

INBOUND MARKETING - A NEW CONCEPT IN DIGITAL BUSINESS

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Abstract: *The Inbound Marketing, as an Internet marketing concept or a strategy, found its roots in permission marketing and content marketing. As a holistic approach it also incorporates other acknowledged online marketing techniques like search engine optimization (SEO), social media marketing, e-mail marketing, CRM, web automation etc. The main idea behind Inbound Marketing is to attract visitors to a website by creating and distributing useful content, convert those visitors into leads, earn their trust and then turn them into loyal customers. This approach is focused on pull marketing techniques rather than push techniques that interrupt the internet users with an advertising message. Therefore, essential for this strategy is to develop high quality and targeted content, make it available on a search engine friendly web site and share the information on the social media and by other effective means. In order to convert the incoming visitors to leads, the website should exchange free useful content (eBooks, videos, data, software, subscription, etc.) for the visitors' contact information including their email. The marketing effort is then reinforced using e-mail marketing in order to earn their trust, increase the brand awareness, make initial sales and convert the buyers to loyal lifelong customers addressing to them in every critical stage in the buying cycle. Since the outbound or push marketing techniques are less and less effective many internet marketers are focusing on pull marketing methods including Inbound Marketing as a holistic strategy. The innovativeness of Inbound marketing lies in the idea of bringing together all noninterruptive, pull and client centric marketing techniques under one term defining a new industry and also the effort to practice these techniques simultaneously in order to achieve the best synergetic effects.*

Keywords: internet marketing, content marketing, permission marketing, consumer decision journey, Search engine optimization

JEL (Journal of Economic Literature) Classification: - M31, M37, M15

1. INTRODUCTION

Since its introduction, the Internet brought many changes to the way the business is done. Especially, the rapid growth of the World Wide Web (WWW) as dominant part of the Internet, brought revolution in the field of advertising and marketing during the last decade of the 20th century. We may believe that the basic principles of marketing didn't change, but it is evident that many new marketing practices are introduced (Sterne, 1995, 2001) and that there is a significant change in the customers' behavior regarding their buying decision. (Court, Elzinga, Mulder, & Vetvik, 2009; Edelman, 2010).

Some forms of Internet marketing and advertising were practiced since the first days of the Internet and these marketing techniques constantly add up and evolve through time. First of all, the web technology enabled the companies to present themselves and their products on a new platform never seen before. The website (Constantinides 2002) might be similar to a newspaper or a catalog but it enables many new features like worldwide accessibility, quick updates, communication with the visitors, hosting different content like text, images, audios, videos and even interactive elements as chats, forms, quizzes, games and similar. The web technology also

enables selling goods and services online, receiving payments and also instant delivery of digital products.

At the beginning of the web era the most popular forms of online advertising were e-mail and the banner advertising (Sterne & Priore, 2000). Unsolicited e-mail advertising grew to an enormous proportion and became known as SPAM. On the other hand, e-mails send with a permission given by the receiver are still one of the most effective internet marketing techniques (Jenkins 2009; Ryan, 2014; Singal, 2015). The banner advertising at the beginning was very popular but, while still in use, it became less and less effective. With the rise of the search engines the webmasters developed certain techniques in order to gain good positions in the search results and draw web traffic to their websites. This set of techniques is now known as search engine optimization (Sullivan, 2002) and is still actively employed by many internet marketers. Along with search engines arrived the paid search marketing that serves ads alongside the search results when the user is actively searching using keywords. Paid per click advertisement (PPC) on search engines is still one of the most popular forms of paid online advertising. Another form of marketing and advertisement that is still in use came in practice with the popularization of the social media (Evans, 2008). The social media generally enable two different forms of marketing that as well can be implemented simultaneously. The first approach is to build a social media profile, share content and communicate with the Internet users. The other option is to advertise using precise targeting based on demographic data as location, age, gender, family status, education, income, interests etc. A new era in the internet marketing begins with the rapid growth of the mobile technology and the use of the mobile applications.

The above mentioned internet marketing techniques (including many others) can be roughly divided in two types of marketing strategies: push and pull (Miller, 2015). The pull marketing is used to generate demand for a product or a service. On the other hand the push marketing is a strategy intended to sell out an existing supply of a product. The push techniques are also known as interruption marketing or outbound marketing since the company initiates the communication by sending the advertising message to the potential clients. Most of the traditional advertising methods as TV commercials, radio commercials, print advertisements etc. belong to the outbound marketing. Regarding the digital marketing techniques we may classify unsolicited e-mails and most of the advertisement as outbound techniques.

In general, the outbound techniques are simpler to implement and are a faster way to reach the potential customers. Anyway, as online competition grew and the internet users became reluctant to interruptive online messages, these methods became more expensive and less effective than before. Therefore, many internet marketers started to focus on methods that gave more freedom to the potential customers to choose when and how they will consume the marketing message the company creates.

