

"Ideas
With
Accountability"



6480 Rockside Woods Blvd. South
Suite 300
Cleveland, Ohio 44131
216.573.2300
FAX 216.573.9964
www.ggcomm.com

Position Paper

Internet Promotion Forecast – 2002 *What's Working and Why*

Public Relations
Advertising
Internet Marketing
Graphic Design
Direct Marketing

In building plans for online promotion and Internet strategy for 2002, it's useful to first recognize that existing tactics used by companies fall into two areas:

1. **Promotion to drive traffic to the site.** While the primary traffic generator continues to be print/traditional advertising, the purchase of online banners, sponsored links and games continues to be an effective tactic. While it's true that banner click-through rates declined once again during 2001, they remain a cost-effective and critical component of a larger online promotion program.
2. **Web site experience.** The rest of Internet spending is devoted to improving the experience of visitors to your site, once you've effectively driven traffic there through the tactics referred to above. Web designers today are increasingly aggressive in developing ways to personalize the web visit, to create a memorable and productive experience that will lead to many return visits.

A question, however: why do we care about creating such an experience? Isn't it enough to create an information-rich site where customers and prospects can learn about the company and read data sheets on its products? Isn't it enough to add e-commerce capabilities so that the visitor can buy the product right on the spot? Why does more need to be done to create this "experience?"

Simply put, from a business perspective, web sites must link into specific business problems, and provide a solution for them. The overworked HR staff, struggling to find qualified candidates, can use the company's site as an online recruitment and screening tool. There are many other examples of linking business goals to the web experience, ranging from online ordering to order tracking to warranty registration to vendor purchasing links.

Marketers, however, are interested in creating this rich "experience" because it builds the relationship with a prospect, thereby very inexpensively converting the prospect into a customer; and, because it deepens the relationship with the customer, thereby converting the casual short-term customer into a long-term, high-value/profit customer. Both of these goals are accomplished via the web using far less resources than those required of other traditional marketing techniques, such as trade shows, personal selling, print advertising lead generation programs, etc.

Overall, the sites that are winning are those that do three things well:

1. **Build a strong brand.**
2. **Leverage that brand position by creating a site that converts prospects not just into buyers, but repeat buyers.**
3. **Accomplish this conversion at a lower cost than competitors.**



Case in point: Why is the Wal-Mart site doing well, while online grocery site Peapod and ValueAmerica are having such trouble? Because Wal-Mart has created an experience-rich site built on a strong brand, a combination that generates traffic and buyer loyalty. Peapod and ValueAmerica were built on nothing more than a promise of lower price, a value proposition easily duplicated by others.

Generating Traffic by Building the Brand.

It has now been proven that, simply put, online promotions work. Marketers rely on a variety of tactics to drive site traffic, grow email databases, strengthen customer relationships, build brand awareness, and coax new Web users to make their first online purchase. These elements, then, form the core of traffic-building programs:

1. Web promotion in print advertising. This is still the primary driver of site traffic and will remain so through 2002.
2. Search engine rankings. Companies are not aggressively tracking their rankings on the top search engines and adjusting meta tags to improve their position. This should be a key, measured activity during the coming year.
3. Sponsored links and other keyword ad buys are the most effective tools for generating traffic to your site. This allows you to buy your way to the top of Yahoo! and other leading search engines, regardless of how effective your meta tag programs are.
4. Trade publications have dramatically improved their content online, which includes references in user guides and online buyer directories to company products. Quarterly reviews of the top tier online publications must be completed to update product listings and ensure links take the visitor to the correct page instead of a "file not found."
5. Banner advertising. Banners will continue to be a primary component of every online marketing campaign during 2002. Rich media banners or skyscraper formats are not proving to be the magic bullet we thought in 2000. Banners that continue to emphasize the specific offer, the "click here" message, and offer pull-down functionality generate the highest response rates. Banner purchases must be made on both the general search engines as well as vertical-market publication sites for a balanced approach. On those vertical publication sites, the only viable location for the banner remains the home page; keyword search banners and topic-specific sections just do not offer the traffic necessary to be cost-efficient.
6. Contests, games, sweepstakes and sponsorships generate two to three times the click through rates of a traditional banner campaign. Vendors such as estakes, webstakes and webpromotions are making significant inroads in this



arena as companies try their hands at these higher-response techniques.

DoubleClick recently introduced a very simple tool for generating sweepstakes on your own, with no web design experience required.

