Chapter 8

Interactive marketing communications

Chapter at a glance

Main topics

- **Characteristics of interactive marketing communications;**

- **Objectives of integrated marketing communications;**

- **Integrated Internet marketing communications;**

- **Offline promotion methods;**

- **Online promotion methods;**

- **Selecting the optimal communications mix;**

Case studies

- Case study 8.1 Affiliate marketing;

- Case study 8.2 Options for building traffic from Google.com

Learning objectives

After reading this chapter, the reader should be able to:

- **assess the difference in communications characteristics between digital and traditional media;**

- **identify effective methods for online and offline promotion;**

- **understand the importance of integrating online and offline promotion;**

■ **relate promotion techniques to methods of measuring site effectiveness (in conjunction with Chapter 12).**

Questions for marketers

Key questions for marketing managers related to this chapter are:

■ **What are the new types of interactive marketing communications tools I can use? How do their characteristics differ from traditional media?**

■ **What are the strengths and weaknesses of these promotional tools?**

■ **How do I choose the best mix of online and offline communications techniques?**

Links to other chapters

c Chapter 1 describes the 6Is, a framework that introduces the characteristics of Internet marketing communications.

c Chapter 2 introduces portals and search engines - one of the methods of online traffic building discussed in this chapter.

c Chapter 3 introduces some of the legal and ethical constraints on online marketing communications.

c Chapter 4 provides the strategic basis for Internet marketing communications

c Chapter 6 describes on-site communications

c Chapter 9 also considers the measurement of communications effectiveness.

INTRODUCTION

A company that has developed an easy to use web site with content and appropriate services to its audience is only part-way to achieving successful Internet marketing outcomes. The idea that 'build a great site, and they will come' is not valid – effective marketing communications are necessary to promote the site in order to generate visitors or traffic to the site. Berthon *et al.* (1998) make the analogy with a trade conference. Here, there will be many companies at

different stands promoting their products and services. Effective promotion of a stand is necessary to attract some of the many show visitors to that stand. The concept of 'visibility' can be applied to both the trade show and the Web. From those people noticing and visiting the stand it is then necessary to achieve a successful marketing outcome. In the context of the trade show this is done by capturing the stand visitor's for interest long enough to be able to offer something in order to be able to obtain a person's contact details so that marketing communications can continue - a traditional form of permission marketing. In the context of the web site the aim is similar: to incentivise the visitor in order to capture their e-mail address and profile their interests as the start of the customer lifecycle.

Using marketing communications tools to promote a web site is challenging. Firstly, the Web is a large place: there are estimated to be over thirty million commercial web sites and several billion web pages, so it is not easy or easy for potential visitors to find out about its existence or for the company to differentiate its offering. Secondly, web site promotion is not straightforward - there are a host of new issues in using traditional communications tools such as advertising and PR, plus novel approaches such as banner advertising and search engine optimisation. Web marketers are still learning what works and what does not. What works this year may not work next year. For example, search engines change in popularity and change payment models.

Figure 8-1 shows the main elements of the traditional communications mix. Where would you place the Internet and other digital media on this diagram? The Internet is not shown since it is simply another medium, like traditional media such as TV, radio, print, and ambient, used for transmission of these communications tools.

Figure 8-1 The main elements of the communications mix

Most organisations use a combination of the communications tools shown in Figure 8-1 to communicate with their target audiences in order to differentiate their products, remind, reassure, inform and persuade their customers and potential customers. The Internet provides organisations with a new media outlet that offers the opportunity to integrate all promotional mix elements. It has the benefit that a great depth and breadth of information can be readily provided on the web site.

In this chapter, we will explore how the Internet and other digital media can be used to achieve marketing objectives by applying the communications tools of Figure 8-1 in new ways. In the context of Internet marketing, the three main objectives of developing an interactive marketing communications programme are to:

(1) Use **online** and **offline communications** to drive visitors or traffic to a web site.

(2) To use on-site communications to deliver an effective message to the visitor which helps shape customer behaviour or achieve a required marketing outcome through conversion marketing.

(3) To integrate all communications channels to help achieve marketing objectives by supporting **mixed-mode buying**.

Offline site promotion

Traditional techniques such as print and TV advertising used to generate web site traffic

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Online site promotion

Internet-based techniques use to generate web site traffic

<Mixed-mode buying>

The customer's purchase decision is influence by a range of media such as Print, TV and Internet.

This chapter focuses on the first of these objectives. We start by reviewing the characteristics of digital media such as the Internet, mobile communications and interactive TV since an understanding of this is required to select the most appropriate tools. We then look at techniques of integrated marketing communications and then review the suitability of the full range of tools for online and offline promotion. The chapter is concluded by a section which explores how marketers can decide on the best mix of communications tools as part of communications planning.

The second of these objectives has been covered in the previous chapter, so is not discussed in depth. We introduced the third of these objectives in chapter 1 (Figure 1-13). The ultimate aim of Internet marketing communications are to achieve sales of products or service regardless of whether the final purchase occurs through the web site or the other media – this is referred to in the sections on integrated marketing communications.

The characteristics of interactive marketing communications

Through understanding the key interactive communications characteristics enabled through digital media we can exploit these media while guarding against their weaknesses. In this section, we will describe eight key changes in the media characteristics between traditional media and new media. Note that the 6Is in chapter 1 provide an alternative framework that is useful for evaluating the differences between traditional media and new media. The eight key changes in communications characteristics as marketers move from exploiting traditional to new media are:

1. *From push to pull*. Traditional media such as Print, TV and Radio are **push media**, a one-way street where information is mainly unidirectional, from company to customer unless direct response elements are built-in. In contrast, the web is an example of a **pull media**. This is its biggest strength and its biggest weakness. It is a strength since pull means that prospects and customers only visit a web site when it enters their head to do so –when they have a defined need – they are pro-active and self-selecting. But this is a weakness since online pull means marketers have less control than in traditional communications where the message is pushed out to a defined audience. What are the e-marketing implications of the pull medium? First, we need to provide the physical stimuli to encourage visits to web sites. This may mean traditional ads, direct mail or physical reminders. Second we need to ensure our site is optimized for search engines – it is registered and is ranked highly on relevant keyword searches. Third e-mail is important – this is an online push medium, it should be a priority objective of web site design to capture customer's e-mail addresses in order that opt-in e-mail can be used to push relevant and timely messages to customers. All these techniques are described further later in this chapter.

<push media>

Communications are broadcast from an advertiser to consumers of the message who are passive recipients.

<pull media>

The consumer is proactive in selection of the message through actively seeking out a web site.

2. *From monologue to dialogue*. Creating a dialogue through **interactivity** is the next important feature of the web and new media. Since the Internet is a digital medium and communications are mediated by software on the web server that hosts the web content, this

provides the opportunity for two-way interaction with the customer. This is a distinguishing feature of the medium (Peters, 1998). For example, if a registered customer requests information, or orders a particular product, it will be possible for the supplier to contact them in future using e-mail with details of new offers related to their specific interest. Deighton (1996) proclaimed the interactive benefits of the Internet as a means of developing long-term relationships with customers.

A web site, interactive digital TV and even a mobile phone all enable marketers to enter dialogue with customers. These can be short term – perhaps an online chat to customer support, or long-term, lifelong dialogues discussing product and supply requirements. These dialogues can enhance customer service, deepen relationships and trust and so build loyalty as described in chapters 6 and 7.

But digital dialogues have a less obvious benefit also – intelligence. Interactive tools for customer self-help can help collect intelligence – clickstream analysis recorded in the web log file can help us build up valuable pictures of customer preferences. If we profile customers, placing them into different segments then build a more detailed picture that is used to refine our products and offers.

<interactivity>

The medium enables a dialogue between company and customer

3. *From one-to-many to one-to-some and one-to-one*. Traditional push communications are one-to-many. From one company to many customers, often the same message to different segments and often poorly targeted. With new media 'one-to-some' – reaching a niche or micro-segment becomes more practical – e-marketers can afford to tailor and target their message to different segments through providing different site content or e-mail for different

audiences through mass customisation.We can even move to one-to-one communications where personalised messages can be delivered according to customer preferences.

The interactive nature of the Internet lends itself to establishing dialogues with individual customers. Thus potentially it is a one-to-one communication (from company to customer) rather than the traditional one-to-many communication (from company to customers) that is traditional in marketing using the mass media, such as newspapers or television. Figure 8-2 illustrates the interaction between an organisation (O) communicating a message (M) to customers (C) for a single-step flow of communication. It is apparent that for traditional mass marketing in (a) a single message (M_1) is communicated to all customers (C_1 to C_5). With a web site with **personalisation** facilities (b) there is a two-way interaction, with each communication potentially being unique. Note that many brochureware sites do not take full advantage of the Internet and merely use the Web to replicate other media channels by delivering a uniform message.

Figure 8-2 The differences between one-to-many and one-to-one communication using the Internet (organisation (O), communicating a message (M) and customers (C))

Personalisation

Web-based personalisation involves delivering customised content for the individual through web pages, e-mail or push technology.

Hoffman and Novak (1997) believe that this change is significant enough to represent a new model for marketing or a new marketing paradigm. They suggest that the facilities of the Internet including the Web represent a computer-mediated environment in which the

interactions are not between the sender and receiver of information, but with the medium itself. They say:

'*consumers can interact with the medium, firms can provide content to the medium, and in the most radical departure from traditional marketing environments, consumers can provide commercially-oriented content to the media*'.

This situation is shown in Figure 8-2 (c). This potential has not yet been fully developed since many companies are still using the Internet to provide standardised information to a general audience. However, some companies provide personalised Internet-based services to key accounts. An example is Dell (*www.dell.com*), with its PremierPages. Furthermore some companies such as eBay (*www.ebay.com*) or uBid (*www.uBid.com*) are adopting the new paradigm by offering bespoke auction facilities. Hoffman and Novak (1997) note that consumers can also take part in product design specification and in feedback on existing products.

   Despite the reference to a new paradigm, it is still important to apply tried and tested marketing communications concepts such as hierarchy of response and buying process to the Internet environment. However, some opportunities will be missed if the Internet is merely treated as another medium similar to existing media.

4. *From one-to-many to many-to-many communications.* New media also enable many-to-many communications. Hofmann and Novak (1996) noted that new media are many-to-many media. Here customers can interact with other customers via your web site or in independent communities. The success of online auctions such as eBay also shows the power of many-to-many communications. However, online discussion groups represent a threat since it is difficult to control negative communications about a company. For example one recent post to newsgroup 'uk.food+drink.misc' by a consumer referred to finding a rat's foot in a

supermarket product. Since the supermarket was monitoring these groups it was able to attempt to control the situation by explaining that it was 'an irregularly shaped, very thin fragment of vegetable material'. So, the e-marketing implications of many-to-many communications are to consider whether you should set up online communities on your site or with a partner, or whether you deploy resources to monitor other independent communities on specialist portals.

5. *From 'lean-back' to 'lean-forward'*. New media are also intense media – they are lean-forward media in which the web site usually has the visitor's undivided attention. This intensity means that the customer wants to be in control and wants to experience flow and responsiveness to their needs. First impressions are important. If the visitor to your site does not find what they are looking for immediately, whether through poor design or slow speed they will move on, probably never to return.

6 *The medium changes the nature of standard marketing communications tools such as advertising*.

In addition to offering the opportunity for one-to-one marketing, the Internet can be, and is still widely used for one-to-many advertising. On the Internet the overall message from the advertiser becomes less important, and typically it is detailed information the user is seeking. The web site itself can be considered as similar in function to an advertisement (since it can inform, persuade and remind customers about the offering, although it is not paid for in the same way as a traditional advertisement). Berthon *et al.* (1996) consider a web site as a mix between advertising and direct selling since it can also be used to engage the visitor in a dialogue. Constraints on advertising in traditional mass media such as paying for time or space become less important. A later section in this chapter explores the differences the Internet implies for different elements of the communications mix including advertising.

Peters (1998) suggests that communication via the new medium is differentiated from communication using traditional media in four different ways. First, *communication style* is

changed, with *immediate*, or synchronous transfer of information through online customer service being possible. Asynchronous communication, where there is a time delay between sending and receiving information as through e-mail, also occurs. Second, *social presence* or the feeling that a communications exchange is sociable, warm, personal and active may be lower if a standard web page is delivered, but can be enhanced, perhaps by personalisation. Third, the consumer has more *control of contact*, and finally the user has control of *content*, for example through personalisation facilities such as My Excite (Fig. 10.5).

Although Hoffman and Novak (1996) point out that with the Internet the main relationships are not *directly* between sender and receiver of information, but with the web-based environment, the classic communications model of Schramm (1955) can still be used to help understand the effectiveness of marketing communication using the Internet. Figure 8-3 shows the model applied to the Internet. Three of the elements of the model that can constrain the effectiveness of Internet marketing are:

- *encoding* – this is the design and development of the site content or e-mail that aims to convey the message of the company, and is dependent on understanding of the target audience;

- *noise* – this is the external influence that affects the quality of the message; in an Internet context this can be slow download times, the use of plug-ins that the user cannot use or confusion caused by too much information on screen;

- *decoding* – this is the process of interpreting the message, and is dependent on the cognitive ability of the receiver, which is partly influenced by the length of time they have used the Internet;

- *feedback* – this occurs through online forms and through monitoring of on-site behaviour through log files (chapter 9).

Figure 8-3 The communications model of Schramm (1955) applied to the Internet

7. *Increase in communications intermediaries*. If we consider advertising and PR, with traditional media, this occurs through a potentially large number of media owners such as TV and radio channel owners and the owners of newspaper and print publications such as magazines. In the Internet era there is a vastly increased range of media owners or publishers through which marketers can promote their services and specifically gain links to their web site. Traditional radio channels, newspapers and print titles have migrated online, but in addition there are a vast number of online only publishers including horizontal portals (chapter 2) such as search engines and vertical portals such as industry specific sites. The online marketer needs to select the most appropriate of this plethora of sites which customers visit to drive traffic to their web site.

8. *Integration*. Although new media have distinct characteristics compared to traditional media, this does not mean we should necessarily concentrate our communications solely on new media. Rather we should combine and integrate new and traditional media according to their strengths. We can then achieve synergy – the sum is greater than their parts. Most of us still spend most of our time in the real-world rather than the virtual world, so offline promotion of the proposition of a web site is important. It is also important to support mixed-mode buying. For example, a customer wanting to buy a computer may see a TV ad for a certain brand which raises awareness of the brand and then sees an advert in a print ad that directs him across to the web site for further information. However the customer does not want to buy online, preferring the phone, but the site allows for this by prompting with a phone number at the right time. Here all the different communications channels are mutually supporting each other.

Similarly inbound communications to a company need to be managed. Consider if the customer needs support for an error with their system. They may start by using the onsite diagnostics which do not solve the problem. They then ring customer support. This process will be much more effective if support staff can access the details of the problem as previously typed in by the customer to the diagnostics package.

Evans and Wurster (1999) have suggested an alternative framework for how the balance of marketing communications may be disrupted by the Internet. They consider three aspects of consumer navigation that they refer to as reach, affiliation, and richness. *Reach* refers to the number of different categories and products a consumer interface (e.g. store, catalogue, and a web site) can cover. It can be argued that the web offers the greatest potential for communicating the full range of products. Reach also refers to the number of customers a business can interact with. Again the web enables the reach to be increased through its global nature. Potential customers can also be potentially reached at a lower cost through technologies such as search engines. *Affiliation* refers to whose interests are most important to an online merchant the customer's, the retailer's or the supplier's? *Richness* is how much information can be exchanged between a producer and consumer. Richness has two aspects: customer information and product information. In a marketing communications context, we can say that the Internet offers the customer a greater depth or richness of information when making product and supplier selections. Evans and Wurster (1999) say that this may decrease the value of some brands where selection is based on information. Additionally, online marketing communications involves increasing the amount of information that can be obtained about the customer and their behaviour in order to better profile them as part of CRM.

Differences in advertising between traditional and new media

Evaluation of the differences between traditional and new media for advertising is necessary in order to select the best media for promoting the online presence. Janal (1998) considers how Internet advertising differs from traditional advertising in a number of key areas. These are summarised in Table 8.1.

