



Business- to-Business Internet Marketing



Seven Proven Strategies
for Increasing Profits
through Internet Direct
Marketing

"This is by far the best book on
Internet Marketing yet."

— Database Marketing Institute

Barry Silverstein

BUSINESS-TO-BUSINESS INTERNET MARKETING

Fourth Edition

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Barry Silverstein



MAXIMUM PRESS
605 Silverthorn Road
Gulf Breeze, FL 32561
(850) 934-0819
www.maxpress.com

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For more information, visit our Web site at www.maxpress.com
or e-mail us at moreinfo@maxpress.com

Publisher: Jim Hoskins
Manager of Finance/Administration: Joyce Reedy
Production Manager: ReNae Grant
Cover Designer: Lauren Smith Designs
Compositor: PageCrafters Inc.
Copyeditor: Andrew Potter
Proofreader: Jacquie Wallace
Indexer: Susan Olason

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Library of Congress Cataloging-in-Publication Data

Silverstein, Barry, 1948

Business to business Internet marketing : seven proven strategies for increasing profits through Internet direct marketing / Barry Silverstein.— 4th ed.

p. cm.

Includes bibliographical references and index.

ISBN 1-885068-875

1. Internet marketing. 2. Industrial marketing. I. Title.

HF5415.1265 .S535 2002

658.8'4—dc21

2001004920

*To Mae and Lou:
Together again, for all time*

Acknowledgments

For helping me create the fourth edition of this book, I would like to thank my publisher, Jim Hoskins, for his belief that *Business-to-Business Internet Marketing* continues to have value in the marketplace; Anne Holland, publisher of MarketingSherpa.com, for allowing me to use material from the excellent case studies and other information provided by the e-newsletter, B2BmarketingBiz; Josh Silverstein, for his invaluable research and editorial assistance; and my family, especially Sharon, for their ongoing support and love.

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About This Book

Web sites can be navigated at will and, in a sense, this book can be, too. You can read it sequentially or move around from chapter to chapter.

Chapter 1 discusses the Age of the “e” in order to demonstrate the impact the Internet has had on business in general and specifically on business-to-business interactions. It suggests that a new response model called “intersponding” is emerging as a result of the Internet’s vast influence. This chapter has been completely updated for the fourth edition, taking into consideration new statistics and the Dot-Com Crash of late 2000–early 2001.

Chapters 2 through 10 cover the seven proven Internet marketing strategies that are the core of this book. The fourth edition offers new material here, including additions and modifications to each strategy, more examples, and more screen captures to illustrate examples. These screen captures are the copyrighted property of the Web site owners.

Chapters 2, 3, and 4 cover the first strategy, generating and qualifying leads. Chapter 2 discusses how to use your Web site, while Chapter 3 covers online advertising and Chapter 4 deals with e-mail marketing.

Chapter 5 covers the use of Internet events for marketing, and Chapter 6 addresses the continuing growth of e-fulfillment.

Building customer relationships is the topic of Chapter 7, and Chapter 8 covers a major growth area for b-to-b marketers: communities and exchanges.

Chapter 9 addresses Internet partnerships from both affiliate marketing and channel partner perspectives.

Chapter 10 is the last, but not least, of the seven strategies: using e-commerce.

The final chapter, Chapter 11, encapsulates all the strategies and provides a road map for integrating online and offline marketing.

The book concludes with a resource section that has been completely revised and updated for the fourth edition. Appendix A provides a list of every Web site referenced in this book in order of appearance. It also contains an expanded listing of Web sites and books that have been specially selected for the business-to-business marketer. Appendix B is a greatly expanded glossary of direct and Internet marketing terms.

Your “Members Only” Web Site

The Internet marketing world changes most every day. That is why there is a companion Web site associated with this book. On this site, you will find the latest Internet marketing news, book updates, expanded information, and other business-to-business Internet marketing resources. However, you have to be a member of the “Business-to-Business Insider’s Club” to gain access to this site.

When you purchased this book, you automatically became a member (in fact, this is the only way to join). To access the companion Web site, go to the Maximum Press Web site located at *www.maxpress.com* and follow the links to the “Business-to-Business Internet Marketing” companion Web site. When you try to enter the companion Web site, you will be prompted for a User ID and Password. Type the following:

- For User ID: b2b4e
- For Password: drift

You will then be granted full access to the “Members Only” area. After you arrive, bookmark the page in your browser and you will never have to enter the User ID and Password again. Visit the site often and enjoy the Internet marketing news and information with our compliments—and thanks for buying the book. We ask that you not share the “User ID” and “Password” for this site with anyone else.

Introduction

The original edition of *Business-to-Business Internet Marketing* filled a need in the marketplace. At the time of its publication, it was the first book to show how to apply proven business-to-business (b-to-b) direct marketing principles to the Internet.

Thankfully, the popularity of the book, along with the continuous and dramatic change that is occurring in Internet marketing, demanded that second and third editions be published. This book has been published in several international editions as well.

Since the publication of the third edition, however, two fundamental market changes have occurred, and they set the tone for this fourth edition.

The first fundamental change is the fact that the strategies originally identified in *Business-to-Business Internet Marketing* are now widely accepted practices. In fact, although this book was an early entry, there are far more Web sites, e-newsletters, trade publications, and books addressing the b-to-b Internet world today.

This is because one of the brightest areas of promise on the Internet is business-to-business and, with it, b-to-b marketing. B-to-b marketers have adopted Internet marketing for lead generation and qualification. They are pioneering the use of Internet events for marketing. B-to-b marketers increasingly integrate e-fulfillment into their marketing programs. They are building customer relationships, participating in communities, engaging in Internet partnerships, and selling on the Internet, and the best of the b-to-b marketers truly understand and leverage the power of integrating online and offline marketing.

So you will find that the fourth edition, more than previous editions, documents the use of the strategies by successful b-to-b marketers as much as it describes the strategies themselves. This is a significant shift, because the market is moving from concept to execution. As a result, we have more statistics to share, more examples to study, and more successes to learn from.

The second fundamental market change is what many regard as the Dot-Com Crash, which began in late 2000 and extended into 2001. Unfortunately, Internet overexpansion intersected with a weakening

economy to create numerous spectacular failures among Internet “pure plays.” As a result, software companies, interactive and advertising agencies, and others who serviced the dot-com sector saw business opportunities evaporate. The stock market was not forgiving either.

When you put this into perspective, you can perhaps foresee the signals for the coming debacle. After all, there was an almost absurd amount of venture capital being thrown at companies with “com” in their names. At some point the Internet gold rush had to reverse itself.

Although the losses have been staggering, a few important lessons have been learned. One is that being a dot-com is not nearly enough to sustain a business. Perhaps dot-coms with business plans, an infrastructure, and customers could survive, but the Dot-Com Crash quickly weeded out the weakest.

Another lesson learned is that the Internet, although essential, is not always best used as an independent, exclusive business channel. At the same time that many Internet-only businesses were imploding, some click-and-mortar businesses were profiting. Companies like Dell and Lands’ End, who had already built successful direct order businesses, were seeing Internet revenues grow, but not at the expense of their traditional business model.

The paradox is that the downturn in the Internet-driven economy will likely make b-to-b Internet marketing, if properly executed, an even more significant component of marketing. The reason is *accountability*.

As you will read in this book, well-conceived b-to-b Internet marketing is rooted in the principles of direct marketing. Direct marketing can be controlled, tested, tracked, analyzed, refined, and measured. Its value is not based on generating awareness but rather on generating leads and orders you can count. Internet marketing is a form of direct marketing that goes far beyond what could be accomplished before, because now, b-to-b marketers can actually close the loop and *complete the marketing and sales cycle* at one time, in one place, online. That makes it truly accountable marketing.

This is great news for b-to-b marketers, especially in uncertain economic times. When budgets are being reallocated, the safe bet is on measurable media where results can be demonstrated. So, although there is sure to be some regrouping in b-to-b marketing, there is likely to be more reliance than ever on direct and Internet marketing going forward.

Despite the economic turbulence, the growth of the Internet in marketing and in business has not abated. As you will see from the statistics in this book, worldwide usage of the Internet continues to grow impres-

sively. Large businesses are moving their entire IT infrastructures to the Internet and are increasingly participating in exchanges and marketplaces. Smaller businesses are doing business over the Internet to gain competitive advantage. A new-world economy dependent on digital cash, digital signatures, and a wireless Internet is still on the horizon. And b-to-b remains the most promising segment of the new Internet economy.

