

# 1

Chapter

## Introduction to e-marketing

'Scarcely a day goes by without some claim that new technologies are fast writing newsprint's obituary. Yet, as an industry, many of us have been remarkably, unaccountably complacent. Certainly, I didn't do as much as I should have after all the excitement of the late 1990's. I suspect many of you in this room did the same, quietly hoping that this thing called the digital revolution would just limp along.'

Well it hasn't . . . it won't. . . . And it's a fast developing reality we should grasp as a huge opportunity . . .'.

*Rupert Murdoch (News Corporation, 2005)*

**OVERVIEW**

This chapter introduces e-marketing and its benefits and risks. It describes the difference between e-commerce, e-business and e-marketing; the alternative digital communications channels, the dangers of sloppy e-marketing; how to present a business case for increasing your online activities and the benefits – Sell, Serve, Save, Speak and Sizzle.

**OVERALL LEARNING OUTCOME**

By the end of this chapter you will be able to:

- Describe the development of the electronic marketspace
- Outline an approach to developing an e-marketing plan
- Describe the key benefits of e-marketing.

CHAPTER TOPIC	LEARNING OBJECTIVE
1.1 Introduction	Outline the benefits and risks of e-marketing
1.2 The wired-up world	Outline the characteristics of the new marketspace
1.3 B2C, B2B, C2B and C2C	Identify different forms of collaboration between marketplace members
1.4 E-definitions	Describe the difference between e-commerce, e-business and e-marketing
1.5 Sloppy e-marketing	Avoid basic e-marketing mistakes
1.6 Objectives	Outline the five basic e-marketing objectives
1.7 Objective – Sell	Define objectives for selling to the customer online
1.8 Objective – Serve	Define objectives for serving the customer online
1.9 Objective – Speak	Define objectives for speaking to the customer online
1.10 Objective – Save	Define objectives for saving online
1.11 Objective – Sizzle	Define objectives for enhancing the brand online
1.12 Introduction to e-strategy	Outline approaches to achieving e-marketing objectives
1.13 Tactics, action and control	Outline e-marketing tactics, actions and control

## 1.1 Introduction

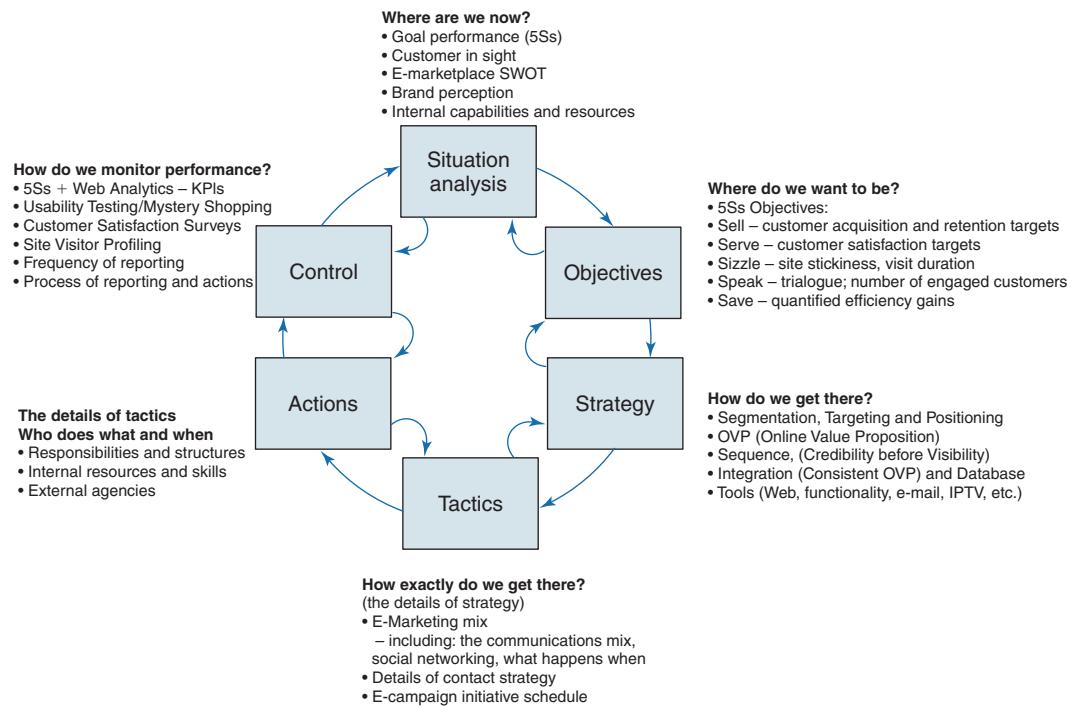
This chapter introduces you to the world of **e-marketing**; its background and its benefits. It explores the current e-marketing situation, e-marketing definitions and examples of good and bad e-marketing. Chances are your organization is already engaged in e-marketing, so in this chapter, and throughout the book, we give you a planning framework and checklists to evaluate and improve your current e-marketing practices or plan new initiatives.

The chapter is structured using a simple *aide-mémoire*, called **SOSTAC®**. SOSTAC® is used by thousands of professionals to produce all kinds of plans (marketing plans, corporate plans, advertising plans and e-marketing plans). In later chapters and, in particular, Chapter 10 we provide a step-by-step guide to creating an e-marketing plan. In this chapter, we'll use SOSTAC® to provide a structure for an initial review.

### INTRODUCING SOSTAC® PLANNING FOR E-MARKETING

SOSTAC® stands for Situation Analysis, Objectives, Strategy, Tactics, Actions and Control (Figure 1.1). It is described in more detail in Smith (1998, 2001) and Smith *et al.* (1999, 2004) who note that each stage is not discrete, but there is some overlap during each stage of planning – previous stages may be revisited and refined, as indicated by the reverse arrows in Figure 1.1. For creating an e-marketing plan, the planning stages are:

- **Situation Analysis** means ‘where are we now?’ (In the context of this chapter, this includes definition of ‘e’ terms, growth in users and change in the marketplace, as well as examples of good and bad e-marketing.)
- **Objectives** means ‘where do we want to be?’ Why bother going online, what are the benefits, what is the purpose of going to all of this effort? We describe five main objectives, reasons or benefits of being online which you should exploit.
- **Strategy** means ‘how do we get there?’ Strategy summarizes how to fulfil the objectives. What stage of ‘e’volution and level of database integration is required, what segments and positioning should drive the overall marketing mix and the promotional mix, right down to the different **contact strategies** for different segments, and which e-tools should be selected? Getting your e-strategy right is crucial. As Kenichi Ohmae says (Ohmae, 1999), ‘there’s no point rowing harder if you’re rowing in the wrong direction’.
- **Tactics** reviews the tactical e-tools and the details of the marketing mix which is covered in Chapter 2 and the communications mix which is covered in Chapters 6 and 7.
- **Actions** refers to action plans and project management skills – essential skills we won’t go into in this chapter.
- **Control** looks at how you know if your e-efforts are working, and what improvements can be made – again, we won’t delve in too deeply in this chapter.



**Figure 1.1** SOSTAC® planning framework. SOSTAC® is a registered trade mark of PR Smith ([www.prsmith.org](http://www.prsmith.org))

## SECTION SUMMARY 1.1

### Introduction

The SOSTAC® planning framework is used to structure this chapter. SOSTAC® is:

- **Situation analysis** – where are we now?
- **Objectives** – where do we want to be?
- **Strategy** – how do we get there?
- **Tactics** – which tactical tools do we use to implement strategy?
- **Actions** – which action plans are required to implement strategy?
- **Control** – how do we manage the strategy process?

## 1.2 Situation – the wired-up world

Let's consider the current situation of e-marketing – where the marketplace migrates into the **electronic marketspace**. How significant is this change? The Internet is continuing to grow rapidly and seamlessly across borders and into an online world already inhabited by over a billion customers. Given its scale and the benefits it offers to these customers and

businesses, it is a big part of the future of all businesses. The Internet is far more than ‘just another channel to market’ – a misguided phrase that is heard surprisingly frequently. We will explain how the Internet can and should be used to transform how a business communicates with its audience and delivers enhanced brand experiences.

Despite the vast number of people (and businesses) buying online, don’t you think it’s a little weird when you consider that millions, billions and even trillions of dollars, pounds and euros pass seamlessly through wires interconnecting lots of devices all around the world? Google has built a billion dollar business simply by charging for mouse clicks, some costing up to \$50! Perhaps it’s even weirder when you consider that in future a lot of it will be wireless. In China there are already more mobile phone subscribers than the population of the US, while meanwhile in Japan, surveys by Comscore show that usage of the web by mobile nearly equals that by PC.

Some say it’s ‘surreal’ others say it’s ‘sublime’ and others again say ‘ridiculous’ when you consider that the direction of many of these millions, billions and trillions will be determined by **robots**, **info-bots**, **shopping-bots**, **portals** and **infomediaries**. The future Weird Wired World may sound like a wonder of convenience when our refrigerators negotiate the best price for new supplies or a washing machine chooses the best utility supplier for any particular wash – courtesy of embedded chips complete with Internet access. Or is it introducing unnecessary complexity for which demand is limited? Consumers often take longer to embrace new ideas than technologists or some marketers expect.

### THE CONNECTED WORLD

And it’s not just washing machines, but rather anything and everything can be wired up, or connected, to the Internet. The most common way of accessing the Internet remains the desktop computer or laptop. What are the up-and-coming ways of accessing the Internet? **Interactive digital TV**, interactive radio, interactive kiosks, mobile phones, palm tops, planes, trains and automobiles all access the Internet. The **convergence** of these new digital access devices is described in more detail in Chapter 5. In fact the average luxury car today has more computing power in it than the rocket that landed on the moon. Cars can also be ‘connected’ so that they can alert roadside repair companies to your location before you actually break down. Just about anything can be wired up, courtesy of the powerful combination of computer chips and cordless or wireless technology, including higher speed data transfer protocols such as **3G**, **HSDPA** (High Speed Data Packet Access), **WAP** technology (Wireless Application Protocol) for rendering simple content and **Bluetooth** for data transfer between mobile phones and other hand-held devices.

### RESEARCH, TRENDS AND FORECASTS

To effectively plan your e-marketing to predict your results, you need to tap into the wealth of research about current Internet usage and future trends. In Table 1.1 we summarize a selection of free and paid for services to help you analyze your e-marketplace. In Chapter 3 on e-models and Chapter 4 on e-customers we explain how you should analyze your online marketplace to help understand and exploit the online potential.

**Table 1.1** Tools for assessing your e-marketplace

Service	Description
1 <b>Alexa</b> ( <a href="http://www.alexa.com">www.alexa.com</a> ). Free tool, see also <a href="http://www.compete.com">www.compete.com</a> . Also use the Google syntax related:domain.com to find related sites.	Free service owned by Amazon which provides traffic ranking of individual sites compared to all sites. Works best for sites in Top 100 000. Sample dependent on users of the Alexa toolbar.
2 <b>Hitwise</b> ( <a href="http://www.hitwise.com">www.hitwise.com</a> ). Paid tool, but free research available at <a href="http://weblogs.hitwise.com">http://weblogs.hitwise.com</a> .	Paid service available in some countries to compare audience and search/site usage. Works through monitoring IP traffic to different sites through ISPs.
3 <b>Netratings</b> ( <a href="http://www.netratings.com">www.netratings.com</a> ). Paid tool.	Panel service based on at-home and at-work users who have agreed to have their web usage tracked by software. Top rankings on site gives examples of most popular sites in several countries.
4 <b>Comscore</b> ( <a href="http://www.comscore.com">www.comscore.com</a> ). Paid tool.	A similar panel service to Netratings, but focusing on the US and UK. A favoured tool for media planners.
5 <b>ABCE Database</b> ( <a href="http://www.abce.org.uk">www.abce.org.uk</a> ). Free tool. (Choose ABCE Database).	The Audit Bureau of Circulation (Electronic) gives free access to its database of portals (not destination sites) who have agreed to have their sites audited to prove traffic volumes to advertisers.
6 <b>Search keyphrase analysis tools. Compilation available from</b> <a href="http://www.davechaffey.com/seo-keyword-tools">www.davechaffey.com/seo-keyword-tools</a> .	Tools such as the Google Keyword tool and Google Traffic Estimator can be used to assess the popularity of brands and their products reflected by the volume of search terms typed into Google and other search engines.
7 <b>Forrester</b> ( <a href="http://www.forrester.com">www.forrester.com</a> ).	Paid research service offering reports on Internet usage and best practice in different vertical sectors such as financial services, retail and travel. Free research summaries available in press release section and on its marketing blog ( <a href="http://blogs.forrester.com">http://blogs.forrester.com</a> ).
8 <b>Gartner</b> ( <a href="http://www.gartner.com">www.gartner.com</a> ).	Another research service, in this case focusing on technology adoption within companies. Also see Jupiter research ( <a href="http://www.jupiterresearch.com">www.jupiterresearch.com</a> ) who often have good reports on e-mail marketing best practice.