Table 8.1 Key concepts of advertising in the new and old media

	Old media	*New media*
Space	Expensive commodity	Cheap, unlimited
Time	Expensive commodity for marketers	Expensive commodity for users
Image creation	Image most important Information secondary	Information most important Image is secondary
Communication	Push, one-way	Pull, interactive
Call to action	Incentives	Information (incentives)

Source: After Janal (1998).

The main differences that should be noted are:

■ The cost of advertising in the new medium reduces as more space becomes available.

■ It is the customer who initiates the dialogue and who will expect his or her specific needs to be addressed. Web marketers need to promote their web sites effectively in order that customers find the information they are looking for.

■ The user's time is valuable and the time interacting with the user will be limited. So this time must be maximised.

■ Information is the main currency. Supplying information is arguably more important than appealing to emotions.

We can extend this analysis by considering the effectiveness of offline media in comparison with online media. We can make the following observations:

1. *Reach of media.* We saw in Chapter 2 and 3, that access to the Internet has exceeded 50% in many developed countries. While this indicates that Internet is now a mass medium, there are a significant minority that don't have access who cannot be reached via this medium. As we saw in chapter 2, reach varies markedly by age and social group, so the Internet is innappropriate for reaching some groups,

2. *Media consumption.* Most customers spend more of their time in the real-world than the virtual-world so it follows that it may be the best method to reach them. The panel data referred to in activity 2.5 suggested that web users are spending an average of 9 hours per month online; significantly less than the time they spend watching TV or reading newspapers each month. However, a counter argument to this is that the intensity and depth of online interactions is greater.

3. *Involvement*. Use of the Internet has been described as a 'lean forward' experience, suggesting high involvement based on the interactivity and control exerted by web users. This means that the user is receptive to content on a site. However, there is evidence that certain forms of graphic advertising such as banner adverts are filtered out when informational content is sought. A study of online newspaper readers (Poynter, 2000) found that text and captions were read first, with readers then later returning to graphics.

4. *Building awareness*. It can be argued that because of the form of their creative, some forms of offline advertising such as TV are more effective at explaining concepts and creating retention (Branthwaite et al., 2000).

We conclude this section with a review of how consumers perceive the Internet in comparison to traditional media. Refer to mini case study 8.1 for the summary of the results of a qualitative survey.

Mini-case study 8.1 – Consumer perceptions of the Internet and different media

Branthwaite et al. (2000) conducted a global qualitative project covering 14 countries, across North and South America, East and West Europe, Asia and Australia to investigate consumer perceptions of the Internet and other media. In order to reflect changing media habits and anticipate future trends, a young, dynamic sample were selected in the18-35 age range, with access to the internet, and regular users of all 4 media. Consumer perceptions to the Internet when asked to explain how they felt about the Internet in relation to different animals was as follows:

'*The dominant sense here was of something exciting, but also inherently malevolent, dangerous and frightening in the Internet.*

The positive aspect was expressed mainly through images of a bird but also a cheetah or dolphin. These captured the spirit of freedom, opening horizons, versatility, agility, effortlessness and efficiency. Even though these impressions were relative to alternative ways of accomplishing goals, they were sometimes naive or idealistic. However, there was more scepticism about these features with substantial experience or great naivety.

Despite their idealism and enthusiasm for the Internet, these users found a prevalent and deep-rooted suspicion of the way it operated. The malevolent undertones of the Internet came through symbols of snakes or foxes predominantly, which were associated with cunning, slyness, and unreliability. While these symbols embodied similar suspicions, the snake was menacing, intimidating, treacherous and evasive, while the fox was actively deceptive, predatory, surreptitious, plotting, and persistent. For many consumers, the Internet was felt to have a will of its own, in the form of the creators of the sites (the ghosts in the machine). A snake traps you and then tightens its grip. A fox is mischievous.

In comparison with other media, the Internet was described as follows:

'The Internet seemed less like a medium of communication than the others, and more like a reservoir of information.

This distinction was based on differences in the mode of operating: other media communicated to you whereas with the Internet the user had to actively seek and extract information for themselves. In this sense, the internet is a recessive medium that sits waiting to be interrogated, whereas other media are actively trying to target their communications to the consumer.

•   *This meant that these users (who were not addicted or high internet users) were usually task orientated and focussed on manipulating their way around (tunnel vision). The more inexperienced you were, the more concentration was needed, but irritation or frustration was never far away for most people.*

•   *Everywhere, regardless of experience and availability, the Internet was seen as a huge resource, with futuristic values, that indicated the way the world was going to be. It was respected for its convenience and usefulness. Through the Internet you could learn, solve problems, achieve goals, travel the world without leaving your desk, and enter otherwise inaccessible spaces. It gave choice and control, but also feelings of isolation and inadequacy. There was an onus on people wherever possible to experience this medium and use it for learning and communicating.*

•   *The most positive attitudes were in North America. Slick and well-structured Web-sites made a positive impression and were a valuable means of securing information through the links to other sites and to carry out e-commerce. However, even here there was frustration at slow downloading and some uncooperative sites.*

•   *In other countries, there was concern at the irresponsibility of the medium, lack of seriousness and dependability. There was desire for supervisory and controlling bodies (which are common for Print and TV).*

•   *Banner ads were resented as contributing to the distractions and irritations.*

Sometimes they seemed deliberately hostile by distracting you and then getting you lost.

Internet advertising had the lowest respect and status, being regarded as peripheral and trivial

•   *In the least economically advanced countries, the Internet was considered a divisive*

medium which excluded those without the resources, expertise or special knowledge'

Table 8.1 presents the final evaluation of the Internet against other media.

Table 8.1 Comparison of the properties of different media (Source: Branthwaite et al. , 2000)

	TV	**OUTDOOR**	**PRINT**	**INTERNET**
Intrusiveness	High	High	Low	Low
Control/selectivity of Consumption	Passive	Passive	Active, selective	Active, selective
Episode attention Span	Long	Short	Long	Restless, fragmented
Active Processing	Low	Low	High	High
Mood	Relaxed. Seeking emotional gratification	Bored, under-stimulated	Relaxed Seeking interest, stimulation	Goal orientated Needs related
Modality	Audio/Visual	Visual	Visual	Visual (auditory increasing)
Processing	Episodic Superficial	Episodic/Semantic	Semantic Deep	Semantic Deep
Context	As individual in interpersonal	Solitary (in public space)	Individual Personal	Alone Private

setting

Figure 8-4 Summary of the different characteristics of media (Source: Millward Borwn

Qualitative)

<end mini case>

Integrated Internet marketing communications

In common with other communications media, the Internet will be most effective when it is

deployed as part of an **integrated marketing communications** approach. Kotler et al. (2001)

describe integrated marketing communications as:

'*the concept under which a company carefully integrates and co-ordinates its many*

communications channels to deliver a clear, consistent message about the organisation and its

products'

<Integrated marketing communications>

The coordination of communications channels to deliver a clear, consistent message.

The characteristics of integrated marketing communications have been summarized by Pickton

and Broderick (2000) as the 4 Cs of:

- *Coherence* – different communications are logically connected.

- *Consistency* – multiple messages support and reinforce, and are not contradictory.

- *Continuity* – communications are connected and consistent through time.

- *Complementary* – synergistic, or the sum of the parts is greater than the whole!

The 4Cs also act as guidelines for how communications should be integrated.

Further guidelines on integrated marketing communications from Pickton and Broderick (2000) that can be usefully applied to Internet marketing are that:

1. Communications planning is based on *clearly identified marketing communications objectives* (see later section).

2. Internet marketing involves the *full range of target audiences* (see the section on customer orientation in Chapter 7). The full range of target audiences is the customer segments plus employees, shareholders and suppliers)

3. Internet marketing should involve *management of all forms of contact*, this includes both management of both outbound communications such as banner advertising or direct e-mail and inbound communications such as e-mail enquiries.

4. Internet marketing should utilize a *range of promotional tools*. These are are the promotional tools illustrated in Figure 8-1.

5. *A range of media* should be used to deliver the message about the web site. Marketing managers need to consider the most effective mix of media to drive traffic to their web site. The different techniques can be characterised as traditional offline marketing communications or new online communications. The objective of employing these techniques is to acquire new traffic on an e-commerce site using the techniques summarised in Figure 8-5. Many of these techniques can also be used to drive customers to a site for retention. Some other techniques to promote repeat visits are considered separately in the section on retention.

Figure 8-5 Integrated methods of driving visitors to a web site

6. The communications plan should involve careful selection of *most effective promotional and media mix*. This is discussed at the end of the chapter.

Additionally, we can say that integrated marketing communications should be used to support customers through the entire buying process, across different media. This process is shown both in Figure 2.20 and Figure 7.10.

Integration through time

For integrated communications to be successful, the different techniques should be successfully integrated through time as part of a campaign or campaigns.

Figure 8-6 shows how communications can be planned around a particular event. Here we have chosen the launch of a new version of a web site, but other alternatives include a new product launch or a key seminar. This planning will help provide a continuous message to customers. It also ensures a maximum number of customers are reached using different media over the period.

Figure 8-6 Integration of different communications tools through time

Communications can also be integrated through time during a particular campaign. The web response model (Hughes, 1999) is one that is frequently used today in direct marketing. This is

usually a permission-based model (chapter 6) and an example is shown in Figure 8-7. It starts

with a direct mail drop or e-mail shot. The web site is used as the direct response mechanism,

hence 'web response'. Ideally, this approach will use targeting of different segments. For

example, a Netherlands bank devised a campaign targetting six different segments based on

age and income. The initial letter was delivered by post and contained a PIN (personal

identification number) which had to be typed in when the customer visited the site. The PIN

had the dual benefit that it could be used to track responses to the campaign, while at the same

time, personalizing the message to the consumer. When the PIN was typed in, a 'personal page'

was delivered for the customer with an offer that was appropriate to their particular

circumstances.

<web response model>

The web site is used as the response mechanism for a direct marketing campaign delivered by

e-mail or by post.

Figure 8-7 Communications supporting retention through the web response model

In keeping with media planning for other media, Pincott (2000) suggests there are two key

strategies in planning integrated Internet marketing communications. First there should be a

media strategy which will mainly be determined by how to reach the target audience. This will

define the online promotion techniques described in this chapter and where to advertise online.

Second there is the creative strategy. Brown says that 'the dominant online marketing

paradigm is one of direct response'. However, he goes on to suggest that all site promotion will

also influence perceptions of the brand'.

Callback services

Television and newspaper advertisements commonly feature a direct response option via a freephone number. This concept has translated to the Web and is increasingly being used by companies with call-centre operations that can handle this type of enquiry in volume. It is usually referred to as a callback service and integrates web, plus phone. RealCall is a service offered by several rival suppliers to any company with a web site. It can be seen from Figure 8-8 that it provides a form, to be filled in by the customer so that he or she can be called by a service representative at a later time. This has the advantage, for the customer, that the company pays the phone bill, but on a practical level, home users accessing the Internet from home using a modem and a single phone line will be unable to receive a phone call while online, and may forget about the request later. The callback mechanism is consistent with the general philosophy of using the Internet to facilitate communications with the customer and of using the method that suits the customer best.

Figure 8-8 RealCall telephone callback scheme

Web callback service

A facility available on the web site for a company to contact a customer at a later time as specified by the customer.

OBJECTIVES FOR INTERACTIVE MARKETING COMMUNICATIONS

As was mentioned in the introduction to this chapter, an interactive marketing communications plan usually has three main goals:

(1) Use online and offline communications to drive or attract visitors traffic to a web site. This process is commonly referred to as **traffic building**.

Examples of **SMART** traffic building objectives:

- Generate awareness of web offering in 80% of existing customer base in one year.

- Generate awareness of web offering in each market within 1 year.

- Achieve 10,000 new site visitors within one year.

- To convert 30% of existing customer base to regular site visitors.

<SMART>

Specific, Measurable, Actionable, Relevant and Time-related

(2) To use on-site communications to deliver an effective message to the visitor which helps

shape customer behaviour or achieve a required marketing outcome. The message delivered on

site will be based on traditional marketing communications objectives for a companies

products or services. For example:

- to create awareness of a product or brand;

- inform potential customers about a product;

- encourage trial;

- persuade customer to purchase;

- to encourage further purchases

Rowley (2001) notes that while the Internet is generally effective in supporting these types of

goals, it seems to be less effective in changing and maintaining attitudes.

Examples of on site communications objectives:

- Generate 1,000 new potential customers in Europe by converting new

  visitors to the web site to qualified leads

- Capture e-mail addresses and profile information for 100 leads in first 6 months.

- Convert 3% of visitors to a particular part of site to buyers across the year

- Achieve relationship building and deepen brand interaction by encouraging 10% participation of customer base in online competitions and forums.

- Acquire 100 new contacts through viral referrals.

(3) To integrate all communications methods to help achieve marketing objectives by supporting mixed-mode buying.

Examples of mixed-mode buying objectives.

- To achieve 20% of sales achieved in the call centre as a result of web site visits.

- To achieve 20% of online sales in response to offline adverts.

- To reduce contact centre phone enquiries by 15% by providing online customer services

<Traffic building>

Using online and offline site promotion techniques to generate visitors to a site.

It is evident that companies will develop specific objectives in each area such as the number of new visitors directed to the site. Although traffic building objectives and measures of effectiveness are often referred to in terms of traffic *quantity*, such as the number of visitors or page impressions, it is the traffic *quality* that really indicates the success of interactive marketing communications (e.g. van Doren et al. (2000), Smith and Chaffey, 2001). Traffic quality is determined by:

- Whether the visitors are within the target audience for the web site?

- Whether the visitors respond on-site in line with the communications objectives?

Conversion marketing objectives

Internet marketing objectives can also be stated in terms of conversion marketing. This technique of objective setting uses a bottom-up approach to objective setting as shown in Figure 8-9. Take, for example, the objectives of a campaign for a B2B services company such as a consultancy company, where the ultimate objective to achieve 100 new clients using the web site in combination with traditional media to convert leads to action. To achieve this level of new business, the marketer will need to make assumptions about the level of conversion that is needed at each stage of converting prospects to customers. This gives a core objective of 100 new clients and different critical success factors based on the different conversion rates.

Figure 8-9 Conversion marketing approach to objective setting

It is also worth noting that communications objectives will differ according to the stage of development of an e-commerce service. Rowley (2001) suggests that the general goals of these four stages are:

- *Contact* – promoting corporate image, publishing corporate information and offering contact information. Content.

- *Interact* – embed information exchange. Communication.

- *Transact* – Online transactions and interaction with trading partners. Commerce.

- *Relate* – two way customer relationship. Community.

Four similar levels of intensity of promotional activity are also identified by van Doren et al. (2000).

Timescales for objective setting

Smith and Chaffey (2001) refer to the relevance of timing for traffic building. They say:

'*Some e-marketers may consider traffic building to be a continuous process, but others may view it as a specific campaign, perhaps to launch a site or a major enhancement. Some methods tend to work best continuously; others are short term. Short-term campaigns will be for a site launch or an event such as an online trade show.*'

Accordingly, online marketers can develop communications objectives for different timescales:

- *Annual marketing communications objectives*. For example achieving new site visitors or gaining qualified leads could be measured across an entire year since this will be a continuous activity based on visitor building through search engines and other campaigns. Annual budgets are set to help achieve these objectives.

- *Campaign specific communications objectives*. Internet marketing campaigns such as a direct e-mail campaign will help fulfill the annual objectives. Specific objectives can be stated for each in terms of gaining new visitors, converting visitors to customers and encouraging repeat purchases. Campaign objectives should build on traditional marketing objectives; have specific target audience and have measurable outcomes which can be attributed to the specific campaign.

Costs

The final aspect of objective setting to be considered are the constraints on objectives placed by the cost of traffic building activities. A campaign will not be successful if it meets it objectives of acquiring site visitors and customers if the cost of achieving this is too high. This

constraint is usually imposed simply by having a campaign budget - a necessary component of all campaigns. However, in addition it is also useful to have specific objectives for the cost of getting the visitor to the site, and the cost of achieving the outcomes during their visit. Typical cost measures include:

- **cost of acquisition** per visitor

- cost of acquisition per lead or enquiry

- cost of acquisition per sale (customer acquisition cost)

<Cost of acquisition>

Marketing communications costs incurred in gaining visitors or customers

Costs within the campaign can be compared for different sources of traffic such as referrals from banner adverts on different sites. To be able to measure cost per action we need to be able track a customer from when they first arrive on the web site through to when the action is taken.

