the internet user and will therefore diminish in success. The internet user trusts paid search results less and will not put up with the enforcement of paid search results as the consumer no longer accepts companies to dictate. Second, he sees a current trend in America that search engines are overruled by e-commerce platforms to search product and service information.
5.1.3 Engagement

All experts agree with existing research on the importance of engaging the consumer instead of merely using traditional advertising techniques (Kietzmann et al., 2011; Van Ossel, 2014). Companies recognize they need to listen and engage. Experts indicate that often companies still do not fully realize this (Kaplan & Haenlein, 2010; Berthon, Pitt, McCarthy, & Kates, 2007). The benefits however are clear; it gives companies the opportunity to create 360° communications, ambassadorship, to track the brand sentiment, to improve customer satisfaction, brand image and servicing. Experts also indicate that engagement leads to more conversions and is profitable in terms of ROI.

All experts agree with the hypothesis. Although, they all strive for reach and engagement simultaneously, the experts add that reach should not be a KPI on itself. Reaching consumers is easy, however stimulating to engage and respond to the brand communications is much harder but also more profitable. Experts agree with the statement that traditional marketing doesn’t work anymore (Van Roy, 2012). Experts recommend companies to strive for engagement. The findings of this study group the following recommendations:

- First, actively engaging with the consumer should fit with the overall strategy. It should fit with the brand perception that the consumer has of the brand. Additionally, companies should not just use their existing channels that they currently have but actively search where it is useful to engage with them. Social media is “hot”, but companies should be there, where the consumer is – on specific forums, website or social media – and join the conversation there.

- Second, the communication messages should be adjusted to the channel and should be personalized (Yannopoulos, 2011). The interviewed companies had different tone of voices on different channels. The automotive company, for example, used either clear car-information on the website or emotional appealing content on social media. It is important to take the consumer perspective in order to find out what tone of voice and content needs to be delivered on what channel. Additionally, the content should be personalized by using digital data in order to tailor content towards the consumer.

- Third, in line with research (Van Roy, 2012, p. 15 - 28; Center of Digital Future, 2014) companies need to offer something valuable for the consumer lifestyle. Mobile apps are most used by the interviewed companies. Either one to remind patients to visit their doctor, or to advise young mothers on feeding their baby or checking on the car status or the self-service platform of the telecommunications company. These all have in common that they offer value and do not include a direct sales trigger. Therefore, companies should not create an app just because it is a current trend but think about what service they can offer that is accommodating to the lifestyle of the consumer.

- Fourth, companies are recommended to use social media for direct communication with their customers (Smith, 2011). Consumers expect companies to responds to questions, complaints or remarks. Experts add to existing research that it also helps companies to get to know their
consumer: their perceptions, questions, needs and concerns (Breslauer & Smith, 2009). These insights can optimize existing campaigns. Additionally, direct communication and engagement can turn consumers into brand lovers. These brand lovers are advocates because of their positive brand experience which has a positive impact on brand perception and can create endorsements. The new consumer values online reviews highly (Forrester, 2007) and therefore these endorsements can result in an increase in sales.

- Fifth and above all, communications of companies should be honest and authentic (Van Roy, 2012, 15 – 28). Experts indicate, in line with research, that consumers have a serious distrust against companies (Breslauer & Smith, 2009) because they think that companies only want to sell their products. The distrust against pharmaceutical companies is one of the most compelling examples. However, consumers appreciate companies that consistently show authenticity, humanity and transparency (Van Roy, 2012).

All these recommendations should be included in a clear content strategy. Like setting up the digital strategy, the content strategy needs to be predefined before implementation. Companies need to think it through, be prepared and at all cost avoid the shiny object syndrome as explained previously. Again, it is an ongoing trial-and-error process.