We may have hit a speed bump on the road to our e-future...but there is little doubt that the road is still there.

1

The Age of the “e”

This is the Age of the “e”; e-marketing is the new term for marketing; eCRM is the latest positioning for Customer Relationship Management; e-commerce is an integral part of selling for most b-to-b companies. Today, organizations are either e-enabled or moving toward becoming e-businesses.

Although some of us have had enough, we must acknowledge that the “e” is representative of the influence of the Internet on business, our lives, and our world. Even as we assimilate the Dot-Com Crash of 2000–2001, we can be sure that the Internet’s impact is long term and sustainable.

Before we delve into specific strategies, we need to examine the marketplace, so Chapter 1 sets the stage for the rest of this book. Here we look at some important statistics, consider the Internet’s role in the b-to-b world, and explore the growing importance of the Internet as a gateway to global marketing.

The Numbers Game

In this chapter and throughout the book, you will see statistics regarding Internet usage, e-business, and b-to-b e-commerce. The numbers are

changing so quickly they will be out of date by the time you read this sentence. Rely on such Web sources as eMarketer (www.emarketer.com), CyberAtlas (www.cyberatlas.internet.com), and Statmarket (www.statmarket.com) to gain access to the latest statistics.

Just to put things into perspective, let us examine a few of the more significant facts. By year-end 2000, according to CyberAtlas, there were about 136 million Internet users in the United States, 27 million in Japan, 19 million in Germany, and 18 million in the United Kingdom. eMarketer's 2001 eLatin America Report indicated that the number of Internet users in Latin America will reach close to 41 million by 2004, up from over 15 million in 2000.

Canadian research firm Ipsos-Reid (www.angusreid.com) says that in 2000, there were about 350 million adults worldwide using the Internet by year's end. The firm reported that Canada and Sweden actually led the United States in terms of percentage of the population using the Internet.

According to International Data Corporation (www.idc.com), worldwide e-commerce revenue was about \$350 billion in 2000 and will rise to about \$3.14 trillion by 2004. GartnerGroup (www.gartner.com) says worldwide b-to-b online sales will grow from \$433 billion in 2000, to \$919 billion in 2001, to \$8.5 trillion by 2005. The Boston Consulting Group (www.bcg.com) estimates b-to-b online revenue in Asia will be \$430 billion by 2003.

The Internet's economic impact is reported in research conducted by the University of Texas' Center for Research in Electronic Commerce, commissioned by Cisco Systems (www.internetindicators.com). The fourth study covering the first half of 2000 reveals some fascinating statistics:

- Although dot-coms have been the center of media attention, they are not the center of the Internet economy. Only 9.6% of the firms in the study are true dot-coms, with 95% or more of their revenue from the Internet.
- For Internet economy companies, Internet revenue is one quarter the size of non-Internet revenue, but growing three times as fast as corporate revenue as a whole. In the first half of 2000, Internet economy companies generated \$1 of every \$5 in revenue from the Internet. Internet economy revenue is growing twice as fast as Internet economy employment. The Internet economy was pro-

jected to produce \$830 billion in revenues in 2000, a 58% increase over 1999.

- The Internet economy directly supports more than 3.088 million workers. Total employment at Internet economy companies grew 10% between the first quarter of 1999 and the first quarter of 2000. The Internet economy is creating jobs in numerous areas—and seven of every ten jobs created are traditional, not high-tech jobs. The job function generating the most Internet-related employment is sales and marketing (33%), with IT jobs at only 28%.

The report *2000 Economic Impact: U.S. Direct & Interactive Marketing Today*, issued by the Direct Marketing Association (www.the-dma.org), says U.S. consumers and businesses spent over \$24 billion as a result of direct marketers' online media expenditures in 2000. Direct marketers spent \$2.8 billion on interactive media marketing in 2000, up from over \$1.6 billion in 1999. This, as the report emphasizes, is in spite of a weaker economy and dot-com failures.

The third annual America Online/Roper Starch Cyberstudy, conducted in August 2000 among a random sample of over 1,000 adult online users, suggested significant positive shifts in Internet acceptance. For the first time ever, more than half of the survey respondents said they shop online, nearly double the percentage who did so two years ago. More than half the respondents would be interested in using a small Internet device to go online from any room in their house; close to half log onto their home accounts even when they are away from home; and two thirds of the respondents would be interested in checking out a Web site they'd seen on TV without leaving their TV to find it.

The Wired World

Today the Internet is already a mature medium, despite its newcomer status. It is certainly the technology area with the most significant and explosive growth ever. In 1998 and 1999, the Internet's economic impact on the U.S. economy was clearly proven just by the amount of venture capital invested in Internet companies and by the number of successful Internet company IPOs launched. By early 1999, Internet IPOs had dominated the stock market, creating another round of young bil-

lionaires, not unlike the software boom decades earlier. By late 1999, it was the dot-coms that moved “offline,” dominating the airwaves, feverishly snapping up television time, and grabbing national magazine and newspaper space to launch their fledgling brands. By 2000, the success of the dot-coms had started to dwindle. Many merged and many more failed, but not before the Internet had permanently become part of the fabric of American business.

The Internet is very serious business, and it is an unavoidable fact of business life. A recent study by IT research firm Forrester Research (www.forrester.com) said that 98% of large businesses (more than 1,000 employees) and 45% of small businesses (less than 100 employees) will do business online by 2002.

A landmark study done by the NEC Research Institute (www.neci.nec.com) in early 1999 put the number of individual Web pages at some 800 million, with 3 million added each day. The predicted rate of Web page growth is phenomenal, perhaps 1,000% over the next few years, yet the NEC Research Institute study indicated that even the most comprehensive Web search engines combined covered no more than 42% of indexed pages. That is one good reason that Internet information access services are growing at such a rapid rate. Businesses that never would have existed before the Internet are now springing up to help online visitors find what they are *really* looking for on the Net.

There has never been a time when a mass medium has held such potential. The Internet is more accessible to more people globally than any other medium except television. Web sites and e-mail newsletters are for the most part free.

With all this, however, there are still significant challenges facing the Internet. One of the greatest of these may be the privacy issue. With the mass adoption of external e-mail by consumers and businesses alike, this “private” one-to-one communication quickly became another promotional channel for IT marketers. It was not long before unsolicited e-mailings (“spamming”) were commonplace.

Now, the heat is very much on those who do not respect an individual’s privacy on the Internet. For example, the Direct Marketing Association (www.the-dma.org) launched an electronic media privacy program in 1998, encouraging organizations that use the Internet for direct marketing to post a privacy policy prominently on their Web sites. In February and March 2000, the Federal Trade Commission (www.ftc.gov) conducted a survey of commercial sites’ information prac-

tices, using a random sample of 335 Web sites, in addition to “most popular sites”—91 of the 100 busiest U.S. commercial Web sites. The survey found the following:

- In the random sample, 88% post at least one privacy disclosure and 100% of the most popular sites post at least one privacy disclosure.
- In analyzing these disclosures in light of the fair information practice principles of Notice, Choice, Access, and Security, the percentage drops dramatically. Only 20% of the random sample sites that collect personal identifying information, and 42% of the most popular sites, implement, at least in part, all four fair information practice principles.
- The commission also looked at the number of companies enrolled in the primary industry self-regulatory initiative, online privacy seal programs. The survey found that 8% of the random sample, and 45% of the most popular sites, display a privacy seal.

The survey led the Federal Trade Commission to conclude that privacy self-regulation alone would not suffice. As a result, the commission recommended that Congress enact legislation that will help to ensure adequate protection of consumer privacy online.

This, of course, is only the federal perspective. There are states that have already adopted legislation that restricts unsolicited e-mail and protects consumer privacy. This increasingly strict regulatory environment should be taken into consideration by every b-to-b marketer.

No less daunting is the technology of the Internet itself and access to it. On the service side, major telecommunications and cable companies have already entered the Internet Service Provider (ISP) market. AT&T, WorldCom, and Sprint provide Internet access services, as do all of the Regional Bell Operating Companies. Communications giants are lining up to compete in the massive Internet market. AT&T and cable leader TCI merged in 1998 so that AT&T could offer cable modem service. WorldCom integrated its former UUNET division to make WorldCom the world's largest business ISP. The Internet access alternatives available to businesses and consumers are proliferating, as are the ways access can be provided. Internet access over both telephone and

cable connections is commonplace. It's only a matter of time before Internet access is bundled with electric service. The end result will be the same: the massification of the Internet.