To see further examples of objective setting for campaigns, complete activity 8.1.

<div align="center">

Activity 8.1 Objectives from Revolution campaign of the month.

</div>

Purpose

To provide examples of objectives for different Internet Marketing campaigns

Activity

Visit Revolution (www.revolutionmagazine.com) and summarise each campaign by creating a table with these columns:

- Name of client;

- Objectives of campaign;

- Creative;

- Internet marketing promotion technique used;

- Results or how success was measured.

Mini case study 8.1 is an example of the type of information you should find

<end activity>

Mini case study 8.2 : Thistle hotels

This case study shows how objectives can be stated and how these link through to the

execution of the campaign and how its success is evaluated.

Aim of campaign:

- Generate bookings and qualified leads.

- Increase unique users by 25% and to increase business traveller database by 25%

Creative:

Campaign message pushed the central location of Thistles central location and the ease of

booking online. Targeted at business travellers and personal assistants (PAs).

Execution:

Drop-down banner ads were used on Freeserve and Ask Jeeves and e-mails were sent to opt-in

subscriber databases of people interested in business travel. Relevant keyword search terms

were reserved on Ask Jeeves, Freeserve, Streetmap and Yahoo!

Results:

Using data from Engage's DataDNA, Thistle found that revenue had increased by 23% as a

direct result of the campaign. People who saw the ads and did not click on them, but still went

to the Thistle web site and booked, made up half of the bookings. At the end of the campaign,

the number of unique users visiting the Thistle site had grown by 37.5% and the customer database had increased by 98%.

Source: Revolution (www.revolutionmagazine.com), 2001

Offline promotion techniques

Online promotion techniques such as search engine registration and banner advertising often take prominence when discussing methods of traffic building, but we start here with offline traffic building since it is one of the main techniques used to generate site traffic. **Offline promotion** refers to using different communications tools such as advertising and PR delivered by traditional media such as TV, Radio and Print in order to direct visitors to an online presence.

<Offline promotion>

Using traditional media such as TV, Radio and Print to direct visitors to an online presence.

Jay Walker, co-founder of Priceline.com, a online intermediary for travel products has said:

'*Priceline.com has been about building a brand as opposed to building traffic. In advertising, you're building a larger context around who you are as a company. To do that, online advertising just doesn't cut it.*'

In its first 12 months, Priceline.com spent $40 million to $50 million on old-media advertising. This example highlights the importance of offline media in creating awareness and brand-building for start-up web companies. But, what about existing companies who are seeking to

promote their online presence? These companies can modify their existing use of offline media for advertising as explained in the section on incidental and specific advertising.

The offline promotion methods used by existing companies usually involve highlighting the existence of the web site. The normal technique will involve printing the web address (URL) of the web site in a printed or television advertisement. Here, the Internet is acting as an alternative method of facilitating a direct response. Rather than viewers of the advertisement being encouraged to ring a freephone number to give their name to obtain further information, they can be directed to the web site instead. The Internet provides a more informal type of direct response advertising, which may appeal to some people. However, it can be argued that the Internet is not as effective at establishing a dialogue as asking a person to ring a freephone number, in that the phone approach is more immediate and has a better opportunity for capturing a person's contact details. If the customer ventures on to the web they may well be diverted from the advertising organisations site to a competitors site by a search engine or comparison site. This could explain why many financial services advertisements in newspapers often contain a prominent freephone number, but a much smaller web address!

We saw in chapter 1, that one of the key benefits of the Internet as a communications tool, is the ability to target more precisely than traditional media. Visitors to a site or part of site with particular informational content will be self-selecting. For example, a visitor to a used car site can only be interested in purchasing a used car. However, the targeting possible through traditional offline media such as advertising during a niche programme or in a particular trade magazine is equivalent and may be sufficient for an advertiser's needs.

Incidental and specific advertising of the online presence

Two types of offline advertising can be identified: incidental or specific. Reference to the web site is **incidental** if the main aim of the advert is to advertise a particular product and the web site is available as an ancillary source of information if required by the viewer. Traditionally, much promotion of the web site in the offline media by traditional companies has been incidental - simply consisting of highlighting the existence of the web site by including the URL at the bottom of an advertisement. Reference to the web site is specific if it is an objective of the advert to explain the proposition of the web site in order to drive traffic to the site to achieve direct response. Here the advert will highlight the offers or services available at the web site, such as sales promotions or online customer service. Amazon commonly advertises in newspapers to achieve this. Naturally, this approach is most likely to be used by companies that only have an online presence, but existing companies can develop strap lines to use which explain the web site value proposition (chapter 4). Many state *'Visit our web site!!'*, but clearly, a more specific strap line can be developed which describes the overall proposition of the site (*'detailed information and product guides to help you select the best product for you'*) or is specific to the campaign (*'we will give you an instant quote online, showing how much you save with us'*).

<Incidental offline advertising>

Driving traffic to the web site is not a primary objective of the advert.

<Specific offline advertising>

Driving traffic to the web site or explaining the online proposition is a primary objective of the advert.

Publicising the URL offline

There are some specialist techniques of specifying the URL (web address) that can be used to help customers in finding the information they need on the web site. When advertising in traditional media such as a newspaper or magazine it is beneficial not to give as the address the home page, but a specific page that is related to the offline promotion and the interests of the audience. For example:

■ in an American magazine: Jaguar (*www.jaguar.com/us*);

■ in an advertisement for a phone from a company that sells other products: Ericcson (*www.ericcsson.com/us/phones*);

■ for a specific digital camera: Agfa (*www.agfahome.com/ephoto*).

Providing the specific page enables the user to be sent direct to the relevant information without having to navigate through the corporate site – which can be difficult for companies with a diverse product range. A further advantage of using a specific web address is for measuring advertising effectiveness. If there is no other way of navigating to that page on the site, it can then be established how many people arriving at a site on this page have viewed the orginal advertisement. For brand building and establishing the credibility of a site, it is, however, more normal not to give a specific web address.

A similar technique is to use a sub-domain different from the main domain, or to register a completely different domain name, which is in keeping with the campaign, as in the following example:

■ Canon's *www.csci.canon.com/6000* (rather than *www.canon.com*);

■ Honda's *www.drivehonda.com* rather than *www.honda.com*;

■ HarperCollins' *www.fireandwater.com* rather than Harpers and Collins Publishers;

■ NTL *www.askntl.com* to highlight that the site has the answers to questions such as: Who are NTL? What are their services?

Dell and other e-tailers use 'e-codes' in print media to help users find particular products

online by typing in a code.

Public relations

Public relations can be an important tool for driving traffic to the web site if changes to online

services or online events are significant. The days of the launch of a web site being significant

are now gone, but if a site is re-launched with significant changes to its services, this may still

be worthy of mention. Many newspapers have regular features listing interesting entertainment

or leisure sites or guides to specific topics such as online banking or grocery shopping. Trade

magazines may also give information about relevant web sites.

Public relations (PR) activity on the web also offers organisations scope for corporate

communications, sponsorship, publicity and a direct vehicle for communicating press releases.

The Internet provides scope for two-way interaction, clear targeting of key opinion formers

and journalists and the potential for communicating strong corporate brand messages.

The Internet can be used to facilitate traditional methods of PR. It can also be used to

expand the depth and breadth of PR.

Most press agencies now use the Internet as a primary source of information. Press releases

can be sent by e-mail to agencies with which a company is registered, and can also be made

available on a company's web site.

With this new method of PR, a key difference is that a company can talk direct to the

market via the corporate web site. Third party agencies and physical media still have a role,

because of their credibility as independent sources of information and their wider circulation.

Agency information can be supplemented by more detailed and timely information direct from

the corporate web site. Another way in which the new PR is different is that traditional weekly

and monthly publishing deadlines disappear as new stories appear by the minute. This has the

obvious benefit that a company can make an immediate impact and be better aware of the

changing marketing environment. The obvious problem of the new PR is that a company's competitors have these advantages too. So it is likely that there will be an increased need for defensive PR.

Jenkins (1995) argues that one key objective for public relations is its role in transforming a negative situation into a positive achievement. The public relations transfer process he suggests is as follows:

- From ignorance to knowledge;

- From apathy to interest;

- From prejudice to acceptance;

- From hostility to sympathy.

Based on an assessment of the biotechnology sector, Ranchod et al. (2002) suggest that a web site can be used to support each element of the public relations transfer process. Their assessment of biotechnology companies suggested that PR-related web content was provided in these areas: General profile (About Us), Newsletter, Educational information, Special events, Discussion forum, External links and investor relations.

Direct marketing

Direct marketing can be an effective method of driving traffic to the web site. As mentioned in chapter 6 and the section on integrated communications, a web response model can be used where the web site is the means for fulfilling the response, but a direct mail campaign is used to drive the response. Many catalogue companies will continue to use traditional direct mail to mail-out a subset of their offering, with the recipient tempted to visit the site through the fuller offering and incentives such as competitions or web-specific offers.

An example of an offline adverts for an online sales promotion is that reported in Revolution (2000). EasyJet ran its first internet-only promotion in a newspaper in The Times in February 1999. Some 50,000 seats were offered to readers and 20,000 of them were sold on the first day, rising to 40,000 within three days. The scalability of the Internet helped deal with demand since everyone was directed to a Times microsite (www.times.easyjet.com) web site rather than the company needing to employ an extra 250 telephone operators. A subsequent five week promotion within The Times and The Sunday Times newspaper offered cheap flights to a choice of all easyJet destinations 18 tokens were collected. In total, 100,000 seats were sold during the promotion, which was worth more than £2m to the airline.

<end mini case>

Other physical reminders

Since we all spend more time in the real rather than virtual world, physical reminders explaining why customers should visit web sites are significant. What is in customers hands and on their desk top will act as a prompt to visit a site and countering the weakness of the web as a pull medium. This is perhaps most important in the B2B context where a physical reminder in the office can be helpful. Examples, usually delivered through direct marketing, include brochures, catalogues, business cards, point of sale material, pens, etc from trade shows, postcards, inserts in magazines and password reminders for extranets. In a B2C context on-pack promotions can be used to direct customers to web sites. Revolution (2000) reported that Bestfoods the Marmite brand owner wanted to create an on-pack dialogue allowing customers to interact with the brand through the internet. The activity aimed to use the pack space to promote innovative serving suggestions, to increase frequency of use among light users and to build penetration among lapsed users. Point of sales materials can be useful to retailers in promoting online offers for retailers. For example retailers such as Dixon's and WH Smith have successfully used CDs available in-store to build users of their ISP service.

Word of mouth

It is worth remembering that, in addition to the methods above , word of mouth is playing an important role in promoting sites, particularly consumer sites, where the Internet is currently a novelty. A report by Opinion Research Corporation International, ORCI, reported on a study amongst US consumers that showed that the typical Internet consumer tells 12 other people about his or her online shopping experience. This compares with the average US consumer, who tells 8.6 additional people about a favourite film and another 6.1 people about a favourite restaurant! It has been said that if the online experience is favourable a customer will tell 12 people, but if it is bad, they will tell twice as many, so word-of-mouth can be negative also. Parry (1998) reported that for European users, word of mouth through friends, relatives and colleagues was the most important method by which users found out about web sites, being slightly more important than search engines and directories or links from other sites.

   Thus the role of opinion leaders, and multi-step communications with target audiences receiving information about the Internet experience from opinion leaders, the mass media and the Internet, appear to be perhaps even more important in relation to the Internet than for other media. Dichter (1966) summarised how word-of-mouth communications work. To exploit such communications, it is necessary for marketers to use appropiate techniques to target and adapt the message for the opinion leaders when a product or service is at an early stage of diffusion (Rogers, 1983). Viral marketing will often target these opinion leaders to advocates in initial contacts.

Online promotion techniques

In this section we will review approaches to online promotion using the different tools of Figure 8.4, including banner advertisements, e-mail and other methods of linking to sites. These techniques are often combined in what is known as a traffic-building campaign; this is a

method of increasing the audience of a site using different online (and possibly offline)

techniques.

Traffic-building campaign

The use of online and offline promotion techniques such as banner advertising, search engine promotion and reciprocal linking to increase the audience of a site (both new and existing customers).

The relative importance of online promotion techniques is indicated by a European study that

shows that nearly of European marketers are participating in online marketing (Doubleclick,

2001). The study surveyed 3000 marketers from France, Germany, Italy, Scandinavia, Spain

and the UK. In some countries, such as the UK, this increases to 73%. The level of spending as

part of the marketing marketing budget is significant – 49% of UK marketers; 38% of Spanish

marketers, and 39% of Scandinavian marketers planned to spend 15% or more of their total

budget on online marketing in 2001. The types of spend on different communications tools are

as follows:

• In the UK, 58% of marketers use email marketing and 50% participate in targeted banner

advertising

• In Spain, 54% of marketers engaging in email marketing and 37% engaging in targeted

banner advertising

• France is the only country citing higher usage of targeted banner advertising (10%) vs. email

marketing (9%)

Online promotion technique – banner advertising

It can be contended that each web site is in itself an advertisement since it can inform,

persuade and remind customers about a company or its products and services. However, a

company web site is not strictly an advertisement in the conventional sense, since money is not

exchanged to place the content of the web site on a medium owned by a third party. Advertising on the World Wide Web is generally acknowledged to take place when an advertiser pays to place advertising content on another web site. The simplest and most common model of advertising is shown in Figure 8-10, where the advertiser places a **banner advertisement** on a range of sites in order to drive traffic to an organisation's **destination site** or alternately a **microsite** or nested ad-content. These are so-called since they are usually placed across the top of the web page, as shown in Figure 8-11. Access to a microsite or nested ad-content, , occurs when the person undertaking the clickthrough is not redirected to a corporate or brand site, but is instead taken to a related page on the same site as that on which the advertisement is placed. For example, the nappy supplier Huggies placed an advertisement on a childcare site that led the parents clicking on this link to more detailed information on Huggies contained on the site.

The destination page from a banner ad will usually be designed as a specifically created direct response page to encourage further action.

Figure 8-10 Basic model for banner advertising

<Destination site>

The site reached on clickthrough

<Microsite>

A small-scale destination site reached on clickthrough which is part of the media owner's site.

The power of banner advertisements is that they can be readily targeted at particular audience. In Figure 8-11, for example, the banner is targeted at UK customers looking for travel insurance, on the basis of the two keywords they have typed into Yahoo! (holiday insurance). Companies will pay for banner advertising for two main reasons: (a) in the hope that the customer will click on the advertisement and then will be exposed to more detailed brand information on the company's web site; (b) all visitors to a page will see an advertisement, either noting it consciously or viewing it subconsciously. This can help to establish or reinforce brand knowledge.

Figure 8-11 Typical placement of a banner advertisement (www.??.com)

Banner advertisment

A rectangular graphic displayed on a web page for the purposes of advertising. It is normally possible to perform a clickthrough to access further information. Banners may be static or animated.

Measurement of banner ad effectiveness

Figure 8-10 summarises the different terms used for measuring banner ad effectiveness.

Each time an advertisement is viewed, this is referred to as an advertisement or ad impression. Page impressions or page views are other terms used. 'Ad impressions' is used rather than 'hits' since, as explained in Chapter 9, referring to hits overestimates the number of people actually viewing a page. Since some people may view the advertisement more than one time, marketers are also interested in the *reach*, which is the number of unique individuals who view the advertertisement. This will naturally be a smaller figure than that for ad impressions.

Page and ad impressions and reach

One page impression occurs when a member of the audience views a web page. One ad impression occurs when a person views an advertisement placed on the web page. Reach defines the number of unique individuals who view an advertisement.

There is much discussion about how many impressions of an advertisement an individual has to see for it to be effective. Novak and Hofmann (1997) note that for traditional media it is thought that fewer than three exposures will not give adequate recall. For new media, because of the greater intensity of viewing a computer screen, recall seems to be better with a smaller number of advertisements. The technical term for adequate recall is *effective* frequency.