5.1.4 Omnichannel

All companies acknowledge the importance of omnichannel. They recognize the changing consumer needs and know that they expect an omnichannel experience. Research defines omnichannel as the use of multiple channels, both online and offline, in order to offer an innovative and unified seamless shopping experience (Sealey, 2014; Lazaris & Vrechopoulos, 2014). Omnichannel is a key success factor because it improves brand image; increases customer service satisfaction, retention rates, advertising efficiencies, cost-efficiencies; it presents a competitive advantage and leads to budget optimization. This is underlined by the expert interviews and academic research (Van Ossel, 2014). The hypothesis is validated by experts. Experts agree that a smooth personalized user journey through an omnichannel brand experience facilitates the process towards a conversion, either online or offline. Omnichannel is a necessity; the strength of omnichannel is consistency. Discrepancy in communication can confuse the consumer. If the consumer is constantly confirmed on every touch-point that the product is good, the more quickly he or she will come to a decision. A logical, coherent and consistent brand experience increases the probability of a conversion (Smith, Gopalakrishna & Chatterjee, 2006).

As research suggests experts agree that omnichannel needs thorough media planning and integration of different channels (Romaniuk, Beal & Uncles, 2013). In order to achieve omnichannel, insights from research and the interviews recommend mapping out the customer journey and examining the consumer funnel. All touch-points of the journey should be connected and tailored in various stages of the funnel to pull the consumer through the funnel towards a conversion. User journey optimization could be realized
by extensive multivariate testing, website optimization, interlinking channels, consistent branding and shop flow optimization.

However, most experts indicate that they are still mostly multichannel, where channels are not yet used to their full potential. The key is upstream information: during the development of the campaign, brands should consider all channels and examine how they can be optimized. Multiple experts believe that omnichannel is hard to accomplish due to organizational structure constraints. Most companies operate in silos and the organizational structure should be more horizontal in order to work together. Experts emphasize the importance of agility. N.A. believes in creating a non-traditional organizational structure where disciplines are gathered in flexible teams.

5.2 Differences between B2C and B2B

Digital marketing and e-commerce implementation differs amongst small, medium and large enterprises, in line with the study of Drew (2003). Experts indicate that e-commerce is not possible for B2B trading with large corporations. This is due to the inherently different decision making process. Like the insights of De Young (2014) the path to a conversion is very complex and the buying cycle is much longer for large corporations. SMEs often resemble the “ordinary consumers” who can search for a product and directly buy it online themselves. Large corporations however need multiple negotiations rounds to decide on a purchase and mostly close the deal with account managers instead of online. Interestingly, one of the experts predicts that online e-commerce platforms will go through the same consolidation trend as “offline” stores: large corporation will become even bigger and the small enterprises will slowly disappear.

The choice of approach has led to the opportunity to examine the dynamic of B2C and B2B environments within the same company which have led to unique and valuable insights. There are three remarkable insights: First, multiple experts point out that there is a spill-over effect. If one of the digital environments, either B2C or B2B is done successfully, this impacts the other side. They capitalize on each other digital marketing successes and each other positive brand perceptions. Mostly it is the B2B side that exploits the B2C side. Second, remarkably, there is little or no collaboration between two sides. This is unfortunate because they could exchange valuable internal knowledge. Especially in the food company, the B2C side could more intensively help setting up a digital strategy for the B2B side as they are clearly well advanced at it.

In terms of the KSFs, there are not a lot of differences between B2C and B2B, mostly due to the completely different purchase funnels as research suggest by (De Young, 2014).

Findings show that indeed B2B environments were more slowly to adopt digital strategies than the B2C side (Chaffey, 2004; Miller, 2012; Chaffey, Ellis-Chadwick, Mayer & Johnston, 2009). Often, the B2C side sets the tone for the digital strategy of the B2B side. In the banking company all initiatives are first
introduced to consumers and only later on to businesses. However, the B2B side of the telecommunications company has matched up with their B2C counterpart and is even more advanced nowadays in the areas of defining a strategy, targeting and omnichannel. Experts believe that the development of digital strategies are the same across the two environments, however, they will differ in their digital approach in terms of goals, choice of channels, budget size and number of KPIs. They operate to another type of customer and other market so therefore their implementation and focus will differ however the basic principles remain the same.

For search engine marketing, there are no great differences between the two environments. Notable is the clear spill-over effect here, both side exploit the search engine marketing investments of each other. It can be recommended that both sides should work more closely together in order to optimize their search engine marketing investments. However, experts supports the insights of De Young (2014); the usage of search engine marketing by businesses is mostly information seeking instead of a direct conversion.

