

Chapter 1

Getting Net-Savvy

In This Chapter

- ▶ Visualising the big picture for marketing
 - ▶ Understanding what the Internet means for marketers
 - ▶ Working out why you need to market on the Internet
 - ▶ Finding your online market
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The Internet is a relatively new phenomenon; only 30 years have elapsed since it was first invented and it was used for business for the first time in the early 1990s. Marketing is old – ‘the second-oldest profession’, as some of us would have it. Guess which topic is more misunderstood – the Internet or marketing?

The answer to that question is ‘marketing’. Marketing can mean anything from pure public relations to all the stuff you do in running a company. We use a broad definition because we think marketing is vitally important.

Marketing, in our definition, is part of just about everything you do in creating a product. Identifying something that people might want to buy is a marketing activity, even if the person coming up with the idea is an engineer, salesperson, executive, or secretary. (A six-word description of how to get rich is: ‘Find a need and fill it’. Doing so’s the first step in marketing.)

So you’ve identified a need and want to fill it. Creating a specific definition of your product or service is also a marketing activity. Product development people might then take the ball and run with it for a while, creating a prototype of the product or service. But deciding when the product or service is acceptable and ready to sell is marketing, too.

The marketing department then sets the initial price and hands the whole thing to the sales department. Sales’s job is to sell; marketing tracks the progress of sales and tweaks the product and price for maximum profit. Promotions, public relations, and packaging are also part of the marketing effort.

The Internet versus the Web

In many cases, people use terms such as the *online world*, *Internet digital*, and *World Wide Web* more or less interchangeably. Doing so's okay and reflects some interesting realities about the Internet. (Okay, you got us already: When we say 'the Internet' we mean the whole thing – the Web, e-mail, traditional online services such as AOL, Yahoo! and MSN, and all else that depends on being wired or wireless – as is increasingly the case. Basically the online world is anything that you can connect to with your computer, or with a smaller device such as a Palm handheld organiser or a mobile phone and a modem.)

At present, the World Wide Web is the most exciting place on the Internet, and your company or product Web site should be both the starting point and the lynchpin of your digital marketing effort. However, you need to use other Internet services such as e-mail and online advertising in its various formats to complement and support your Web presence. So don't be confused when you see terms such as *Internet*, *Web digital*, and *online services* all used more or less interchangeably; they're just different parts of the online jigsaw that everyone is trying to put to work for themselves.

Marketing also influences areas that don't directly involve business. Politics has been revolutionised – for better or worse – by marketing-type practices. Job-hunting is increasingly understood to mean marketing yourself. Even non-profit organisations hire specialists to help them identify and reach target markets of donors and recipients of aid and services.

Companies vary widely in what areas they call 'marketing' and what they call product development, engineering, or something else, and that situation's fine with us. Our point is not to say that marketing should take over everything in a company, but to point out that marketing either determines or affects almost everything a company does. If you care about making something – anything – happen in this big, wide, wonderful world of ours, you care about marketing.

In this chapter, we introduce the Internet and how it fits the needs of marketers (which means just about all businesspeople). *Hint*: You've probably never thought of some aspects of the Internet the way we do, so be ready to discover something. We then justify the need for marketing on the Internet – so you can tell your boss why you're suddenly spending so much time surfing the Web – and show you how to find the market for your products or services online. We finish by telling you how to use digital marketing resources.

Marketing on the Internet

What is the Internet? Well, the Internet's a big mess – a mix of good and bad ideas, shaken, stirred, half-baked, and served buffet-style. More seriously, the

Internet means many things to many people, but luckily we can give you a simple answer as to what it really is.

The Internet is simply an *inter-network* (which is where we get the word 'Internet' from); that is, a way to connect many smaller computer networks and computers with one another. The reason people call it *the* Internet, and not just *an* internet, is that the Internet is the one network that connects most of the computers on Earth, so it deserves to be recognised as one specific thing. What makes all this connecting possible is that the Internet has a set of unifying standards. Though doing so is simplistic, you can think of the Internet as just a whole load of wires that carry messages that are compatible with each other.