**Table 1.1** (Continued)

Service	Description
9 <b>IAB</b> (US: <a href="http://www.iab.net">www.iab.net</a> , UK: <a href="http://www.iab.uk.net">www.iab.uk.net</a> , Europe: <a href="http://www.iabeurope.eu">www.iabeurope.eu</a> ).	The Internet or Interactive Advertising Bureau has research focusing on investment in different digital media channels, in particular display ads and search marketing. In 2007, the UK was leading in online ad expenditure, accounting for over 15% of ad investment.
10 <b>IMRG</b> ( <a href="http://www.imrg.org">www.imrg.org</a> ).	The Internet Media in Retail Group has compilations on online e-commerce expenditure in the UK which, as of the time of writing, was averaging around £5 billion per month or over 10% of all retail spend.

### SECTION SUMMARY 1.2

#### Situation – the wired-up world

More customers are spending an increasing part of their lives in the virtual world. They are using automated tools to find the products that best meet their needs. Marketers need to analyze demand by consumers for online services and respond to customers' needs in this new wired-up world.

### 1.3 Situation – B2C, B2B, C2B and C2C

The options for digital communications between a business and its customers are summarized in Figure 1.2. Traditionally, the bulk of Internet transactions are from business-to-business or industrial and commercial markets known as **B2B** (business-to-business) and consumer markets known as business-to-consumer (**B2C**) markets (like cars and cola).

#### B2B AND B2C

This is where the bulk of online business occurs. Most estimates suggest that B2B companies will reap ten times more revenue than their B2C counterparts. Once upon a time marketing used to learn from the **FMCG** manufacturers like Guinness, Coca-Cola and Heinz, while industrial marketing, or B2B marketing, was considered by some to be less exciting. This is now no longer the case.

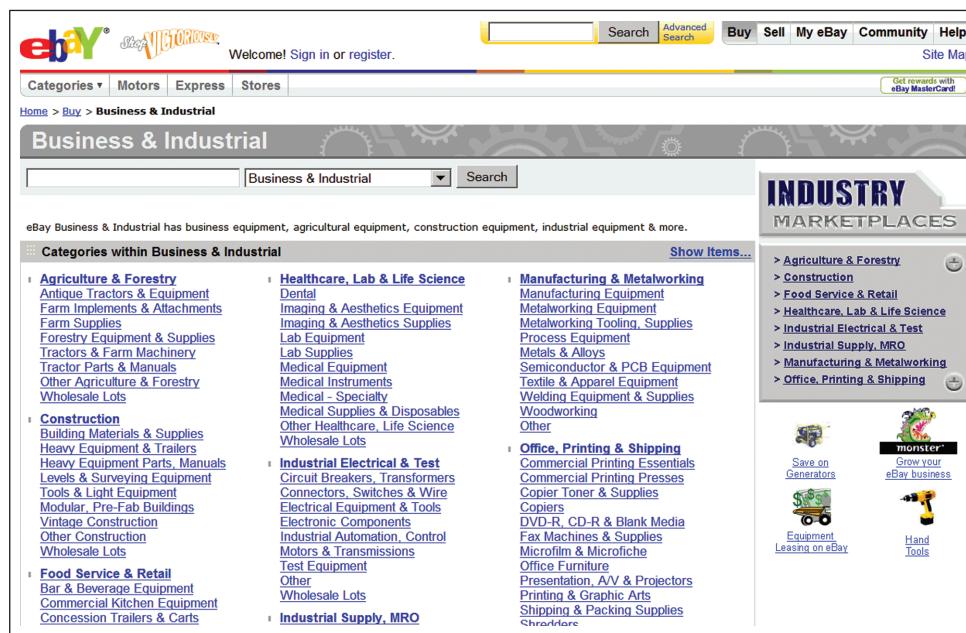
In the online world, B2B is already much bigger than B2C. Almost ten years ago General Electric made the decision to procure \$1 billion worth of purchases online in year one,

From: Supplier of content/service	
	Consumer Business (organization)
To: Consumer of content/service	Consumer-to-Consumer <b>(C2C)</b>
	<ul style="list-style-type: none"> <li>• eBay</li> <li>• Peer-to-peer (Skype)</li> <li>• Social networks and blogs</li> <li>• Product recommendations</li> </ul>
Business (organization)	Business-to-Consumer <b>(B2C)</b>
	<ul style="list-style-type: none"> <li>• Transactional: Amazon</li> <li>• Relationship-building: BP</li> <li>• Brand-building: Unilever</li> <li>• Media owner: News Corp</li> <li>• Comparison intermediary: Kelkoo, Pricerunner</li> </ul>
Business (organization)	Consumer-to-Business <b>(C2B)</b>
	<ul style="list-style-type: none"> <li>• Priceline</li> <li>• Consumer-feedback, communities or campaigns</li> </ul>
Business (organization)	Business-to-Business <b>(B2B)</b>
	<ul style="list-style-type: none"> <li>• Transactional: Eurooffice</li> <li>• Relationship-building: BP</li> <li>• Media owned: Emap business publications</li> <li>• B2B marketplaces: EC21</li> </ul>

**Figure 1.2** Options for online communications between an organization and its customers

followed by \$3 billion in year two, followed by total procurement online. Cisco systems announced many years ago that they will no longer do business with suppliers who can't take orders over the web. Major organizations, such as government councils, are also moving online, e.g. from 2005 the British Government's Local District Councils only procure their goods and services online.

Several years ago Ford and General Motors combined forces through the **B2B marketplace Covisint** ([www.covisint.com](http://www.covisint.com)) and moved their then \$300 and \$500 billion dollar supply chains online. This created great hype about the potential of online B2B auctions which didn't really realize expectations. Today, Covisint is no longer an open marketplace used by a handful of motor manufacturers, instead it is a software provider which helps over 30 000 companies in automotive and other sectors, such as Healthcare, manage communications with their suppliers. In 2003, Covisint sold its auctions business to Ariba which now has 120 000 suppliers in its network – a surprisingly small number for the largest online network. Auctions or 'sourcing events' are only part of a range of 'spend management solutions' available to buyers. Today the benefits of online B2B commerce are more about identifying products in electronic catalogues from a range of suppliers, selecting the best option and then managing the paperwork and workflow electronically. The eBay auction model has not really taken hold in B2B, although eBay do have their own B2B auction facility (<http://business.ebay.com>, Figure 1.3) selling products as diverse as tractors and office furniture, where there is an annual turnover of \$2 billion in goods. But this is a small fraction of all products sold which had a Gross Merchandized Volume (GMV) of \$52 billion in 2006. Remember that eBay isn't just about auctions, with 40% of its turnover now arising from fixed price sales. However, the marketplace model isn't dead, it just didn't grow as quickly as many anticipated.



**Figure 1.3** Product categories at eBay business (<http://business.ebay.com>)

### PRACTICAL E-MARKETING TIP

#### Sourcing skills online

If you need to source web or e-mail templates or scripts, using an online web skills marketplace such as Elance ([www.elance.com](http://www.elance.com), Figure 1.4), Guru.com ([www.guru.com](http://www.guru.com)) or Scriptlance ([www.scriptlance.com](http://www.scriptlance.com)) may be worth considering, although care is needed in selecting the right agency or person, based on recommendations or testimonials.

### C2C AND C2B

Whether B2C or B2B, don't forget C2C and C2B. C2C models have proved one of the most disruptive examples of online business technology. An early indication of the popularity of C2C was the growth of online consumer auctions at eBay and niche communities focusing on interests such as sport, films or pastimes. More recently, a dramatic growth in C2C interactions has been fuelled by the growth of **social networks** such as Bebo, Facebook and MySpace and their business equivalent LinkedIn which we examine in more detail in Chapter 3. Social interactions are now so important that they are reducing consumption of other forms of digital media and traditional media, so all companies need to develop a strategy to engage these consumers.

Customer-to-business models may play a significant role in some B2B or B2C sectors. In this model, a potential buyer approaches a marketplace of sellers who then compete for the sale. In the consumer market Priceline ([www.priceline.com](http://www.priceline.com)) and other

price comparison sites such as Kelkoo follow this model. In B2B, the Covisint and Ariba services referred to above have C2B options. C2B also involves customers developing their own content online, which is known as **user generated content (UGC)** where businesses facilitate it. For example, many smaller travel companies, such as Supabreaks ([www.supabreaks.com](http://www.supabreaks.com)) and TravelRepublic ([www.travel-republic.co.uk](http://www.travel-republic.co.uk)) have exploited the approach originally adopted by Trip Advisor ([www.tripadvisor.com](http://www.tripadvisor.com)). Do you have a plan for UGC?

The screenshot shows the Elance homepage with a search bar at the top containing 'email template'. Below the search bar are navigation links: 'Find Professionals', 'Find Work', 'MyElance', 'Water Cooler', 'Sign in | Contact us | Help', and 'Post Your Project'. The main content area displays search results for 'email template' with 1-25 of 80 results shown. The results table has columns for Name, Location, Min Rate, Feedback, and Earnings. Each result includes a small profile picture, the provider's name, their specialization, and a link to their portfolio. On the left side, there is a 'Refine Results' sidebar with filters for Category (All Categories, Website Development), Feedback (Above 90% positive), Reviews (At least 5), Hourly Rate Up To (Up to US\$20), Location (City, State or Country), and Type (All Providers, Businesses, Individuals). The results table shows the following data:

Name	Location	Min Rate	Feedback	Earnings
webdesignsguru Stand out from the Crowd	India INDIA, Kolkata	\$10/hr min rate	Feedback: 100% positive Reviews: 34 Earnings: \$16,570	
I.NetSolutions Web 2.0, Ajax, PHP MySQL, Ecommerce Website Design	India Delhi, Delhi	\$15/hr min rate	Feedback: 96% positive Reviews: 26 Earnings: \$90,595	
Sri Nanoo Programmers, Developers, Designers	India Tamil Nadu, Chennai	\$10/hr min rate	Feedback: 97% positive Reviews: 39 Earnings: \$8,556	
MNHs e-Solutions Ltd Premium Web Design & Development Services	Bangladesh Dhaka, Dhaka	\$15/hr min rate	Feedback: 100% positive Reviews: 17 Earnings: \$21,880	
THE E-FACTORY E-commerce solutions	India delhi, delhi	\$12/hr min rate	Feedback: 100% positive Reviews: 21 Earnings: \$9,670	
Matrix Media Solutions (P) Ltd. E-services. Redefined.	India West Bengal, Kolkata	\$10/hr min rate	Feedback: 97% positive Reviews: 34 Earnings: \$47,546	

**Figure 1.4** Selecting a freelance e-mail template designer at elance ([www.elance.com](http://www.elance.com))

### TYPES OF ONLINE PRESENCE

When assessing the relevance and potential of e-marketing for a business, remember that different business types offer different opportunities and challenges. Chaffey *et al.* (2006) identify five main types of online presence or components possible as part of a site:

- 1 Transactional e-commerce site.** Manufacturers or e-retailers provide products available for purchase online. The main business contribution is through sale of these products. The sites also support the business by providing information for consumers who prefer to purchase products offline.

Visit these examples: an end-product manufacturer such as Vauxhall ([www.vauxhall.co.uk](http://www.vauxhall.co.uk)) or online retailers such as Amazon ([www.amazon.com](http://www.amazon.com)).

- 2 Services-oriented relationship building web site.** Provides information to stimulate purchase and build relationships. Products are not typically available for purchase online. Information is provided through the web site, along with e-newsletters, to inform purchasing decisions. The main business contribution is through encouraging offline sales and generating enquiries or leads from potential customers. Such sites also help by adding value for existing customers by providing them with information of interest to them.

Visit these examples: B2B examples are management consultants such as PricewaterhouseCoopers ([www.pwcglobal.com](http://www.pwcglobal.com)) and Accenture ([www.accenture.com](http://www.accenture.com)). A B2C example is the UK portal for energy supplier British Gas ([www.house.co.uk](http://www.house.co.uk)). Most car manufacturer sites may be services-oriented rather than transactional.

- 3 Brand-building site.** Provides an experience to support the brand. Products are not typically available for online purchase, although merchandise may be. The main focus is to support the brand by developing an online experience of the brand. They are typical for low-value, high-volume, fast-moving consumer goods (FMCG brands).

Visit these examples: Tango ([www.tango.com](http://www.tango.com)) and Guinness ([www.guinness.com](http://www.guinness.com)).