2. EMERGENCE OF INBOUND MARKETING

For the first time the term “Inbound marketing” was used by Brian Halligan in 2005 (Halligan and Shah, 2009; Pollit, 2011). The term inbound implies to attracting, drawing in customers. According to the pioneers of inbound marketing, Brian Halligan and Dharmesh Shah, the need for such holistic approach aroused from the fact that the marketing tactics used successfully in the past didn’t produce the desired results any more (Halligan and Shah 2014). As they noted, Shah’s blog for startups, while he was still a graduate student, managed to attract more visitors than websites owned by companies with professional marketing teams and large budgets. Their conclusion was that “People did not want to be interrupted by marketers or harassed by salespeople. They wanted to be helped”.

The idea behind the Inbound marketing is to use marketing tactics that will try to earn the interest of the prospects and pull (bring) them to the company (the company's website) rather than trying to push the advertising message to them and wait for their reaction. The attention of the potential customers is earned by development of high-quality content and making that content available (sharing it) through multiple online channels including search engines and social media. The term 'content' in internet marketing refers to a variety of formats, including but not limited to news, web articles, videos, white papers, e-books, infographics, case studies, how-to guides, photos, etc.

One of the main elements of the inbound concept is the company's website where the visitors are converted into leads by optimizing landing pages and subscription forms, and offering content baits in return for the contact information. The leads further are converted to customers and the customers to long term loyal customers by using email marketing and sound customer relationship management systems (CRM).

Having the basic principles of inbound marketing in mind, we have to be aware that the concept is not exactly new. It rather enhances and combines several previously acknowledged online marketing tactics like content marketing, search engine optimization, opt-in email marketing and several others.

First of all Inbound marketing is very close and similar (if not the same) to an earlier marketing method known as "Content marketing" (Cannon, 2000; Scott, 2005). The concept of content marketing can also be associated with the "storytelling in marketing" (Smith & Keyton, 2001) practiced for a long time before the Internet came along. The "Content marketing is marketing and business process for creating and distributing relevant and valuable content to attract, acquire, and engage a clearly defined and understood target audience – with the objective of driving profitable customer action." (Pulizzi, 2012)

According to proponents of Inbound marketing, the content marketing is just one part (an important one) of the holistic Inbound marketing strategy (Eridon, 2011; Jarvinen & Lipiainen, 2015). On the other hand proponents of the "Content marketing" believe that complete content marketing strategy would incorporate inbound marketing principles (Pulizzi, 2011) to draw in visitors. Regardless of the dispute, both approaches emphasize the importance of the high-quality content and the idea of being found by prospects that have interest in that content.

The search engine optimization as an inbound technique was successfully practiced long time before the concepts of content marketing and inbound marketing put their roots online. The aim of SEO is to increase the number of visitors that come from search engines by improving onpage and the off-page ranking factors of a website. Anyway, the SEO evolved significantly as search engines improved through time. At the beginning the keywords and the meta tags were the most important elements to rank high. When Google was introduced in 1998, inbound (incoming) links become the major factor for good rankings in search results. The importance of high quality content for better rankings in search was significantly increased after some major Google algorithm updates took place. These updates include but are not limited to: Florida update in 2003, Panda in 2011, Penguin in 2012 and the Hummingbird update in 2013 (Reddy, 2014). After all this updates that denounce suspicious techniques and highly apprise the content quality and especially after the rise of the competition SEO became very difficult task if practiced in isolation of other internet marketing techniques and channels. Previously used tactics to rank well in the search engine results pages no longer work. Here is where Inbound marketing comes in place. As Rand Fishkin says „SEO is a tactic. Inbound marketing is a strategy” (Fishkin & Hogenhaven, 2013) and therefore the companies should have more holistic and strategic approach for the Internet marketing.

Another important element of the inbound strategy is the e-mail marketing. Sending newsletter, articles, or other type of content through e-mail in order to reinforce the marketing effort should be based on a permission given by the visitor (acquired lead or a customer). This

type of marketing is known as permission marketing, a concept originally developed by Seth Godin (1999). Opt-in e-mail, where Internet users sign up in advance for certain information, content or a product is just one example of permission marketing. This concept mainly focused on the permission given by the prospects and the email strategy without offering a sound strategy how to attract the visitors to the website where they will opt-in to receive e-mails. Since it is important to get permission in order to run successful e-mail campaigns Inbound marketing adopts permission marketing in its philosophy and enhances it with strategy to draw in visitors.

In the figure below (Figure 1) we can note how the relative popularity of the terms “Email Marketing” and “Search Engine Optimization” declined over time while the terms “Content Marketing” and “Inbound Marketing” gained in popularity. In other words, it is evident that isolated marketing techniques lose their popularity among internet marketers since they need more holistic approach as a part of an sound marketing strategy.