Each different type of content that goes over the Internet is called an Internet *service*; e-mail is one Internet service, and the Web is another. An Internet service meets agreed-on, public standards so that any computer on the Internet can access the particular service, using any of a variety of available software packages. These standards are based on *protocols*, each of which is like a language that the computers on the Internet speak when they want to transfer a particular kind of data. When people talk about the Internet today, they're not just talking about the underlying wiring; they're talking about the various Internet services and protocols that they use or have heard about.



One such Internet service is used to transfer any kind of file between computers. This service is known commonly as *FTP*, which stands for File Transfer Protocol. You can send text documents, computer programs, graphics, sound files – in fact, just about anything – with FTP. E-mail, which uses its own specific protocols, emerged as an early, text-only Internet service. The Web, another service with, again, its own protocol, became wildly popular by adding graphics to the mix. And Internet usage is growing even faster as people use small, wireless devices such as mobile phones and PDAs (Personal Digital Assistants) to communicate over the Internet. Expect to see more new Internet services, and lots of growth and change in existing ones, as the Web develops still further in the years to come.

Introducing the Web

The World Wide Web (or just *Web* for short) is the most talked-about online invention ever. Hyped beyond belief in the world press, and the force behind rags-to-riches stories like that of eBay, Amazon, and hundreds of other startups, the World Wide Web is one of the great business stories of all time.

Luckily, the hype does come with some real justification. As we explain in detail later in this chapter, the Web has billions of real users who collectively spend millions of hours a day surfing the Web around the world.

Using the Web is made possible by software programs called *Web browsers*, the runaway leader being Microsoft Internet Explorer – although others exist including Netscape Navigator, Firefox, and Safari. In this book, we show Internet Explorer in our screen shots because this browser's the most widely used.

From a marketer's point of view, the Web is best understood as a collection of shopping services, news sources, glossy company reports, and advertising collateral that can be accessed by a large and fast-growing group of unusually influential people. But the Web is a wild world. Side-by-side with the company and product information are college course materials, personal home pages known as blogs, that describe hobbies, children, and pets, political advertising, and anything else that you care to name. A glossy corporate home page is shown in Figure 1-1, and a personal home page is shown in Figure 1-2.

The Web is one of the best tools ever invented for marketing. Unlike television adverts, which force themselves on the viewer, Web sites are accessed only by users who *want* to see them – your message is reaching people who actually choose to see it by logging onto your site or clicking on your advert. But to get people to stay with you, you need to make your site sticky – that is, interesting and relevant to the user so they 'stick around'.



Figure 1-1:
The
corporate
look of the
Web.