- 4 Portal or media site.** These **intermediaries** provide information or news about a range of topics. Portal refers to a gateway to information with a range of services such as a search engine, directory, news, shopping comparison, etc. This is information both on the site and links through to other sites. These are the three different types of **destination sites** described above. Portals have a diversity of options for generating revenue, including advertising, commission-based sales and sale of customer data (lists).

Visit these examples: Yahoo! ([www.yahoo.com](http://www.yahoo.com)) (B2C) and FT.com ([www.ft.com](http://www.ft.com)) or Silicon ([www.silicon.com](http://www.silicon.com)) (B2B).

- 5 Social network or community site.** A site enabling community interactions between different consumers (C2C model). Typical interactions including posting comments and replies to comments, sending messages, rating content and tagging content in particular categories. Well-known examples include Bebo, Facebook, MySpace and Linked-In. Other startups also have a social network element such as Delicious (social bookmarking or rating web pages), Digg (comment on blog postings), Flickr (image tagging), Technorati (blog postings) and YouTube (videos). In addition to distinct social network sites such as these, they can also be integrated into other site types, in particular into media owned sites. Large social networks such as Facebook or MySpace are effectively media owners and advertising is their main revenue source.

Note that these are not clear-cut categories of Internet sites since many businesses will have sites which blend transactional, services-oriented, brand-building, media and social network components, depending upon the range of products they offer. Virgin ([www.virgin.com](http://www.virgin.com)) is an example of one such company.

## E-MARKETING EXCELLENCE

### Argos and RS Components exploit new markets

When catalogue retailer Argos ([www.argos.co.uk](http://www.argos.co.uk)) launched its web site, it found that sales were not limited to its core B2C market. Around 10% of the site's customers were B2B – the web provided a more convenient purchase point than the previous retail chain. It has since changed its product offering to accommodate this new segment. Conversely B2B company RS Components found a significant proportion of sales were B2C, so reaching new customers via its online presence.

### SECTION SUMMARY 1.3

#### Situation – B2C, B2B, C2B and C2C

E-marketing involves collaboration between different parties that can be characterized by four main interactions:

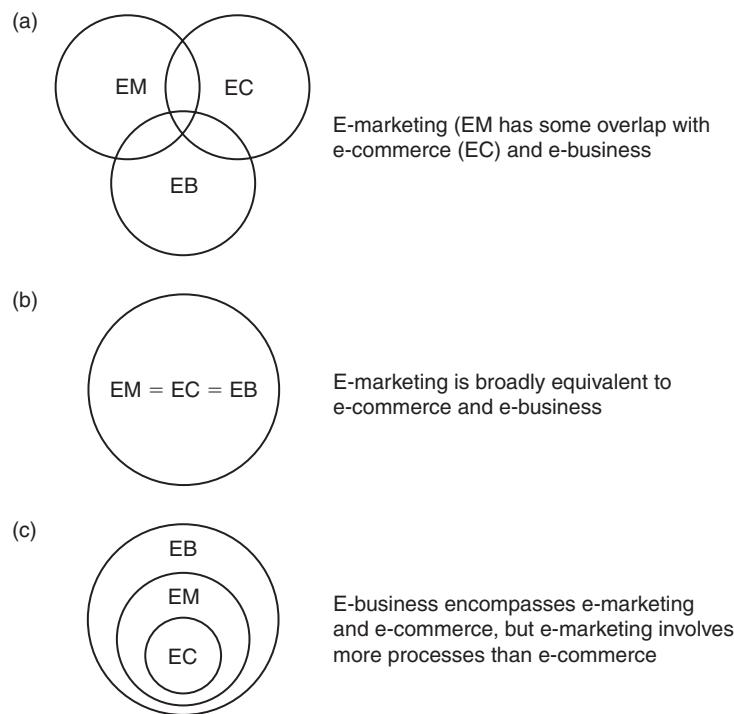
- B2C – business-to-consumer (B2C e-tail is arguably the most talked about)
- B2B – business-to-business (less talked about, but with the most transactions)
- C2C – customer-to-customer interactions (best known as consumer auctions, but can also be achieved as B2C and B2B social networks or communities)
- C2B – customer-to-business (novel buying models where customers approach the business on their own terms or generate content to support the business).

### 1.4 Situation – e-definitions

There are many terms with the e-prefix and many different interpretations. Within any organization, developing a common understanding for terms such as e-commerce, e-business and e-marketing, and how they interrelate and who will manage them, is important to enable development of a consistent, coherent strategy.

**E-commerce** is primarily about selling online or the ability to transact online. This includes e-tailing, online banking and shopping – which involve transactions where buyers actually buy and shoppers actually shop. Some suggest that e-commerce includes all online transactions such as a responding to an enquiry or an online catalogue search.

E-commerce itself does not include the marketing nor the back office administration processes that are required to actually run a business. **E-business** has a broader perspective. It involves the automation of all the business processes in the value chain – from procurement or purchasing of raw materials, to production, stock holding, distribution and logistics, sales and marketing, after sales, invoicing, debt collection and more. Companies such as Covisint and Ariba, who we referred to earlier, provide e-business services. **E-business** creates the ability to run a business online. This includes e-marketing and e-commerce.



**Figure 1.5** Three alternative relationships between e-marketing, e-commerce and e-business

**E-marketing** is at the heart of e-business . . . getting closer to customers and understanding them better, adding value to products, widening distribution channels and boosting sales through running e-marketing campaigns using **digital media channels** such as search marketing, online advertising and affiliate marketing which we will explain later in this chapter. It also includes using the website to facilitate customer leads, sales and managing after sales service. As with mainstream marketing, e-marketing is a way of thinking, a way of putting the customer at the heart of all online activities, e.g. getting different user groups to test your web site on different browsers in different settings on different connections.

Figure 1.5 summarizes the definition of e-marketing, e-commerce and e-business. It considers three of the possible alternative relationships between e-marketing, e-commerce and e-business. Which do you think is most appropriate? We would suggest (c) is most appropriate although often the terms are used interchangeably.

#### E-MARKETING – THE DYNAMIC DIALOGUE

Simply put, e-marketing is marketing online whether via web sites, online ads, opt-in e-mail, interactive kiosks, interactive TV or mobiles. It involves getting close to customers, understanding them better and maintaining a dialogue with them. It is broader than e-commerce since it is not limited to transactions between an organization and its stakeholders, but includes all processes related to marketing.

This dynamic dialogue is at the heart of good marketing. E-marketing builds on the database (of customers and prospects) and creates a constant flow of communications between customers and suppliers and between customers themselves. Dynamic means what it says. Dynamic does not mean static web pages. It's a two-way flow of communications – an ongoing discussion between customer and supplier. Remember that e-marketing also involves using electronic communications to manage the internal marketing process and better understand customers, including marketing research and analysis.

What David Siegel said in the dot.com days still holds true:

*'E-marketing is not about building a web site, but building a web business . . . harmonizing the power of customers'. Siegel (2000)*

E-marketing can help create a business which is customer led . . . where the customer participates – through a constant dialogue, a dynamic dialogue, expressing interests, requesting products and services, suggesting improvements, giving feedback . . . where ultimately, the customer drives the business.

### PRACTICAL E-MARKETING TIP

#### **Do you right touch?**

Savvy web marketers understand the importance of building an integrated multi-channel **touch or contact strategy** which delivers customized communications to consumers by search ads, e-mail and web recommendations and promotions. Every customer interaction or response to a communication should be followed up by a series of relevant communications delivered by the right combination of channels (web, e-mail, phone, direct mail) to elicit a response or further dialogue. This is contextual marketing, where the aim is to deliver relevant messages which fit the current context of what the customer is interested in according to the searches they have performed, the type of content they have viewed or the products they have recently purchased.

We call this **right touching**:

*Right Touching is:*

*A Multi-channel Communications Strategy*

*Customized for Individual Prospects and Customers forming segments*

*Across a defined customer lifecycle*

*Which . . .*

*Delivers the Right Message*

*Featuring the Right Value Proposition (product, service or experience)*

*With the Right Tone*

*At the Right Time*

*With the Right Frequency and Interval  
Using the Right Media/Communications channels  
To achieve...  
Right balance of value between both parties*

You can see that Right Touching is not easy; all the permutations mean that businesses often get it wrong. That's why we think it's one of the biggest challenges for companies across both customer acquisition, retention and growth. For now, review how well you 'right touch' your prospects and customers. You should review aggregate open rates, clickthrough rates and sales rates across different segments over a long-term period of 3-months-plus to see how well you engage different audiences. We return to this topic in Chapter 8 on E-CRM where we explain how to develop the right contact strategy.

#### E-MARKETING CHECKLIST – RIGHT TOUCHING

To what extent are you incorporating right-touching into your e-marketing? Use this checklist from customer acquisition to retention:

- 1 *Search marketing*: when a prospect uses a search engine to search for a company or brand name or a specific category or product, a paid search ad from the company or an affiliate should explain an appropriate value proposition and direct them to the right product page. Alternatively, if the site is well optimized a relevant message featuring your brand should feature high in the natural search results, as explained in Chapter 7.
- 2 *Behavioural targeting or online advertising*: when a prospect interacts with content on a media site or searches on a specific term, a sequence of follow-up ads known as **behavioural retargeting** should be displayed as they visit other sites within a network and the destination site of the merchant paying for the advertising.
- 3 *Multi-touches across different digital media channels for acquisition*. Use tracking through **web analytics** to understand the sequence and combination of different digital media channels (search, **affiliates**, display ads or **aggregators**) which generate the most cost-effective response. How do you allocate the channel to the outcome? Do you simply do 'last click wins' or do you weight across the different touch points as we discuss in Chapter 3?
- 4 *Customer lifecycle model and welcome strategy*: when a prospect subscribes to an e-mail newsletter, enquires about a service or makes a first purchase, a welcome communications strategy should be in place which uses a sequence of e-mail and possibly personalized web recommendations, direct mail and phone communications to educate the customer about the brand or product and generate the initial sale. This should aim at building a relationship and then developing commitment from first time visitor, to

repeat visitor to qualified prospect, to first time customer and then a repeat customer, so increasing customer lifetime value.

- 5 Reducing online attrition: when a shopper abandons their shopping basket, a combination of communications should seek to win them back. Alternatively, after a quotation, for example for a car policy, follow-up e-mails should remind customers about the benefits of taking out the policy.
- 6 Delivering relevant recommendations for retention and growth. When an existing customer returns to a site, a personalized container should be available on every page to deliver relevant personalized promotions. Amazon recommendations are the best known examples, another is office supplier Eurooffice ([www.eurooffice.co.uk](http://www.eurooffice.co.uk), Figure 1.6) which uses OpenAds, an open source ‘promo server’ to deliver relevant recommendations to prospects and customers according to their position in the lifecycle, segment and previous purchases. Similarly panels within e-mails can achieve the same.
- 7 Following up on customer product or promotion interest. When a customer clicks on a link in an e-mail or interacts repeatedly with content on a site is there an automated workflow triggering an e-mail, direct mail or phone reminder about the offer?



Figure 1.6 Eurooffice Office Supplies serving B2C and B2B markets ([www.eurooffice.co.uk](http://www.eurooffice.co.uk))

- 8 *Getting the frequency right.* Effective Right Touching requires that messages stay engaging, relevant and do not become too intrusive or too repetitive. So you should put limits on the maximum number of e-mails that are sent in a period (e.g. one a month or one a week) and the interval between them (e.g. an interval of at least 3 days).
- 9 *Getting the channel right.* Right channelling means using the best channel(s) for the customer, which fits their preferences and the right channel for the company, which gives them the best combination of cost and response. It means that for some customers you may be able to upweight e-mail communications because they interact and respond to them, so reducing costs of direct mail. But other customers on an e-mail list may not respond to or dislike e-mail and so direct mail is upweighted to them.
- 10 *Getting the offer right.* Offers will vary in effectiveness according to the audience targeted and this will be indicated by their profiles and customer journeys indicated by the media and content they have consumed. Can you identify the Next Best Product for previous purchasers? So right-touching requires that testing is built-in to deliver the right messages and right sequences of communications for different audiences.

### THE CUSTOMER-LED BUSINESS

Now we can leave B2B and B2C models and see where e-marketing creates a new dynamic C2B model. A customer-to-business (C2B) model is one in which customers drive the business, freely communicate and are involved with new product suggestions, pricing, design and service. The customers help to shape the future of the business.

Although some different business models and marketing models are emerging, the same basic marketing principles apply whether online or offline:

- get close to customers, listen to them
- involve them
- serve them
- add value
- find the best ones
- nurture them into lifelong customers and replicate them
- and of course test, test, test, measure and improve.