Effective frequency

The number of exposures or ad impressions (frequency) required for an advertisement to become effective.

When a user clicks on the advertisement, he or she will normally be directed to further information, viewing of which will result in a marketing outcome. Usually the user will be directed through to part of the corporate web site that will have been set up especially to deal with the response from the advertisement. When a user clicks on an advertisement, this is known as a *clickthrough*.

Clickthrough and clickthrough rate

A clickthrough (or an advertisement click) occurs each time a user clicks on a banner advertisement with the mouse to direct him or her to a web page that contains further information.

The clickthrough rate is expressed as a percentage of total ad impressions, and refers to the proportion of users viewing an advertisement who click on it. It is calculated as the number of clickthroughs divided by the number of ad impressions.

The purpose of banner advertising

Banner advertising is often thought of simply in terms of its function in driving traffic to a web site, as described in the previous section. There are, however, several outcomes that a marketing manager may be looking to achieve through a banner advertising campaign. Cartellieri *et al*. (1997) identify the following objectives:

- *Delivering content*. This is the typical case where a clickthrough on a banner advertisement leads through to a corporate site giving more detailed information on an offer. This is where a direct response is sought.

- *Enabling transaction*. If a clickthrough leads through to a merchant such as a travel site or an online bookstore the advertisement is placed to lead directly to a sale. A direct response is also sought here.

- *Shaping attitudes*. An advertisment that is consistent with a company brand can help build brand awareness.

- *Soliciting response*. An advertisement may be intended to identify new leads or as a start for two-way communication. In these cases an interactive advertisement may encourage a user to type in an e-mail address.

- *Encouraging retention*. The advertisement may be placed as a reminder about the company and its service and may link through to onsite sales promotions such as a prize draw.

These objectives are not mutually exclusive, and more than one can be achieved with a well-designed banner campaign. Zeff and Aronson (2001) stress the unique benefits of banner advertising as compared with those of other media. Using banners makes it possible to target Internet advertisements to groups of people, sometimes in a more sophisticated way than is possible with other media, as is shown by the example in Mini case study 8.4 on DoubleClick later in the chapter. The response to web-based advertisements can be tracked in more detail than that for advertisements in other media. Zeff and Aronson (1999) also note that a web-based advertising campaign can be more responsive than a campaign in other media since it is

possible to place an advertisement more rapidly and make changes as required. Finally, since the advertisement can lead straight to a web site where more information and interactivity are available it should be possible to convey a more powerful message about a product.

Banner ad formats

Formats for banner ads in which the creative must be displayed is mainly limited in size to the CASIE standards (see …….). The full banner ad is most important. Banner ads are based on .GIF graphic files that are usually hosted on a separate server. To the user, these appear as part of the web page. As for traditional advertising, testing creative is important, but banner ads have the benefit that they can be updated during the campaign in line with click-through response.

The top 10 banner adverts in the US can be viewed at www.nielsennetratings.com, which illustrates the forms of banner and creative techniques seem to be popular.

Banners can be:

- *Static* – they don't change through time

- *Animated* – the norm with a typical a rotation of three to five different images

- *Interactive* – the user can type in an e-mail address to register for information

- *Pop-up* – superstitials and interstitials

- *Rich Media* – using a combination of animation, video or even sound.

We will now review the merits of these different types in a little more detail.

Animated banner advertisements

Early banner advertisements featured only a single image, but today they will typically involve several different images, which are displayed in sequence to help to attract attention to the banner and build up a theme, often ending with a call to action and the injunction to click on the banner. An example is shown in Figure 8-12. This type of advertisement is achieved through supplying the creative elements of the advertisement as an animated GIF file with different layers, usually a rectangle of 468 by 60 pixels.

Figure 8-12 Three different elements of an animated banner advertisement

A further type of animated banner ad is the **overt**. Examples include Microsoft using a butterfly fluttering around the page to advertise MSN and a Raebok campaign of a belly moving around the screen.

<Overt>

Typically an animated ad that moves around the page which is superimposed on the web site content

Pop-up adverts

Pop-up adverts tend to have the biggest impact, but they can also cause annoyance since they sometimes have to be proactively removed. **Interstitials** literally means 'in-between' other screens of information. They are usually displayed as part of the main browser window, for example Yahoo! Mail displays interstitials after you have sent an e-mail. **Superstitials** take the form of an additional 'pop-up' browser window that is displayed when a new web page is opened. Since they have to be removed by the user they are intrusive and have been reported as unpopular. However, some advertisers have found them to be quite effective.

<Interstitial ads>

Ads that appear between one page and the next.

<Superstitials>

Pop-up adverts that require interaction to remove them

Interactive banner advertisements

The use of interactive banners is also increasing. These are intended to add value to the advertisement by providing a service that would normally only be available on the web site. Uses of interactive banners might include:

■ Entering the amount of loan required to give an indication of its cost.

■ Entering the destination of a flight to show the cheapest fare available.

■ Buying a product.

■ Filling in an e-mail address for further information on a product.

It can be seen that interactive advertisements may increase response since someone may fill in the form even though they might not bother to click on an advertisement.

Making banner advertising work

As with any form of advertising, certain techniques will result in a more effective advertisement. Discussions with those who have advertised online indicate the following are important to effective advertising:

1 *Appropriate incentives are needed to achieve clickthrough.* Banner advertisements with offers such as prizes or reductions can achieve higher clickthrough rates perhaps by as much as 10 per cent.

2 *Creative design needs to be tested extensively.* Alternative designs for the advertisement need to be tested on representatives of a target audience. Anecdotal evidence suggests that

the clickthrough rate can vary greatly according to the design of the advertisement, in much the same way that recall of a television advertisement will vary in line with its concept and design. Different creative designs may be needed for different sites on which advertisements are placed. Zeff and Aronson (2001) note that simply the use of the words 'click here!' or click now' can dramatically increase clickthrough rates because new users do not know how banners work! Animated banners, or those that change during a campaign, may also provide a better response.

3 *Appropriate keywords are needed*. Testing is also needed to ensure that the keywords typed into a search engine fit the required profile of audience for the advertisement. An example of this is displaying an advertisement for IBM's Lotus Notes product if the user types in the name of the competing product, 'Microsoft Exchange'. This could appeal to members of an audience who were not loyal to Microsoft.

4 *Placement of advertisement and timing need to be considered carefully*. The different types of placement option available have been discussed earlier in the chapter, but it should be remembered that audience volume and composition will vary through the day and the week.

5 *Consider the clickthrough quality, not just the quantity*. A UK bank stated that having a clickthrough rate of 10 per cent is of limited value if the profile of the person clicking through does not fit a certain investment product. It is much better to have a 0.1 per cent clickthrough rate with a good match, resulting in qualified customers signing up for the new product.

6 *Build the infrastructure to deal with the response*. A successful advertising campaign will naturally lead to visits to the company web site. The content should be right to give the audience what they expect after clicking on the creative components, and the company should be able to follow up any subsequent communications with customers. Are there people in place to deal with e-mails or send out promotional materials?

Ad serving

The term for displaying an advetisement on a web site. Often the advertisement will be served from a web server different from the site on which it is placed.

Buying advertising

Banner advertising is typically paid for according to the number of web users who view the web page and the advertisement on it. These are the 'ad impressions' referred to earlier. Cost is then calculated as CPM or cost per thousand (*mille*) ad impressions.

CPM and run-of-site

Cost per 1000 ad impressions. CPM is usually higher for run-of-site advertisements where advertisements occur on all pages of the site.

When payment is made according to the number of viewers of a site it is important that the number of viewers is measured accurately. To do this independent **web site auditors** are required. The main auditing bodies are:

■ the international auditing body BPA (*www.bpai.com*);

■ Audit Bureau of Circulation, ABC (*www.abc.org.uk*);

■ Internet Advertising Bureau, IAB (*www.iab.net*).

Web site auditors

Auditors accurately measure the usage of different sites in terms of the number of ad impressions and clickthrough rates.

Banner advertising is purchased for a specific period. It may be purchased for the ad to be served on:

- The run-of-site (the entire site);

- A section of site;

- According to keywords entered on a search engine.

Traditionally, the most common payment is according to to the number of customers who view the page as a cost per thousand (CPM) ad or page impressions. Typical CPM is in the range of £10-50. Other options that benefit the advertiser if they can be agreed are per clickthrough or per action such as a purchase on the destination site.

<CPM (Cost per thousand)>

The cost of placing an ad viewed by 1000 people

Other payment models

Cartellieri *et al*. (1997) and Sterne (1999) note that other payment models are possible. They identify payment options as:

- *per exposure* – typically through ad impressions or possibly through the length of time the user views an advertisement;

- *per response* – payment only occurs according to the number of clickthroughs that occur (Pay Per Click);

- *per action* – payment according to a marketing outcome such as downloading a product factsheet, a new sales lead received when the user fills in an online form giving his or her name and address, or an actual purchase placed online.

Media owners and those selling advertising space prefer the CPM/**exposure payment model** since the cost is not related to the quality of the creative content. This model is similar to that used for payment in other media. Media owners are wary of the other two methods since these will be governed directly by the quality of the creative content; if this is poor there would be a low clickthrough, resulting in lower revenue for the media owner. Similarly if the offer is poor or the user is led through to a poor quality corporate site, then there are less likely to be follow-up actions. Media owners point out that the quality of the creative content or the destination web site is beyond their control – their function is merely to deliver viewers to the advertisement. Although initially, media owners were able to control charging rates and largely used a per exposure model with the increase in unused ad inventory, there has been an increase in **results-based payment** methods. Organisations such as Valueclick (www.valueclick.com), now operate ad networks where the advertiser only pays for each response. This advertising model is similar to the affiliate method (see the later section) except that with the affiliate method, the referring site is usually paid a commission based on the cost of the item sold.

<Exposure-based payment>

Advertisers pay according to the number of times the ad is viewed.

<Results-based payment>

Advertisers pay according to the number of times the ad is clicked on.

Mini case study 8.5 provides a snapshot of the current use of different payment models and formats.

Locations for placing banner advertising

Banner advertising is not usually directed at a single site; rather a banner campaign will be organised in which advertisements are placed in a range of locations. Banner advertisements can be placed through traditional advertising agencies since many are now seeking to integrate the Internet into their work. There is also a range of specialist services known as advertising networks that undertake this type of work.

Banner advertising requires a good knowledge of the media owners and their rates. Advertising networks such as Doubleclick (*www.doubleclick.net*) organise co-ordinated campaigns across several sites (*see* the section on advertising networks later in the chapter). There are three main different locations for placing banner adverts. These alternatives will now be examined in more detail, in order to understand why the different alternatives are used. The main criteria on which the sites are chosen for advertising will of course be the size of the audience (or reach) and the composition of the audience. The three main types of locations are:

1 Portals

It was shown in Chapter 4 that there are different types of portal, but they are similar in that they all tend to have large audiences who visit the portals to gain access to the information on the Internet. This may be through search services such as Excite (*www.excite.com*) or AltaVista (*www.altavista.com*), or more structured directories such as Yahoo! (*www.yahoo.com*) or Yellow Pages (*www.yell.co.uk*). Alternatively the portals may be the home pages of ISPs such as AOL, Freeserve or VirginNet (*www.virgin.net*), to which the ISPs' users are directed when they first join the Web. By placing banner advertising on the home page of portals, advertisers get access to large but relatively undifferentiated audiences. This is similar to an advertiser placing a traditional advertisement in a prime-time television slot. A banner advertisement placed to reach a large, but non-specific, audience will be that displayed when the user first visits the portal. Yet portals offer greater advertising potential than other media since it is possible for companies to place specific advertisements that are related to the keywords that the user types

in when performing a search. For example, if a user types in 'cheap flights', an airline such as British Airways or a flight broker can pay to display their banner advertisement. This has the benefit that the advertisement is delivered to an audience that is pre-qualified as being interested in it. This is much less easy to achieve in other media, although it is possible to place advertisements in keeping with a special-interest programme, such as golf club advertisements in a live broadcast from a golf competition.

2 Generalised news services

It can be argued that news services overlap with the other two categories described here, but news services are presented separately since this type of site is commonly used. Such services are similar in audience to portals in that they have quite large audiences, but the audiences are arguably better differentiated, in that a certain type of person is likely to visit a certain type of news site. For example, the audience of the *Sunday Times* web site or the *Electronic Telegraph* web site is likely to be similar to that of their real-world equivalent. On this type of site, banners are not usually offered in response to keywords, but advertisements may be varied according to which section of the online newspaper is being read.

3 Specialised interest site

This category covers a range of sites, but special interest online magazine sites are popular for banner advertising. Examples could include:

- men's lifestyle magazines – *FHM*, *GQ*.

- women's lifestyle magazines – *Vogue* and *Tatler*.

- science Fiction – *Fortean Times*.

- 'vertical portals', for example the online computing trade press – *Computer Weekly* and *Computing*.

Novak and Hoffman (1997) also identify three major types of advertiser supported sites. These are:

1 Sponsored content sites such as newspapers.

2 Sponsored search engines such as Infoseek and Excite.

3 Entry portals such as Netscape.

As noted above, it is increasingly difficult to distinguish between the second and third types identified by Novak and Hoffman, so it is felt that the classification mentioned given in this chapter is more appropriate for the type of sites on which advertisement placements occur.

To target a particular segment with a banner ad, the following options are possible:

- Purchasing on a site (or part of site) with a particular visitor profile

- Purchasing at a particular time of day or week

- Buying a keyword-based advert on a portal

Banner ad campaigns can be rated by:

- Reach (the percentage of web users who see the advert)

- Recognition (Spontaneous and prompted recall of advert from web users)

- Clickthrough

- Traffic quantity (thousands of visitors)

- Traffic quality (those who proactively use the site)

- Cost

Advertising networks

Advertising networks are collections of independent web sites from different companies and media networks, each of which has an arrangement with an advertising broker to place banner

advertisements. The advantage for the companies that are part of the network is that they do not need to deal directly with different companies wishing to advertise on their site. They simply have the broker, who acts as a single contact point. In addition, they do not need to manage the technical process of serving banner advertisements and monitoring their usage. Companies wishing to place advertisements benefit by being able to deal with a single agency, or broker. Mini case 8.4 shows DoubleClick, one of the best known advertising networks, which operates both in the USA and through worldwide franchises. The network offers advertisements in a range of different areas such as automotive, finance, health and entertainment.

Mini case study 8.4

The DoubleClick advertising network

Figure 8-13 The DoubleClick advertising network site, showing affiliated sites in the Entertainment category

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DoubleClick offers advertisers the ability to dynamically target advertisements on the Web through its 'DART' targeting technology. This gives advertisers a core objective – that of reaching specific audiences. There are four basic categories of targeting criteria:

1 *Content targeting.* Allows placement of advertising message on a particular interest site or within an entire interest category such as:

   ■ Automotive

   ■ Business and Finance

   ■ Entertainment

■ Health

■ News, Information and Culture

■ Search, Directories and ISPs

■ Sports

■ Technology

■ Travel

■ Women and Family

2 *Behavioural targeting*. An audience can be targeted according to how they use the Web. For example, advertisers can select business users by delivering advertisements on Monday to Friday between 9 and 5, or leisure users by targeting messages in the evening hours. Behavioural targeting includes psychographic aspects of advertising. For example, it has been shown that the impact of advertisements tends to decline after they have been viewed three or four times. It is possible through DoubleClick to save money on the total number of ad impressions by showing an advertisement to an individual up to a maximum number of times.

3 *User targeting.* This enables advertisements to be placed according to specific traits of the audience including their geographic location (based on country or Zip code), domain type (for example, educational users with addresses ending in .edu or .ac.uk can be targeted), business size or type according to SIC code or even by the company for which they work, based on the company domain name.

4 *Tech targeting*. This is based on user hardware, software and Internet access provider. For example, engineers tend to use UNIX operating systems and graphic designers tend to use Macintosh systems.

Mini case study 8.5 – a snapshot of Internet advertising practice

Level of expenditure

Expenditure on Internet advertising in the first nine months of 2001 stood at $5.55 billion. This was a slight decline compared to the previous year, but smaller than in the reduction in offline advertising expenditure.

