

**PGDM (RM), 2019-21**

**Digital Marketing**

**RM - 502**

**Trimester – V, End-Term Examination: December, 2020**

Time allowed: 2 Hrs and 30 Min

Max Marks: 50

Roll No: \_\_\_\_\_

Sections	No. of Questions to attempt	Marks	Marks
A	3 (Long Questions)	10 Marks each	3*10 = 30
B	Compulsory Case Study	20 Marks	20
		<b>Total Marks</b>	<b>50</b>

**Section A (answer one question from each set)**

Q1a. Discuss the various elements of on-page SEO in detail (CILO-1)

OR

Q1b. Discuss why Google's Ad Rank is important to digital marketers and the factors that influence it. (CILO-1)

Q2a. While only 3 % of viral ads get over 25000 views, 75% of Mekanism's campaigns received over a million views. Discuss in detail the reasons behind Mekanism's success. (CILO-2)

OR

Q2b. What are the social media best practices relevant for digital marketers? (CILO-2)

Q3a. You have been asked by a small business to promote it on Instagram. How would you undertake this task to maximize the reach and impact for the company? (CILO-3)

OR

Q3b. You have been hired by a B to B marketing company as digital marketing intern. Develop a LinkedIn marketing strategy for this firm.

**Section B**

READ THE "STARBUCKS" CASE AND ANSWER THE FOLLOWING CASE

Q1. Critically evaluate Starbucks social media initiatives. In what other ways Starbucks can use social media? (CILO-3) (10)

Q2. How is Starbucks using mobile to enhance customer experience? What else you suggest to Starbucks with respect to mobile? (CILO-2) (5)

Q3. In what ways you think Starbucks is using e-commerce initiatives to increase customer engagement and brand recognition. (CILO-2) (5)

## Starbucks

Starbucks is the world's largest coffee house chain with about 20,800 stores in 63 countries. Many people view Starbucks as a traditional store where customers drop in, enter an order, pay cash or by credit card for coffee or other products, consume their choices in the store, and go on about their business. The opposite is actually true. Starbucks is turning itself into a digital and social company. For a long time Starbucks was known as appealing to young people because free WiFi Internet access provided in its U.S. and Canada stores. But lately the company embarked on several digital initiatives to become a truly technological-savvy company.

Starting in 2007, the company's operating income declined sharply (from over \$ 1 billion in 2007 to \$ 504 million in 2008 and \$ 560 million in 2009). This decline was caused not only by the economic slowdown, but also by the increased competition (e.g., from Green Mountain Coffee Roasters), which intensified even during the recession. Excellent coffee and service helped but only in the short run. A better solution was needed. Starbucks realized that better interaction with customers is necessary and decided to solve the problem via digitalization.

In addition to traditional measures to improve its operation and margin, the company resorted to electronic commerce to support its business. The company appointed a Senior Executive with the title of Chief Digital Officer to oversee its digital activities. It also created the Digital Venture Group to conduct the technical implementation.

Starbucks deployed several e-commerce projects; the major ones are follow.

**Online Store:** Starbucks sells a small number of products online at [starbucksstore.com](http://starbucksstore.com). These offerings include coffee, tea, and Starbucks equipment and merchandise. The store was in operation for years, using typical shopping cart (called My Bag), but the company completely redesigned the webstore to make shopping more convenient and easy in August 2011. In addition, customers (individual or companies) can schedule deliveries of standard and special items. Customers can order rare and exquisite coffee that is available only in some U.S. stores. Now customers around the U.S. and the world can enjoy it too. Finally, online customers get exclusive promotions.

**The eGift Card Program:** Customers can buy Starbucks customized gift cards digitally (e.g., a gift card for a friend's birthday is auto delivered on the desired date). Payments can be made with a credit card or PayPal. The gift card is sent to the recipient via e-mail or Facebook. The recipients can print the card and go shopping at a Starbucks physical store, transfer the gift amount to their Starbucks' payment card, or to Starbuck Card Mobile.