To help define e-marketing in more detail, let's look at what marketing is. The UK Chartered Institute of Marketing define marketing as:

*'The management process responsible for identifying, anticipating and satisfying customer needs profitably'.*

### What does e-marketing involve?

Now let's consider how e-marketing can fulfil the definition of marketing, if properly implemented. Let's break up the definition into manageable chunks:

*E-marketing can identify, anticipate and satisfy customer needs efficiently.*

Taking a web site as a major part of e-marketing, consider how a web site can fulfil the definition of marketing (identify, anticipate and satisfy customer needs profitably). It can:

- *Identify* needs from customer comments, enquiries, requests and complaints solicited via the web site's e-mail facility, bulletin boards, chat rooms and of course, sales patterns (seeing what's selling and what's not), and observing new customer groupings identified by data-mining through customer data, sales and interests (recorded using **web analytics** which reveal insights into interests determined by pages visited). Even **online surveys** asking how to improve the site or requesting suggestions for product improvements or new products identify current and sometimes future customer needs. Finally there is a proliferation of online secondary sources of research, many of which provide free in-depth insights into customer needs.
- *Anticipate* customer needs by asking customers questions and engaging them in a dynamic dialogue built on trust. And of course a little bit of what Amazon call **collaborative filtering** helps Amazon to identify and anticipate what customers might like given that buyers of similar books have similar interests. Customers often welcome suggested books from Amazon. And today's sophisticated profiling techniques allow many companies to do their own **data mining** to discover and anticipate buyers' needs, like Tesco's feta cheese, beer and nappy sales. This is old technology. More recent sophisticated **profiling** technology allows some companies to analyze your interests without even knowing your name – courtesy of the **cookie** – a bit of code sent to your PC (with your permission) when you visit certain sites. So without knowing your name, it knows your interests. It recognizes your PC and records which types of sites (interests) you have. So when you visit a web site and an unusually relevant banner ad drops down, this is no coincidence – cookies have anticipated your desires and needs.
- *Satisfy* needs with prompt responses, punctual deliveries, order status updates, helpful reminders, after sales services and added value services combined with the dynamic dialogue. The dialogue maintains permission to continue communicating and then adds value by delivering useful content in the right context (right time and right amount).
- *Efficiently* means in an automated way (or partially automated) . . . an efficient, yet hopefully not impersonal, way (i.e. it allows tailor-made technology to increase the marketer's memory as the relationship effectively blossoms during the customer's life – increasing **lifetime value**). 'Efficiently' probably should mean efficiently and effectively, as otherwise it could alienate the vast armies of not-for-profit marketers.

And if the web site is integrated with customer relationship management (**CRM**) systems and **mass customization** then the relationship deepens and needs are completely satisfied in a very efficient automated two-way process. This also, of course, provides some protection from the inevitable onslaught of competition.

## E-MARKETING INSIGHT

### The IDM defines digital marketing

You will often hear e-marketing and digital marketing used interchangeably. Practitioners often refer to e-marketing or Internet marketing. But digital marketing is increasingly used by some agencies and trade publications such as *New Media Age* ([www.nma.co.uk](http://www.nma.co.uk)) and *Revolution* ([www.revolutionmagazine.com](http://www.revolutionmagazine.com)). The IDM ([www.theidm.com](http://www.theidm.com)) has created qualifications in digital marketing ratified by its Digital Marketing Council who have defined digital marketing as follows. You will see the similarity with our definition of e-marketing.

*Digital marketing is:*

- Applying . . .* Digital technologies which form online channels to market . . . (web, e-mail, databases, plus mobile/wireless and digital TV and more recent innovations including blogs, feeds, podcasts and social networks)
- to . . .* Contribute to marketing activities aimed at achieving profitable acquisition and retention of customers . . . (within a multi-channel buying process and customer lifecycle)
- through . . .* Recognizing the strategic importance of digital technologies and developing a planned approach to improve customer knowledge (of their profiles, behaviour, value and loyalty drivers), then delivering integrated targeted communications and online services that match their individual needs.

The first part of the definition illustrates the range of access platforms and communication tools that form the online channels which e-marketers use to build and develop relationships with customers. E-marketers have to keep up to date to select the most relevant e-tools such as **Web 2.0** or even **Web 3.0** which we review in Chapter 3. Web 2.0 refers to a collection of web services which facilitate certain behaviours online such as community participation through **social networks** such as Facebook and MySpace together with creation of user-generated content, rating and tagging.

The second part of the definition shows that it should not be the technology that drives e-marketing, but the business returns from gaining new customers and maintaining relationships with existing customers. It also emphasizes how e-marketing does not occur in isolation, but is most effective when it is integrated with other communications channels such as phone, direct mail or face-to-face. Online channels should also be used to support the whole buying process from pre-sale to sale to post-sale and further development of customer relationships. The final part of the definition summarizes approaches to customer-centric e-marketing. It shows how it should be based on knowledge of customer needs developed by researching their characteristics, behaviour, what they value, what keeps them loyal and then delivering tailored web and e-mail communications.

**SECTION SUMMARY 1.4****Situation – e-definitions**

E-commerce generally refers to paid-for transactions, whether B2C or B2B, but others include all communications between customers and business. E-business is broader, including e-commerce, and is a means to optimize all business processes that are part of the internal and external value chain. E-marketing is best considered as how e-tools such as web sites, CRM systems and databases can be used to get closer to customers – to be able to identify, anticipate and satisfy their needs efficiently and effectively.

## 1.5 Situation – sloppy e-marketing

Identifying, anticipating and satisfying customer needs is all simple common sense. Yet common sense is not common. Sloppy e-marketing has become commonplace . . . broken sites, delayed deliveries, impersonal responses, non-responses.

Whether it's unclear objectives, lack of strategy or simply lousy execution, good e-marketing is still relatively rare.

Take a well known American toy company. Many years ago they were allegedly sued for late fulfilment at Christmas. Several families who purchased online were disappointed by the non-arrival of Christmas presents. They sued. The site lost sales, irritated customers and damaged the brand. However, today, many online marketers have improved their fulfilment to avoid these problems as the report below shows.

**E-MARKETING INSIGHT****E-commerce fulfilment improves**

However, a recent report (Snow Valley, 2007) suggests that fulfilment has improved. Over half of the retailers we assessed delivered orders within two working days as part of their standard delivery service. This was a major improvement on 2006. Over 90% of orders arrived within the timeframes given on the retailer's website. Nearly two thirds now give the customer a choice about when their goods will be delivered, whether offering a next-day service or a choice of specific dates and times.

Many other web sites damage the brand when they don't respond. They invite e-mails through the web site, but then do not respond quickly. Many top companies don't reply quickly to incoming e-mails and in some cases they never reply at all.

Other sites frustrate customers with poor navigation or not answering visitors' typical questions on the site. When they turn to e-mail, responses are often slow or inaccurate. Look at these figures from Tranversal (2006) surveys of two sectors:

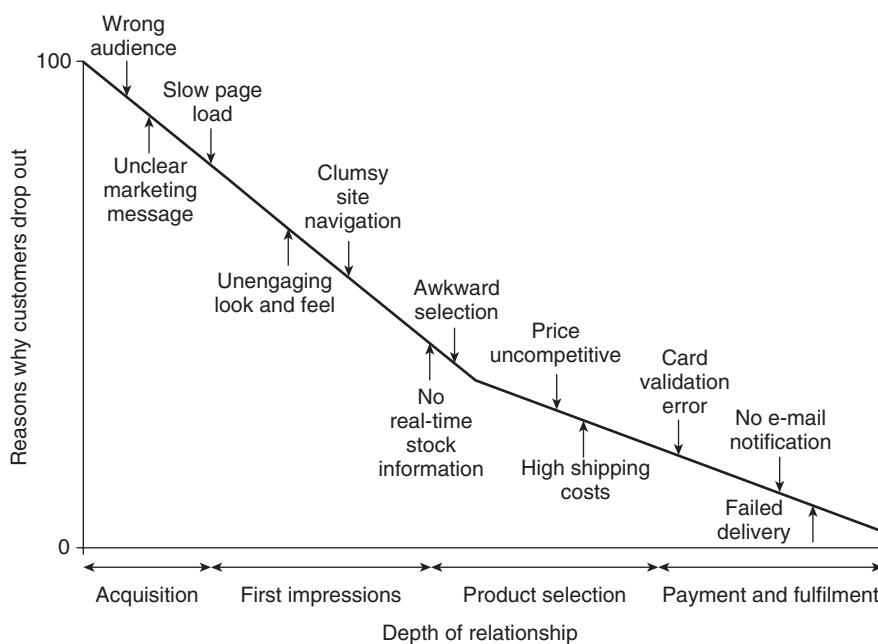
- 1 Travel: Average number of questions answered online: 1.35 out of 10 (2005 findings: 1.2); Percentage of companies that responded to e-mail correctly: 40% (2005)

findings: 2%); Average e-mail response time: 66 hours (2005 findings: 42 hours); Percentage with customer search: 50% (2005 findings: 30%).

- 2 Banking:** Average number of questions answered online: 2.5 out of 10 (2005 findings: 3); Percentage of companies that responded to e-mail correctly: 40% (2005 findings: 55%); Average e-mail response time: 22 hours (2005 findings: 17 hours); Percentage with customer FAQ pages: 50% (2005 findings: 60%); Percentage with customer search: 60% (2005 findings: 40%).

Research shows very high attrition rates of customers successfully completing purchases due to different causes of sloppy e-marketing (Figure 1.7). The web sites of 80% of Britain's top 50 retailers perform inconsistently with slow response times, timeouts and errors (Leyden, 2004). Despite online sales outgrowing offline sales in many sectors, separate research reveals that 40% of the UK's top retailers spend too little on maintaining and developing their online operations (Armitt, 2004).

Chapter 3 on changing e-models shows why many of the old world models, business models, marketing models, distribution models, pricing models and advertising models do not fit the new world of e-marketing. New models are required and the e-models chapter invites you to create some new models and examine other new emerging models. Whether marketing offline or online, do not forget the basics of good business – carefully thought-through ideas, attention to detail and excellent execution can be the difference between success and failure.



**Figure 1.7** E-marketing sloppiness causes high attrition rates

**SECTION SUMMARY 1.5****Situation – sloppy e-marketing**

There are many examples of poor e-marketing. This may result from unclear objectives, lack of strategy or simply lousy execution. Marketers should assess and minimize the risks before embarking on e-marketing.

## 1.6 Objectives

One reason why many new businesses, and in particular new e-businesses, go horribly wrong is often because objectives are not clearly agreed and companies keen to get on with it jump straight to tactical e-tools (such as web sites and banner ads) without first agreeing clearly defined objectives and razor sharp strategies.

The following sections on objectives cover the purpose or reasons why businesses go online. They examine the kind of clear objectives and goals that will drive good e-marketing.

So before making the change to e-marketing first be clear: Why do you want to go online? What are the objectives? What advantages and benefits are expected?

You must be clear why you're getting into e-marketing and the areas on which you want to focus as you improve your e-marketing. What are the objectives? Apart from competitive paranoia? What are the benefits? There are five broad benefits, reasons or objectives of e-marketing:

- Grow sales (through wider distribution, promotion and sales).
- Add value (give customers extra benefits online).
- Get closer to customers (by tracking them, asking them questions, creating a dialogue, learning about them).
- Save costs (of service, promotions, sales transactions and administration, print and post) and so increase profits on transactions.
- Extend the brand online. Reinforce brand values in a totally new medium.

There is a section on each of these 'objectives'.

All these e-marketing objectives can be summarized as the 5Ss – Sell, Serve, Speak, Save and Sizzle. These are covered in the next five sections. Once you have defined (and quantified) 'where you are going' (your objectives), you can then decide 'how to get there' – Strategy. First consider objectives.

You should set specific goals for objectives in each of the five areas, as shown in Table 1.2.