The key success factor of striving for engagement does however have significant differences between the two environments. B2B experts support existing research in saying that engagement is desirable (Shih, Chen & Chen, 2013). Firstly, two B2B experts point out disappointing results of engagement initiatives. D.L explains it correctly that in order for engagement initiatives to work companies should offer value (supported by Van Roy, 2012, 15 – 28). Secondly, the usage of social media for direct communication is also – not yet – applicable in the B2B environment. Businesses are not using these channels – except maybe for the professional social media website LinkedIn. Experts agree with the research findings that lack of staff, familiarity and technical skills are barriers to engagement initiatives (Enders et al., 2008; Kaplan & Haenlein, 2010).

The final success factor of omnichannel also does not have a lot of differences between B2C and B2B. Both sides strive for omnichannel, recognize its importance and point out the barrier of organizational structure. Both need a clear focus, should make clear decisions in line of that focus, set KPIs, allocate budget and decide on one message for all touch-points. The only difference is the definition of the consumer journey for omnichannel implementation.

### 5.3 Differences between industries

All interviewed companies are involved in digital marketing. They mostly follow the recommendations of research (Chaffey & Chadwick 2012, p.23) to contemplate this option and follow the consumer in their wish to make online purchases (Center of Digital Future, 2014). E-commerce can either be hosted by the companies’ platform themselves or they use the e-commerce platform of third-party businesses. Remarkably, for the automotive company and the pharmaceutical company, e-commerce is more difficult to implement due to the nature of their products. E-commerce for prescription drugs is legally impossible.
However, the respondent of the pharmaceutical company do estimates that e-commerce for the health care professionals might be a feasible option under the form of enabling them to order products online.

Overall, across all six industries the importance of digital marketing and ecommerce is acknowledged, even in industries like the pharmaceutical industry for which this is quite a new phenomenon. Apart from the FMCG sector, which contains of so many different product ranges, experts expect little to no internal differences in digital strategies, all companies roughly have the same digital approach and closely imitate each other. However, internal differences exist in the advancement.

Interestingly, the degree of regulation on the market has an impact on digital marketing and e-commerce implementation. Both the interviewed food company and pharmaceutical company are bound by legal regulations in their digital strategies; especially in their communication towards the consumer. The pharmaceutical company is legally not allowed to market their products towards patients and the food company has to be careful with food remarks.

In this thesis, examining the pharmaceutical company was one of the most interesting cases. In contrast to the other examined industries, they aren’t allowed to market their products actively, they can’t and aren’t looking to set financial goals for their digital strategy which means that their digital approach is very different. They focus on creating engagement, customer satisfaction and loyalty for health care practitioners; for patients, the end-consumer, they focus their digital approach on disease awareness and information.

### 5.4 Differences between countries

A remarkable finding in this study was the discrepancy of advancement in digital marketing and e-commerce between countries. S.B sees clear differences between countries that belong to EMEA. Although, companies try to exchange best practices, multiple experts emphasize that especially the UK is quite advanced. Belgium is seen as somewhat of a laggard, in contrast to other European countries, especially in e-commerce. One of the experts was quite worried about this trend. Belgian retailers do not quite understand the importance to seriously contemplate this option, as recommended by academic research (Chaffey, Chadwick 2012, 23). They do not seem to grasp that international competitors are conquering market share.

