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The Why and How of "e-Marketing" (from an old hand in the business)

by Josh Greene, RoadRunner

By now, most companies have realized the need for an electronic marketing component as a part of their marketing strategy. However, there is a substantial difference between having a Web site on line, and having an integrated approach to e-marketing.

First, the question is, "**why** e-marketing?" It's trackable, measurable, flexible, easily changeable, and it's effective. E-marketing gives you a clear way to have accountable advertising. It isn't always easy to know what your results are from print/TV advertising, but you can track your results online down to the number of clicks on your logo.

Examples of my favorite online tactics:

1. Marketing to mailing lists you maintain is a low-cost, high-return investment. Let's say your company manufactures ball bearings. You should have the ability for people to opt-in on your Web site, and receive an e-mail newsletter about what's going on. This might be an e-mail about happenings in the ball bearing industry. Maybe you'll put together a weekly collection of news clippings of interest. You'd mail that out, and at the top would be a small advertisement for your products. This would provide a valuable resource for your customers, and a source of leads for future mailings/salesperson contact.

2. Pay-per-click search engines let you bid on the cost per click for placement in the search engine ranking. *Goto.com* is my personal favorite. For a cost of $.05 and up, you can be ranked on the search terms that your customers may be most likely to search on. If you sold ball bearings, you'd find that a bid of $.26 would place you in the top location, which is syndicated to AOL, Netscape, HotBot, and Lycos. The beauty of this is that you can know exactly what

each new visitor is costing you. With a properly designed closed-loop system, you'll be able to track new customers from their initial click all the way through to their order. I'll go into a detailed analysis of CPA, or cost-per-acquisition below, but if you found out that you were netting $1.00 in revenue for each time you spent $.26, that would give you a powerful return on investment, and indicate what you could bid as prices change.

The second question when it comes to e-marketing, is "**How?**" There are a number of factors, but one of the key elements to recognize is that whatever route you choose, it needs to integrate into your organization. There tends to be an inherent conflict between the demands of Marketing and the IS functions, and it needs to be carefully managed to insure a smooth implementation. If, for example, you don't have the resources to handle writing a weekly newsletter, or to handle a surge in e-mails resulting from an informa-

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tional Web page, that's something to be addressed before you start down this path. Evaluating your current capabilities is an excellent way to begin the planning process.

The next step is to sit down with the various stakeholders in marketing (marketing staff, sale people, IS) and **determine what your goals are**. After that, you're ready to begin addressing the how. There are a number of excellent resources on the web. If you're looking for a good location to manage an e-mail list, Microsoft's bCentral (http://www.bcentral.com) is a good location to get a feel for what's out there. There are many other resources out there. For an example of extremely high-powered tools, you can visit MyMarketFirst (http://www.marketfirst.com). Their software will manage mailing lists, allow you to design interactive e-marketing campaigns (e-mails sent out based on interests or timeframes, surveys included in e-mails and automatically tabulated, etc.), and provide a point-and-click interface to some extremely sophisticated tools.

And, finally, a few of the general things we've learned...

- Deals based on a cost-per-acquisition (CPA) can be tough to negotiate, but will usually provide a guaranteed ROI.
- CPM advertising (cost-per-thousand impressions) is usually great for the site you're advertising on, but not so great for you. You can end up paying a rate 50x higher than CPA based advertising, and unless the rate is extremely low, and the audience extremely targeted, it probably will not end up cost effective.
- CPC (cost per click) is a happy middleground. You can pay a fixed rate per visitor, and be in front of an extremely targeted audiences.
- Newsletters are an extremely effective way of communicating with customers and potential customers, but you need to be sure your company is ready to have a 2-way dialogue with customers, as opposed to running advertisements and seeing what gets bought in response. For some companies, this is a major culture shock.
- Continuously tune your messaging. With good tracking, you can see the effect of wording changes on your response rates. We saw orders increase dramatically after we added a bold-line reiterating a "Money back guarantee," apparently an important consideration for customers signing up for a $40/month service.

In conclusion, e-marketing offers a valuable addition to the arsenal of marketing tools, while providing important feedback on the cost-effectiveness of marketing initiatives, which is especially important in the midst of the current economic conditions.

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*In line with Josh's strong recommendation—***determine what your goals are***—also check out* http://www.riger.com/articles/audit.html (Riger Web Project Start-Up Q&A).