**Table 1.2** Objectives for the 5Ss of e-marketing

Benefit of e-marketing	How benefit is delivered	Typical objectives
Sell – Grow sales	Achieved through wider distribution to customers you can't readily service offline or perhaps through a wider product range than in-store or lower prices compared to other channels.	<ul style="list-style-type: none"> <li>• Achieve 10% of sales online in market</li> <li>• Increase online sales for product by 20% in year</li> </ul>
Serve – Add value	Achieved through giving customers extra benefits online or inform product development through online dialogue and feedback.	<ul style="list-style-type: none"> <li>• Increase interaction with different content on site</li> <li>• Increase dwell time duration on site by 10% (sometimes known as stickiness)</li> <li>• Increase number of customers actively using online services (at least once per month) to 30%</li> </ul>
Speak – Get closer to customers	This is creating a two way dialogue through web and e-mail forms and polls and conducting online market research through formal surveys and informally monitoring chat rooms to learn about them. Also speak through reaching them online through PR.	<ul style="list-style-type: none"> <li>• Grow e-mail coverage to 50% of current customer database</li> <li>• Survey 1000 customers online each month</li> <li>• Increase visitors to community site section or increase ratings/reviews and discussions by 5%</li> </ul>
Save – Save costs	Achieved through online e-mail communications, sales and service transactions to reduce staff, print and postage costs.	<ul style="list-style-type: none"> <li>• Generate 10% more sales for same communications budget</li> <li>• Reduce cost of direct marketing by 15% through e-mail</li> <li>• Increase web self-service to 40% of all service enquiries and reduce overall cost-to-serve by 10%</li> </ul>
Sizzle – Extend the brand online	Achieved through providing a new proposition and new experience online while at the same time appearing familiar.	<ul style="list-style-type: none"> <li>• Add two new significant enhancements to the customer online experience</li> <li>• Rework online value proposition messaging</li> <li>• Improve branding metrics such as: Brand awareness, Reach, Brand favorability and Purchase intent</li> </ul>

### E-MARKETING INSIGHT

#### Ultralase grow visits and sales through clearly defined objectives

Ultralase ([www.ultralase.com](http://www.ultralase.com), Figure 1.8), is a company offering laser eye treatment – a high value consumer service. In 2003 their market was characterized by intense competition with other suppliers such as Optimax, Optical Express and AccuVision. Ultralase had relatively low brand awareness and was struggling with a long sales cycle and relatively uninformed customers. The main communications disciplines used were:

- Press
- Direct mail
- PR
- Brochures.

From 2004 onwards, they increased their digital expenditure and in 2006 at Ad Tech presented their achievements through their agency, Agency.com. These included:

- 10 million site visits per year
- 3.7 billion ad impressions (Jan to Sept 2006)
- Reach between 18M and 22M unique users per month
- Now the dominant online brand with a high brand awareness and a shorter sales cycle.

To achieve this, they developed clear objectives and used a customer-centric website focused on generating response through online leads or phone enquiries. They also invested in digital media channels to hit their growth targets including:

- Affiliate marketing
- Paid search marketing
- Display advertising
- E-mail marketing based on permission-based lead generation through offers on their website
- DVD brochures.

As we review the 5Ss we will relate them to Ultralase.

### SECTION SUMMARY 1.6

#### Objectives

Organizations need to be clear about the objectives of e-marketing, so that the appropriate resources can be directed at achieving these objectives. A useful framework for developing objectives is the 5Ss of Sell, Serve, Speak, Save and Sizzle.



Figure 1.8 Ultralase web site ([www.ultralase.com](http://www.ultralase.com))

## 1.7 Objective – sell – using the Internet as a sales tool

Just about anything can be sold online, from books to bikes, jobs to jets, turbines to toys and chemicals to kidneys. A young boy recently tried to auction one of his kidneys on eBay. Bidders were waiting but fortunately the deal was scrapped when the online auction house realized what was happening. Therein lies one of the many cyber challenges – regulating what is reasonable and proper to sell. Although just about anything can be sold online, the Internet impacts some industries more than others, particularly education, entertainment and advisory services – many of which can be digitized and delivered down the line.

But even this is changing, as cyber sales rocket across industry sectors and types. We all know that companies like Dell and IBM sell millions of dollars of PCs online every day. In parallel, more and more industrial buying is shifting online. General Electric buy billions of dollars worth of raw materials only online. Ford and GM are merging their buying power to buy online. Companies must be able to sell or transact online to meet these customers' new online needs. A key objective to set is the **direct online revenue contribution** for different products and different markets. This defines the proportion of sales transactions completed online. For example, a bank might try to achieve 15% of its insurance sales online in the UK.

But remember that many other products and services are partly bought online. Shoppers browse online collecting information, prices and special offers before visiting stores and showrooms or picking up the phone to negotiate better deals. So **mixed-mode selling** is a must! Organizations have to be able to sell both online and offline. Therefore it is essential to accommodate those that want to buy online and those that want to just browse. Already BMW find approximately half of their test drives are generated from their web site, although

a much smaller number of customers would want to purchase online. ‘Clicks-and-mortar’ organizations offer customers reassurance of a real presence (building/mortar) along with the easy accessibility of the net. So another objective to set is the **indirect online revenue contribution** – the proportion of sales that are influenced by digital communications. Ultralase will have objectives for the number of leads generated from the website either directly or by phone. A similar objective is the **reach** of the web site within its target audience. Ultralase will be able to work back to assess the number and cost of leads generated by different channels, such as paid search and display advertising.

### E-MARKETING INSIGHT

#### Tagging value events to assess the influence of a website and digital channels on sales

The key types of outcomes or ‘value events’ such as Ezine registrations, enquiries or sales on a site that will be useful for a business should be defined. These value events are particularly important for a business-to-business vendor, or a consumer brand with non-transactional sites which don’t sell products online. Pages on which these value events occur can be tagged through web analytics systems. For example, the free tool Google Analytics ([www.google.com/analytics](http://www.google.com/analytics)) allows you to set up ‘conversion goals’ by indicating which page(s) are valuable and you can then attribute a dollar value to each, e.g. \$1 for a newsletter signup. You can then see which referring channels and content on the site influence sales and other goals. Alternatively, other web analytics systems allow scripting (coding) within the HTML of a page, sometimes known as ‘**spotlight tags**’, to indicate whether it is a valuable page.

Typical value events include:

- Sale (by tagging a sales confirmation page)
- Lead (by tagging enquiry or document download form)
- Newsletter registration (tagged confirmation page)
- Searches (tagging a search results page)
- Product page views (tagging product pages)
- Product document downloads (tagging document download pages).

Don’t forget offline value events such as sales generated by phone numbers. You should aim to track these through using unique phone numbers, perhaps for different parts of the site.

So why not take it to the next level and offer the web visitor who wants a real test-drive delivery of the vehicle for the weekend? Assuming the visitor is screened and fits the ideal profile and suitable insurance is taken out, wouldn’t this close the sales cycle and accelerate mixed mode selling?

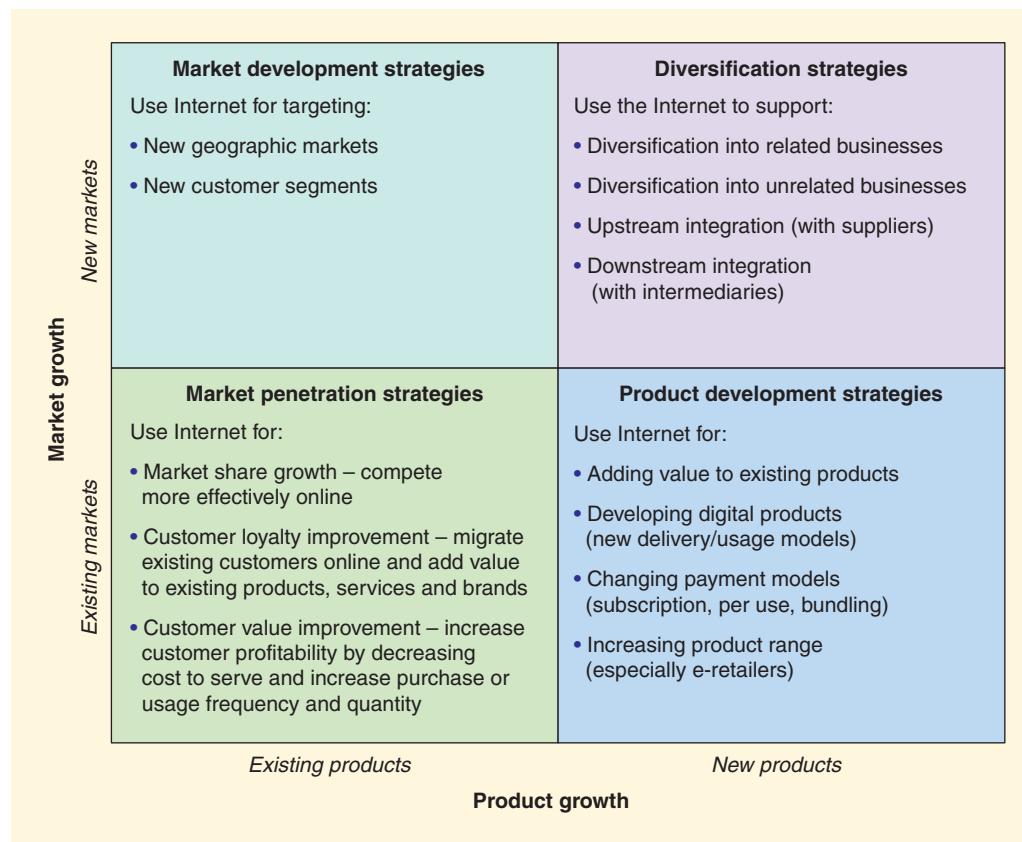
The real crunch may come when businesses realize the power of the Internet’s potential for distribution – extending the availability of many products and services without

physically having to display a product. Take British Airways London's Eye. The service could be extended and distributed to a much wider audience than London's immediate tourist market. Anyone around the world could log on to a live web cam (camera) and take the 30-minute virtual ride to enjoy stunning views at night or by day. This service could be revenue generating whilst promoting tourism simultaneously. Equally, the Louvre, the Pyramids and many more attractions can now extend their distribution of both the point of purchase (i.e. buying a ticket) and the point of consumption (enjoy the view from your home). Sales and distribution opportunities abound.

So online sales will continue to grow. But there are other additional benefits or objectives for e-marketing including serving, speaking, saving and sizzling. You can explore each of these at your leisure.

### SELLING WHAT TO WHOM

There is a tendency, when setting online sales objectives, to use a low-risk approach of selling existing products into existing markets. This is the market penetration approach shown in Figure 1.9, which you may recognize as the Ansoff matrix – used by marketers for over 40 years to determine strategic priorities. We will see in later chapters that objectives should also be set for selling new digital products into new markets as appropriate.



**Figure 1.9** Online opportunities for product and market innovation

## E-MARKETING EXCELLENCE

### EasyJet sell

EasyJet was founded by Stelios Haji-loannou, the son of a Greek shipping tycoon, who reputedly used to 'hate the Internet'. In the mid-1990s Haji-loannou reportedly denounced the Internet as something 'for nerds', and swore that it wouldn't do anything for his business. However, he decided to experiment with a prototype site, and sat up and took notice when sales started to flow from the site. Based on early successes, easyJet decided to invest in the new channel and proactively convert customers to using it. To help achieve this they set an initial target of 30% of seats by the year 2000. By August 2000, the site accounted for 38% of ticket sales and by 2001 over 90% of seats. In 2007, phone sales were down to just single digit percentages, but significant enough for the phone channel to be retained. Of course, this success is based on the relative ease of converting direct phone-sale customers to online customers (Figure 1.10).

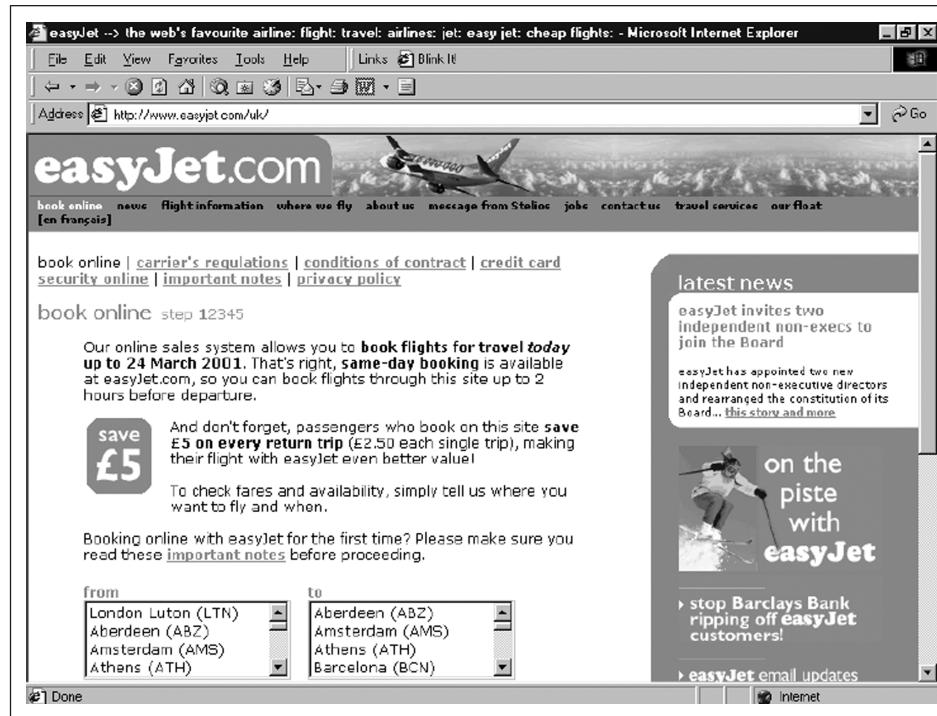


Figure 1.10 EasyJet site from 2001 showing incentive for online booking

## SECTION SUMMARY 1.7

### Objective – sell

The clearest benefit of e-marketing is the capability to sell from an online presence. Although this may not be practical for all products, an online presence is still important in

supporting the buying decision leading to sales through traditional channels. You should use your web analytics system to tag different types of value event web pages which indicate your goals are being achieved. An online presence also offers opportunities to sell into new markets and reach particular segments.