### 5.5 Limitations of the study and future research

Although this research was carefully executed, the underwriter is aware of the limitations of this specific approach. First, it is inherent to digital marketing and e-commerce to have numerous key success factors. This research has chosen to narrow its focus on four key success factors to examine more closely and therefore insights on other key success factors are not included. It would be interesting for future research
to continue following up on real-live cases that give insight on digital marketing and e-commerce as the importance keeps increasing. Secondly, comparing B2C and B2B segments within in the same company, pointed out the differences between digital strategies for B2C and B2B very clearly. As their brand, their marketing message and strategic overall objectives are mostly the same, a lot of interfering variables have been excluded. In addition, the dynamic between both sides was an interesting matter of subject. However, the reader should be aware of this dynamic when interpreting the results. Future research could give additional insight by comparing key success factors in B2C/B2B companies and solely B2C or B2B companies. Third, this approach has chosen to compare over different industries. Industry-specific characteristics have a significant impact on how digital strategies are applied and implemented. Although large multinational corporations are interviewed, relevant representatives speak on behalf of their industry. In addition, their international focus gives valuable insights on differences between countries. An important remark is that two experts on B2C or B2B per company are not representative for the whole industry. There is also a lack of research comparing different industries. This research has shown that, although they all have the same goals and future preferences, digital marketing and e-commerce vary over different industries. Overall, we recommend future research to test all assumptions of experts’ quantitatively in order to try to generalize the previously mentioned insights of this study.
CONCLUSION

Digital technology had a significant impact on the business environment and more pronounced on marketing and sales implementations. As a result, this digital era has brought forward a new type of consumer. This consumer is always online and interconnected and has an increasingly higher standard of expectations for brands to deliver. Companies have to adjust to this new environment and deal with the changing consumer habits. Therefore, academic research is abundant on helping companies succeed in the new digital era. This thesis would like to add to the research on finding the key success factors that contribute to business success.

The goal of this thesis is multifold. First, the academic literature is reviewed closely and key success factors to compare them with real world cases are extracted. Second, the assumptions are tested by in-depth cases studies on the digital strategies of multinationals of six different industries. Each of the six companies have both a B2C and B2B digital strategy focus on which respective experts gave insight on their environment in order to compare B2C and B2B digital strategies. In the academic literature, multiple potential key success factors are described; this study, however, narrowed its focus to the four most prominent documented key success factors.

The first key success factor is the importance of defining a clear digital strategy for companies to direct their digital approach. Research has shown that defining the digital strategy results in financial improvement, however, at the same time documented that a lot of companies still struggle with defining their strategy and choosing the right direction. The insights of the case studies confirmed these findings. The insights of this study show that in order for a company to succeed, they should focus a well-thought development of digital strategies. Step-by-step companies need to examine their fit with the overall strategy, the consumer, the competition and their objectives. They have to develop a new innovating mindset of constantly measuring, improving, maintaining and refining in order to succeed.

The second key success factor is the implementation of search engine marketing. The new consumer changed its purchase behavior and compares products and services online. If brands respond to this search query, they can redirect consumers to their offers. Therefore, search engine marketing is considered as one of the most important digital marketing and e-commerce tools to have a successful digital strategy. Companies invest significant portions of their budgets in this option and research showed that companies believe that an increase in budget should lead to an increase in sales and return on investment. However, the results of this thesis, amongst other recent studies, reject this assumption. To increase sales and return on investment, merely increasing the budget isn’t enough. Companies should consider the limits of budget spending, use digital analytics, monitor competitors, support search engine marketing with offline marketing efforts and most importantly work on valuable high standard content and usability of websites.

The third key success factor results from the changing habits and lifestyle of the consumer. Research has shown that traditional advertising is no longer successful in the digital era. Instead of advertising messages, the consumer expects brands to deliver valuable content, listen, respond and engage with them.
in return for marketing their products. The findings of this study are in line with these research assumptions. It is recommended for companies to seek engagement with their customers on the condition that this is defined in a well-thought content strategy. In order to have successful engagement with their customers, companies should align all their communications with the same message and try to personalize the content towards the customer. They need to offer something of value and engage in direct communication on social media. However, the engagement approach is determined by the predefined strategy and most importantly the communications need to be honest and authentic for it to succeed.

The fourth key success factor is having an omnichannel approach. Omnichannel is a very recent subject and therefore research is limited. By interlinking multiple offline and online channels companies try to create a consistent, logical and coherent brand experience in order to – again – meet the high standard requirements of the new consumer. This thesis shows, in line with research, that companies actively strive for omnichannel as they notice the positive results. An increase in conversions, brand image, increasing customer service and retention creates a competitive advantage, consistency, cost-efficiencies and budget optimization. Unfortunately, currently companies do not succeed to deliver this omnichannel experience as its needs – again – thorough planning and the internal support. Companies need to align and work cross-departmental in order to implement omnichannel.