7. Yahoo is creating new banner products based on actual user patterns, rather than reported user preferences. Rather than buying a banner on a technical section of Yahoo's site because a user reports they are interested in this topic, Yahoo is beginning to sell banners based on where your targeted audience actually goes within its site. As data mining/tracking tools improve, companies will be able to buy these traffic-related banners from more vendors as a way to improve targeting.
8. Viral marketing, or the "Send this page to a Friend" feature, continues to be an effective, free, and very under-used promotional tool.
9. Centralized "buy" sites will continue to proliferate in every industry. These sites list companies for free, and charge a transaction fee, ranging from 4–10%, for every sale made. Companies must participate in these comparison-shopping sites in order to remain competitive, regardless of channel-conflict issues that result. Channel conflict today is being resolved at most companies by paying field sales people commissions for online sales, regardless of their involvement in the sale.
10. Webcasts and webseminars will continue to increase during 2002 as web broadcasters improve their technology and as bandwidth increases. Webcasts are now practical even on a 56K modem computer. They are dramatically less expensive than city-by-city seminars in reaching and attracting customers.
11. Online polling and surveys, with instant results posting and email notification, will increase on many sites as the technology allows marketers to play on our fascination with numbers and survey results.

Creating Repeat Buyers By Creating the Online "Experience."

Today, successful B2B online marketers recognize that it's all about the experience, not the online data sheet. Perhaps an extreme example, but one that's no less relevant, is that of a new device called iSmell, which is being tested by ecandy.com; a computer peripheral that allows the user to smell the candy being showcased on the site!

As companies seek to duplicate the real-world buying experience and even improve upon it in an online world, the online experience will become paramount in determining which sites deliver the best ROI. Josh Goldman, CEO of mySimon, a comparison-shopping site, notes that users are no longer just looking for the lowest price online. Sites that will build loyalty and repeat traffic, he says, must offer value-



added features such as instant message, access to product specialists (see Liveperson.com below), and e-mail alerts of upcoming deals (see personalization below).

Web sites today, from a customer/marketing perspective, must meet four basic tests:

1. Does the site offer valuable content and, increasingly important, functionality?
2. Can visitors quickly find what they're looking for? Does the site contain functionality that anticipates their interests (personalization)?
3. Does the site effectively communicate (cross-division consistency, clarity of message, the basics of marketing communications)
4. Is the site fast?

We're still seeing far too many B2B sites failing these four basic tests. Ecommerce sections that don't include prices. URLs that aren't predictable or memorable. Product configurators that don't link to spec pages after making a recommendation. Ineffective, or even missing, search functions. Leading-edge initiatives such as personalization are critical, yet most independent audits of business-to-business web sites are still plagued by search engines that don't work, links to dead pages, and meta tags that are improperly coded. The pace of web site development is so fast, with the focus on design so prevalent, that basic user functionality is being left behind. Obviously, companies are losing sales, increasing their costs and even losing customers because of these basic block-and-tackling issues:

Offer valuable content and function:

Run usability lab tests to identify the obvious holes in site offerings. Fill gaps by adding content, function, and navigation needed to support decision-making processes.

Link a clearly labeled customer support option to every page.

Help users easily find the site:

Buy all available URL variations of your name, including abbreviations, misspellings, and combinations that include derogatory terms. Do it now—the price won't go down.

Continually register with the top search engines and monitor your position on a quarterly basis.

Help users quickly find what they're looking for:

Combine menus and sub-menus to flatten site structures and shorten the path between users and their goals.



Provide shortcuts to content by adding parametric search and free-form search to home pages.

Communicate effectively:

Optimize page layouts and type sizes for 800 × 600 resolution, the setting used on more than half of all Web browsers. Check for text legibility at 1024 × 768 to satisfy the next largest—and fastest growing—user segment.

Hunt down and eliminate all internal jargon—it's a foreign language to everyone outside your firm.

To keep users from getting lost, make the words used in menu choices match the headings of pages they link to. Also, reverse the color schemes of selected buttons to indicate location.

Place sitewide toolbars and menus in consistent locations on every page so users can concentrate on their goals, not on finding the home button.

Make sites fast and reliable:

Implement testing tools from vendors like Mercury and Rad View to continuously ensure that paths to goals stay open.

Contract with services like Keynote to monitor performance from all important markets.