### 1.8 Objective – serve – using the Internet as a customer-service tool

Another e-marketing objective is serving or adding value. How can a web site help customers, improve their experience or add value to their experience? Take newspapers. Newspapers can allow readers to create their own newspapers through personalization. They are no longer constrained by publication times, but can be accessed at any time. Their readers can set up alerts to notify them by e-mail as soon as an event breaks.

Ultralase provide a range of information to serve their audience and answer their questions as shown in Figure 1.8. These include a suitability checker, an online forum, a Q&A service, an info pack on a DVD and, of course, an appointment booker.

Another example: for customers who like their wines, the Marks & Spencer web site tests their visitors' knowledge of labels and grapes. And if, having chosen a wine, you're unsure of what to eat, Ragu's web site offers free recipes (and encourages visitors to send the recipe to a friend).

If, after dinner, you're not sure which toothpaste to use, visit the Mentadent web site where visitors can get sample toothpaste and free oral care advice. Visitors can even e-mail questions to a resident dentist.

And if life gets really interesting you might join a virtual club of fun seekers who not only give their permission but actually welcome e-mails from specific airlines informing them of last minute unsold seats on airline trips for the weekend. Or wouldn't it be nice if the 07.06 train to London is late or, worse still, cancelled, and someone texts you or calls you? This may save you a lot of time and frustration. Time is an increasingly scarce and valuable commodity. Some technology allows you to shift time, e.g. TiVo type or Sky Plus technology allows TV viewers to watch what they want when they want and not be subject to the limitations of a TV schedule.

#### E-MARKETING EXCELLENCE

##### Assessing online customer engagement

How effectively you serve and speak to your online audience is indicated by measures of online **customer engagement**, an important concept we will refer to throughout eMarketing eXcellence. You should assess customer engagement both for web site visitors and e-mail subscribers and break it down by different online segments such as different audience types and visitors referred from different sources such as search engines or online ads.

You should assess online customer engagement using the checklist shown in Table 1.3.

**Table 1.3** Measures of online customer engagement

Engagement metric	Engagement tactic
<b>1 % of non-home page entry visits:</b> Your home page isn't necessarily the most important page on your site. People might arrive on other pages so make sure your messages are distributed throughout the site.	<b>Use run-of-site OVP messages:</b> Use promotional messages across the site that explain the essence of your offer (not just on the homepage).
<b>2 Bounce rate:</b> The percentage of visitors who enter a site or page and leave immediately.	<b>Use a run-of-site signup:</b> Place value-based messages and calls-to-action prominently throughout your site. For example see the newsletter sign-up on <a href="http://www.thomson.co.uk">www.thomson.co.uk</a> .
<b>3 Duration:</b> Duration on site, or better, pages per visit.	<b>Use heatmaps or overlays to assess engagement:</b> Tools like ClickDensity show what people click on and how soon. Helps you refine the clarity of your messages and calls-to-action.
<b>4 Marketing outcomes:</b> Assign values to outcomes/events and use them to assess the success rate, e.g. newsletter sign-up, 2 points; register CV, 5 points, etc.	<b>Get your scent right:</b> Experiment with design or language variations in hyperlinks and images to see what is attractive to visitors. For example, Dell have menu options to appeal to different business sizes.
<b>5 Micro or step conversion rates:</b> Assess the effectiveness of your site and drop-off at every stage of the customer acquisition-to-conversion lifecycle.	<b>Interactive sales advisors:</b> Replicate the steps you would use in a physical sales situation, considering types of questions asked, etc., and tailor responses to visitors accordingly. If a visitor dwells on a page offer for a long time encourage them to enter a chat session.
<b>6 Brand search term strength:</b> Assess the number of people searching on your brand name or URL through time to assess how powerful your brand is in attracting new and repeat visitors.	<b>Generate awareness:</b> This could be through above-the-line advertising online or offline or sponsorships, for example, to generate awareness. But previous visitors and customers will also search on your brand if they have had a favourable experience.

**Table 1.3** (Continued)

Engagement metric	Engagement tactic
<b>7 E-mail activity level:</b> Use e-mail communication for on-going engagement with customers. Check levels of activity and response.	<b>Refined touch strategy:</b> Develop a strategy that looks at message type, triggers, outcomes required, the right medium for messages and the right sequence, etc.
<b>8 Define activity levels or hurdle rates (for different activities):</b> Set metrics to review different types of user activity, e.g. number of new users in last 60 days, number of active or dormant users, etc.	<b>Personalize by activity or lifecycle of content in web or e-mail pods:</b> Offer users different messages depending on their status, i.e. message for new visitors will differ from message to regular, registered users.
<b>9 Emotional response:</b> Conduct benchmarking research with users to assess their emotional responses to aspects such as look and feel, design, messaging, etc.	<b>Multivariate testing:</b> Test different permutations of buttons, messaging, etc., to see what the highest uplift is.
<b>10 Outcomes:</b> Beyond the use of analytics tools, play programmes to find out what people think, including aspects such as relevance, believability and likeability, etc.	<b>Use secondary navigation to highlight next steps:</b> Use a combination of images and text for menus to invite users to do something else on your site.

### SERVING THE B2B AUDIENCE

Examples of excellent added value, online, can also be found in B2B markets. Companies like Fedex, GE and Dell add value through their web sites all the time. They also build switching costs as customers become more and more locked into their excellent services.

Take GE Power Systems – they have created a web based tool called a ‘turbine optimizer’ which enables operators of any GE turbine to measure their machine’s efficiency by comparing its performance against any similar turbines anywhere in the world. The tool then shows the operator how to improve the turbine’s performance (and how much money the improvement is worth). It then helps the turbine operator to schedule a service call to make the improvement happen. This used to take weeks, in the online world it takes seconds.

Dell adds value by integrating its web help system into a customer’s own Enterprise Resource Planning system (ERP). This means that, when a customer orders online from

Dell, this triggers both Dell's system and the customer's own system simultaneously, which in turn updates both systems as to orders, approvals, budgets, stock, etc. This also makes switching suppliers more difficult.

Intel add value by sharing relevant information with their customers. They track their stocks (inventories) second by second and make this information available to their customers. Customers return the favour with information about their own stocks.

Fedex go one step further and give customers a free PC loaded with software that tracks the customer's packages around the world. The PC can also be used for non-Fedex purposes. While adding value it also creates switching costs, because should the customer ever want to switch to another supplier they have to return the PC.

Real added value leaves customers tingling. Take the London Eye. It could add real value to the customer experience by offering to record the customer's experience (and comments) via a web cam installed in each capsule. It could be delivered to the customer's PC, TV or mobile phone instantaneously.

A web site's main purpose is to help customers (and other stakeholders such as suppliers and distributors). The big question to ask is: 'How can my web site help my customers? How can I add extra value?' The search for new ways to add value is continuous.

Added value, extra service, call it what you want, becomes part of the product or service. Web sites can become part of a product or service. Do you agree?

### E-MARKETING INSIGHT

#### Patricia Seybold on adding value to B2B services

Seybold (1999) defines eight success factors to achieve e-marketing. Two of these refer to adding value and they still ring true today. She says:

- '*Let customers help themselves*'. This 'customer self-service' can be enquiring about delivery of a product or obtaining after-sales support.
- '*Help customers do their jobs*'. Give information about best practice to help professionals complete their day-to-day work.

### E-MARKETING EXCELLENCE

#### EasyJet serve

When easyJet customers have a query, the easyJet contact strategy is to minimize voice calls through providing carefully structured Frequently Asked Questions (FAQ) and e-mail forms.

**SECTION SUMMARY 1.8****Objective – serve**

A web presence can be used to add value for customers at different stages of the buying process, whether pre-sales, during the sale or post sales support.

### **1.9 Objective – speak – using the Internet as a communications tool**

A web site can be used as a new communications channel to increase awareness, build brand, shape customer opinion and communicate special offers. The box ‘EasyJet Speak – using the web as a PR tool’ illustrates some approaches. As well as speaking to customers, the Internet provides a tool to listen to customers – to get closer to them. In the last 100 years marketers have got worse at knowing customers. We’ve become separated and distanced by middlemen, distributors, agents, retailers, advertising agencies and market research agencies. The world of e-marketing opens up the opportunity to get close to customers again . . . to speak to them and to listen to them in ways that were not previously possible.

E-marketers can enjoy direct access to customers, their attitudes, their interests and their buying patterns through chat rooms, questionnaires, web logs and databases.

Chat rooms offer a new approach to focus groups (small groups of customers who discuss your product, pack, advertisements, etc.). Although they are not classified formally as focus groups, they do have many similarities. MTV, the music channel, claim they have ‘year long focus groups’ where customers discuss their products freely (bands, videos, DJs). This is invaluable information. Chat rooms can be moderated by a facilitator (just like face-to-face focus groups) or unguided (or un-moderated) in a free flowing manner.

Questionnaires, on the other hand, are more structured and guide the respondent through specific questions. Online questionnaires can annoy web visitors, since they take time. The e-marketer either keeps them short (and builds the questions across pages) or wins permission to ask for the respondent’s time and information by rewarding them with a suitable incentive. Do not put a pop-up or lengthy questionnaire on your opening page as it will drive traffic away from your site.

Having said that, open questions, like ‘how can we help you?’ or the opportunity to key in what you’re looking for (into an onsite search engine) helps customers and simultaneously allows the e-marketer to see what is of interest to the visitor. It also reveals how customers may categorize things differently. This is invaluable information.

#### **Using digital media channels to speak to your audiences on other sites**

Online marketers have a fantastic range of communications tools that they can use to speak to their audience when they are not on their site, and to encourage them to visit the site

as we detail in Chapter 7. In Chapter 7, we review the 6 main options for traffic building shown in Figure 7.11. For now, we will just introduce these key digital media channels.

- 1 **Search engine marketing (SEM)** – placing messages on a search engine encouraging clickthrough to a web site when the user types a specific keyword phrase. The two main disciplines are Search engine optimization (SEO) to boost a companies position in the natural search listings and Paid search marketing which uses sponsored ads, typically on a Pay Per Click (PPC) basis.

Search marketing is great for targeting audiences at the moment of intent. It can help create a level playing field where small companies can be listed alongside well-known brands to increase their awareness and drive response. That's if the small companies can get SEO right or afford to compete in paid search.

- 2 **Online PR** – Maximizing favourable mentions of your company, brands, products or web sites on a range of third party web sites such as media sites, social networks and blogs, which are likely to be visited by your target audience.

Online PR can offer a low-cost route to increase awareness of your brand, it can also help attract visitors and increases **backlinks** to a site, which as we will see in Chapter 7, is useful for SEO.

- 3 **Online partnerships** – Creating and managing long term arrangements to promote your online services on third party web site or e-mail communications. Different forms of partnership include link building, affiliate marketing, online sponsorship and co-branding.

Smart online marketers realize the value of partnerships in extending their reach into their audiences via other sites.

- 4 **Interactive advertising** – Use of online display ads such as banners, skyscrapers and rich media ads to achieve brand awareness and encourage clickthrough to a target site.

- 5 **Opt-in e-mail** – Renting opt-in e-mail lists, placing ads in third-party e-newsletters, making deals with third parties for co-registration or co-branding of e-mails, or building your own in-house e-mail list and sending e-newsletters or e-mail campaigns.

The main aims of e-mail marketing for acquisition is to generate awareness of brands or offerings or direct response to achieve registration or leads.

- 6 **Viral marketing** – Viral marketing is effectively online word of mouth – messages are forwarded to help achieve awareness. The message either contains, or has a link to a site containing, videos, pictures, games, jokes, information

Selecting the mix of digital media channels which give you the best reach and most cost-effective response is one of the biggest challenges of e-marketing. Ultralase has found that a combination of display ads, affiliates and PPC are most effective, but the optimal mix will differ for every company.

And of course the database behind the web site is a warehouse full of valuable information about customers and their patterns of purchasing, responses to promotions and much more. **Data mining** the **data warehouse** can reveal intriguing insights into buyer behaviour. Did you know that a significant number of frozen food buyers also have motor bikes? And the

majority of nappy (diaper) buyers after 6 p.m. are male? What do you do with this data? Well one supermarket placed beer beside nappies and beer sales increased.