The last focus of our study was to compare B2C and B2B digital strategies. This thesis opted to compare B2C and B2B environments in the same company to point out the difference more clearly and the dynamics between both sides could results in interesting insights. Indeed, the dynamic has shown interesting insights. First, this study found a spill-over effect: the B2B side of the company could often lean on B2C digital marketing initiatives. The digital strategy of B2B had a more positive impact because the good brand perception of B2C and B2B could rely on budget put into search engine marketing for example of consumers that also led people to their website. Second, it was striking that although both businesses act in the same company there is little or no collaboration, only alignment meetings. This is an opportunity as they do not use their internal knowledge. Third, the insights were - apart from minor differences because of a different purchase path - not different for B2C and B2B. Except for engagement, B2B experts indicated that engagement initiatives were disappointing and B2B can't have direct communication through social media.

Considering limitations and suggestions for future research, this thesis hopes to have added valuable insights to the current research of digital strategies.
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Appendix 1  Interview discussion guide

Introduction

❖ Explaining subject of the thesis.
❖ Objective of the conversation.
❖ Ensuring confidentiality of information.

Setting the scene - Digital strategy of the company (15’)
1. What is the purpose that your company is trying to achieve with “digital”?
2. How valuable are digital marketing and e-commerce for the company?
3. What are the most important opportunities that digital marketing and/or e-commerce offer for the company?
4. Does your company have a clearly expressed digital strategy (with a clear direction and financial goals)? Why is this important?
5. What is the result of having a clear digital strategy? What is the financial result?
6. How is the digital strategy deployed? How do measurable objectives derive from the strategy? What are the KPI’s?
7. How are they measured? How does the company define parameters? How do you track the implementation of the strategy?
8. What percentage of the overall budget goes to digital marketing/e-commerce? How do you measure the ROI?
9. How are they future-orientated? How do you keep track of future trends and when are they important to your company?
10. Which professional functions within your company are responsible for the digital strategy development and implementation? How is it governed and monitored? Which tasks are outsourced and why?

Importance of search engines (’15)
1. How and why are search engines important to your digital strategy?
2. How does your company use search engines?
3. What is the importance of organic search results (SEO) for the company?
4. There is no budget for SEO, but how much time and effort is spent on the optimization?
5. Does your company advertise via search engines (SEA)? Why?
6. What is the link between search engine optimization and search engine advertising?
7. What percentage of the overall budget is spent on SEA?
8. How do you measure the success of SEA? When is an advertisement successful?
9. What are crucial success factors of SEO and SEA?
10. How do you measure the return on investment and the impact on sales?
11. If the budget for search engine marketing is raised by half, what would be the impact?

Online communication management (15)
1. How do you communicate with your consumer online? On what channels?
2. On what topics do you communicate? (One- or two way communication?)
3. How does the company reach the consumer online?
4. What is the result of direct communication with the consumer?
5. How important is the engagement of consumers? Does the company have brand lovers?
6. Do you have fixed guidelines/strategy on how to communicate online? Why is this important?
7. How do you track, measure and adjust this?
8. How does your company handle the (both positive and negative) communication online among consumers about the brand?
9. Choice: a small group with high engagement or a widespread reach with mere exposure of your marketing messages?
10. Some companies have a “sleeping community”, a large fan base online but with little interaction, what opportunities are they missing out on?

Omnichannel (15)
1. What platforms/ digital channels and marketing tools are used to deploy your strategy?
2. What is the value of each channel (earned, paid and owned)?
3. How are the different channels linked to each other? Why is this important?
4. Does every channel have the same message? Why/why not?
5. How are they linked to offline channels? Are there online and offline touch-points that interlink? (Example?)
6. What does the typical user journey look like?
7. Is this for all target groups the same? Is there segmentation? How and why?
8. What is the result of a throughout user journey?
9. How does your company implement or strive for omnichannel? What is the result?

Ending the interview
1. Anything you would like to add? Any questions?
2. Thanking the respondent for the interview
3. Arranging the possibility to review thesis.