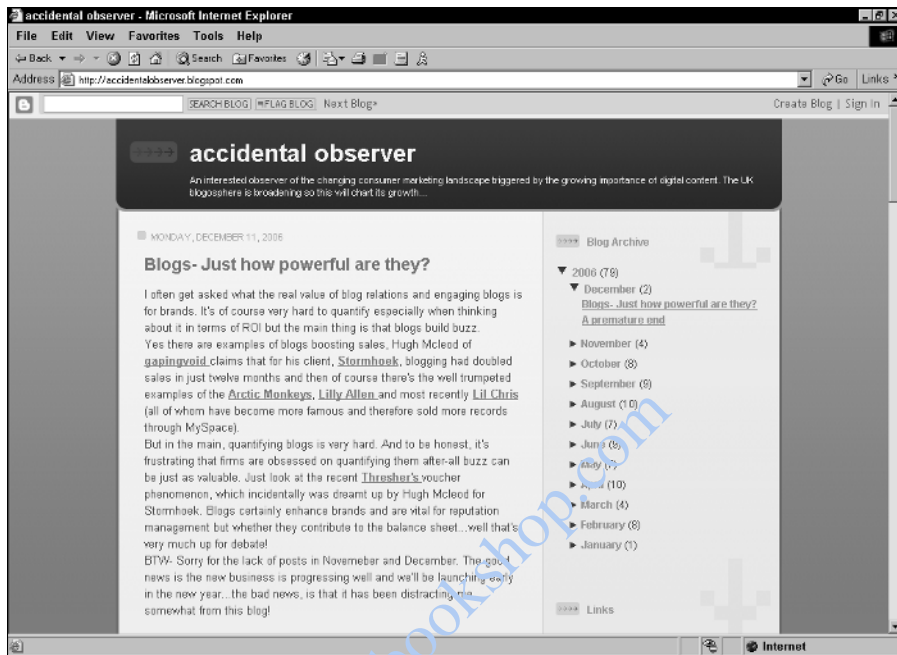


Figure 1-2:
The
personal
look of the
Web.

Shouting above the noise on the Web is impossible. You can't get in people's faces on the Web the way you can with a television or radio commercial or even a print ad; people can click the Back buttons on their browsers to leave a site even faster than they can turn the page of a magazine or find the TV remote control hidden in the crevices of their sofas. The trick is to put up a competent, easy-to-use Web site and then help the people who want to find you do so. (In Chapter 8 we show you how to get your site registered with the various search engines so that your site can be easily found. Chapter 2 covers using search engines in order to find marketing-related information on the Web.)

The Internet has now begun to live up to its hype about being the most important communication tool in the world. Finding Web pages that use either audio or video features to spice up the experience of the user is increasingly common. However, this tactic isn't right for everyone – a rock anthem playing over the home page of your online flower delivery company may not send out the right image.

To use the Web effectively, find the right mixture of information mixed with enough graphical eye candy to attract a reader to your business. Chapters 4 to 7 cover the ins and outs of building and publicising your marketing Web site.

E-mail and mail lists: Unsung online heroes

E-mail is one of the biggest reasons the Internet has become the success that it is today. The origins of the Internet are in the communication of information between different computers. A long time ago (during the 1980s), people had e-mail accounts with services, each with their own proprietary network and separate protocols. But people on each online service wanted to be able to send e-mail to friends and colleagues who used other services. To allow this interaction, the proprietary online services had to add *Internet gateways* (connections to the Internet) for e-mail to flow through from one person on one network to another person on another network. Businesses then connected their in-house e-mail systems to the Internet, and the Internet grew rapidly, setting the stage for the Web and other online resources.

Over the last ten years e-mail has evolved from a text-only format to one that is enriched with graphics, audio, and even video. *HTML mail* has now become the norm – although most companies will still offer their subscribers a text-only format. HTML mail is a message resembling a Web page, with graphics and formatted text, that can be viewed by most popular e-mail clients such as Microsoft Outlook, Yahoo! mail, and Hotmail. In both text and HTML forms, e-mail is still an important communications medium and a key part of online marketing.

Like real mail (or *snail mail* – the kind delivered (sometimes) by the Royal Mail), e-mail is a tempting channel for marketing. People have become used to getting advertising offers in their postal mail – though the disparaging terms *junk mail* or *spam* demonstrate what many people think of this kind of mailing. But e-mail, unlike much regular mail, feels very special to people; they seem to take their e-mail Inbox more personally than they do their postal mail. So when you're using e-mail for marketing to lots of people, proceed with caution, as we explain in detail in Chapters 12 and 13.

The most important things to remember when using e-mail for online marketing are two dos and a don't:

- ✔ **Do make sure that you and your company respond to all e-mail you receive.** We know managing your e-mail Inbox can be hard; and if you put an e-mail address on a popular Web site, you can easily get flooded with e-mail. But make sure that you don't ignore any contacts or prospective customers you bring in and that they receive quick and appropriate responses.
- ✔ **Do try to ensure that e-mail sent to people outside your company is positive and informative.** Every e-mail sent by anyone in your company is, at least in part, a marketing message.