Source: Forrester Research

The main objective for a lasting and repetitive web/customer relationship is personalization – extending the concept of one-to-one marketing through automated online tools that tailor your message to the customer's interests. This makes the visit to your web site more compelling than your competitor's, and therefore makes the relationship with you more compelling and valuable for the customer than his/her relationship with your competitor. Personalization also increases the chances that the visitor will find exactly what he/she's looking for, and buy it online at that moment. It strives to create conversations, an emotional bond between the customer and your company, not just to distribute ad messages.

Web personalization is a wide-open field, with very immature and emerging technologies being created, tried and refined. Execution is the biggest stumbling block here, as web marketers seek to move from personalization as a concept to effective practice.





Tactics employed here include:

- Tailored email alerts. Some 64% of sites today use opt-in email registration lists. Companies must not only ask for this information, but deftly increase the amount of information collected from visitors. Do not ask for this information, however, unless you're prepared to deliver personalized content based on their responses.
- Account access for ordering, tracking and shipping.
- Customized content and personal productivity tools (www.myacme.com)
- Product recommendations based on user profiles and preferences.
- Express transactions
- Custom pricing
- Customized news delivery

The most successful personalization programs are sophisticated, technology-rich projects that rely on content generation tools and data mining algorithms. Oracle, BroadVision and Net Reflections are the leaders in this category, and all require significant upfront investment to begin an effective personalization strategy.

During 2002, these are the major initiatives that will be launched at companies seeking to improve their web experiences:

1. **Brand consistency.** Many companies are struggling with an Internet Disconnect, in that their web sites are completely separate from other brand-building components of marketing. Messages, colors, typefaces even strategies on web sites often run counter to other components of the marketing communications mix, so companies will re-engage their efforts to link these areas. An example story: Ragu's site recently featured a design built around a Mama's Kitchen concept, with a grandmotherly figure acting as the site hostess. Yet, when customers went to the store, the Ragu label appeared completely different, and in fact a competitor's product featured a woman who looked just like the grandmother on Ragu's own web site.
2. **Advance emails.** Email campaigns will become more proactive, identifying registrants before announcements are made to the general market, not after the fact. It's more compelling, more personal, to receive an email notification about a product launch in advance than along with everyone else.
3. **Email technology will move rapidly during 2002 beyond text-based emails to incorporate HTML emails.** Emails campaigns will explode this year, as they



6480 Rockside Woods Blvd. South
Suite 300
Cleveland, Ohio 44131
216.573.2300
FAX 216.573.9964
www.ggcomm.com

continue to generate a 5–8% response rate compared to the 1–2% direct mail results.

4. Sites will move aggressively to offer live access to product support specialists. Liveperson.com is a very, very inexpensive outsourced method for providing this critical feature.
5. Online seminars, as mentioned above, are not only excellent traffic builders but effective tools for building the web experience.
6. Newsletters continue to generate high acceptance rates. Very few recipients opt out of newsletters.
7. Online sales promotions. E-campaigns based on true sales promotions (5-day trial, coupon here, free product with every purchase) will be added to newsletter and banner promotion campaigns this year. Releasenow.com and other competitors provide companies with turnkey campaigns that can be executed inexpensively and rapidly.
8. Tools. Product configurators, salary calculators, financial calculators, etc. will be a mainstay of company web sites in 2002. Sites that don't offer this functionality will wither.
9. Comparison pages/peer reviews. Successful web sites offer users a better experience than they can find in the real world, not just a duplicate experience. Providing visitors with instant input from peers about products and services, even on competitive products, will become a web standard this year. The sites that offer it will flourish at the expense of those that don't. See deja.com for an excellent example of peer review comparison functionality.

The Internet isn't high tech, it's high touch. In 2002, the emphasis in online marketing will be seen on improving traffic-building devices and adding to the web experience with dramatic examples of personalization and customer relationship management tools. Companies that execute these most nimbly will see their web strategies deliver impressive ROI results.

Goldstein Group Communications, a technology b-to-b agency, brings an unusual combination of corporate communications management and engineer-level writing capability to its national client roster. With deep experience in electronics and industrial markets, the agency is able to draw on its skills to articulate with impact and clarity the technical advantages its clients bring to their customers. Unlike other agencies, staff members for the most part have built their careers on the corporate side of the desk, rather than as agency executives, a perspective that results in a higher level of accountability and measurability in the agency's programs.