One of the biggest concerns has been the bandwidth associated with delivering Internet service. As more people sign up for Internet access and actively use the Internet to conduct business, the Internet can become choked with traffic. The demand for bandwidth rises exponentially, but even the bandwidth problem is on the way to being alleviated. Massive technological improvements are being made to the Internet infrastructure by leading networking companies.

Innovations are coming from all sides. Most cable companies are becoming broadband enabled. Broadband is basically Internet access over cable, and it is feeding hungry Internet users with electronic information at blazingly fast speeds. Broadband is one significant advance, but it is not the only way that consumers and businesses are getting high-speed Internet feeds. Through faster ISDN (Integrated Services Digital Network) connections running over ordinary phone lines, and with the new higher-speed modems that are hitting the market every day, fast access will be a diminishing problem for even the smallest businesses. ISDN is fast being replaced by ADSL (Asymmetric Digital Subscriber Line). Telecommunications and cable companies alike are introducing DSL rapidly throughout the United States, targeting both business and home use with the hope that DSL will be the killer Internet access application. That is because DSL can share phone lines, using modems that are 50 times faster than conventional modems.

DSL and other technologies mean that Internet access soon will be a utility. People will not even need to think about turning it on and off, because it will be like the telephone, cable television, and electricity.

Lately, talk is about the "second Internet," an industrial-strength Net that may be only a few years away.

Infrastructures are being built today that are expected to solidify the Internet economy and make it a global reality. And those infrastructures may not even be underground. Cisco Systems, the leading manufacturer of networking devices, introduced a wireless Internet in the year 2000. The company planned to offer Internet connections up to ten times faster than DSL via low-frequency microwave transmission.

Even today, wireless connections to the Internet via cellular phones and PDAs are possible, and although Europe and Asia are on the lead-

ing edge of wireless, this market is expected to grow rapidly over the next several years in the United States. eMarketer, reporting the results of a 2001 study by the Universal Mobile Telecommunications Systems Forum, says mobile Internet access subscriptions in North America will grow from just over 2 million in 2005 to 18 million by 2010.

A Paradigm Shift of E-proportions

Before we head off into an exploration of marketing in cyberspace, I would like to put the subject of technology-driven marketing into historical perspective from my own vantage point. In 1974, I became employee number 51 at a small company called Epsilon Data Management. Epsilon was in the business of helping fund-raising and membership organizations communicate with their constituents—past, current, and future donors or members.

Epsilon’s real business, though, was database marketing. The four Epsilon founders had helped pioneer the use of computer technology to take massive lists of donors’ names and addresses and “smarten” them with data. Each donor record was constructed with variable-length fields so that a lot of data could be stored and tracked. Because each donor could also be given a unique identification number, the data could drive fund-raising programs that recognized the individual donor’s unique characteristics.

Epsilon was one of the leaders in a technique called “variable up-grading.” When each donor received a computer-generated letter, the suggested donation amount could be varied, based on the donor’s previous contribution. A majority of donors would in fact upgrade their gifts to the new suggested amount. Even in mailings of several hundred thousand letters, the technique could be applied. I remember watching the line printers chunking out the letters on continuous form paper.

I was amazed as the letter-quality line printers were directed by the computers (mainframes back then) to spit out very respectable correspondence without hesitation. Each letter had a different name and address, and each letter and accompanying personalized reply slip had a different suggested gift amount inserted into the letter text. Signatures were preprinted or postprinted on the paper stock in blue ink, perfectly

positioned with the computer-generated text, to simulate hand signing. It all looked very believable, and it was responsible for raising millions of dollars.

I was witnessing a paradigm shift, of course, although I did not realize it at the time. The 1970s were the early days of computer personalization driven by database marketing, now a common and accepted practice.

In those days, it took mainframes in climate-controlled, glass-enclosed, raised-floor computer rooms to make all of this marketing magic happen. Today, you could run a sophisticated database program that does much the same thing, only better, right from your desktop.

The reason for this reminiscing? To demonstrate that, over 25 years ago, something quite profound happened to marketing. Computer technology changed it forever.

We can state without reservation that the impact of the Internet on marketing today is no less profound, and once again, database marketing is playing a key role in the evolution of marketing, driving the Internet to be the ultimate one-to-one relationship-building marketing tool.

Computer technology has stretched across physical boundaries, and we have created a virtual world no less real than our physical one via networked communications. The Internet has caused networking, telecommunications, hardware, and software companies to completely reengineer themselves. Practically all other businesses are following suit by reorienting their business operations and information systems for the electronic future. Organizations are feverishly building intranets (internal Internet-based networks) and extranets ("private use" external Webs), depending more and more on the Internet for entire networking infrastructures.

As a testament to this fundamental change and the influence of the Internet, you have only to look at the nomenclature of popular IT publications. *CommunicationsWeek*, long a major computer industry publication, was renamed *InternetWeek* (www.internetwk.com) in late 1997. In May 2000, *PC Computing* changed its name to *Smart Business* and *PC Week* became *eWeek*. *Business 2.0*, focusing on the Internet economy, became one of the most successful magazine launches ever. *The Wall Street Journal* and *The New York Times* launched recurring sections on e-business and the Internet, *BusinessWeek* introduced *e.biz*, and *Time* magazine spun off *On* magazine. Now there are more publications (both in print and in electronic versions) covering the Internet and the Web than in any other publishing category.

What the Internet Contains That Marketers Can Use

E-mail

E-mail began, innocently enough, as a convenient electronic means of communication between one person and another over a local area network. It was largely restricted to, and intended for, internal use.

It was really such companies as America Online (*www.aol.com*), CompuServe (*www.csi.com*), and Prodigy (*www.prodigy.com*) that popularized the notion of e-mail communication outside the boundaries of corporate networks. Seasoned Internet users may have learned how to send and receive e-mail, but consumers and general business users needed both Internet access and e-mail software to take advantage of electronic communications. They got it through the private online service providers.

America Online (AOL), for example, recognized the true mass-market opportunity early on, even though CompuServe and Prodigy got there first. AOL used aggressive marketing tactics to saturate the market. I would be surprised if any reader of this book has not received a diskette from America Online at one time or another, either through direct mail or as a result of buying a “bagged” magazine with a disk enclosed. It was America Online that first told millions of young and old alike “You’ve got mail,” a phrase so ingrained in popular culture that it became the name of a Tom Hanks movie.

America Online, CompuServe, Prodigy, and a few other early online service providers put their own marketing front ends on the Internet to give it shape and make it palatable for “the rest of us.” While setting the agenda, the online services were unabashedly self-serving and restrictive, and as such, had to scramble and reinvent themselves when the popularity of the Web in particular usurped them.

In late 1999, Prodigy and SBC, the nation’s largest local telephone company, announced they would combine their Internet operations, with SBC taking 43% ownership of Prodigy. This deal would immediately turn Prodigy, a once-failing ISP, into a powerhouse with more than 2 million customers. More important, Prodigy would now have broadband access to the 100 million people served by SBC.

AOL has managed to survive and succeed despite market pressures. After going through a public relations battering over inadequately supporting the service requirements of its burgeoning user base, AOL recovered and is still going strong. By 2000, AOL had over 20 million subscribers (today it’s 30 million) and reached a new level of promi-

nence with two blockbuster acquisitions, CompuServe and Netscape. In acquiring its rival, CompuServe, AOL obtained a primarily business membership base of 2 million subscribers. Under AOL's ownership, CompuServe has been maintained as a separate brand.

The acquisition of Netscape was even more strategically important. In the battle for browser dominance with Microsoft, Netscape may have been losing ground, but adding AOL to the equation could certainly make things interesting. In combination with the antitrust suit against Microsoft, and the fact that Sun Microsystems (creator of Java and Jini) has now aligned with Netscape, the Internet browser wars took on a whole new meaning.

The biggest deal was yet to come. On January 10, 2000, AOL announced the unthinkable: a plan to merge with Time Warner. Incredibly, the smaller but more highly valued AOL would own about 55% of the new company in a stock deal that would be valued at \$350 billion, the largest in U.S. history.