- ✓ **Don't send unwanted e-mail, such as the mass e-mail *spam* that some companies send to prospective (that is, soon to be *ex-prospective*) customers.** Most recipients ignore spam e-mail; others respond aggressively, with angry notes or even *mail bombs*, automated mass mailings back to the sender that can choke the sender's mail system.

Most companies now have their own *mailing lists*, a set of e-mail addresses that have been collected or bought from third-party companies and represent people who are interested in receiving more information about specific companies, products, or services.

We describe the effective use of e-mail and creating, maintaining, and influencing a mail list in Chapters 12 and 13.

Online messageboards and forums: The threat and the promise

Thanks to the Internet, information can now be passed around the world at lightning speed. This –speed of communication is a great thing for marketers as they can talk to a massive audience from just one PC – but it also comes with some very real dangers.

Traditional marketing in the offline world is usually a pretty safe one-way experience. The company wants to say something, so they tell the consumer about it. Any response from the consumer is usually on a one-to-one level with the company. Any problems or arguments that arise between company and consumer are also on a one-to-one basis – unless the consumer calls the BBC's *Watchdog* TV programme, for example.

Enter the Internet and chatrooms and forums. Chatrooms and forums are online meeting places for people who have similar interests and, as such, they can provide a source of potential customers. Interacting with people in this environment, though, can be very useful but also very dangerous.

Here's an example of how a forum destroyed the reputation of one product. Kryptonite, a US company, produces and markets supposedly super-strong bike locks. In 2004, on a fairly popular bike forum called bikeforums.net, a consumer posted an article saying that he could break into his lock using a cunning device – a biro – and did anyone else know about the flaw?

Within minutes the message thread had been viewed by thousands; in hours hundreds of thousands had seen it; and then videos were posted online showing the locks being picked using a pen.

Kryptonite remained unmoved by the growing furore and did not respond to the forum postings, despite being aware of the problem and being urged by consumers and other forums to post online and reassure people – or to give an explanation. The company took over a week to respond – initiating a product recall – but by this time the damage was done. The story was picked up by CNN and other major news channels and made the pages of newspapers such as the *New York Times*, as well as fuelling a lawsuit brought by aggrieved customers.

The irony behind the whole story is that not only could some of the flak have been deflected if the company had used online forums to address the problems, but also the story itself was old, having been first published in a British bicycle magazine in 1992 and on USENET, a messageboard operating in the 1990s, at the same time.

This story provides a perfect example of how the immediacy of the Internet can destroy a brand as it gives new power to the consumer and new currency to information.

Online advertising

Online advertising is the extreme case of digital marketing, in that online advertising is usually intended to produce an immediate and easily measurable result. In many ways, the Internet is the ideal medium for advertising, and in other ways, this medium's the worst place for ads.

A plethora of different kinds of online advertising exist, ranging from traditional Jpg or Gif banner ads, which are horizontal strips of advertising placed across the top or bottom of a Web page to full 'bells and whistles' all singing and dancing video- and audio-rich media ads that can take over a whole Web page.

Rich media ads have risen in popularity over the past few years as Internet connection speeds have increased and digital marketing has become more sophisticated. These ad formats can vary hugely but all have the same principle in that they are high-impact and attract the eye of the user more readily than standard banner ads. See companies such as Tangozebra (www.tangozebra.com) and Eyeblaster (www.eyebalster.com) for examples.

Other forms of online advertising include sponsorships, search marketing – which allows companies to bid on keywords in search engines to display their ads above competitors on the results page – affiliate marketing and pretty much anything else you can dream up. Above all, the Internet is a versatile medium.

The good news is that the impact of Internet ads, unlike any other kinds of ads, can be easily measured by how many people click the ad. A typical *click-through rate* on an Internet ad – the percentage of people who click the ad – is less than 1 per cent. You can roughly measure the cost of an Internet ad campaign by taking the total cost of running the ads and dividing by the number of times that users clicked the ad, which yields the *cost per click*. Less than 1 per cent is still more than, say, response rates to direct marketing; proof of how powerful online advertising can be – if done properly. See Chapters 9 to 11 for more on cost-per-click.