Combine the database with **collaborative filtering** (or rules such as ‘if buy product “A” then likely to want product “C”’) and the e-marketeer has a very powerful weapon . . . the dynamic dialogue.

Speaking to customers, monitoring their purchases, suggesting other relevant products and all in a helpful, non-intrusive manner. If your local delicatessen remembers your name and asks if you’d like to try some particular paté because they remember you bought a particular type of cheese last time, then you welcome this dialogue. The same applies here except this can be automated. This helps to create a dynamic dialogue with the customer.

### E-MARKETING EXCELLENCE

#### **EasyJet speak – using the web as a PR tool**

EasyJet are active in using the web as a PR tool, some examples:

- EasyJet jets were emblazoned with oversize '[www.easyJet.com](http://www.easyJet.com)' logos.
- EasyJet ran a competition to guess the losses of rival airline GO and received 65 000 entries and also enhanced press coverage.
- Owner Stelios Haji-loannou has a personal views page, ‘message from Stelios’.
- Standard press releases pages are regularly updated.

### SECTION SUMMARY 1.9

#### **Objective – speak**

One of the many benefits of e-marketing is getting close to customers again. Speaking to them. You can explore the other benefits (selling, serving, saving and sizzling) now or later.

### 1.10 Objective – save – using the Internet for cost-reduction

Another e-marketing objective is ‘saving’. This is what will catch the financial directors ear together with sell, since the two together increase profitability. Saving money, time and effort. Savings emerge in digital media channels, customer service, transactional costs, and of course, print and distribution.

Good systems help customers to service themselves. This obviously saves money, and if done in a simple, speedy and efficient manner, increases customer satisfaction.

Fedex estimated they save between \$2–5 when they service customers via the web site rather than over the phone. This saves many millions of dollars per annum. Similarly,

Dell showed they saved between \$5 and \$10 per customer which adds up to many millions. Cisco save hundreds of millions of dollars every year now through their web-based customer services.

Other estimates suggest that transactional costs have huge savings when completed online. For example, the cost of an over-the-counter transaction in a bank is over \$1 compared to 1 cent when completed online.

Ultralase saves money in a range of ways – first by using the most cost-effective digital media channels such as affiliates and paid search which are pay for performance media. Then it uses its site to qualify visitors, since visitors can self-serve that means fewer inbound phone calls to manage and phone conversations can focus on the customers who need or prefer this type of service. It also saves money through sending e-mails rather than post (remember right touching).

In addition to efficiency gains of e-systems, many businesses negotiate better deals online (from suppliers anywhere in the world). These businesses can also enjoy new economies of scale from the higher purchasing power emerging from the new online purchasing alliances like GM and Ford, mentioned in Section 1.7.

Other savings are found in print and distribution. Annual reports, sales literature, user manuals and much more can be stored and distributed electronically – saving storage space, paper, trees, fuel (transport) and of course, money and time.

Some companies find other savings by using the Internet for cheaper phone calls. Other companies find savings by soliciting cost-saving ideas from their employees, customers and even general visitors to their web sites.

Other companies find their web operations not only save money, but also generate extra revenues through banner advertising. Busy sites attract traffic. Advertisers need audiences, so some sites allow advertisers to advertise on their web sites, for a price.

### Introducing allowable cost per acquisition (CPA)

CPA is crucial in controlling media and is often used to control the level of bids. For example, to control online advertising or paid search marketing it is vital you calculate and define a target or **allowable cost per acquisition** for different types of product.

Your actual CPA will be dependent on a combination of conversion rate and cost per click.

$$\text{Cost per Acquisition (CPA)} = (100/\text{site conversion rate}) * \text{Cost Per Click}$$

This can be simplified to :

$$\text{Cost per Acquisition (CPA)} = \text{Cost Per Click}/\text{conversion rate}$$

For example CPA is £40, with a CPC of £2.0 and a conversion rate of 5%.

To set target goals for allowable CPA depends on the value delivered by the customer acquisition across their lifetime, i.e. we also need to factor in the revenue generated from an

individual product sale, total basket size or predicted lifetime value, typically over a 5 year period as explained in Chapter 3.

A final note on CPA is that you need to take into account telephone sales influenced by the website and the contribution the media channel makes to developing brand awareness, familiarity and favourability. For example, display advertising may not be justified in terms of CPA alone, but it may support sales through other digital channels such as paid search.

### E-MARKETING EXCELLENCE

#### **EasyJet save on callcentre expansion**

The Internet is important to easyJet since it helps to reduce running costs, important for a company where each passenger generates a small profit. Part of the decision to increase the use of the Internet for sales was to save on the building of a £10 million contact centre which would have been necessary to sustain sales growth if the Internet was not used as a sales channel.

As an example, a 1999 sales promotion offered 50 000 seats to readers of *The Times*. The scalability of the Internet helped deal with demand since everyone was directed to the web site rather than the company needing to employ an extra 250 telephone operators.

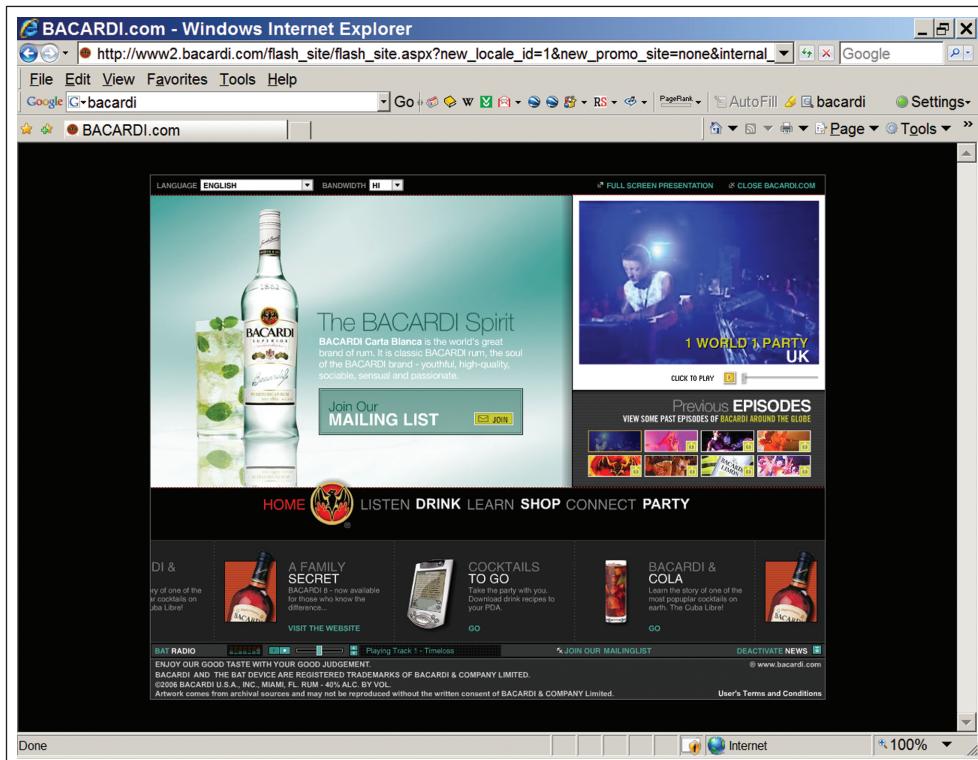
### SECTION SUMMARY 1.10

#### **Objective – save**

So e-marketing saves money in many different ways. Of all the benefits of e-marketing (selling, serving, speaking, sizzling and saving), saving is the one that will help to present any business case, as the financial fraternity relate to savings very quickly. The other benefits of e-marketing (selling, serving, speaking and sizzling) will strengthen your business case.

### 1.11 Objective – sizzle – using the Internet as a brand-building tool

The Internet offers new opportunities to build and strengthen the brand. To add some ‘sizzle’ to the brand. To add extra value (or ‘added value’), extend the experience and enhance the image. Ask yourself ‘what experience could a web site deliver that would be truly unique and representative of the brand?’ A newspaper that allows you to build your own newspaper and have it delivered electronically, or a car manufacturer that allows you to build your own car, or a camera company that allows you to learn how to use its cameras by simulating taking photographs with different settings and allowing you to compare and contrast the results (and also gives you tips on how to maintain your camera and protect your films



**Figure 1.11** Bacardi add some online sizzle ([www.bacardi.com](http://www.bacardi.com))

and photos, and invites you to send your best photos in to a competition). A travel company that gives you a ‘virtual friend’ – after you tell them what your interests are (via an online questionnaire) the ‘friend’ suggests ideas for things you would like to do in the cities you choose to explore. Cosmetic companies offer online games, screensavers, viral e-mails, video clips and soundtracks to enhance the online brand experience. See the Tango e-marketing insight box in Section 2.7. This extra sizzle can enhance the brand in a way that can only be done online.

Drinks brand Bacardi ([www.bacardi.com](http://www.bacardi.com), Figure 1.11) sizzles online by maintaining the club scene atmosphere with their OVP including a pulsating beat, BAT radio, video clips and cocktail recipes although delivered through a Flash rich media application – search engine optimization doesn’t matter too much to them since the brand is so strong!

Brands are important as they build trust, recognition, and, believe it or not, relationships between the buyer and the supplier. Sometimes brand imagery is the only real differentiator between products.

The brand is affected by both reality and perception: the *reality* of the actual experience enjoyed (or suffered) when using the brand, the *perception*, or image, associated with the particular product. In addition to the real experience, these perceptions are built through advertising, sales promotions, direct mails, editorial exposure (PR), exhibitions, telesales, packaging, point-of-sale, web sites and the most potent communications tool, word-of-mouth.

All of these communications tools work both online and offline. For example, banner ads, incentives, offers and promotions. E-mail campaigns (**opt-in e-mail** campaigns) are also increasing.

And since many consider the Internet to be a new publishing medium, editorial opportunities abound. From chat rooms to bulletin boards, to newsletters, to e-zines there are a host of new PR/editorial opportunities. There are also virtual exhibitions and call-back technology (a button on a web site which allows the web site visitor to request a telephone call from the company).

And packaging and point-of-sale are still required in the online world as some sites recreate the shopping mall experience. As the visitor selects stores and aisles, packaging and point-of-sale skills are still required.

These all contribute to the brand. As does the experience – the quality of the experience, both online and offline. Remember sloppy web sites damage the brand. Slow e-mail responses damage the brand. Non-responses can kill it.

There is no doubt that e-marketing can help to build the brand. Many analysts see e-marketing as a way to build both the brand image and the overall company value. Yet another benefit of e-marketing. You can see the other benefits or objectives of e-marketing – adding value, getting closer to customers, selling and saving – whenever you need to build your business case.

Ultralase (Figure 1.8) has worked hard at developing its content and online services so that it now offers much more than a brochure site, with detailed technical information, a forum and a Q&A service.

### E-MARKETING EXCELLENCE

#### Oasis sizzle

Several years ago, the pop band Oasis launched a free CD attached to *The Sunday Times* newspaper who advertised the fantastic sales promotion heavily. The CD contained older tracks that could be played on a CD player plus four new tracks from the new album. These were encrypted so they could only be played four times on a PC and then the user was automatically directed to HMV.co.uk to buy the album. The CD also contained an interview with the band, the video for the album's single, *The Hindu Times*, and links to the Oasis web site [www.oasisinet.com](http://www.oasisinet.com) with HMV donating 50p to the communications agency, Spero's favourite charity, Big Time Cultural Bank.

### SECTION SUMMARY 1.11

#### Objective – sizzle

Objectives should also consider how to enhance a brand by adding value online. This can include adding to the experience of the brand through interactive facilities. Protecting the brand through achieving trust about security and confidentiality is also important.

## 1.12 Introduction to e-strategy

Strategy summarizes how you achieve your objectives. Strategy is influenced by both the prioritization of objectives (sell, serve, speak, save and sizzle) and of course, the amount of resources available.

You should think of e-marketing strategy as a channel strategy where electronic channels and digital media support other communications and distribution channels. It requires clear prioritization of how the channel should be used. Your e-marketing strategy should identify target markets, positioning, Online Value Proposition, the choice of mix of digital media channels to acquire new customers, and contact strategies to welcome and develop existing customers.

E-channel strategies are most effective when they are creating differential value for all parties to a transaction compared to other channels. But e-channels do not exist in isolation, so we still need to manage channel integration and acknowledge that the adoption of e-channels will not be appropriate for all products or services or generate sufficient value for all partners.