Regulatory issues notwithstanding, the business and economic significance of such a combination cannot be minimized. If ever there was a question about the Internet's dominant influence, it was resoundingly answered with the AOL–Time Warner deal. Industry and financial analysts alike immediately recognized the implication: that the world of e-commerce and media would change forever. At its most basic level, it brings together the online prowess of AOL with the deep content and broadband access of Time Warner, but it means far more than that if you look at all of the properties each company holds, as well as the far-reaching influence such a mega-corporation will have. This one merger is as telling of the future as any.

The deal dwarfed the 1999 merger of EarthLink and Mindspring, an effort to play catch up to AOL's rising star. Together, these ISPs serve over three million users. Growth across consumer and business-focused ISPs has been brisk, even as the traditional telecommunications and cable firms enter the ISP space.

With the mass acceptance of external e-mail, this “private” one-to-one communication quickly became another promotional channel for business-to-business marketers. It wasn't long before unsolicited e-mailings (“spamming”) were commonplace.

It is this kind of environment, coupled with the Internet's explosive growth, that has led to a tougher legislative and regulatory environment that is already placing severe restrictions on unsolicited e-mail.

Newsgroups

These havens for information sharing are part of the Usenet, an Internet-related network of e-mail boxes and newsgroups. Newsgroups were designed to be informal discussion groups, yet some marketers have unwisely tried to invade them with commercial messages. With the generally negative response from newsgroup users, most marketers have backed off and are more cautious about promotional activities surrounding newsgroups. Some newsgroups will allow promotional messages, but marketers are advised to carefully follow each newsgroup’s specific rules.

The World Wide Web

Likened to the Wild West in its infancy, the Web as a quickly maturing adolescent was still a place with a lot of electronic marketing flotsam and jetsam, but now the Web is well beyond that in terms of business usage, having matured as a business and marketing medium. Industry estimates put the number of Web pages created each day at close to 2 *million*. In the early days, marketers glutted the Web with “brochureware”—nothing more than corporate collateral posted on Web sites. Although this is still often the case, business-to-business marketing use of the Web is proliferating as inferior marketers begin to weed themselves out. The tantalizing promise of the Web—electronic commerce—has now emerged as a significant factor for business marketers.

Marketing Benefits of the Internet

The Internet Is Boundless

According to CyberAtlas (www.cyberatlas.internet.com), there were almost 136 million Internet users in the United States by the end of 2000. Japan ranked second in the world with some 27 million users, Germany was third with about 19 million, and the United Kingdom was fourth with about 18 million. China was a surprising fifth, with almost 16 million online users. The *Computer Industry Almanac* projected 490 million people worldwide would have Internet access by the year 2002.

The economic impact is staggering. Research firm International Data Corporation (www.idc.com) predicted in March 2001 that e-commerce revenue will rise from about \$350 billion in 2000 to more than \$3 trillion by 2004. Growth in the rest of the world will actually outpace that

in the United States, which will capture 38% of the global market by 2004. GartnerGroup (www.gartner.com) forecasted that b-to-b e-commerce sales alone will reach \$8.53 trillion by 2005.

Imagine the impact on b-to-b marketing if, with this kind of future, marketers begin to significantly shift their promotional dollars from traditional media to Internet-related advertising and marketing activities. Surely, that is inevitable.

Television has long been accepted as the world's greatest marketing medium for reach, but at some point in the not-too-distant future, the Internet could possibly overtake television or converge with it.

Actually, convergence is already here. WebTV (www.webtv.com), now owned by Microsoft (www.microsoft.com), provides easy television access to the Web via a set-top "terminal." WebTV also provides Internet access at a variety of price points, similar to Internet service providers. It is part of Microsoft's strategy to own emerging Internet channels of distribution. In June 1999, Microsoft invested \$30 million in Wink Communications, an interactive TV data service that could enable TV-based e-commerce. Other entries in this emerging market take a different approach. WorldGate Communications (www.wgate.com) feeds Web pages directly through a cable system's set-top boxes.

The legitimate question of whether or not the consumer will *want* to view the Web in this fashion remains, but the Internet/TV technologies and services mentioned here and others now in development will continue to blur the lines between television and the Internet. The consumer convergence market may not directly affect the IT marketer, but next on the horizon for business is convergence in a different form. Now every type of portable communications device, from laptop to organizer to cell phone to pager, will move into the Internet realm as wireless communications technology advances.

On the service side, major telecommunications and cable companies have already entered the ISP market. The Internet access alternatives available to businesses and consumers are proliferating, as are the ways access can be provided. You can now obtain Internet access over both telephone and cable connections. Someday it may be bundled with your electric service. The end result will be the same: the commoditizing of the Internet.

One of the biggest concerns has been the bandwidth associated with delivering Internet service. As more people sign up for Internet access and

actively use the Internet to conduct business, networked portions of the Internet can become choked with traffic. The demand for bandwidth rises exponentially, but even the bandwidth problem is on the way to being alleviated. Massive technological improvements to the Internet infrastructure are being made by leading networking companies.

Innovations are coming from all sides. Broadband is one significant advance, but it is not the only way that consumers and businesses are getting high-speed Internet feeds. DSL and other technologies mean the time is soon at hand when Internet access will be a utility. People will not even need to think about turning it on and off, because it will be more like the telephone, cable television, and electricity.

DSL is only the beginning. The year 2000 saw a new surge: the movement toward a wireless Internet. Cisco Systems, the leading manufacturer of networking devices, was an early leader. In December 1999, the company announced its plans to offer Internet connections up to ten times faster than DSL via low-frequency microwave transmission. In 2000, hand-held computing devices and cell phones began incorporating wireless Internet access.

Another movement in late 1999 probably helped fuel Internet growth dramatically, as free Internet access became a popular phenomenon in the United States and worldwide. Of course, the catch is that users agree to view plenty of advertising in exchange for free Internet access. With PC companies bundling in Internet access with their hardware and creative telcos (telecommunications companies) using free or reduced-cost access as a new business hook, the entire world of the ISP has been turned upside down. The free access concept even penetrated the DSL market by early 2000.

The Internet Makes Global Marketing a Reality

The Internet continues to grow as rapidly worldwide as it has in the United States. Europe and Asia are already seeing extraordinary increases in Internet usage. For example, Boston Consulting Group (*www.bcg.com*) predicts b-to-b e-commerce in Asia will reach \$430 billion by 2003.

The Internet has already become the first truly cost-effective, widespread global marketing medium. With the Internet's roots in worldwide networking and its technology enabled via simple telephone line or television cable access, any marketer theoretically could reach any online consumer anywhere in the world at any time. Information can be

transmitted via e-mail or over the Web and received instantly, without regard to time zones or geographic location. No technical skills are necessary to receive it.

Very little on the Internet is currently regulated in terms of international markets. As such, the Internet represents a kind of worldwide electronic free trade zone. Nations are just now trying to determine what regulations and taxes, if any, should be imposed. The U.S. Congress in 1998 enacted the Internet Tax Freedom Act, which placed a three-year moratorium on new and discriminatory taxes on Internet commerce and created a commission to develop a uniform system for the application of existing taxation of remote sales. The moratorium was extended in 2001. The World Trade Organization in 1998 reached agreement among its 132 member countries to not impose customs duties on electronic commerce transmissions.

Also in 1998, the U.S. and Japanese governments agreed to keep electronic commerce essentially free from regulation and cooperate at an international level to remove barriers to electronic commerce. A not-for-profit organization was established by the U.S. government to take over the technical management of the Internet Domain Name System (DNS). The Digital Millennium Copyright Act was passed to ratify and implement the World Intellectual Property Organization (WIPO) Copyright Treaty and the WIPO Performances and Phonograms Treaty, protecting copyrighted material online.

As for the Internet's continuing worldwide reach, international acceptance is growing rapidly. Although the Internet is still predominantly an English-language medium and the largest area of Internet activity is in the United States, the trend is changing. According a May 2001 report from the Aberdeen Group (www.aberdeen.com), 80% of multinational b-to-b companies will move to global Web sites by 2004. It is interesting to note that Aberdeen says that 68% of Internet users will be non-English-speaking by 2003, and that e-commerce spending will be larger *outside* the United States in that same time period. This means U.S. businesses who don't globalize their Web sites could be missing significant opportunities.

The Internet Reaches People with Intellect, Power, and Money

Despite the ubiquitous nature of the Internet, early Internet users were somewhat elite—educated, influential, and upscale. In the case of businesses, this often means key decision makers.