Cost per click captures only the actions of users who are so highly motivated by the ad that they stop what they're doing and click an ad that will take them somewhere else on the Internet. Harder to measure is the impact on people who don't click, but later take some positive action because they've been influenced by your ad – just like newspaper, magazine, TV, radio, billboard, and just about every other kind of advertising. This additional effect of Internet ads, sometimes referred to as *branding* or *brand awareness*, is much harder to measure (although companies do exist who claim to be able to accurately do so).

As an Internet marketer, you need to decide whether to promote your own ads, called *house ads*, within your own site and whether to allow others' ads on your site. You also have to decide when and how to advertise your products and services on other people's sites – Chapter 12 is all about Internet advertising.

Wireless access

Strictly speaking, wireless access includes portable computers and even desktop computers that connect to the Internet without wires. But in common usage, wireless access refers to small-screen devices that can access the Internet, especially Palm handheld organisers and mobile phones with WAP (Wireless Access Protocol) and 3G capability.

What do these wireless devices have in common? Here's a brief list:

- ✔ **Small screens.** A Palm system displays roughly 15 lines of about 40 characters each, less than one-fourth the text of a small laptop screen. A typical WAP phone displays about 4 lines of 12 characters each, far less than a Palm system and a 3G phone, and although able to show video and audio it is also constrained by the size of the screen.
- ✔ **Varying connection speeds.** Most wireless devices used to have slow connections, but that isn't the case now. Investment in wireless networks from mobile phone companies and also the development of wireless 'hotspots' have led to ease of access and fast data transfer – although some devices do still experience problems. Even so, most people only want to read an e-mail on the go anyway.

- ✓ **High utility.** People tend to find their Palm devices and mobile phones indispensable, taking them everywhere they go and trying to find new uses for them. The excitement level is much like the early days of PCs, with people interrupting meetings to beam new software from one Palm to another or look up a stock quotation on a WAP phone.
- ✓ **Widespread use.** Mobile phones are far more common than PCs and spreading fast – the UK holds more mobile phones than people. Handheld devices are also selling quickly and can easily be deployed throughout a company. The huge popularity of the Blackberry e-mail device is just one example of this technology.

You may ask, like any good marketer, what can wireless devices do for you? For most marketing purposes, you probably don't need to do anything just yet. You need to consider whether you can usefully and profitably deliver needed information to customers who use wireless access. Being the first on your block to jump into wireless information access may not be cost effective, but not being ready to move when the time is right may be even more of a problem. Get the other elements of your digital marketing strategy in place; then consider extending your domain to the wireless world.

Considering whether You Need to Market on the Internet

Because the Internet in general and the Web in particular have received so much hype, many companies have been swept up by a 'gold rush' mentality, spurring them to get on the Internet quickly, with the threat of otherwise missing out on the next big thing. The crash of technology companies' share prices in early 2000 showed that too many investors had moved in too fast, with too much money, trying to make money from the Internet. If you're wary of technological flashes in the pan (and given the demise of the 8-track tape, CB radios, and Betamax video players, maybe you should be), you can be excused for wondering whether you really need to market on the Internet.

In this book, we give you a lot of cautionary notes about how to avoid over-investing or foolishly investing in an online presence. A heavy investment in digital marketing isn't for everyone. However, we think that nearly all businesses should have a clearly defined online strategy, including goals, methods to use in meeting those goals, and ways to measure success.

Though businesses vary tremendously in how many online customers they have – for example, most potential computer buyers research prices and models online, but only a minority of all dog-food buyers do – the people online include most of the opinion-makers and trendsetters. Someone buying

a can of soup made by your company may never see your Web site; but someone writing an article about trends in soup marketing is almost sure to try to look you up. (You do want your company to get mentioned in the press, right?) And increasingly, supermarket managers who make decisions about what food items to stock are starting their work by looking online, too. (And, of course, you want your company to be considered early in major buying decisions.)