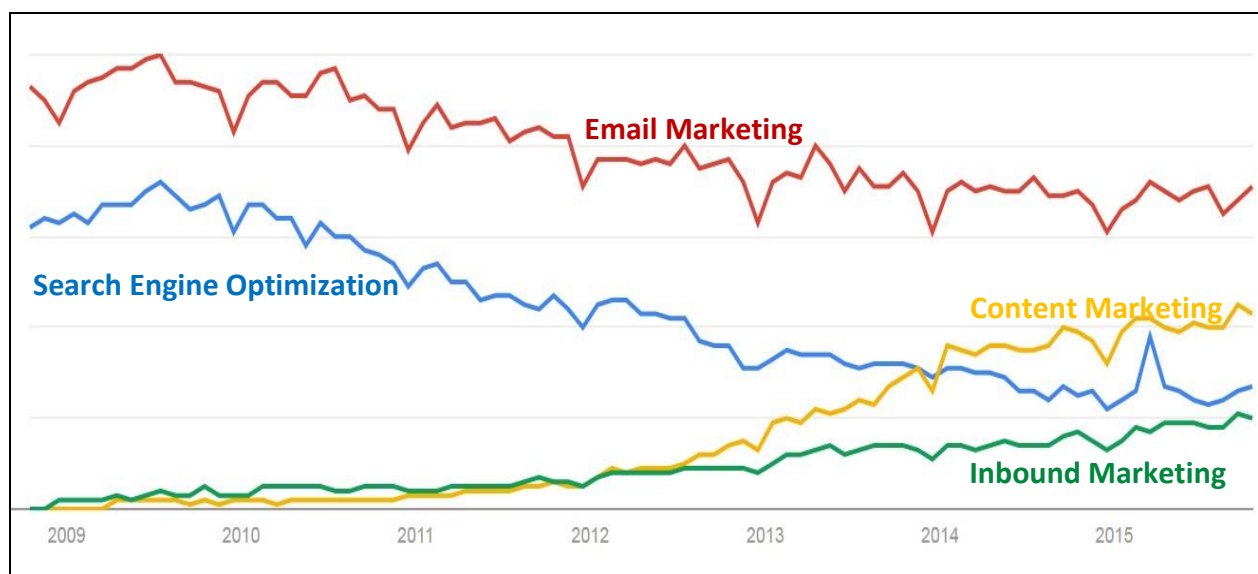


Figure 1: Search trend comparison (Email Marketing, Search Engine Optimization, Content Marketing, Inbound Marketing) 2009 – 2015

Source: Google Trends (09.10.2015) <https://www.google.com/trends/>

3. INBOUND MARKETING METHODOLOGY

HubSpot, an Internet marketing company founded by Brian Halligan and Dharmesh Shah defines Inbound Marketing as a “holistic, data-driven approach to marketing that attracts individuals to your brand and converts them into lasting customers.” (HubSpot, 2014)

The central position in the Inbound strategy is given to the creation and distribution of high-quality and targeted content. Regarding the content creation it is important that it appeals to the targeted customers and answers their basic questions and needs through the different phases of the inbound process. As the company learns more about the prospects, it is also important that the marketing message and the content are more and more personalized to customers’ needs. The distribution of the content goes through multiple channels depending of the accessibility and the expectations of the prospects or the acquired clients.

In order to guide the prospects from complete strangers to loyal customers and ultimately to promoters of the business the Inbound marketing process consists of four phases or actions:

- Attracting visitors
- Converting visitors to leads
- Closing sales
- Reconverting customers to loyal, lifelong customers and brand promoters

The goal of the first phase is to attract visitors to the company's website using proven inbound tactics like blogging, SEO, social publishing, RSS feeds, creating link baits, guest blogging, nurturing attractive content etc. This phase heavily relies on high-quality content creation.

After the visitors arrive to the website for the first time the second phase of the process begins. The goal here is to convert them to leads by gathering their contact information. Since internet users are not easily giving their email addresses and their permission to be contacted, the company needs to offer them something in return like eBooks, newsletter, free tips, free software, membership, a trial, tutorials, webinars and other valuable content. In order to achieve this goals the landing pages and the submit forms should be appropriately optimized. The collected leads are valuable asset to a company and therefore they should be handled (managed) appropriately.

The next phase is the closing phase, or the phase where leads are converted to sales. This is the phase where the email marketing comes in place. Usually the leads are not willing to make the purchase right away. Instead, a series of emails focused on useful, relevant content can earn their trust and make them become more ready to buy. Since some companies may have large number of leads, CRM and email automation could come handy during this phase.