The core audience of the Internet is still there, even as the Internet becomes more of a reflection of the U.S. and global population. It is likely that these affluent individuals will still be primary users of e-commerce and thus continue to form the core of the Internet’s true buying public. The Internet is home to these desirable and discerning consumers and business people. They are predominantly individuals who may watch television only occasionally but are avid Internet surfers and in many cases Internet buyers. By the way, the Internet has shaken its early reputation as a predominantly male haven. By 2001, close to half of all Internet users in North America were women, according to various reports.

As the Internet marches into consumer homes and smaller businesses, the bar will drop even further, changing the demographics and making it more a reflection of society. Yet b-to-b marketers will still be able to find and target the upscale, influential buyers they are looking for—those who started the stampede in the first place.

The Internet Offers Increased Business Penetration

As a business tool, the Internet is unprecedented in its penetration of the business community. As previously mentioned, the Internet’s historic roots are implanted in science and business, and business-to-business usage has continued to lead the growth of the Internet. With the emphasis on intranets and extranets, business-to-business usage is virtually exploding, even as consumers “sign on” at a dizzying rate. The Internet will continue to be an accepted place, potentially the preferred place, for businesses to do business and for marketers to reach business people. In fact, the opportunities for segmentation and targeting proliferate dramatically with the Internet’s growth.

One of the very real differentiators of the Internet’s power is that it has a remarkable *leveling effect* on business. It can make a very small company look larger than it is. That means even a tiny company can compete, at least electronically, with organizations many times its size. That company can now extend its marketing efforts through the Internet to any part of the globe and take advantage of the same Internet channel used by industry giants. Internet technology is inexpensive, is widely available, and can be completely outsourced. A company does not have to make a major investment to get on the Net and use it as a powerful means of marketing.

Even if a company does not aggressively use the Internet to market itself, that organization can benefit greatly from using the Internet as a

competitive research and business learning tool. This is one of the sometimes hidden benefits of the Internet. It is nothing short of amazing how much information companies post about themselves on their Web sites. Sometimes you have to wonder if they are so enamored with the technology that they will put even the most sensitive company documents out there for anyone to see. This is a gold mine for all of us who consider some form of marketing as our livelihoods. What used to take weeks of work now takes minutes, because competitive research can be accomplished with a few clicks of the mouse. The value of this aspect of the Internet extends far beyond marketing alone. With the amount of information resident on the Web, virtually any research in any discipline can be conducted online and at no cost for the information itself.

On the downside, however, the Internet is certainly seductive. A number of studies have suggested that unrestricted employee Internet usage can seriously reduce company productivity. As a result, an entire business centered on “site blocking” has developed, as software companies pitch products that cut down on unauthorized Web visits.

Another hidden benefit of the Internet for marketers is the way in which it improves overall business efficiency. Beyond marketing, using the Internet to do business is both efficient and competitively wise. My company, Directech | eMerge (www.directechemerge.com) is a direct marketing agency whose business efficiency has dramatically increased because of the Internet. Of course, we routinely use e-mail to communicate with clients and prospects. We also present conceptual creative work over our own secure WorkWeb. Some of our clients prefer to view work this way, and as a result, it has replaced paper layouts. This way of doing business is particularly advantageous when we need to present creative work to a local client contact in Massachusetts along with contacts on the West Coast or in Europe who need to review the work simultaneously. In fact, it helps the local client enormously.

At other times we have posted direct mail work on a client’s intranet or extranet so that its sales force, distributors, or resellers could see the work prior to distribution to customers and prospects. Not only does this facilitate communications, it also eliminates the cost of printing an overage of the mailing and sending it to these internal audiences.

One of the fastest-growing applications in this area is Internet conferencing. Through such technologies as Internet telephony and audiovisual streaming, communicating in real time over the Web is be-

coming commonplace, dramatically increasing business efficiency as cybermeetings replace face-to-face meetings.

The Internet Provides a Unique Form of Communications Intimacy

If marketing is about building relationships, then Internet marketing is about building lasting relationships. With the medium's maturation and the increasing integration of database marketing practices, targeting and one-to-one marketing on the Internet are fast becoming the norm, and that means marketers will be able to address the individualized needs of constituents.

Targeting on the Internet, as you will see in subsequent chapters, is not only feasible, it can be almost as efficient as direct mail in reaching particular audiences. There are as many specialized Web sites as there are specialized trade publications—primarily because virtually every specialized publication has established a sister Web site. That means you can be as selective with Web-based media as you can with print-based media.

The same is true of lead generation and order generation programs. You can select the most appropriate Web sites for banner ad placement and reach a targeted audience, as you would with traditional print media. Outbound unsolicited e-mail certainly does not have the acceptance of traditional direct mail, nor can it match direct mail list selectability, but the use of e-mail is another option that should be considered, if cautiously. Legitimate opt-in lists of individuals who are willing to receive promotional e-mail are increasingly available for rental.

Customers and prospects who are receptive to promotional e-mail could form the basis for an e-mail list that is potentially one of your best-performing lists. E-mail lists will continue to come onto the market, and the selection criteria will continue to improve as promotional e-mail gains acceptance. E-mail newsletters are enormously popular because they put valuable information into subscribers' e-mailboxes, usually free of charge. E-mail is one-to-one correspondence, quite like traditional direct mail. Today at least, e-mail is private, personal, and read more attentively than any other medium.

The World Wide Web is truly an intimate and personal “playspace” for adults. Used effectively, the Web can deliver personalized content to each and every visitor, or even automatically to a visitor's computer desktop via push technologies. As a result, a marketer can initiate a

one-to-one relationship via e-mail and the Web with a prospect, customer, or business partner. The marketer can also learn from that relationship via database marketing and grow the relationship over time.

The Internet Changes the Economics of Marketing

The stunning cost implications of electronic marketing in part fuel the Internet's unprecedented growth. The Internet is not only cost-effective, it is downright cheap in comparison to other media. The Yankee Group (*www.yankeegroup.com*) estimates that Internet direct marketing is 60 to 65% cheaper than traditional direct mail marketing.

A marketer can build and host a Web site and reach a worldwide audience at a cost that is far less than the cost of one national television commercial. Electronic communication has a whole different cost structure from traditional print, direct mail, telemarketing, or television media. There are no media placement costs associated with launching a corporate Web site or employing e-mail as a marketing medium. You may have to rent e-mail addresses, but you do not have to engage printers or mailhouses, or pay postage, when you disseminate e-mail. There are no hotel, travel, or on-site materials costs for virtual seminars and events. There are no printing and mailing costs for electronic fulfillment. Even order taking is cheaper with the Internet, especially if electronic catalogs are used to replace traditional paper catalogs.

The Internet Establishes a Brand-New Sales Channel

The Internet completely transforms the selling process for marketers. Successful electronic commerce users have found that they can dramatically reduce the cost of sale via the Internet. The story of Amazon.com (*www.amazon.com*), a company that defied the standard practice of opening retail store locations and instead chose to sell books exclusively on the Internet, is legendary.

Amazon.com became one of the most successful Internet business launches ever and forged the way for other hard goods marketers (including many competitors) to stake their claim on the electronic frontier (more about Amazon.com later). With the advent of secure online ordering, electronic commerce will undoubtedly reach its full potential as more marketers use the Internet to sell their goods and services.

A review of both specialized and general media sources suggested that 1997 was the year the Internet found its legs as a tool for selling. Although electronic commerce was still in its infancy, 1997 saw the

Internet’s first \$1 billion in advertising revenue, according to Reuters, up from \$267 million in 1996. As proof positive of the future, consumer goods giants took to the Internet in 1997, not just by establishing top-shelf Web sites, but by aggressively integrating Internet advertising and electronic commerce initiatives into their promotional marketing strategies. In 1998, consumer giant Procter and Gamble organized an unusual Internet marketing summit to elicit ideas for future initiatives.

In 1998 and 1999, e-commerce really hit its stride. There was greatly increased activity on the consumer side, but the majority of Internet-based sales have still been generated by businesses selling to businesses. The successes of the past few years have been nothing short of mind-boggling.