So you need to market online. But just what is *marketing*? Marketing is the whole process of defining, promoting, and managing the sales of goods and services. The marketing cycle includes not only outbound communications such as advertising and public relations but also activities such as surveys, customer focus groups, demographic research, and so on that tell you what kinds of products to create and sell. This book shows you how to market your company, your products, and your services effectively using the Internet.

Marketing divides people up into groups called, strangely enough, *markets*. A market is a group of people who are conscious of themselves as a group and who communicate with one another on topics of shared interest that relate to your product. Gender and age groups are markets, as are people who share a profession, a nationality, or a specific role in a family – child, parent, or grandparent. An important part of digital marketing is knowing which markets you're trying to reach and where to find them online – this book helps you do just that.

Being online – especially having a decent-looking company Web site – is becoming as important as being in the phone book. If you want people to contact you at all, you'd better be listed. In Chapters 4 to 7, we explain the basics of creating a competent online presence cheaply, and we go into detail for people who want to go beyond simple *online presence* into proactive online marketing. But start by making sure that each product, service, or company that you're involved with has at least a basic, effective Internet marketing effort. The next section describes how to identify your target market as it exists on the Internet.

Finding Your Online Market

The online world has changed dramatically. By February 2006, over 10 million UK households were accessing the Internet via broadband, and most professional people in the UK have Internet access at work. (In general, the more purchasing power someone has, the more likely he or she is to be online.)

If you are doing marketing in the UK and you tell people that information they really want or need is available on your Web site, chances are that most of them can get to it if they want to. If you're selling goods and services to businesses, nearly all potential purchasers are likely to be online.

A few great sources for overall Internet data are OfCOM, – the communications regulator in the UK that can tell you the overall size of the market and other basic facts; IMRG, which can give you statistics on the amount of people shopping online and what they're buying; and organisations such as Jupiter Research and Forrester Research, which regularly carry out research into different market sectors. Some information is free, but the more detailed stuff will cost you. A very useful source of information for free is Alexa (www.alexa.com), an online service that gives you specific traffic information about Web sites such as reach, page views, and rank amongst other sites in its sector.

If you do your research properly you'll see that the online world is not the same as the offline world in the UK. In deciding how much time, energy, and money to spend on your digital marketing efforts, you really need to take some time to find out who's online and compare that to who you're trying to reach in your marketing efforts. Then you can size your online efforts to match your expected rewards.



Statistics are an attempt to capture a snapshot of current realities and can be accurate to within a few percentage points – or can be thoroughly biased, misrepresented, and misused. The statistics quoted here are the best freely available ones we could find. Projections are an attempt to *guesstimate* the future, and so are inherently unreliable unless you have Nostradamus on your team, or read tea leaves. We suggest that in your marketing planning for the online world, and indeed for all your marketing planning, you rely heavily on statistics and very lightly on projections.



People like to talk about how fast the online world is changing, but the results from many surveys of the online world are actually becoming increasingly consistent from one survey period to the next. Though the number of Internet users is growing rapidly, the characteristics of the user population – for example, the percentage of males versus females, types of professions represented, and so on – now change little in the six months between surveys. You can make decisions about your Internet presence today with relatively good confidence that the Internet population, though larger, will still look much the same by the time you implement your decisions.

Internet user profile

What does it mean to be online? This term can cover everything from being a light e-mail user, who may only look at Web sites such as the BBC and other 'trusted' sources, to a music downloading, MP3 ripping, podcast broadcasting eBayer, who only uses their MySpace URL on their business card and does all their Christmas shopping online.