Categories of advertiser spend

The consumer-targeted category continues to be the largest overall segment with the retail

segment of this being the largest:

- Consumer , 29%

- Computing , 19%

- Business Services , 10%

- Financial Services , 12%

- Media , 14%

Pricing model

There has been an increase in the use of performance payment models, but the exposure model

is still predominant.

- Straight CPM (Cost per thousand), 48%

- Hybrid , 39%

- Straight Performance (Payment according to click-through), 13%

Ad Formats

The range and relative popularity of different Internet advertising formats is indicated by an

IAB report of the US marketplace for Q3, 2001 (IAB, 2001):

- Banners (standard banners), 35

- Sponsorships (sponsorship of a site or part-site), 25%

- Classifieds (equivalent of traditional adverts), 17%

- Slotting Fees (the fees charged for premium ad placement and/or exclusivity), 7%

- Interstitials/Superstitials) specialised format ads **,** 3%

- Key Word Search (banners served in response to search engine keywords) **,** 5%

- Rich Media (animated and audio components to banners)**,** 3%

- Email (banners in newspaper adverts)**,** 3%

- Referrals, 2%

Source: IAB (2001)

How effective are banner ads?

A key question that marketers have asked since the first use of banner ads is: 'How effective are banner advertisements in comparison with other media?' In a study conducted in 1997 for the Internet Advertising Bureau (*ww.iab.net*) in the USA, MBinteractive (*www.mbinteractive.com*) concluded that 'online advertising is more likely to be noticed than television advertising'. It was suggested that advertising banners performed so well because of the lower advertisement-to-editorial ratio on web pages (typically 90 per cent text to 10 per cent advertising for a single banner advertisement on a page) and because web users use the medium actively rather than passively receiving information. Boyce (1998) notes that for a television audience, the proportion who actually watch the advertisement may be as low as 25 per cent! Further evidence on the effectiveness of the Web for advertising, in comparison with television, is provided by an IPSOS-ASI survey published in February 1999, which suggested that banner advertisements and television advertisements are equally memorable. This conclusion was based on a survey of 7000 US consumers testing their recall of 45 banner advertisements on AOL sites, across a range of categories. The study tested consumers' advertisement recall after one viewing. It found that while 41 per cent recalled a 30-second television commercial after one viewing, 40 per cent recalled a static online banner advertisement. However, Marianne Foley, senior vice president of IPSOS-ASI Interactive,

acknowledged that the study does not take into account the advanced features of advertisement impact such as communication and brand imagery and persuasion. More recent studies, however, indicate 'banner blindness' we subsconsiously filter-out adverts.

The death of banner advertisements has been forecast since their first use, but the global value of banner advertising has increased year on year. According to eMarketer (2002), although advertising in print, TV and radio is not predicted to increase over the next few years, it is predicted that the US online advertising market will grow from $7.9 billion in 2001 to $18.8 billion by 2005. However, online advertising still represents only 3% of the total US ad market. In Europe there is a similar picture of growth with IABUK (2001) reporting that the total online advertising expenditure figure for all participating European member states in 2000 was £1.2 billion, an increase of more than 700% from a figure of £164 million in 1999. Figures in individual countries are UK £154 million, France £96.2, Italy at £85.2 million, Germany £56.8 million, Netherlands £23.7 million and Belgium £8 million. Again the overall figure is a small percentage of total advertising at 1%.

One argument for why banner ads will decline in importance is that there is currently a 'novelty value' in banner ads. New Internet users of which there are millions each month, may click on banners out of curiosity or ignorance. More experienced users tend to filter out banner adverts concentrating mainly on the text content of the site where the ad placement is. Data at e-marketer (www.emarketer.com) shows a dramatic decline in average clickthrough rate from over 2% to less than 0.2% through time. Much ad inventory also remains unsold suggesting that supply outstrips demand. The counter-argument is that new large ad formats such as skyscrapers, interstitials and rich media techniques will be more effective than traditional banner advertisements.

Despite negative reporting of the effectiveness of banner advertising, clearly banner ads are still found to be cost effective by some advertisers. Mini-case study 8.6 provides some insight into how consumers perceive banner ads. Marketers will likely rise to the challenge to increase the effectiveness of banner advertising. A range of approaches will likely be used to increase the effeectiveness of advertising. Such approaches include the use of larger format ads such as skyscraper ads and interstitials, the use of text ads (see case study 8.2) and more use of rich media adverts particularly once broadband Internet connections become more widespread.

Mini-case study 8.6 Dual standards of banner ads

Over half of internet users agree that "all web advertising annoys me" but two fifths have clicked a banner in the last month, with heavy users clicking more. Increasing it's contribution to traffic numbers, TV advertising has become more effective over the last year.

On balance internet users have a negative attitude to web advertising, with nearly half of all users agreeing with the statements: "I think quite a lot of web advertising is devious" and "nearly all web advertising annoys me". The remainder of respondents either disagreed with these statements or were neutral. Heavy internet users and more experienced users are more likely to agree with these negative statements.

Only a fifth of internet users expressed agreement with positive statements about web advertising such as: "I find web advertising interesting" and "I find web advertising entertaining".

When asked, nearly two-fifths (37%) of internet users claim to have been prompted to visit a website by a banner ad during the last month. This suggests that whilst banners may be seen in a negative light by some, they are useful to many and do drive traffic to sites. It is worth noting however that 12 months ago this figure was just over a half (51%) so banner ads do appear to be declining in value to net users.

Heavy and more experienced users are more likely than other users to have clicked on banner ads in the last month, which suggests they still respond to banners and find them useful. However, given the amount of time these people spend online and the high exposure they have to banner ads, we would expect them to click on far more banner ads than they do. This group clicks on a much smaller proportion of the banners that they see. Therefore, both their overall attitude and actual behaviour towards web advertising is negative relative to less frequent and less experienced users.

According to Internet users, TV adverts have increased in effectiveness over the last 12 months in terms of generating site visits. The relative novelty of banner ads is wearing off whereas TV creative treatments are increasing their appeal.

Source: BMRB (2001)

Online promotion method – affiliate networks

An **affiliate network** is different from an advertising network although the broad aim of the two is the same: to use graphic or text link advertisements placed on many sites to generate traffic by referring links to a destination web site. The use of affiliate networks is best illustrated by the example of the Amazon bookshop, which is perhaps the best exponent of this online marketing technique. According to Schiller (1999), Amazon has over 300 000 affiliates, who offer small banner advertisements on their sites that when clicked will take the user of their site through to the Amazon site (*www.amazon.com*). The network includes many major portals, for example, Yahoo! (Fig. 9.2). Each partner earns up to 15 per cent commission every time a customer clicks on the advertisement and then buys a book or other item at Amazon. Amazon claims that nearly a quarter of its revenue is derived in this way, which illustrates the effectiveness of this method. This is effectively a no-cost method of advertising or one in which payment is only made where there is a definite outcome – the purchase of an item.

Affiliate network

Collection of web sites that link to an online retailer in exchange for commission on purchases made from the retailer.

Links to Amazon also occur on portals such as Yahoo! (*www.yahoo.com*), where links to Amazon are given according to the types of keywords typed in. Further examples of affiliate marketing are supplied in case study 8.1.

Case study 8.1 Affiliate marketing

There Is safety in numbers. At least, so hundreds of thousands of websites are hoping. Faced with a softening advertising market and rabid price competition driving yields ever lower, many are choosing to band together in schemes known as affiliate marketing, in the hope that, by combining forces, they can attract a greater share of the dwindling marketing dollars.

Simply put, affiliate marketing means sites of a vaguely similar nature clubbing together to accept the same set of ads from advertisers. For the advertisers, it looks like a convenient way of getting greater exposure - instead of having to go and hunt out sites with the kind of visitors they want to target, they can gain access to groups of suitable sites at one swoop.

For the sites, it's convenient because they are fed ads through their affiliate networks, instead of having to go out and laboriously track down the advertisers themselves. It is easy to see the appeal.

"Affiliate marketing is a good thing," declares Staffan Engdegard, analyst at Jupiter MMXI, the internet research specialist. "It's especially good for smaller sites, which wouldn't be able to sell to big advertisers otherwise, and it's good for advertisers, because they would find it too time-consuming to go out and find these smaller sites, and to manage (their relationship with) them."

There is no shortage of affiliate networks to agree with him. Commission Junction, which claims to be the world's biggest such network with 470,000 sites affiliated to it, UK Affiliate, with 48,000 sites, and a host of smaller names are targeting the UK.

These middlemen claim to take the hassle out of marketing for advertisers. Adrian Moss, group managing director of the Deal Group, parent of UK Affiliates, says: "We tell the clients just what to do - breathe in, breathe out - we take the targeted banner creative off them and (put it) in the most efficient sales route."

Advertisers are always in charge, stresses Susan Kingston, business development manager at Commission Junction.

"Advertisers can either handpick the sites from our network or it can be automated, but at any point, they can reject any sites that they do not feel fit with their brand values," she explains.

While it is easy to see why sites desperate to get rid of their excess ad space at any price should find affiliate marketing attractive, it could turn out to be a dangerous game. The risk is that this method of selling advertising merely cheapens the whole web as a medium, driving down prices even further.

In addition, affiliate networks - where ads are dished out to thousands of websites that share only vague connections in content and audience profiles - seem to make a mockery of that prized tenet of web advertising: the ability to personalise and closely target ads to exactly the demographic you seek.

The most important aspect of affiliate marketing, however, is its close association with the pay-per-result model. This strikes right to the core of the key debate on internet marketing: how should the medium be priced for advertisers?

Pay-per-view, where advertisers pay according to the number of people who see their ads, and click-through rates, where they pay according to the number of people who click on the ads, used to be the standard method of calculating payment. The problem is that people don't click on banner ads any more.

So media sellers deriving commissions on the basis of click-through rates are finding the bottom falling out of their market. Finding they have the advantage, advertisers have pushed this model further and are frequently refusing to pay for mere click-through and demanding deals where they only pay where a purchase is made or a customer requests further information.

William Hill, the bookmaker, for instance, pays between £10 and $20 for new accounts generated through UK Affiliates.

Paul Longhurst, chief executive of media buyer Quantum Media, sums it up: "This is OK for small sites that have good quality visitors where users spend significant amounts of money on their (interests). But in the bland dotcom world, this model is not going to help sites out of their problems."

There is no reason why affiliate networks have to tie their fate to per-result payment methods. In theory, at least, advertisers should be willing to pay for the exposure of their brands on a wide range of websites, based on the number of visitors they garner, irrespective of whether those visitors go on to make purchases. But as advertisers have used their muscle to squeeze concessions from hard-pressed internet sites, the two terms have become synonymous in the minds of many web experts.

"Affiliate marketing is very focused on performance-based pricing," says Engdegard. The Deal Group's Moss goes further: "Affiliate marketing means performance-based pricing." Do advertisers really need affiliate networks on any other basis than pay-per-results? Probably not. It's not as if there is a shortage of websites with cheap ad space, forcing the would-be advertiser to ferret through the undergrowth of the web in the hope of finding an unused banner space.

For struggling sites, affiliate marketing may not be the lifeline it seems. The higher value websites will tend to shun affiliate marketing deals anyway because they detract from the value of their carefully cultivated brand identity. Only smaller sites will really benefit from

affiliate schemes, and these mass, commoditised deals with their meagre returns may not be enough to save them. Drowning men may cling together, but it doesn't make them any more able to swim.

fiona.harvey@ft.com

Source: Financial Times, 2001

SURVEY - CREATIVE BUSINESS: Affiliate marketing Financial Times; Jul 31, 2001 By FIONA HARVEY

Questions:

1. Distinguish between affiliate networks and banner advertising networks.

2. What are the benefits of affiliate networks in comparison with advertising networks.

<end case>

Online promotion technique – Search engine registration and optimisation

Portals, which include **search engine** and **directory** services are the primary method of finding information about a company and its products. Over 80% of web users state that they use search engines to find information. It follows that if **search engine registration** has not occurred for an organisation, then traffic volume will be less than optimal.

<Search engine registration (submission)>
A request to a search engine that a site be included within its index

Search engine

Provides an index of content on registered sites that can be searched by keyword.

Directory or catalogue

Provide a structured listing of registered web sites and their purpose in different categories.

How do search engines work?

Search engine users are most likely to select site to visit that are near the top of a **search engine listing or ranking** – typically within the first screen.

<Search engine listing>

The list of sites and descriptions returned by a search engine after a user types in keywords

<Search engine ranking>

The position of a site on a particular search engine, e.g. 3rd.

To optimise your position in different search engines, it helps to understand the basis on which search engine listings are generated and ordered. By understanding this you can boost your position higher than your competitors and so achieve higher levels of traffic. Search engines compile an index by sending out **spiders** or **robots** to crawl around sites that are registered with that search engine (Figure 8-14). The spider compiles an index containing every word on every page against the page address. It weights the index according to different parameters and then stores the index as part of a database on a web server. This index is what is searched when potential customers type in keywords. Danny Sullivan, editor of respected Search Engine Watch (www.searchenginewatch.com) says:

'*Search engines prefer "big, dumb and ugly pages*'

He also emphasises the importance of the title HTML tag (<TITLE>), he says:

'*After the page content itself, the title tag is the most important. Keep the title short, attractive, and enticing, and it will work well both for search engines and people reading a description of your page*'.

Figure 8-14 Stages involved in creating a search engine listing

Employees who are involved with promoting a web site, will want to optimise its position in listings from different search engines, aiming for it to be within the top 10 for certain keywords, so some of the factors that impact this are outlined here. There are five main parameters on which search engines base the order of their ranking. These are mainly based on how well the keywords typed in by the searcher match against the same words on the page of your website. They are summarised in Table 8.2 in approximate order of importance, but note that some such as frequency of occurrence and links-in are becoming more important. For a review of current techniques refer to www.searchenginewatch.com. There now many specialist search engine optimisation **companies.**

Figure 8-15 gives an example of the increase in traffic that can be achieved through search engine optimisation.

<Search engine optimization (SEO)>

A structured approach used to increase the position of a company or its products in search engine results according to selected key words

Figure 8-15 Variation in number of requests from .co.uk sites before and after search engine optimisation. Source: Senior Internet (www.senior.co.uk)

Directories

Web directories or **catalogues** are constructed and presented differently to search engines. Directories are not constructed automatically by robots and spiders, but are human generated. A human being will place each reference to a site in a category. After you submit your URL to a site such as Yahoo! it will be reviewed by a human and then included if it is thought to be of a suitable standard. Another difference is that directories do not give comprehensive access to all web pages. When you search a directory, you are not searching the entire web, but the list of company names, categories and for Yahoo!, the 25 word description of the site. Yahoo! Is notoriously difficult to be listed on, so it may be worthwhile arranging for a third-party to do this for you.

Meta tags

Key words that are part of an HTML page that result in a higher search listing if they match the typed keyword.

Table 8.2 Techniques to boost position of a web site in search engine listings

Factor	Description	Interpretation

1. Title	The keywords in the title of a web page that appear at the top of a browser window are indicated in the HTML code by the <TITLE></TITLE> keyword.	This is significant in search engine listings since if a keyword matches a title it is more likely to be listed highly than if it is only in the body text of a page.
2. **Meta-tags**	These are part of a web page, hidden from users, but used by search engines when robots or spiders compile their index. There are two types of meta tag. Example <meta name="keywords" content="book, books, shop, store"> <meta name="description" content="The largest online book store in the world.">	In most search engines, if a keyword is typed in by the user that matches the meta-tag on a site, then this site will be listed higher up the search engine listing than a site that doesn't use meta tags.
3. Frequency of occurrence	The number of occurrences of the keyword in the text of the web page will also determine the listing. Higher listings will also occur if the keyword is near the top of the document.	Copy can be written to increase the number of times a word is used and boost position in the search engine. **Doorway pages** which feature relevant key words are used to attract visitors segments with a particular interest.
4. Hidden graphic text	For example text about a company name and products can be assigned to a company logo using the 'ALT' tag as follows:	A site that uses a lot of graphical material or is less likely to be listed highly, but

	<IMG NAME= 'Logo' SRC= 'logo.gif' ALT="The B2B Company for chemical products">	it is essential that the hidden graphic text keyword is used.
5. Links	Some search engines rank more highly when keywords entered are included as links. Others such as Google rank you more highly when then there are links in from other sites.	A link building campaign can help increase position in search engines also

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<Doorway pages>

Specially constructed pages which feature keywords for particular product searches. These often redirect visitors to a home page.