**Loyalty Program:** Like airlines and other vendors, the company offers a Loyalty Program (My Starbucks Rewards). Those who reach the gold level receive extra benefits. The program is managed electronically.

**Mobile Payments:** Customers can pay at Starbucks stores prepaid (stored value) cards, similar to those used in transportation, or conduct Smartphone payment.

**Paying from Smartphones:** Starbucks customers can also pay for purchases in physical stores with their mobile devices. Payments can be made by each of two technologies:

**Using Starbucks mobile card:** Shoppers have an app on their mobile device. Payment is made by selecting "touch to pay" and holding up the barcode on the device screen to a scanner at the registrar. The system is connected automatically to a debit or credit card. The system works only in the company-owned store.

**Using Square mobile payment:** The Square revolutionary system allows merchants to accept credit or debit card payments by attaching a small device (a card reader) to their Internet-enabled mobile device (e.g., iPad, iPhone). The merchant then swipes the customer's credit (or debit) card to get immediate

approval. The cost to the Starbucks stores is significantly lower than when the company uses traditional credit card services.

### The Social Media Projects

Starbucks realized the importance of social media. Thus, it started several initiatives to foster customer relationships based on the needs, wants, and preferences of its existing and future customers. The following are some representative activities.

Mystarbucksidea.com is a platform in which a community of over 300,000 consumers and employees can make improvement suggestions, vote for the suggestions, ask questions, collaborate on projects, and express their complaints and frustrations. The community generated 70,000 ideas in its first year, ranging from thoughts on the company's rewards cards and elimination of paper cups to ways to improve customer service. The site also provides statistics on the ideas generated, by category, as well as their status (under review, reviewed, in the works, and launched). The company may provide incentives for certain generated ideas. For example, in June 2010, Starbucks offered \$20,000 for the best idea concerning the reuse of its used coffee cups.

Fully integrated into Facebook, Starbucks practices several social commerce activities there. The site was built with input from Starbucks customers. The company uploads videos, blog posts, photos, promotions, product highlights, and special deals. The millions of people who like Starbucks on Facebook verify that it is one of the most popular companies on Facebook with about 36 million followers. Starbucks offers one of the best online marketing communication experiences on Facebook to date as well as mobile commerce engagements. Starbucks posts information on its Facebook "wall" whether it is content, questions, or updates. The company is also advertising on its Facebook homepage. Note that Starbucks is assessing the cost-benefit of such advertising.

Starbucks has a profile on the LinkedIn site with over 50,000 followers. It provides business data about the company, lists new hires in managerial positions, and advertises available managerial jobs. Starbucks is also active on Google+.

In February 2014, Starbucks had over 2.2 million followers on Twitter organized in 18,025 lists (e.g., @starbucks/friends). Each 'list' has its own followers and tweets. Whenever the company has some new update or marketing campaign, the company encourages conversation on Twitter. By October 2013, Starbucks was the number one retailer to follow Twitter. As of November 2013, Starbucks sends \$5 gift cards to Twitter friends and followers.

Starbucks has a presence on both YouTube and Flickr with a selection of videos and photos for view. It also runs advertising campaigns there. Finally, Starbucks has about 250,000 followers on the photo-sharing company-Instagram.

### Starbucks Digital Network

To support its digital activities the company offers online content using Starbucks Digital Network in partnership with major media providers (e.g., New York Times, iTunes). It is designed for all major mobile devices including tablets (e.g., iPad) and smartphones. The network's content features news, entertainment, business, health and local neighbourhood information channels.

Early Adoption of Foursquare: Not all Starbucks social media projects were successes. For example, the company decided to be an early adopter of geolocation by working with Foursquare. The initiative simply did not work, and the project ended in mid-2010. The company experimented in the UK with a similar location company called Placecast. As of fall 2011, Starbucks had a better understanding of the opportunities and the limitations, so it may decide to try geolocation again with Facebook's Places, or it may revive the Foursquare project.