Following are implications of the prevalence of Web use and other conclusions that can be drawn from available surveys of the online and offline worlds:

- ✔ **The online world is huge:** Working out exactly how big the online universe is isn't possible, but research company Nielsen//NetRatings puts it at around 475 million (home accessing users), with 36 million in the UK. That figure represents about 10 per cent of the entire world population and is growing all the time, especially with countries such as India and China coming online with increasing speed. Implication: The Internet has a large audience, but it doesn't reach everyone – although it is the best way to reach the most people.
- ✔ **The online world is English-language dominated.** According to Nielsen//NetRatings, the United States has 205 million home Internet users, representing about 40 per cent of all home Internet users as of May 2006. Japan is next with 68 million, followed by Germany with 50 million and then the UK with 36.5 million. Few figures are available for the emerging markets in the East but China is expected to become a major consumer of the Internet in the next five to ten years. Implication: Online efforts that are focused first on the English-language market will reach the most users and are more likely to get results.
- ✔ **The UK market is 12–18 months behind the US.** That the UK market follows the US market, but with a time delay of about 12–18 months, is a widely held belief. The closeness of this gap is due to the ease of business afforded by using (relatively) the same language and the similarity of the markets. A shared language can be very useful for spotting trends before they hit the UK, but beware merely transplanting US practices to the UK as doing so without adapting them for subtle UK nuances rarely works. Implication: The UK and Europe are closing the gap between them and the US, so be ready to market to more than just a UK audience if your business demands it.
- ✔ **The online world is young and affluent.** Statistics from research company Nielsen//NetRatings show that the majority of Internet-using households in the UK have an income greater than £30,000 a year, with 30 per cent earning more than £50,000 a year. The largest age group of online users are 35–49 year olds, who make up almost 30 per cent of the total UK online audience. Only 26 per cent of the UK online audience are over 50 years old. Implication: The Internet is a great place to reach a young and affluent audience that has money to spend on your products and services. More people are spending money online than ever. According to the Interactive Media in Retail Group (IMRG), online sales have grown 2000 per cent in the last six years and £80 billion of consumer spending is either on or influenced by the Internet. To put this statistic into perspective, the average weekly value of all consumer sales in the UK for one week in May 2006 was £4.7 billion according to the Office for National Statistics. Implication: The Internet is a good way to develop a new revenue stream, so research whether your products or services can be sold online.

Some facts and implications are obvious and their effects on your marketing strategies are easy to figure out. However, other conclusions may take longer to grasp. For example, in the offline world, older people tend to be richer than younger ones; the fact that the Web has both a younger-than-average population and a richer-than-average population implies that it must have a very high percentage of people who are both young *and* rich. (Maybe that means you can think about digitally marketing gold-plated skateboards – unfortunately, we doubt it.)

Working in the Online World

You picked up this book to help yourself do effective marketing work online. In this chapter, we provide an overview to help you get a handle on the online world, what the pieces are that make it up, who's in it, and how to start matching your marketing goals to it. Here are some lessons to carry forward as you use the rest of this book:

- ✔ **You have to be online.** No, not everyone is online, but the people who are online are your customers. If you're not reaching them, you can be sure that your competitors are. You don't have to wrench your business up by the roots and replant it on the Internet; but if you ignore the online world, you do so at your peril.
- ✔ **Start with the Web.** The Web is the ruler of the online world. Start your online efforts by planning now to create a Web site if you don't have one or to regularly update your site if you do.
- ✔ **Use the power of the Internet to your advantage.** Later chapters introduce you to search engines and search marketing, online advertising, e-mail advertising, blogs and communities, and many more channels to reach your consumers online. Use the detailed information in this book to consider each route separately and decide how best to use it.
- ✔ **Take a moderate approach.** *K.I.S.S.* should be your watchword. It stands for Keep It Short and Sweet. Online users want easy-to-navigate, fast-loading, up-to-date Web sites that look good on any device. They want product and reference information and don't want to work hard to get it. You don't have to bet your company on a big, fancy online presence; just be competent, accurate, informative, and up-to-date. The other chapters in this book show you how to create an effective digital marketing presence as quickly, easily, and cheaply as possible.