Key elements of an e-channel strategy, which we explore in more detail in Chapter 10 are:

- 1 It delivers against the goals that we have set through the 5Ss.
- 2 Defining and communicating the specific benefits of why customers should use the e-channel which we refer to throughout this book as the **online value proposition (OVP)**. For B2B office supplier Euroffice (Figure 1.6), the OVP centres on the Next day delivery, Price Guarantee and Rewards programme which are promoted prominently on their site. For Ultralase (Figure 1.8), the OVP is the services and content available to help visitors decide on the best treatment and supplier.
- 3 Prioritize audiences for whom e-channel adoption is most appropriate. Online services will not be equally effective for all customer segments, so decide which you will target. Ultralase needs to serve both fast customer leads where customers decide to enquire relatively quickly and more considered leads where the customer does a lot of research before deciding to ask for further information.
- 4 Prioritize products sold or purchased through e-channel. Some will be more appropriate.
- 5 Specify the mix of digital media channels used to acquire new customers against targets of sales revenues and profitability. This will be constrained by the objective of cost of customer acquisition. So, e-channel strategy guides the choice of target markets, positioning and propositions, which in turn guide the optimum marketing mix, sequence of e-tools (such as web sites, opt-in e-mail, e-sponsorship, viral marketing), service level and evolutionary stage. The evolutionary stages of e-marketing are indicated in the box: 'Evolutionary stage models and e-strategy'. Chapter 9 illustrates similar evolutionary stage models for e-business.

E-strategy also affects the traditional marketing mix as the **product** can be extended on line, the **place** of purchase can be expanded, not to mention web **price** transparency, online **promotions** and the **people** who service the web site enquiries, the automated **processes** and

the importance of having a professional presence or **physical evidence**. The remix required for e-marketing is examined in Chapter 2.

One essential part of e-strategy is the development of the dynamic dialogue and the eventual full use of the integrated database potential. Regardless of how the customer comes into contact, he or she must be dealt with as a recognizable individual with unique preferences. The fully integrated database is essential so that the customer's name, address and previous orders are recalled and used appropriately. This requires careful planning, as described in Chapter 8.

So the components of e-strategy include:

- Crystal clear objectives (what you want to achieve online)
- Target markets, positioning and propositions
- Optimum mix of tactical e-tools (web site, banner ads, etc.)
- Evolutionary stage (what stage you want to be at)
- Online marketing mix (particularly service levels)
- Dynamic dialogue (ongoing with the customer)
- Integrated database (recognize and remember each customer whether via web or telephone).

Strategy is crucial. As Kenichi Ohmae observed (Ohmae, 1999):

*'There is no point rowing harder if you are rowing in the wrong direction'.*

This is just a brief glimpse at e-strategy. It is examined in more depth in Chapter 10.

### E-MARKETING INSIGHT

#### Evolutionary stage models and e-strategy

Quelch and Klein (1996) developed a five-stage model referring to the development of sell-side e-commerce. For existing companies their stages are:

- 1 Image and product information
- 2 Information collection
- 3 Customer support and service
- 4 Internal support and service
- 5 Transactions.

Chaffey *et al.* (2003) suggest there are six choices for a company deciding on which marketing services to offer via an online presence (Figure 1.12):

- Level 0. No web site or presence on web.
- Level 1. Basic web presence. Company places an entry in a web site listing company names, such as [www.yell.co.uk](http://www.yell.co.uk), to make people searching the web aware of the existence of the company or its products. There is no web site at this stage.

- Level 2. Simple static informational web site. Contains basic company and product information sometimes referred to as 'brochureware'.
- Level 3. Simple interactive site. Users are able to search the site and make queries to retrieve information such as product availability and pricing. Queries by e-mail may also be supported.
- Level 4. Interactive site supporting transactions with users. The functions offered will vary according to company. They will be usually limited to online buying. Other functions might include an interactive customer service helpdesk which is linked into direct marketing objectives.
- Level 5. Fully interactive site supporting the whole buying process. Provides relationship marketing with individual customers and facilitates the full range of marketing exchanges.

Discussion of relevant stages and their sequence can be used by any company to help define their e-strategy.



Figure 1.12 Dave Chaffey's e-marketing portal ([www.davechaffey.com/E-marketing](http://www.davechaffey.com/E-marketing)).

### SECTION SUMMARY 1.12

#### Introduction to e-strategy

E-strategy defines a company's approach to achieving its e-marketing objectives. It should include the range of tactical e-tools and a revised marketing mix.

### 1.13 Tactics, actions and control

Tactics are the details of strategy. Tactical e-tools include the web site, opt-in e-mail, digital media channels such as paid search and display advertising, virtual exhibitions and sponsorship. Tactics require an understanding of what each e-tool can and cannot do. Tactics may also involve where and how each tool is physically used, whether with a kiosk, interactive TV, mobile or alternatives (such as microwave).

Each one is a mini project requiring careful planning, good project management skills combined with tactical 'nous' and creativity. Action, or implementation, also requires an appreciation of what can go wrong from cyber libel to viruses, mail bombs, hackers and hijackers, cyber squatting and much more . . . contingency planning is required. What happens when the server goes down or a virus comes to town? What happens if one of the e-tools is not working, or is not generating enough enquiries? Something has to be changed.

But how do you know if it's going well? Performance is measured against the detailed targets. Time has to be made for a regular review of what's working and what's not. Good marketers have control over their destinies. They do not leave it to chance and hope for the best. They reduce risk by finding what works and what doesn't – so that e-tactics, or even the e-strategy can be changed if necessary.

Real marketers also want to constantly improve. Which tools are giving the best return on investment? Why? Other control mechanisms include measuring number of hits, number of unique visitors, number of conversions (visitors that purchase/subscribe), churn rate (number of people who ask to be taken off the subscription list or database).

Some companies ask managers to present 'Learnings' alongside their actual performance. Learnings mean anything they have learned from the marketplace during the last period. This forces a culture of constant improvement.

Finally, control also includes **competitive intelligence** – monitoring your competitors – what they're doing; what they're repeating; what works for them; what they're stopping.

Good marketers also have contingency plans or practise risk management. What happens if plan 'A' doesn't work? What happens if competition cut prices? Or worse still, what happens if the server goes down and your network crashes? Do you have a second server? Good marketers think things through.

#### Whither web analytics

Developing a good system of **web analytics** is vital for controlling your digital communications. Web analytics help you check whether your objectives are achieved and should be used for ongoing improvements.

Web analytics also provide tactical insights such as the opportunity of seeing what are the most popular pages (i.e. what's of interest to customers) and how long they spend on specific pages. Web logs, or web stats, also track customers as they search on site so that the e-marketer can see how visitors' minds work – how they search and how they process

information (how they move from page to page). Comparing enquiries (visitors) to sales (customers) reveals conversion ratios. How good are you at converting an enquiry into a sale or a sample? This ratio is important and should be watched carefully. High traffic (visitors) and low sales gives a low **conversion ratio** and suggests the web site needs to be improved whereas low traffic and high sales give a high conversion ratio which suggests the web site design is fine but perhaps more resources need to be spent on generating traffic.

Web analytics, chat rooms and questionnaires can work together. For example, the analytics system can reveal items or pages that are not popular. The chat room facilitator can ask 'why?' and a questionnaire can later check to see if the chat room reasons are valid with a wider audience.

So to conclude: e-marketing will continue to grow despite the vast array of sloppy sites and services. Winners will address these issues. Winners will plan strategically for both the evolutionary stages and the specific e-marketing objectives: sell, serve, speak, save and sizzle.

### SECTION SUMMARY 1.13

#### Tactics, action and control

Tactics are the details of strategy. Tactical e-tools include the web site, opt-in e-mail, banner ads, virtual exhibitions and sponsorship. Actions include project planning and implementation while control involves assessing the results against objectives.

### CHAPTER SUMMARY

- 1 SOSTAC® is a planning framework suitable for e-marketing and can be used for developing all types of plans, including e-marketing plans. It stands for Situation, Objectives, Strategy, Tactics, Actions and Control.
- 2 The wired-up world connects businesses to consumers using an ever-increasing range of devices from PCs to phones to TVs to fridges and cars.
- 3 E-marketers need to assess the particular relevance of B2C, B2B, C2B and C2C marketing to their organization.
- 4 E-marketing and e-commerce are a subset of e-business that involve the automation of all business processes. E-marketing can assist in all elements of marketing – providing new techniques to identify, anticipate and satisfy customer needs efficiently.
- 5 Sloppy e-marketing can arise from poorly defined objectives, lack of strategy or poor execution. Risk assessment can minimize the risks of this occurring.
- 6 Clear objectives are required for e-marketing in order that resources can be directed at achieving these objectives and we can measure whether our targets are achieved.
- 7 The first of the 5S objectives is 'Sell'; using the Internet as an additional sales channel to reach new and existing customers.
- 8 The second of the 5S objectives is 'Serve'; using the Internet for customer service and adding value. Value can be added using a range of techniques including 24/7 access to support information and online tools.

- 9 The third of the 5S objectives is 'Speak'; using the Internet as a communications tool for inbound, outbound and social communications integrated with other media.
- 10 The fourth of the 5S objectives is 'Save'; using the Internet to increase efficiency and so reduce costs.
- 11 The fifth of the 5S objectives is 'Sizzle'; using the Internet as a brand building tool, by increasing brand awareness and enabling interaction with the brand. Your Sizzle is communicated through your Online Value Propositions (OVPs).
- 12 E-strategy entails defining approaches to achieve e-marketing objectives using a range of tactical e-tools and a revised marketing mix.
- 13 Tactics are the details of strategy. Tactical e-tools include the web site, opt-in e-mail, banner ads, virtual exhibitions and sponsorship.

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## Further reading

- Chaffey, D. (2004) *E-Business and E-Commerce Management: Strategy, implementation and practice*. Financial Times/Prentice Hall, Harlow, 2nd edition. Chapter 8 introduces the concept of e-marketing and its relationship with e-commerce and e-business.
- DTI (2003) *Business In The Information Age – International Benchmarking Study 2003*. Department of Trade and Industry. Available from [www2.bah.com/dti2003](http://www2.bah.com/dti2003).

## Web links

- ClickZ ([www.clickz.com](http://www.clickz.com)) has articles and statistics on a wide range of e-marketing tactics.
- DaveChaffey.com ([www.davechaffey.com](http://www.davechaffey.com), Figure 1.11) is a portal with articles and links to update you on the latest developments in digital marketing. See <http://www.davechaffey.com/E-marketing> for links related to this chapter.
- E-consultancy ([www.e-consultancy.com](http://www.e-consultancy.com)). Detailed insights and events about e-marketing best practice.
- E-marketer ([www.emarketer.com](http://www.emarketer.com)). A compilation of research reports showing trends in Internet adoption and usage.
- E-marketing Excellence Book homepage ([www.davechaffey.com/E-marketing](http://www.davechaffey.com/E-marketing)). An index of all e-marketing links for each chapter in this book.
- The Interactive Media in Retail ([www.imrg.org](http://www.imrg.org)). Trade body for e-retailers reporting on growth and practice within UK and European e-commerce.
- International Telecommunications Union (ITU) ([www.itu.int/ti/industryoverview/index.htm](http://www.itu.int/ti/industryoverview/index.htm)). Choose Internet indicators. This presents data on Internet and PC penetration in over 200 countries.
- Marketing Sherpa ([www.marketingsherpa.com](http://www.marketingsherpa.com)). Case studies and news about e-marketing.
- New Media Age ([www.nma.co.uk](http://www.nma.co.uk)). A UK digital marketing trade weekly.
- New Media Knowledge ([www.nmk.co.uk](http://www.nmk.co.uk)). Articles and events about new media developments.
- Net Imperative ([www.netimperative.co.uk](http://www.netimperative.co.uk)). Updates and reports on the UK new media landscape.
- Revolution magazine ([www.revolutionmagazine.com](http://www.revolutionmagazine.com)). Keep up-to-date on e-marketing best practice for the range of new media with the UK trade monthly for digital marketing.
- UK Netmarketing ([www.chinwag.com](http://www.chinwag.com)). The premier e-mail discussion and advice list for insiders in the UK e-marketing industry.

## Self-test

- 1 Summarize each element of the SOSTAC® framework.
- 2 Describe how customers and companies are becoming interconnected.
- 3 Assess the potential for B2C, B2B, C2B and C2C interactions via your online presence.

- 4 Devise a diagram outlining the difference between e-business, e-marketing and e-commerce.
- 5 List your experiences of sloppy e-marketing.
- 6 Describe the need for objectives and the characteristics of suitable objectives.
- 7 Outline 'Sell' e-marketing objectives for your organization.
- 8 Outline 'Serve' e-marketing objectives for your organization.
- 9 Outline 'Speak' e-marketing objectives for your organization.
- 10 Outline 'Save' e-marketing objectives for your organization.
- 11 Outline 'Sizzle' e-marketing objectives for your organization.
- 12 Summarize e-strategies to achieve the objectives you have described in Questions 7 to 11.
- 13 Summarize the main tactical e-tools used by your organization.