Dell Computer (*www.dell.com*) is just one example of that. By the end of 1997, Dell was logging \$4 million a day from online sales. By 2000, Dell had reportedly achieved ten times that number: *\$40 million a day* from e-commerce alone. According to the company, online sales accounted for 25% of Dell’s business by early 1999, and by 2000, half of Dell’s revenues were from online sales. The majority of Dell’s sales are business-to-business.

Networking giant Cisco Systems (*www.cisco.com*) had already established an industry-leading e-commerce benchmark by the end of 1997, averaging \$9 million per day of online sales. That translated into 40% of the company’s total annual revenue being generated via the Web, even in those “early days” of e-commerce.

Intranets and Extranets

B-to-b companies are not just driving electronic commerce. They quickly went beyond Internet marketing usage alone, creating intranets and extranets, perhaps two of the most-used words in the trade press in their current reporting of the Internet.

Both intranets and extranets are now becoming populated with marketing initiatives. Technically an Internet-enabled internal network intended primarily for employee usage, an intranet is a media channel in and of itself—a very targeted one, in fact. Imagine if a Fortune 500 company were to allow advertising on its intranet—so that its employees would receive promotional messages from select providers of products and services. What if that same company were to actively promote

its own products and services, and those of its divisions, to the employee base? This kind of intracompany advertising can easily occur over an intranet—and it is already in use.

Through an intranet, large companies can market themselves very effectively and provide highly valued service to a very targeted audience—their employees. Now companies are building enterprise information portals (EIPs), a kind of super-intranet through which employees and other insiders can easily access all of the company's information resources from anywhere.

An extranet is really a private-label Web site, offering access to a select group of customers, prospects, partners, or suppliers outside the sponsoring organization's network. It is the extranet, and all its variations, that companies started using in earnest in 1997 to help solidify existing business relationships and form new ones.

These extranets have proliferated rapidly and now take on numerous forms. Some extranets service only customers; others are targeted specifically to business partners. Some are designed as private consortiums where members share resources and do business with each other. Still other extranets provide private-access seminars, courses, and conferences, either free or paid, to prospects, customers, partners, or students. The extranet is both a useful marketing channel itself and, like an intranet, a place to potentially reach targeted audiences.

This, too, is an aspect of the Internet that is not quite the same as any other medium. You can create intranets, extranets, Web sites, Web communities, and newsgroups—tangible places where business can be conducted, marketing information can be exchanged, and dialog can occur—and then you can use these newly created media vehicles to place promotional advertising that takes further advantage of Internet marketing.

Even at the beginning of the Internet marketing curve, there was a remarkable richness to the medium. Now there is no turning back. There can be little doubt that the Internet is having a permanent impact and a lasting effect, not just on marketing, but on the manner in which businesses conduct business.

How the Internet Intersects with Direct Marketing

Now here's a brief direct marketing history lesson. I think you will see the relevance. Direct marketing actually started in the late 1800s in the

United States. This is when marketers began to create and place direct response advertising in some of the country’s leading national magazines. These magazines were the only medium available to reach large portions of the population with advertising messages. Many of those early ads used direct marketing techniques, such as cutout coupons and money-back guarantees, that you would recognize today. Even more remarkable, numerous ads promoted products for direct sale to the American consumer.

I collect these old ads. (In fact, I have collected many of them via purchases on eBay, an online auction site—more about auction sites later!) One ad I have is a great example of early America’s invincible spirit. The ad promotes an Underwood typewriter. The advertiser offers to ship it to the reader *on approval*—without obligation! Imagine what it took to send a heavy typewriter across the United States in the early 1900s. Imagine the faith the manufacturer must have had in the consumer to offer it without cost. This was the crude forerunner of the credit card, because the manufacturer was extending credit to an unknown prospective buyer.

That was just the beginning of direct marketing’s rising popularity. With the advent of direct mail, the direct marketing business went through its own paradigm shift. Cut-out coupons that appeared in early magazine advertising did not go away—they still exist in newspaper circulars and in some print advertising—but a new format for the coupon was introduced: the business reply card and order form in direct mail. Generating leads and orders via direct mail and, later, by phone, quickly became the staple of consumer and b-to-b direct marketers alike.

Database marketing was another direct marketing breakthrough of historic proportions. Yet it was a small, far simpler technological innovation that truly changed the direct marketing business forever. It was this innovation that opened the door for personal direct marketing interactivity: *the toll-free 800 telephone number*.

The 800 number has been in existence since 1967, yet it has been so thoroughly embraced by the world in recent years that the supply of 800 numbers has already been exhausted. In 1996, 888 numbers were introduced, and in 1998, 877 numbers had to be added to supplement 800 numbers.

The impact of the 800 number on direct marketing cannot be underestimated. It was Joe Sugarman, a marketer who pioneered selling electronic gadgets via mail order, who first used the toll-free number as a direct marketing order vehicle in ads that appeared in *The Wall Street*

Journal. He created a whole new form of “we pay for the call” marketing and changed the dynamics of the inquiry and order process forever. The toll-free number functionally reverses telephone charges so that the caller does not pay, but it does something more important than that: the toll-free number *extends a marketer’s reach*. It removes a physical, costly barrier to eliciting a response from a prospect or customer. Now, the individual can make a quick, easy call to any location without paying for it, and if the telemarketer is so staffed, that person can call 24/7.

Think about what the 800 number really does. It means that a marketer can effectively open up the entire North American market and serve customers from anywhere, still maintaining the brand and product awareness so important to the marketer. In many cases, a marketer can even select a toll-free number that supports and enhances the brand (some examples: 1-800-CALL-ATT, 1-800-THE-CARD [American Express], 1-800-MATTRES [Dial-a-Mattress]).

The 800 number is now universally recognized and accepted by all marketers, but it revolutionized mail order marketing. Mail order marketers learned that by offering an 800 number, two things happened:

1. Their number of orders via the 800 number outpulled other response paths.
2. In addition, the *total* number of orders from all sources generally increased as well. In other words, adding the 800 number had a residual effect: *It increased the overall volume of orders coming in from all response paths.*

This is a principle that applies well to b-to-b direct marketing. *By offering multiple response paths, you tend to increase overall response.* That is because individuals tend to respond, well, individually, and by offering them many response options, you respect each individual’s desired way of responding. Some people are comfortable picking up the phone; others prefer responding via mail or fax. Still others would much rather respond over the Internet.

You would be hard pressed to find any serious mail order marketer who does not offer an 800 number. Of course, you still may chuckle when you see and hear them over and over again on those silly television commercials, but they work—or you would not see them repeat-

edly used. Mail order success with the 800 number led to general business success. Now the 800 number has reached mass acceptance.

With mass acceptance comes the “put it everywhere” syndrome. It was not long before you began to see 800 numbers appearing frequently in print ads and television commercials. You even began to see them as customer service enhancements on consumer goods products—cereal boxes, potato chips, detergents, and the like.

In effect, the 800 number has now become not only an accepted part of marketing, but an accepted part of life, part of the fabric of America, a commodity that is no longer just a marketing gimmick, but rather a necessary business tool.

The Internet Address Is the New 800 Number

Have you noticed that there is something different appearing at the bottom of magazine ads and at the end of television commercials? It is not an 800 number anymore, it is the URL (Uniform Resource Locator) of a Web site. Look for the “www” on ads and on TV. It is everywhere, the way the 800 number used to be. The Web address is becoming the new 800 number—at least in the minds of advertisers and their advertising agencies, and that is just one basic reason why the Internet is transforming direct marketing. It is a transformation that is destined to reach far beyond what the 800 number had to offer.

Suppose Internet usage continues to grow at its current rate. That means the Internet will be the medium with the most extensive reach—perhaps even topping television. As indicated earlier, widespread acceptance and dropping access prices will dramatically accelerate this growth.

What will this growth mean to b-to-b direct marketers? The use of direct marketing itself continues to grow in its own right. A Direct Marketing Association study says that direct marketing is expected to outpace total U.S. growth through 2002, growing at a rate of almost 7% annually.

This same report projects that interactive marketing will grow by 54% annually through 2002, and that electronic commerce will grow by nearly 61% annually. This and other forecasts cited in this book point to the same conclusion: It will not be long before the Internet will be the undisputed king of the media world.

What we have, then, is an interesting phenomenon. From a marketing perspective, use of the Internet is growing at such a rate that it could overshadow and surpass traditional media.

This suggests an intriguing scenario on the near horizon that b-to-b marketers must take into consideration:

If the Internet takes over the lead, and other media flatten out, then marketers will become more reliant on the Internet as the driver of marketing programs.

