Chapter 55
Digital Marketing Strategy for Affinity Marketing:
Utilising the New Marketing Arena

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ABSTRACT

Integration of digital marketing into overall business strategy is no longer an option, it is imperative for success. Yet, not all have tapped into this. Another opportunity that could leverage an organisation in today's competitive environment is affinity marketing. Successful implementation of affinity marketing has the potential to enhance participation, raise revenue, increase retention and provide a mutually beneficial arrangement for the partners involved. Yet, despite its appeal and the popularity it achieved in the late 1980s and early 1990s, uptake of the scheme has slowed down. Whilst some affinity partners have embraced digital marketing to an extent, most are not using it effectively to drive and sustain their affinity marketing scheme. Cognisant that affinity marketing is still a lucrative area, this chapter sets forth a digital marketing strategy for affinity marketing, e-affinity marketing, as this is where the added value for the 21st century customer is envisioned.

INTRODUCTION

Businesses in the 21st century are hugely reliant on the internet to support the growth of their organisations. Whether one should integrate internet technology as part of their business plan is no longer questionable, but rather a matter of how it may be most effectively deployed (Michael Porter, 2001). The growth of and investment in digital marketing is astounding. For instance, an industry survey conducted by Pricewater house and Cooper (PwC) and sponsored by the Interactive Advertising Bureau (IAB) has shown that in US alone the revenue generated for half-year 2014 totalled $23.billion, 15% higher than the previous year (IAB, 2014). Coupled with the digital era, affinity marketing presents a unique opportunity for organisations to strengthen their competitiveness as well as build on their customer's loyalty. The internet presents the ultimate interactive and integrative communications system (Schultz, 1996).

Given that affinity marketing (i.e. the triadic relationship between the affinity group, the customer and the service provider) is said to be built on the affinity that customers already have with their affinity group, integrating and implementing digital marketing effectively has the potential to further enhance the customer-affinity group as well as the customer-service provider relationship.

Given the minimal integration of digital marketing in driving affinity marketing, the challenge is to determine the extent to which marketers are using it and to propose ways of enhancing usage. As noted above, unlike most media the internet is interactive and provides marketers with a wide variety of potential uses that range from marketing research to advertising and selling. One of the most significant contributions of the internet is that of value-added marketing – adding value to visitors' experience by allowing marketers to give them additional information as well as services. "The concept of value-added marketing creates loyalty to one or more homepage sites and consequently to the homepage sponsor. Such loyalty is the corner-stone of building lasting relationships with customers" (Husted & Whitehouse, Jr., 2002, p.4).

In the face of today's rapidly changing environment, with the advent of a technology revolution and associated trends such as social media, customers' needs and demands (and even decision making processes) are changing. Recent studies have elicited that companies which master the process of digital integration are 2.5 times more likely to convert their customers (Bughin, 2013). Unfortunately, affinity marketers have not risen to the challenge. The investigation by the author has shown that most affinity marketing schemes are not adequately visible on the internet, therefore failing to capitalise on the opportunity that the digital platform presents.

This chapter intends to provide a strategy that enables affinity partners to integrate their business plan with digital marketing as a key component to drive success. The rest of the chapter is organised under three main areas: the new marketing arena; affinity marketing and digital marketing; and strategic integration. The new marketing arena gives an overview of the 'technology behind digital marketing', looking at the impact of technology and the internet. It also introduces such concepts as e-business, e-commerce and e-marketing with a view to clarifying terminologies, as well as to help put digital marketing into context. The first section will also outline some of the popular 'digital marketing strategies' adopted by marketers to date. Part two on affinity marketing and digital marketing reviews the origins and core values of affinity marketing under the section 'affinity marketing – the big opportunity', highlighting some of the challenges faced by affinity marketers. It then explores how this could be utilised to formulate objectives for e-affinity marketing. Part three – 'strategic integration' – begins with an investigation into 'affinity marketing on the web', a key step in planning the process for e-affinity marketing strategy. This is followed by a discussion on 'knowing the customers', as understanding visitors' needs is an important step in determining what they are offered. Then the 'strategy to activity' proposes steps to help set appropriate strategy and related activities based on knowledge of the target group. The last step in the process – 'performance analysis' – is designed to review the effectiveness of the new initiatives.

1. THE NEW MARKETING ARENA

Aghaei et al. (2012) describes the four generations of the web as follows: Web 1.0 as a web of information connections, Web 2.0 as a web of people connections, Web 3.0 as a web of knowledge connections and Web 4.0 as a web of intelligence connections (the future). The internet has grown from strength to strength since its innovation phase 1964 - 1974 (creation of the fundamental building blocks), through

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