Site registration and search engine optimisation are not straightforward - there are a number of barriers that make this difficult:

1   The site has to be registered with each of the main search engines, and there are hundreds of potential search engines that customers may use. In practice it is only necessary to be listed in all the main search engines. Typically the Top 10 will cover over 95% of all search engine traffic.

2 Each of the search engines uses different criteria such as those of table 8.2 to order the list of results or 'hits' associated with the keywords the user types in.

3 The techniques used to register and the procedures for producing the listings vary through time, so a repeat registration with a search engine may be necessary quite frequently.

4 There are a large number of web sites indexed by search engines. The webmaster may be competing for visibility with more than 1 billion web pages, as listed in Google. Imagine the

position of a company selling home insurance: if a user types in the keywords 'home

insurance' there may be hundreds of companies offering this service, but users are not likely

to view any more than the first ten in the search engine listing. Colborn (2002) uses the

examples of the search term 'flights'. He says:

'*Optimising the keyword 'flights' will not necessarily drive searchers who are looking to*

buy a ticket. Instead you could receive traffic from people wanting to know a range of

possible enquiries such as flight times, flight arrivals, flight destinations not just

purchasable flight tickets. The term 'flights' is one of the most expensive cost per click terms

available and based upon the variables mentioned above may not necessarily yield the most

lucrative return on investment from the received click through amount'.

If instead a more targeted keyphrase or search term such as 'online flight tickets uk' is used he

says:

'*Optimising the keyphrase 'online flight tickets uk' will not drive nearly as much traffic as the*

example of 'flights' given above, however, this phrase targets individuals looking for flight

tickets online and has segmented the search market by using the uk suffix. Therefore, despite

the traffic levels being lower your average cost per click will be less and those who do click

are better qualified searchers actually wanting to buy tickets online'.

6 Note also that dynamic content generated 'on the fly' when a user requests a page from a

database will not be featured at all in the search engine index. Similarly Flash components of a

site will not be indexed. Information from a database can be mirrored on a server where it will

be indexed by search engines. This is sometimes referred to as **deep linking**. An example of

such as service is provided by Excedia (www.excedia.com). The use of frames (chapter 7) can

make it difficult for search engines to index a site. Information on the subsidiary frames is not available in the home page for indexing. No relevant words such as holidays or flights are available on which the search index can build its index.

<Deep linking>

Search engines index a mirrored copy of content normally inaccessible by search engine spiders.

   Given these difficulties, many companies find that the webmaster may not have the time to keep up with the changing techniques, so a better solution is to outsource the promotion of a site through search engines to other companies. For example, in the UK the following companies offer what they call 'traffic-generating' or 'visibility' programs:

- Sitelynx (*www.sitelynx.co.uk*);

- Web Promote (*www.webpromote.co.uk*);

- Web Marketing (*www.web-marketing.co.uk*);

- Hyperlink Services (*www.hyperlink.co.uk*).

A monthly payment will ensure that a company and its products are visible via search engines and may include other services such as ensuring links refer to the site from other web sites (other than search engines). Companies or individuals who are unable to pay for such a service can register manually, or use free submission engines which provide submission to several search engines.

Paid for search engine positioning

There has been a dramatic shift from free registration with search engines to paid for

placements where companies pay to be listed with search engines. Two distinct types of

payment scheme operate:

1. *Express inclusion schemes*. Here, search engine companies charge to rapidly index and

include a new site registration in their listing. Alternatively, the company wishing to register

may have to wait several months. For example, Yahoo! now requires payment for rapid

inclusion in its directory listings. There are relatively few companies that do not now operate

in this way, although Google is one of them.

2. *Payment by position or Pay per placement programmes*. Here, the more a company pays to

the search engine owner, the higher their ranking. The most widely used services are Overture

(www.overture.com) and Espotting (www.espotting.com). Figure 8-16 shows how companies

who bid the most money are placed at the top of the list resulting in a higher probability of the

customer clicking through. If this is an explicit arrangement where the consumer is aware why

the company is top, this may not be a problem. However, often the user of the service may not

be aware they are using a payment by position search engine. For example, Overture search is

used on Freeserve (www.freeserve.com) although the users may believe the top listing is for

the most relevant company. In Yahoo! (www.yahoo.co.uk) Espotting sites are clearly featured

as sponsored links.

Figure 8-16 Espotting (www.espotting.com)

Case study 8.2 Options for building traffic from Google.com

Just inside the front doors of Google.com's Silicon Valley headquarters, real-time queries

entered by the search engine's 12m-odd users stream by on the wall above the receptionist's

head - "flamingos", "cataract surgery complications", "JPEG file plug-in filter", "greetings,

earthlings", "watermelon pickle", and ". . . Anna Kournikova pictures".

Internet user surveys have revealed that Google's users enter these queries because of its uncanny ability to offer accurate results on its first page of returns. In April, according to internet marketing company Jupiter Media Metrix, Google reached a milestone when - for the first time - it was named the number one US search engine, beating rivals such as AskJeeves, GoTo and AltaVista.

Google has 200 employees, and investment bankers believe its revenues could reach Dollars 50m in 2002. It is thought that given comparable valuations, the company could achieve a market capitalisation of Dollars 250m.

Google is now hoping to parlay its domestic popularity into a larger international presence. It has recently struck deals with companies such as the UK's Vodafone, Fujitsu of Japan's Nifty, NTT DoCoMo, as well as Malaysia's E-Chilipadi, to provide its search capabilities to international desktop and wireless users. It is also opening its first overseas offices for advertising in the UK, Germany and Japan.

Omid Kordestani, vice-president of business development and sales, admitted Google's wireless deals were not meant as an immediate revenue builder. "We're focused on (wireless) as a place where the customers are," he said.

While industry insiders and users agree that Google is the best search engine, the challenge still remains: how to monetise search.

The company relies on two revenue streams, advertising and licensing. By running text-based ads instead of banner ads, Google has eschewed a staple of online advertising, and user response suggests it is on to something. It claims it achieves click-through rates four to five times the industry average, which is roughly 1 per cent.

"I think the guys at Google are being extremely smart," says Louis Monier, founder of AltaVista. "Instead of banner ads and making your site look like the side of a race car, they are staying with the small text advertisements."

The balance of Google's revenue comes from licensing its search technology to companies such as Yahoo, AOL/Netscape and Cisco, along with the recent international deals it has forged. Yahoo's decision last year to adopt Google's search engine was a huge validation of Google's technology.

Its technological lead is thanks to its co-founders, Larry Page and Sergey Brin. While pursuing their doctoral degrees, the two realised that the existing search technology, which was based on text searches within web pages, returned too many irrelevant results. They devised an algorithmic formula, called link analysis, to streamline searches, a method that used internal links within relevant web pages to determine results.

This initial focus on technology has remained central to philosophy, Mr Kordestani says. "We still view ourselves as a start-up. We feel we can't take our eyes off the ball."

He says Google sees search as an ever-important tool, one that will only gain importance as the number of web pages increases. (The name Google itself is a play on this. It is based on "googol", the number one followed by 100 zeros).

Unlike previous search engine leaders such as Alta-Vista, which stumbled when it tried to be all things to all people and lost focus, Google has kept its brand synonymous with search, Mr Kordestani says.

For the moment that strategy appears to be paying off. Google has said it expects to be profitable by the third quarter this year. However, unlike many other dotcoms, Google has so far resisted the temptation to go public.

Silicon Valley venture capital heavyweights John Doerr and Michael Moritz, of Kleiner Perkins Caufield & Byers and Sequoia Capital respectively, are investors and sit on Google's board. For now it appears Google's cash position is strong enough to ride the slowdown. (As a private company Google does not release financial details). Rumours of an initial public offering swirl through the Valley, but the company, while saying it will eventually go public, will not say when.

Keeping eventual investors happy, of course, will be Google's biggest challenge, and that means growth in a dotcom market still defining itself. "You can probably build a nice little company based on web search technology," Mr Monier cautioned, "but you can't build an empire on it."

Source: Financial Times (COMPANIES & FINANCE INTERNATIONAL: Financial Times; Jun 9, 2001By MATTHEW LEISING

Question:

Evaluate the business model of Google in the context of online buyer behaviour.

Online promotion technique - link building

Given the large number of web sites indexed in search engines and the difficulty this causes in providing visibility for a web site, it is important for companies to consider other low-cost methods of generating web site traffic. A relatively straightforward method is for them to make sure that their site has links from as many other related sites as possible, using hyperlinks. This is sometimes referred to as a '**link-building campaign**'. A good starting-point for this process is to see how many sites are currently linking to a given site. There are two methods for achieving this. First, a log-file analyser program such as WebTrends (*see* Chapter 9) can be used to indicate what are known as the *referring sites*. Second, some search engines such as AltaVista and Infoseek provide a facility that allows the user to type 'link:' followed by the URL, which then lists other web sites that are linked to the site specified.

<Link building campaign>

A structured approach to gaining as many links as possible from other web related web sites.

Techniques that can be used to increase the number of links include:

- *Reciprocal links*. These are two-way links agreed between two organisations and another organisation. They have the benefit that they are free. A web ring is a similar arrangement involving more than two sites.

- *PR – content mentions*. If links to your site are featured in media sites like online newspapers or trade magazines, then this will also increase traffic.

- *Affiliates*. **Affiliate networks** are widely used by e-tailers to drive traffic to a site. Reviewed in previous section.

- *Sponsorship*. Paid for sponsorship of another site, or part of it, especially a portal for an extended period is another way to develop permanent links. Co-branding is a similar method of sponsorship and can exploit synergies between different companies, but is a reciprocal arrangement.

- *Banner advertising*. This technique is widely used by large B2C companies to drive traffic to their sites and has been explained in a previous section.

- *Price comparison portals*. For companies selling commodity products using e-commerce is to ensure that the products are listed on infomediary or portal sites offering product and price comparison. The promoter of a site needs to check that a company's products or distributors selling its products are represented in as wide a range of these as is practical.

Reciprocal links

A free exchange of links between site owners

Co-branding

An arrangement between two or more companies where they agree to jointly display content and to conduct joint promotions using brand logos or banner advertisements.

Co-branding or promotion partnering is seen as a cost-effective method of promotion, which can be used for longer periods than banner advertisments. The practice has become so widespread that *Revolution* magazine now has a monthly feature that lists co-branding arrangements. Examples from the June 1999 'dealwatch' include:

■ *WhatCar* magazine and *AutoHunter* have joined together to encourage online car sales through reciprocal links between their sites (this is an example of two-way co-branding).

■ The British Tourist Authority has signed a contract with Avis to offer visitors to the BTA web site special offers on UK car rental. The deal involves banner advertisements and sponsorship on 29 pages of the BTA sites linking to a special offer page on the Avis site (this is an example of one-way co-branding).

■ The portal and ISP, AOL UK, has formed links with the online wine retailer Chateau online and the travel agency Thomas Cook, who are both 'anchor tenants', providing promotion of both companies in the relevant shopping channels.

Sponsorship, as well as taking the form of a promoter sponsoring a site, for example the sponsorship of the Guardian site (*www.footballunlimited.co.uk*) by the brewer Carling, which also sponsors the Football Premiership, can also make use of opportunities for involving individual personalities in sponsorship. For example, an investment bank in the Isle of Man sponsored a round-the-world yachtsman. This generated a lot of traffic to the bank's site amongst people interested in yachting, who also had the correct profile for investing (mainly mature, with high disposable incomes). It can be seen from these examples that there needs to be good synergy between the sponsored site and the sponsor for it to be effective. The motoring information organisation TrafficMaster, which provides traffic news and co-branding on the Vauxhall car site, is a good example of such synergy.

Online promotion technique – e-mail marketing

E-mail is increasing in importance as part of the online communications mix. A Doubleclick (2001) reported shows that in most European countries, more is spent on e-mail marketing than banner advertising.

E-mail is a significant communications medium since it is widely used. Surveys in many countries show that it is a significant method of Internet communication. For example ONS (2001) shows that, in the UK, 71% of Internet users use e-mail. Globally, around four billion e-mail messages are sent daily, not to mention 300 million SMS messages.

The impact of e-mail on the modern organisation can also be significant. Iconocast (2001) reported that Dell Computer achieve more than $1 million in revenue per week through e-mail marketing campaigns. Each month in 2000, Dell received 50,000 e-mail messages and 100,000 order-status-requests. This example shows that when devising plans for e-mail marketing communications, marketers need to plan for:

- **Outbound e-mail marketing**, where e-mail campaigns are used as a form of direct marketing to encourage trial, purchases and as part of a CRM dialogue.

- **Inbound e-mail marketing**, where e-mails from customers such as support enquiries are managed.

<Outbound e-mail marketing>

E-mails are sent to customers and prospects from an organisation

<Inbound e-mail marketing>

Management of e-mails from customers by an organisation

E-mail can also be used for paid-for advertising since it is possible to buy space for an advertisement within an e-mail newsletter or sponsor it. Such newsletters have the benefit

that they are highly targeted, and the audience will view the advertisment as part of the e-mail (although they may skim over it). Such advertising can be text based, or graphical depending on whether the e-mail is HTML based. An example is the Search Engine Watch newsletter (from *www.searchenginewatch.com*), an e-mail newsletter that gives advice on how to boost a site's position in search engines and is read by over 100 000 marketers and webmasters. We will not discuss advertising in other organisations further in this section since the issues are similar to banner advertising. Instead we will focus on e-mail campaigns and management of inbound e-mail.

Note that the web site is a vital part of integrated e-mail marketing as explained in Figure 6.4. It is used to collect e-mail addresses as part of permission marketing and manage responses to e-mail address on a **landing page** or microsite. Additionally e-mail campaigns can be integrated with direct postal campaigns.

<Landing page>

Part of a web site used for direct responses from an e-mail campaign

E-mail benefits

For the e-marketer, e-mail offers many advantages as a communications tool – it offers immediacy, targeting, accountability and is relatively cheap. Perhaps its key advantage is that unlike the web site it is a push communication tool. A key limitation of web site marketing is that since it is a pull medium – visitors will only visit a site when it enters their mind, typically through typing in a URL in response to an offline stimulus or following a hyperlink. In contrast, e-mail provides a push mechanism. The marketer can devise appropriate copy to deliver targeted messages to selected customers or prospects. The

message arrives in the recipient's inbox and it can't be ignored – the message header must be read – even if the decision is to delete the e-mail.

E-mail also offers more effective direct marketing campaigns, since it is possible to send more messages since lower-cost follows can occur which are impractical with the cost of printing and postage. E-mail can be used to send reminders about a sales promotion and messages can be sent to those who fail to win offering further benefits. Figure 8-17 gives an example of a campaign structure used with a rented opt-in list. It shows that following an initial e-mail [1] with different creative for each of 4 segments offering entry into a prize draw, a reminder [2] was sent to those who had not entered. Those entering the prize draw had the opportunity to provide the e-mail addresses and names of friends or colleagues who were sent an e-mail offering them the opportunity to take part in the campaign [3]. This can be described as a **viral referral**. Finally, an e-mail was sent to losers [4] which offered participation in a further draw. Clearly such a campaign structure would not be possible in conventional direct marketing due to cost constraints.

Figure 8-17 Example of a campaign structure for an e-mail campaign. Supplied by UK-based email marketing specialists Harvest Digital (www.harvestdigital.com).

<Viral referral>
An 'e-mail a friend or colleague' component to an e-mail campaign or part of web site design

Additionally, it is more cost effective to target niche groups. For example a bank could e-mail a 18-25 female customer, who reads a particular newspaper and who has a credit card and has responded to an e-mail campaign within the last 6 months. Such precision targeting

is known as using multiple selects. For house-lists the cost per thousand is increased for multiple selects.

   Of course e-mail marketing also provides new challenges for marketers. Managing lists, producing a new form of creative, response rates and privacy issues all need to be considered as they do for conventional direct marketing.