It's All About Integrated Marketing

I believe that, even now, we have reached a point of intersection between usage of the Internet and usage of traditional direct marketing media (Figure 1.1). At this intersection point, the Internet and other media cross. After the intersection point, the Internet trajectory continues upward and traditional media begin to flatten out. As the next few years progress, usage of the Internet goes up steeply, so the gap widens.

In b-to-b marketing, the Internet incline is likely to be much steeper than in consumer marketing. Earlier adoption of Internet marketing by business marketers is the primary driver of this phenomenon. With the Internet playing such a key role generally in businesses, the use of Internet marketing should accelerate even more rapidly. In the next few years, you will likely see a very different marketing world emerging.

My own “direct” experience has convinced me that the Internet is as much a true direct marketing medium as it is a new, exciting channel that will enhance all forms of marketing communications and facilitate response.

The significance of Internet marketing is even greater with a more clouded economic picture. When you consider the potential to very economically reach large audiences via e-mail, online advertising, affiliate marketing, and your own Web site promotions, Internet marketing can look like a media bargain. Of course, you need to balance that factor against the reality that Internet marketing is still not nearly as targetable as direct mail. With direct mail lists, you have a much greater ability to segment and target audiences with pinpoint accuracy, but that is changing as Internet marketing matures and online targeting opportunities increase.

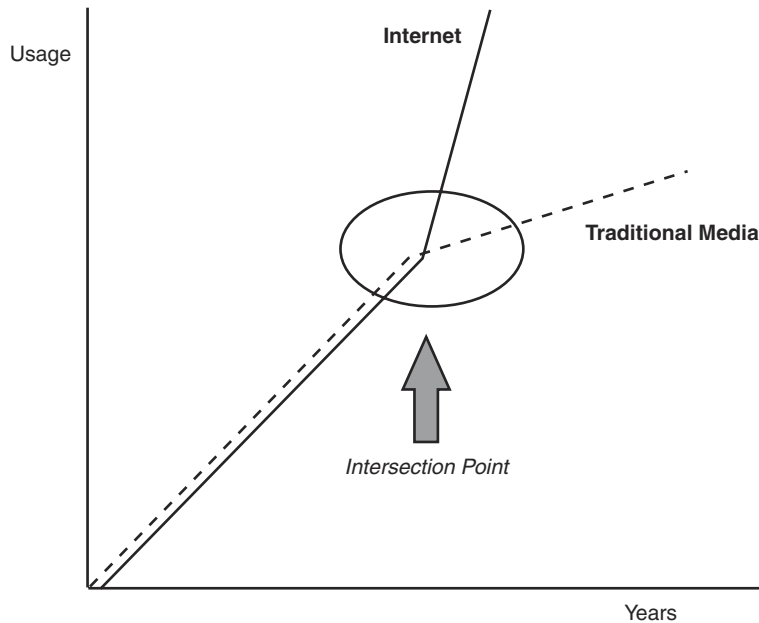


Figure 1.1. The Internet and traditional direct marketing media are now at an intersection. Over the next few years, the Internet trajectory continues upward, while traditional media begin to flatten out.

I think the Internet will surely dominate—but it will not completely replace other media. I cannot see direct mail dying off, any more than other forms of direct marketing and advertising have disappeared. Direct mail will continue to have its rightful place, as advertising has had before it, but Internet marketing has already become an accepted and increasingly popular method for successful b-to-b marketers. Now the challenge is how to intelligently integrate Internet marketing with advertising, direct marketing, and other means of promotion so that it becomes part of the mix, not a standalone element. Moreover, marketers will need to learn how to ensure that the same measurement criteria can be applied to Internet marketing as to traditional direct marketing.

Transition to Integrated Marketing Now

As marketing becomes more reliant on the Internet, b-to-b marketers will face a new media world—one that has different kinds of challenges. With the upward spiral of the Internet trajectory, you will need to adjust your marketing and media strategies. What this really means is that you will need to redefine your use of direct marketing in the context of the Internet if you have not already done so... and ready yourself for a marketing future that looks very different from the past.

Much of the impact of the Internet in this new future will be based on “one-to-one” e-enabled communications. This is the notion of addressing individual prospect and customer needs via personalized e-mail and Web-based communications. It is already playing a prominent role in b-to-b and b-to-c marketing. We will talk more about this in the Chapter 7, “Building Customer Relationships.”

Are you taking advantage of Internet and traditional media integration? To do so, you should continue to use advertising, mail, phone, and other traditional media, but now is the time to increasingly enhance them by adding Internet response paths, offering Internet fulfillment, using e-mail for follow-ups, driving individuals to your Web site, and inviting prospects and customers to virtual events that occur on the Internet.

Now is the time to build a marketing strategy that will combine the best of traditional media with the one-to-one power of Internet media.

At the end of the book, you will find a complete blueprint to help you implement this strategy. For now, here is an overview of the basic steps you will need to take:

1. Assess your Internet marketing readiness. Now is the time to evaluate your organization’s Internet marketing capabilities. Are you pursuing Internet marketing now? How far along the media integration curve are you? Evaluate your company’s current use of Internet technology and your current use of Internet marketing.
 - Do you already take inquiries over the Web? Are you doing electronic fulfillment? Are these things in your future plans?

- Is your Web site capable of order entry, processing, and tracking?
 - Do you have a marketing database that can be integrated with the Internet? Have you started to use database-driven Internet marketing?
 - Is your organization planning investments to make all of this happen?
2. Make the move to Internet direct marketing. Do not let the assessment process deter you. Understand your current state of readiness and recognize where you are today—and where you will need to be soon. Study what your competitors are doing and make sure you are keeping up or, better yet, at least a step ahead of them. Integrate the Internet with your use of traditional media and conventional direct marketing. This book will help you understand how to do that by showing you successful strategies and tactics used by other b-to-b marketers.
 3. Prepare your management for the Internet-dominated future. The Internet has already captured top-of-mind awareness among senior management at many companies. Make sure your company is one of them. Help your management prepare for the electronic future by sharing Internet direct marketing information from authoritative sources. Don't let the dot-com disasters color your organization's long-term strategy. There has certainly been some fallout, but the Internet will continue to have a permanent impact on marketing and business. You can't afford to be left behind.
 4. Develop an Internet marketing action plan. If you are in a position to do so, participate on or chair a committee in your organization that is charged with developing an implementation plan for using the Internet as a strategic marketing tool. You may find that there is an even larger issue—using the Internet as a strategic business tool, and even becoming an e-business. If management is already on that course, so much the better. Then Internet marketing and electronic commerce can be positioned as a logical subset of your organization's e-business plan.

Going Global: How Internet Marketing Can Create a Worldwide Business for B-to-B Companies

As a marketing medium, the Internet is the easiest, most cost-effective route to global marketing. There has never been a single medium that, even at its inception, offered this promise. The Internet is very much a medium that already has the infrastructure necessary to serve international markets from the United States, and to encourage businesses from outside the United States to market their products and services here. Now, how does all of this impact b-to-b marketing?

If your company has any kind of substantial sales revenue, chances are there already is an international marketing component to your business. As a matter of course, most U.S.-based companies extend their marketing activities into Canada without hesitation. Various sources report that over half the Canadian population now have Internet access. (Here's an interesting aside: Time and again, Canada proves to be fertile ground for marketers of computers and other information technology products. My experience has been that direct mail response rates from mailings directed to Canadian prospects outpull U.S. response rates, sometimes by as much as 2 to 1.)

After Canada, the next market many U.S. companies seem to pursue is the United Kingdom. Logic tells us it is because of the commonality of the English language that England, Scotland, and Ireland are prime targets, with Australia and New Zealand close behind. These markets are also exhibiting burgeoning Internet usage.

Depending on the geographical distribution of a company's sales offices or distributors, the rest of the world may change in marketing priority. Certain European countries may be next in line. Latin America may show the most promise for some. IDC (www.idc.com) projects e-commerce in Latin America to hit \$8 billion by 2003, with 19 million users. The Pacific Rim may be a likely target. Japan, Hong Kong, and China are certain to be tantalizing markets for larger U.S. companies. The point is that U.S. companies have already established a strong foothold beyond the boundaries of the United States. Taking full advantage of the global economy is nothing new for them.