Earning a customer is hard, keeping a customer is harder and turning a customer to a promoter is the hardest goal in marketing. The last phase of the Inbound marketing process is all about achieving that. So, the marketing effort does not stop when the customer is acquired. The company should further nurture the client with engaging content, superior client service and should also listen to their feedback. Only in that case the customer will be satisfied, will return and will promote the business further.

The four defined phases of Inbound marketing are closely related to the four stages of the "Consumer Decision Journey" CDJ introduced in the June 2009 issue of McKinsey Quarterly (Court, Elzinga, Mulder, & Vetvik 2009). These stages are: consider, evaluate, buy, and enjoy, advocate, bond. This concept argues the popular purchase funnel where it was believed that consumers started with a large number of potential brands in mind and methodically winnowed their choices until they decide which one to buy. After purchase, their relationship with the brand typically focused on the use of the product (or service) itself (Edelman, D.C. 2010). The new concept, based on an empirical research, showed that rather than narrowing their choices, prospects add and deduct brands under consideration during the extended evaluation phase. After purchase, they often engage into an open-ended relationship with the brand, sharing their experience online. The phases in Inbound marketing correspond to the stages of CDJ and the employed marketing tactics during all four phases help the customers go through the decision journey.

4. DISCUSSION

Since the concepts and techniques used in Inbound marketing are not previously unknown and new then a question arises what is innovative in this concept?

First important novelty regarding the Inbound marketing is the effort to bring several successful online marketing techniques under one name in order to define a specific industry in the field of the internet marketing. If we investigate the current internet marketing landscape we

could find different terms used to describe these online marketing techniques used simultaneously in a single strategy. Besides Inbound marketing, there are terms like “organic marketing” (Kennedy, Beld, Hauksson 2015), “holistic SEO” (Portney 2014) or as mentioned before “content marketing”. Anyway, two terms most seriously pretend to give the name to a such holistic internet marketing strategy that is becoming more and more popular among internet marketers. These terms are “Inbound marketing” and “Content marketing”. The debate among inbound marketers and content marketers resembles the dilemma “which came first, the chicken or the egg?”. The dilemma here is which is subset of the other, which one is a strategy and which one is a tactic. According to our observation more appropriate term is “Inbound marketing” since it incorporates content marketing in its strategy, but also includes other marketing techniques like opt-in email marketing and web automation, SEO, CRM and others.

Having a single name, accepted by most of the internet marketers and broader stakeholders for this holistic strategy, could be useful for numerous reasons. A specific profession can be shaped under this industry and would be very pragmatic for training and educational purposes of these professionals. On the other side, clients looking for such services would be aware what to look for and what to expect under such services provided by different companies.

The second important innovation brought by the Inbound marketing it’s the holistic approach it has toward all acknowledged pull online marketing practices in order to maximize the results of the overall marketing effort. If all these techniques are practiced in isolation of each other would generate smaller return on investment. The Inbound methodology trends to follow the prospects through whole buying cycle (Consumer Decision Journey) and act timely to reinforce the marketing effort for the best results.

Another discussing point for the Inbound marketing is its expected lifecycle. Namely, this concept is currently very successful but since the internet environment changes fast and users change their behavior would it be successful in the future and for how long? For example; since the inbound methodology relies on opt-in emails what will happen when most of the customers will be subscribed/engaged with too many Inbound marketers? Could Inbound become the new SPAM?

5. CONCLUSION

Inbound marketing is a recently formulated internet marketing concept or a strategy that aims to attract prospects to a company’s website, convert them to leads and further to lifelong customers and brand promoters. The customers are attracted by developing high-quality and targeted content that is distributed through multiple online channels. Unlike the interruptive marketing messages that are pushed to the internet users (ads or unsolicited emails), the inbound methods tend to earn the prospects’ attention in channels and in time when they are prepared to engage with the marketing communication bait deployed by the company.

In order to achieve its goals, the inbound methodology goes through four specific phases: attracting visitors, converting visitors to leads, closing sales, reconverting customers to lifelong customers and promoters. These phases are in correlation with the four stages of the customer decision journey, a concept recently developed to reflect the changes in the customers’ behavior as a result of the digital environment. During all of these phases, specific online marketing tools are used that reinforce the marketing effort addressing the specific needs of the prospects in every stage of the buying cycle. The content creation and its distribution are important in every phase of the process and they should correspond to the expectations and needs of prospects (or the current customers) in every stage of the decision journey.

Besides the content marketing as its cornerstone, the Inbound marketing incorporates several other acknowledged online marketing techniques in order to attract and retain customers

such as blogging, search engine optimization, social media publishing, social media marketing, opt-in e-mail marketing, public relations, CRM, web automation, web analytics, data-mining etc.

Since the Inbound marketing, as a holistic marketing strategy, is very effective and brings results to its practitioners more and more companies are adopting this concept in their marketing strategic plans.

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