Using e-mail marketing to support CRM

An effective way to formulate an e-mail marketing strategy is to apply it to achieving customer lifecycle objectives as part of CRM. Companies with limited resources may decided to focus on using acquisition or retention according to their marketing objectives. Questions arising include:

• Selection – which are the ideal customers segments we should target? Can we use an existing database to profile customers? Which offers and creative should we use for different segments?

• Acquisition – How do we build a list of new prospects using the web site? How can we use e-mail in conjunction with other techniques to help convert prospects to customers?

• Retention – How can we manage inbound e-mail service quality to increase customer loyalty?

• Extension – How can direct e-mail campaigns be used to extend the range and depth of products and services used by customers?

E-mail for customer acquisition

To participate in outbound e-mail marketing, companies need to obtain e-mail addresses together with names and profile information for segmenting both prospects and existing customers. To obtain e-mail addresses of prospects there are two approaches:

1. *Purchase of opt-in bought-in lists*. Here, as for conventional postal direct marketing, the company will contact a **list broker** or **list owner** and purchase e-mail addresses of individuals who have agreed to receive marketing e-mails. They will rent a list of e-mail addresses which will be used to run the campaign. Potential customers may have agreed to receive e-mails if they are subscribers to a magazine, or have entered an online competition on a web site such as E-mail Inform (www.emailinform.com) which is owned by Claritas interactive and has been used to obtain around approximately 1million e-mail addresses in return for entry into a prize draw.

2. *Building a house list*. A **house list** can be built using a company web site combined with permission based marketing **opt-in** techniques (chapter 6). A relevant incentive, such as free information or a discount, is offered in exchange for a prospect providing their e-mail address by filling in an online form. Further best practice in e-mail capture is contained in the box. Careful management of e-mail lists is required since as the list ages, the addresses of customers and their profiles will change resulting resulting in many bounced messages and lower response rates Data protection law also requires the facility for customers to update their details.

E-mail capture best practice

1. Verify the accuracy of the e-mail address provided by delivering the offer by e-mail – for example, the link to free information is contained in an e-mail.

2. In 'double opt-in' a second confirmation is used to check that the person wishes to receive further information.

3. Explain why information is being collected. A customer will more readily give up their time and information if they know why it is being collected and how it may benefit them.

4. Keep information requested to a minimum. The bare minimum is the e-mail address, but additional profiling of product category preferences and basic demographics or company

characteristics are typical. For existing customers, the e-mail address should be integrated

with existing data – a customer account number can be requested to avoid repetition of

information. 'Drip irrigation' to collect different data from different contacts.

5. Provide a privacy statement. This should explain that the data will not be shared with a

third party and can increase e-mail capture rate.

6. Indicate mandatory fields. These are fields it is essential the customer fills in such as e-

mail address and postcode.

7. Validate completion of form. Accuracy of information such as e-mail addresses and

postcodes is again important, so perform a check on the fields in the form and prompt

visitors to make amendments.

8. Provide prompt confirmation. After a visitor has filled in a form, a company should start

the dialogue using an autoresponder to acknowledge receipt and describe follow-up actions.

<end box>

   The house list can also be built offline through collecting e-mail addresses where there is

a customer contact such as a sales representative visit, at a point of sale or during a phone

contact. For existing customers, companies should aim to increase the percentage of

customers on which e-mail addresses are held.

<List broker>

Will cource the appropriate e-mail list(s) from the list owner

<List owner>

Has collected e-mail addresses which are offered for sale

<House list>

A list of propsect and customer names, e-mail addresses and profile information owned by an organisation

<Opt-in>

An individual agrees to receive e-mail communications.

E-mail for customer retention and extension

Once an e-mail address has been collected, the e-mail can be used to communicate with the customer in a variety of ways. While using a campaign to a house list to encourage repeat sales is typical, e-mail can also be used to inform about new products and events and also to learn by inviting the customer to participate in an online survey. As with any direct marketing campaign the results are mainly determined by the offer, targeting, creative and timing. Reference to the box – Best practice for effective e-mail campaigns highlights this.

Best practice for effective e-mail campaigns

1. Review the full range of options for the type of outbound e-mail and integrate them into the communications mix. Options include:

• Regular newsletter e-mail to keep customers informed about industry, company or product news.

• E-mail discussion list, perhaps about product support.

• Viral e-mails, for example, customers are encouraged to enter the e-mail of a friend or colleague to forward information or entertainment to them

• Small Message Service (SMS) messages to mobile phones can be used in a similar way to standard e-mail for a direct response approach.

2. Select the appropriate frequency. Marketers are currently learning about the optimum frequency. If a messages are received too frequently from an organisation, their effectiveness will fall. Frequency options include:

• Regular newsletter type. For example, daily, weekly, monthly. Let customers choose the frequency.

• Event-related. These tend to be less regular, but give a higher impact. They are sent out perhaps every 3 or 6 months when there is news of a new product launch or an exceptional offer.

• Multi-stage messaging is one of the most exciting applications of e-mail which can be deployed according to different events on site, for example after subscription to a trial version of an online magazine, e-mails will be sent out at 3, 10, 25 and 28 days to encourage a subscription before the trial lapses.

3. Choose the optimum time. This may be time of year, month week or even day. For example a monthly offer or newsletter may be best on a regular date such as the first of the month. Response rates may differ through the week, for example a Monday AM B2B mailing is likely to have a lower response than a Wednesday PM mailing. Some B2B agencies send out e-mails at 11 or 3, when research suggests people are most likely to be at their desk.

4. Ensure e-mail communications are relevant and targeted. As for any direct marketing effort the offer and creative must be of interest to the recipient.

5. Personalise. Offer choice. Refer to the customer by name, where possible tailor for their preferences (e.g. type of content, frequency, HTML or plain text) or use mass customisation to give specific offers to different segments based on their past behaviour.

6. Consider web response. Here the power of e-mail and the web are integrated. The web page is used as a direct response to the e-mail offer in the same way a TV ad provides a freephone number as a call-to-action. Web response can use a single page for all

respondents or for each segments or it can be personalised. A PIN or a user name and password can be used to identify respondents.

7. Be distinctive. Be the best. Research other e-mail offerings in your sector carefully and aim to better them. There are now tens of thousands of e-mail newsletters and other forms of opt in e-mail. Make sure your offering stands-out.

8. Respect opt-out. The procedure for opt-out or unsubscribe should be explained at the base of the message, and it should work. Privacy policy should be explained. Stay within the law, for example different regulations apply to minors.

9. Test. The mantra of direct marketing. Test. Test. Test. This medium is well suited to testing. How do you test?

10. Tracking. Plan to measure response / clickthrough rates and conversion to follow up actions such as sales.

<End box>

E-mail creative

Designing a direct e-mail requires just as much care as designing a traditional mailer and many similar principles apply. Effective e-mail should:

• Grab attention in subject line and body. Don't leave the best to last.

• For newsletters use a standard header, but highlight specific content each month. Run articles over several months to maintain interest.

• Be relevant to target.

• Be brief, but contain sufficient information to be of interest as a standalone communication.

• Hyperlink to web site for more detailed content

• Be personalised – Not Dear Valued Customer, but Dear Ms Smith.

- Have a clear call-to-action, which should be repeated at the start and end of e-mail as a link to a specific landing page on a web site.

- Tested for effectiveness by sending trial mailings which vary the different elements of the campaign such as Subject line, offer and close.

- Provide an opt-out or unsubscribe option that works.

- Operate within legal and ethical constraints of a country

Achieving an eye-catching e-mail is difficult using a plain text e-mail. For greater impact and branding, many marketers are turning to HTML mail which tend to have higher response rates. But there are many pitfalls in using HTML mail that may result in customers not being able to read a message. Care is required to ensure by mailing house tests for the full range of e-mail reader software – e-mails can be coded to display either HTML or text according to the capability of the reader. Ideally, give subscribers a choice of e-mail or plain text. For the future broad-band Internet rich media e-mails using audio and Flash will be used increasingly.

Managing inbound e-mail communications

For large organisations, e-mail volumes are already significant. For example, Bicknell (2002) reports that the Nationwide Bank web contact centre receives nearly 20,000 emails each month. According to Mark Cromack, Nationwide's senior operations manager, customer contacts by e-mail have increased fourfold within the last year, but through choosing the right process and tools, it has only been necessary to double the number of operators. See mini case study 5.3 for further information on this topic.

Successful management of inbound communications is important to service quality as perceived by customers. In order to manage these communications, organisations need to develop **inbound customer contact strategies**.

<Inbound customer contact strategies>

Approaches to manage the cost and quality of service related to management of customer enquiries.

Customer contact strategies are a compromise between delivering quality customer service with the emphasis on customer choice and minimising the cost of customer contacts. Typical operational objectives that should drive the strategies and measure their effectiveness are:

- Minimise average response time per e-mail and range of response time from slowest to fastest. This should form the basis of an advertised service quality level.

- Minimise clear-up (resolution) time – e.g. number of contacts and elapsed time to resolution.

- Maximise customer satisfaction ratings with response.

- Minimise average staff time and cost per e-mail response.

Customer contact strategies for integrating web and e-mail support into existing contact centre operations usually incorporate elements of both of the following options:

1. *Customer preferred channel*.

Here the company uses a customer-led approach where customers use their preferred channel for enquiry whether it is phone callback, e-mail or live-chat. There is little attempt made to influence the customer as to which is the preferable channel. Note that while this approach may give good customer satisfaction ratings, it is not usually the most cost-effective approach,

since the cost of phone support will be higher than customer self-service on the web, or an e-mail enquiry.

2. *Company preferred channel*.

Here the company will seek to influence the customer on the medium used for contact. For example, easyJet encourages customers to use online channels rather than using voice contact to the call centre for both ordering and customer service. Customer choice is still available, but the company uses the web site to influence the choice of channel. Visit the easyJet web site (www.easyjet.com) and see the box to see how this is achieved.

Inbound contact management at easyJet (www.easyJet.com)

If an easyJet customer selects the 'Contact Us' option, rather than listing phone numbers and e-mail addresses, the customer is led through the 3 steps shown below which are intended to reduce the need for them to call the contact centre:

Step 1 Links or 'Frequently Asked Questions (FAQ)'. These are based on careful analysis of phone calls and e-mails received by the contact centre. Examples include questions concerning use of the site and booking online, fares, availability, and pricing, airports, check-in, travel information.

Step 2 E-mail enquiry through web form completion. Examples include technical queries relating to the site, customer service, route feedback and general feedback - for comments and suggestions' (These e-mails are categorised to help prioritisation and routeing to the right person).

Step 3 Telephone numbers. Phone contact is only encouraged at the final stage. As easyJet explain 'We've tried to make the FAQ and email service as simple and efficient as possible in order to keep the cost down and provide you with a good service, but if you're really stuck then, of course, you can call us'.

Other management options for contact management strategy that concern resourcing include:

- *Call centre staff multi-skilling or separate web contact centre*. Many companies start with a separate web contact centre and then move to multi-skilling. Multi-skilling is the best way of effectively answering queries from customers whose support query may refer to a combination of online or offline activities. Multi-skilling also reduces hand-offs and can increase variety for contact centre staff.

- *Balance between automation and manual processes*. Automated responses, intelligent routeing and auto-suggestion are all techniques described in the next section which can be used to reduce the number of queries handled by human operators. If the automated approach fails, however, then inappropriate responses may be received by customers.

- *Insourcing or outsourcing*. Software, hardware and staff can be deployed internally or can be outsourced to an application service provider who will work according to a service level agreement to achieve quality standards.

Online promotion technique – viral marketing

Viral marketing harnesses the network effect of the Internet and can be effective in reaching a large number of people rapidly in the same way as a computer virus can affect many machines around the world. It is effectively an online form of word-of-mouth communications. Although the best known examples of viral activity are of compromising pictures or jokes being passed around offices worldwide, viral marketing is increasingly being used for commercial purposes. At the time of writing, examples were a viral game from bank First Direct inviting users to 'Stuff the Cat' with varying sums of money. Success results in the cat exploding. E-mail addresses are collected as part of the campaign. A further example is 'Wax the Wimp' from

Vauxhall cars which is targeted at a young female audience. It invites players to strip chest-hair off a model accompanied by squeals. A banner advert is displayed while the game is operational.

Godin (2001) writes about the importance of what he terms 'the Ideavirus' as a marketing tool. He describes it as 'digitally augmented word-of-mouth'. What differences does the ideavirus have from word-of-mouth? First transmission is more rapid, second tranmission tends to reach a larger audience and third, it can be persistent – reference to a product on a product on a service such as Epinions (www.epinions.comm) remains online on a web site and can be read at a later time. Godin emphasises the importance of starting small by **seeding** a niche audience he describes as a 'hive' and then using advocates in spreading the virus – he refers to them as 'sneezers'. Traditionally marketers would refer to such grouping as customer advocates or brand loyalists.

<Seeding>

The viral campaign is started by sending an e-mail to a targeted group that are likely to propagate the virus.

The speed of transmission and impact of the message must be balanced by naturally negative perceptions of viruses. A simple, yet elegant method of customer acquisition is the 'e-mail a friend' facility where a form is placed on an article that enables a customer to forward the page to a colleague. Other techniques include forwarding particular information such as a screensaver or an online postcard.

Viral marketing
E-mail is used to transmit a promotional message to another potential customer

An example of a viral campaign is discussed in mini case study 8.??. This shows that viral

campaigns can be enhanced by other communications tools such as PR and search engine

registration.

Mini case study 8.?? Crackermatic case study

Figure 8-18 Crackermatic viral campaign

The site allowed web users to create and send single or multiple Christmas Crackers by email.

Recipients would likewise be encouraged to make and send their own. The site was launched

on the 29th of November 2001, and by the 3rd of January 2002 had delivered a total of over

200,000 crackers.

Promotion

Seeded at different sources:

-   Company list

-   Discussion groups

-   PR profile on – Radio 2

Also registered on search engines, for those looking in response to WoM

Results:

*   Total days of activity: 36

*   Total number of crackers sent   200,667

*   Unopened crackers   76,195

- Visitors to main site   91,353

- Total number of unique senders   58,735

- Propogation rate   110%

- Average number of crackers sent   3.4

- Most crackers sent by one person   110

- Longest unbroken viral chain   14 users

<Web update> Further examples of viral campaigns can be found at the Viral Bank

www.viralbank.com.

<end case>

Loyalty techniques and online incentive schemes

Air Miles and storecards are well known as methods of generating loyalty from customers by offering special promotional offers or the perception of 'getting something for nothing'. Given the success of these techniques, it is no surprise that many companies have tried to migrate these marketing concepts online. However, the model has not transferred successfully to the Internet for many new brands. For example Beenz received millions of dollars of venture funding for its 'online currency' that could be gained through purchases at some sites while redeemed towards purchases at others. It was unable to successfully balance the expenses of brand building and delivering the service with the commission it received from the companies using its service. However, traditional loyalty schemes, which have not had the large setup costs, have transferred online successfully.

On-site promotional techniques

In addition to ensuring promotion on other sites to attract an audience to a site, communications plans should consider how to convert visitors to action and to encourage repeat visits. Online media sites will aim to deploy content to maximise the length of visits. Approaches for increasing conversion of customers include:

- Relevant incentive or option, clearly explained

- Clear call-to-action using a prominent banner ad or text heading

- Position of call-to-action in a prime location on screen, e.g. top-left or top-right.

. To achieve this a variety of devices can be used, both to increase the length of site visit, and to make users return. A measure of a site's ability to retain visitors has been referred to as site 'stickiness' since a 'sticky' site is difficult to drag oneself away from. Activity 8.?? is intended to highlight some of the methods that can be used to achieve the objective of repeat visits.

Activity 8.??

Methods for enhancing site stickiness and generating repeat visits

This activity is intended to highlight methods of on-site promotion which may cause people to visit a web site, stay for longer than one click and then return. For each of the following techniques, discuss:

1. How the incentives should be used.
2. Why these incentives will increase the length of site visits and the likelihood of return to the site.
3. The type of company for which these techniques might work best.

Techniques

- Sponsorship of an event, team or sports personality.
- A treasure hunt on different pages of the site, with a prize.
- A screensaver.

■ A site-related quiz.

■ Monthly product discount on an e-commerce site.

■ Regularly updated information indicated by the current date or the date new content is
added.

Note that as well as 'up-front' incentives there are some simple techniques that make a site 'fresh', which can be used to generate repeat visits. These include:

■ daily or weekly update of pages with a date on the web site to highlight that it is updated regularly;

■ regular publication of industry or product-specific news;

■ the use of e-mails to existing customers to highlight new promotions.

Purchase follow-up activities

Offline communications or e-mail following a purchase offer good prospects for repeat business. However, it seems that not all online retailers are taking full advantage of this opportunity. Petersen (1999) reports on a survey by US consultants Rubric in which mystery shoppers shopped at 50 high-profile e-commerce sites. The mystery shoppers reported that 84 per cent of the sites did not follow up a sale with a related marketing offer, 96 per cent did not employ personalisation and 75 per cent did not recognise a 'repeat customer', that is one who visited the site again. One of the best sites was that of Cyberian Outpost, *www.outpost.com.* There is a sample e-mail message from this company in Chapter 8, in Activity 8.4.

Selecting the optimal communications mix

The promotion element of a marketing plan requires three important decisions about investment for the online promotion or the online communications mix:

1. *Investment in promotion compared to site creation and maintenance*. Since there is a fixed budget for site creation, maintenance and promotion, the e-marketing plan should specify the budget for each to ensure there is a sensible balance and the promotion of the site is not underfunded. The amount spent on maintenance for each major revision of a web site is generally thought to be between a quarter and a third of the original investment. The relatively large cost of maintenance is to be expected, given the need to keep updating information in order that customers return to a web site. Figure 8-19 shows two alternatives for balancing these three variables. Figure 8-19 (a) indicates a budget where traffic building expenditure exceeds service and design. This is more typical for a dot-company that needs to promote its brand. Figure 8-19 (b) is a budget where traffic building expenditure is less than service and design. This is more typical for a traditional bricks and mortar company that already has a brand recognition and an established customer base.

Figure 8-19 Alternatives for balance between different expenditure on Internet marketing

Analysis by Kemmler et al. (2001) of US and European e-commerce sites provides a cross-industry average of the spend on different components of Internet marketing. The top performers achieved an average operating profit of 18%. Costs were made up as follows:

- Cost of goods sold (44%);

- Maintenance costs (24%);

- Marketing costs (14%).

2. *Investment in online promotion techniques in comparison to offline promotion*. A balance must be struck between these techniques. Figure 8-20 summarises the tactical options that companies have. Which do you think would be the best option for an established company as compared to a dot-com company? It seems that in both cases, offline promotion investment often exceeds that for online promotion investment. For existing companies, traditional media such as print are used to advertise the sites, while print and TV will also be widely used by dot-com companies to drive traffic to their sites.

Figure 8-20 Options for the online vs offline communications mix (a) Online > Offline (b) Similar online and offline (c) Offline > Online

3. *Investment in different online promotion techniques*. We have reviewed a wide range of techniques that can be used to build traffic to web sites. Agrawal et al. (2001) suggest that e-commerce sites should focus on narrow segments that have demonstrated their attraction to a business model. They believe that promotion techniques such as affiliate deals with narrowly targeted sites and e-mail campaigns targeted at segments grouped by purchase histories and demographic traits are 10 to 15 times more likely than banner ads on generic portals to attract prospects who click through to purchase. Alternatively, text banners on Google may have a higher success rate.

Marketing managers have to work with agencies to agree the balance and timing of all these methods. Perhaps the easiest way to start budget allocation is to look at those activities that need to take place all year. These include search engine registration, link building, affiliate campaigns and long-term sponsorships. These are often now outsourced to third party companies because of the overhead of retaining specialist skills in house.

Other promotional activities will follow the pattern of traditional media buying with spending supporting specific campaigns which may be associated with new product launches or sales promotions. For example, how much to pay for banner advertising as against online PR about online presence. How much to pay for search engine registration. Such investment decisions will be based on the strengths and weaknesses of the different promotion online. Table 8.?? Presents a summary of the different techniques.

Table 8.?? Summary of the strengths and weaknesses of different communications tools for promoting an online presence

Promotion technique	Main strengths	Main weaknesses
Search engine registration	Large online reach – used by high proportion of web users. Visitors are self-selecting. Relatively low cost, but increasing.	Works best for specialist products rather than generic products e.g. insurance. Cost - search engine optimisation is continuous as techniques change
Link-building campaigns	Relatively low cost and good targeting.	Setting up a large number of links can be time consuming
Affiliate campaigns	Payment is by results (e.g. 10% of sale goes to referring site)	Further payment to affiliate manager required for large-scale campaigns
Banner	Main intention to achieve visit i.e. direct response model. Useful role in branding also	Response rates have declined historically to banner blindness.

Sponsorship	Most effective if low-cost, long-term co-branding arrangement with synergistic site	May increase mind-share, but does not directly lead to sales.
E-mail marketing	Push medium – can't be ignored in users' in-box. Can be used for direct response link to web site	Requires opt-in list for effectiveness. Best for customer retention than acquisition? Message diluted amongst other e-mails.
Viral marketing	With effective creative possible to reach a large number at relatively low cost.	Risks damaging brand since unsolicited messages may be received.
PR	Relatively low cost vehicle for PR. Many alternatives for innovation.	Offline PR may give higher impact and reach.
Traditional offline advertising (TV, Print, etc)	Larger reach than most online techniques. Greater creativity possible leading to greater impact.	Targeting arguably less easy than online. Typically high cost-of-acquisition.

Deciding on the optimal expenditure on different communication techniques will be an iterative approach since past results should be analysed and adjusted accordingly. A useful analytical approach to help determine overall patterns of media buying is presented in Table 8.??. Marketers can analyse the proportion of the promotional budget that is spent on different channels and then compare this with the contribution from customers who purchase that originated using the original channel. This type of analysis reported by Hofmann and Novak (2000) requires two different types of marketing research. First **tagging** of customers can be

used. We can monitor, using cookies, the numbers of customers who are referred to a web site through a particular online technique such as search engines, affiliate or banner ads, and then track the money they spend on purchases. Secondly, for other promotional techniques, tagging will not be practical. For word-of-mouth referrals, we would have to extrapolate the amount of spend for these customers through traditional market research techniques such as questionnaires. The use of tagging enables much better feedback on the effectiveness of promotional techniques than is possible in traditional media, but it requires a large investment in tracking software to achieve it.

Tagging

Tracking of origin of customers and their spending patterns

Table 8.?? Relative effectiveness of different forms of marketing communications for the B2C Company

Media	Budget %	Contribution %	Effectiveness
Print (Off)	20%	10%	0.5
TV (Off)	25%	10%	0.25
Radio (Off)	10%	5%	0.5
PR (Off)	5%	15%	3
WoM (Off)	0%	25%	Infinite
Banners (On)	20%	20%	1
Affiliate (On)	20%	10%	0.5
Links (On)	0%	3%	Infinite
Search engine registration (On)	0%	2%	Infinite

Activity 8.7

Selecting the best promotion techniques

Suggest the best mix of promotion techniques to build traffic for the following applications:

1. Well established B2C brand with high brand awareness.

2. Dot-com startup.

3. Small business aiming to export oversears

4. Common B2C product, e.g. household insurance

5. Specialist B2B product.

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4. *Setting overall expenditure levels*. We can use traditional approaches such as those
suggested by Kotler et al. (2000). For example:

- *Affordable method* – the communications budget is set after subtracting fixed and
  variable costs from anticipated revenues.

- *Percentage of sales methods* – the communications budget is set as a percentage of
  forecast sales revenues.

- *Competititive parity methods* – Expenditure is based on estimates of competitor
  expenditure. For example, e-marketing spend is typically 10-15% of the marketing
  budget.

- *Objective and task method* – this is a logical approach where budget is built up from
  all the tasks required to achieve the objectives in the communications plan.

Acquisition costs

Varianini and Vaturi (2000) have suggested that many online marketing failures have resulted
from poor control of media spending. The communications mix should be optimized to
minimize the cost of acquisition of customers. If an online intermediary has a cost of cost
acquisition of a €100 per customer while it is gaining an average commission on each sale of

€5 then clearly, the company will not be profitable unless it can achieve a large number of repeat orders from the customer.

Figure 8-21 Acquisition cost for Egg credit card holders (Source: Egg investor relations http://www.investis.com/eggplc/)

Measuring effectiveness

Assessing the effectiveness of the methods to lead customers to the web site, or the impact of the web site itself, can be carried out by traditional methods used to assess non-digital advertising. For example, *post-testing* methods of evaluating traditional advertisements can be used for banner advertisements, or for the web site itself. These methods include recall and recognition tests. The impact on brand awareness and activity amongst potential and current customers can be reviewed in terms of the following scale:

- Unaware

- Aware

- Attitude

- Preference

- Intention

- Trial

- Repeat

Kotler (1997) summarises the *communication effects* of copy by asking questions such as:

■ How well does the page catch the reader's attention?

■ How well does the page lead the reader to go further?

■ How effective is the particular appeal?

■ How well does the page suggest follow through or call to action?

Such questions can be applied to banner advertisements or the web site.

Pak (1999) has studied the advertising impact of web site content and its design (copy-testing). She reviewed the techniques on web sites used to communicate the message to the customer in terms of existing advertising theory.   The impact of advertisements placed in traditional media can also be evaluated using the web site. In a crude form, a company might see an increase in number of site visits after a television campaign that promotes the web site URL, or even immediately after it was shown. If a company publicises a specific web address particular to one advertisement, it can then directly monitor how many enter the site in response to seeing that advertisement using the web log analysis techniques described in chapter 9. The use of a web site can also be indicated by the number of phone calls arising directly from the site (with a callback system or a web-specific phone number).

A company such as DoubleClick (*www.doubleclick.net*) provides direct evaluation reports of banner advertisements in terms of number of clickthroughs. Further follow-up should take place, to see the behaviour of these customers when they visit the web site.

For specific sales promotions that take place over a period of time, such as a price reduction, it is possible to use the web site to directly evaluate the promotion. The number of page impressions before, during and after the sales promotion can be assessed. Some of the survey techniques described below could be used to assess the characteristics of the customers who responded and those who did not.

Relative effectiveness of referrrers

Overture (2002) suggests that its advertisers use three approaches to measure the effectiveness of online advertising spend with each advertiser. These are

- *Conversion Rate*. This indicates the targeting of advertising since a more targeted audience from the referrer should result in a higher conversion rate to action.

    Conversion rate = Number of actions (sales) from referrer / Number of site visitors from referrer

- *Return on Advertising Spend (ROAS)*. This indicates amount of revenue generated from each referrer.

    ROAS = Total revenue generated from referrers / Amount spent on advertising with referrer

- *Return on Investment (ROI)*. This indicates the profitability of each referrer.

    ROI = Profit generated from referrer / Amount spent on advertising with referrer.

To calculate these values, tracking systems must be put in place to measure the number of visits to your site from each referrer, and it must be also possible to measure the referrer source at the point of sale or action.

SUMMARY

1 Online promotion techniques include:

- banner advertising;
- advertising in e-mail newsletters;

■ co-branding and sponsorship.

2 Offline promotion involves promoting the web site address and highlighting the value
   proposition of the web site in traditional media advertisements in print, or on television.

3 Banner advertising is used to drive traffic to sites by placing advertisements on specific-
   interest sites or displaying advertisements when particular keywords are entered.
   Advertising can also occur through sponsorship of a web site. When a user clicks on an
   advertisement (a clickthrough) he or she is taken to a web site that provides further
   information. Banner advertising can also be used for other purposes such as brand building
   or offering incentives.

   Banner advertisements are usually paid for according to the cost per 1000 people viewing
   the advertisement (CPM).

4 Companies should ensure their web sites are listed as near to the top as possible in the most
   popular search engines. This task is best outsourced since search engine listings are
   dependent on several factors.

5 Referring links from related sites are also important in building traffic to a site.

6 For companies selling products online it is vital that their products are included in as many
   as possible of the price comparison shopping sites such as Yahoo Shopping.

7 Reciprocal links or co-branding, whereby companies agree to promote each other's site and
   services, are relatively low-cost forms of online advertising.

8 In addition to using the various methods for driving traffic to the web site, companies must
   ensure that the content and promotional offers on the site are sufficient when the user
   arrives. Methods such as loyalty schemes should be devised to keep the content and offers
   fresh and relevant.

9 Promotion works most effectively when online and offline techniques are combined to give

a consistent marketing message.

EXERCISES AND QUESTIONS

Self-assessment exercises

1 Briefly explain and give examples of online promotion and offline promotion techniques.

2 Explain the different types of payment model for banner advertising.

3 Which factors are important in governing a successful online banner advertising campaign?

4 How can a company promote itself through a search engine web site?

5 Explain the value of co-branding.

6 Explain how an online loyalty scheme may work.

7 How should web sites be promoted offline?

8 What do you think the relative importance of these Internet-based advertising techniques

would be for an international chemical manufacturer?

(a) Banner advertising.

(b) Reciprocal links.

(c) E-mail.

Essay and discussion questions

1 Discuss the analogy of Berthon *et al.* (1998) that effective Internet promotion is similar to a

company exhibiting at an industry trade show attracting visitors to its stand.

2 Discuss the merits of the different models of paying for banner advertisements on the

Internet for both media owners and companies placing advertisements.

3 'Online promotion must be integrated with offline promotion.' Discuss.

4 Compare the effectiveness of different methods of online advertising including banner

advertisements, e-mail inserts, site co-branding and sponsorship.

Examination questions

1   Give three examples of online promotion and briefly explain how they function.

2   Describe four different types of site on which online banner advertising for a car manufacturer's site could be placed.

3   Clickthrough is one measure of the effectiveness of banner advertising. Answer the following:

   (a) What is clickthrough?

   (b) Which factors are important in determining the clickthrough rate of a banner advertisement?

   (c) Is clickthrough a good measure of the effectiveness of banner advertising?

4   What is meant by co-branding? Explain the significance of co-branding.

5   What are 'meta-tags'? How important are they in ensuring a web site is listed in a search engine?

6   Name three ways in which e-mail can be used for promotion of a particular web site page containing a special offer.

7   Give an example of an online loyalty scheme and briefly evaluate its strengths and weaknesses.

8   Which techniques can be used to promote a web site in offline media?

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- Marketing Sherpa (www.marketingsherpa.com)

    Articles and links on Internet marketing communications including e-mail and online advertising.

- Whats New in Marketing (*www.wnim.com*)

    A monthly newsletter from the Chartered Institute of Marketing including many e-marketing features

E-mail related links

■ Clickz (*www.clickz.com*). Has columns on e-mail marketing, e-mail marketing optimization and e-mail

   marketing case studies.

■ EMMA - E-Mail Marketing Association, formed in July 2001 to support best practice amongst

agencies and clients – charter gives best practice guidelines on e-mail marketing

(www.emmacharter.org).

■ Opt-in News (www.optinnews.com) – An online magazine focusing on permission based e-mail

marketing:

Internet advertising-related links

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   focused. Relevant sections for this chapter include: Affiliate marketing, Advertising Technology, E-

   mail marketing, Media Buying.

■ DoubleClick (*www.doubleclick.net*).

   The main advertising network worldwide, with offices in many countries. Its site describes how it

   uses its 'DART' technology to target customers. Also major e-mail marketing agency.

■ eMarketer (www.emarketer.com) Includes reports on media spend based on compilations of other

   analysts.

■ Internet Advertising Bureau (*www.iab.net*). The widest range of studies about Internet advertising

   effectiveness. In UK: www.iabuk.net.

■ Jupiter MMXI (*www.jupitermmxi.com*). Resources include audience panels.

■ Nielsen-Netratings (*www.nielsen-netratings.com*).

Nielsen have acquired NetRatings, and this site is an interesting resource on the current levels of

activity and success of banner advertising. The site shows the creative content of the ten most popular

banners each week and gives information on the main advertisers.

Search engine related links

Searchenginewatch (www.searchenginewatch.com)

A complete resource

WebSearch at About.com (http://websearch.about.com)

Articles and resources