What is new, however, is the global marketing impact of the Internet. The Internet truly flattens the world. The rate of growth in Europe is impressive, but even more so in the Asia Pacific region. IDC's 2001 projections indicate that the Asia Pacific region, excluding Japan, will see Internet usage grow to more than 240 million users in 2005 from

just 64 million users in 2000. That means Internet usage in the Asia Pacific region could be greater than in the United States by 2005.

Even if the b-to-b marketer wants to make use of e-mail alone, global marketing becomes an inexpensive reality. With an e-mail address in hand, a marketer can reach anyone, anywhere. E-mail is delivered in most cases to an individual's personal computer private mailbox. Sending e-mail from the United States to Hong Kong is no more expensive than sending it from one town in Massachusetts to another. The Internet simply does not recognize physical distance. What could be more attractive for a global marketer?

The primary place for business to be done on the Internet is, of course, the World Wide Web. There are currently some one million Web sites on the Web, and the growth is not letting up. All those URLs (Uniform Resource Locators) start with *http://www*, representing “HyperText Transfer Protocol” and the “World Wide Web.” Most of us simply call it the Web, but we should not overlook the significance of those first two Ws.

Surf the Web and you quickly realize that you can happen upon non-U.S. sites very easily. (They are typically identified by a country abbreviation at the end of the URL, such as .uk for the United Kingdom.) It is just as easy to get to a site in any state as it is to get to a site in any country of the world. It is no more complicated to get to a U.S. site from outside this country. It is all quite transparent and instantaneous.

It is not difficult to understand why this phenomenon occurs. You can search, find, and link to any Web site in the world, simply by entering its URL. Your computer does not care where the host computer is—and at this stage of the Internet's life, you pay no premium or penalty for accessing a site on the other side of the globe. Probably all you do is make a local phone call and, magically, you are connected.

That is one extremely compelling reason why global Internet marketing—and the electronic commerce associated with it—is predicted to escalate so dramatically in the next several years. Today, nothing brings the world closer at a lower price, than the Internet. B-to-b marketers with global goals are now establishing mirror sites and multiple language versions of their Web sites; Internet translation tools are available that make this easy to do. It is only a matter of time until these same marketers use their Web sites to accept and fulfill orders online from customers worldwide.

In fact, they do not even have to process the orders themselves. Today, there is a whole class of Web sites that “insulate” the marketer from the entire order-taking and fulfillment process. These “electronic

mall,” or Web communities, are really Web storefronts, established by an electronic commerce reseller who rents space to marketers on a multiadvertiser Web site. Some malls are set up so that the marketer still handles inquiries and orders. Others overlay an order-processing front end onto the site so that the marketer becomes one of many who take advantage of a system already in place—at a cost that may be far lower than doing it in-house.

Another option is outsourcing Internet services to ASPs (Application Service Providers). ASPs offer sophisticated e-business and e-commerce offerings on a subscription-type basis, so companies do not have to invest in the technology and infrastructure.

There are, of course, both advantages and disadvantages to such approaches. On the positive side, the marketer gets someone else to do all the promotional, technical, and operational work. On the negative side, the marketer shares resources and customers with others and therefore relies on the site owner’s capabilities to bring in and support the business, or relies on the ASP’s resources, which may be limited. Nonetheless, these are fascinating business models that can potentially launch a marketer’s worldwide business effort quickly and cost-effectively.

For some marketers with a large international component to their businesses, the Internet is nothing short of a marketing miracle. Imagine the small company with international marketing goals. With the Internet, this business owner can communicate 24 hours a day, 7 days a week, with points worldwide via inexpensive e-mail. The savings on international phone calls, faxes, delivery services, and travel can be astonishing. Similarly, if this same business establishes a Web site, a literal world of opportunities opens up:

- The company can promote its Web site to prospects and customers simply by including the URL on business cards and letterhead, and in literature and other promotional materials.
- The Web site can be a repository of information, in multiple languages if necessary, that can be accessed by anyone, from any place at any time.
- The Web site could become an order-processing channel so that the company could accept orders from its worldwide customers and acknowledge these orders electronically.

- The company can set up an extranet, using the Web as a place where business can be privately conducted between the company and worldwide customers and suppliers.
- The company principal could even hold special events or conduct live video conferencing via the Web.

The marketer can take full advantage of the Internet’s global reach in numerous ways. The following are just a few of the possibilities.

Expanding Markets and Territories

Marketing no longer has to artificially stop at a country’s borders. An Internet marketing program can make a global initiative not only possible but also practical. A company’s Web site can be mirrored in several languages, and it can address country-specific issues. An intranet can be established to provide low-cost, instant communications with every sales office, sales representative, distributor, reseller or retailer worldwide. An extranet can be used to admit partners, suppliers, and customers into select portions of the intranet. The Web site can be promoted inexpensively throughout the world with links on other Web pages and in e-mail newsletters. Simple, inexpensive mailings can be executed in each target country to drive prospects to the corporate Web site.

Developing Global Marketing Partnerships

Internet marketing makes joint ventures attractive and easy to implement. A b-to-b marketer can join together with one or more partners whose products or services complement the marketer’s products or services. Then this consortium can pool their resources. They can execute cooperative e-mail campaigns by sharing each other’s lists or form a collaborative Web site that features their solution set. They can also use their own extranet to speed communication with sales and marketing personnel from all participating companies throughout the world.

Providing Worldwide Customer Service

In an era of emphasized customer service, the b-to-b marketer can now use the Internet as the foundation for 24-hour-a-day, 7-day-a-week, 365-day-a-year customer support. How a company services its business customers differentiates it from its competitors. The Internet can facilitate online customer service centers and provide customer-only information,

service, support, and, in the case of software and information, live product. With the advent of Internet telephony, companies will be able to interconnect the Internet and voice response, so customer service will take on a new level of quality.

Approach Global Marketing with Caution

Despite all the apparent benefits of global Internet marketing, it should be pointed out that marketers cannot take other countries and their populations for granted. The European countries are a good example. Europeans live on a single continent, have open borders, trade freely, and are currently engaged in moving to a unified European currency, yet each country retains its very distinct personality and, in the case of marketing, individuals in each country may react differently to promotions.

Additional issues may occur that could create barriers to Internet-related marketing activities. For example, Europeans generally are less likely to share personal profile information. In fact, some countries have regulations restricting the use of such information. Stringent privacy regulations covering all of Europe, effective October 2001, make it illegal to solicit via e-mail without the express permission of the consumer. E-commerce may also be less desirable to Europeans because of individual country currencies, individual country taxes, shipping products across borders, and other issues. As a result, you cannot assume that an Internet marketing program that works successfully in the United States will automatically succeed globally.

If you are going to make a serious effort to market in Europe or anywhere else in the world, you would do well to learn about the likes and dislikes of the business population in each target country. You will need to know what kind of messaging works and does not work, and how much of what you routinely use in the United States will work in other countries. You will also have to recognize the fact that, to best appeal to a specific country's population, you will need to understand cultural differences and communicate in that country's language. U.S. companies that have mailed English-language material into the Quebec province of Canada have learned that lesson the hard way.

Generally, concentrating on any specific country means doing your marketing homework by enlisting the help of an outside resource within that country or by relying on your own local country representatives.

People who live in the target country, or at least have intimate knowledge of that country, are the best sources of marketing information.

Global marketing can cause numerous problems for the U.S. b-to-b marketer. In many cases, U.S. direct mail campaigns use colloquial expressions and “American humor” that may not translate well into other languages. Several languages, most notably German, take up considerably more physical space than English, and mailing sizes, specifications, and postage vary from country to country. The European size for mailing packages, for example, is different from standard U.S. sizes. Advertising specifications are publication specific, and, depending on the publication, the primary language may not be English. Even English is not English—at least in the rest of the world, which tends to use the British conventions for spelling (e.g., colour, not color; organisation, not organization) and grammar. Even the meanings of words can change.

The Internet generally makes global marketing less complicated, but marketers with a sizable stake outside the United States should take advantage of the medium’s ability to version messages for different prospects based on where they reside—respecting their individuality and catering to it. With that in mind, the Internet clearly has the potential to escalate global marketing in a way no medium before it has done—providing business marketers with a potential for worldwide business they could previously only dream about.

The New Response Model: “Interspunding”

We have been talking about how the Internet transforms direct marketing and drives the globalization of marketing. Now it is time to address the most intriguing aspect of Internet direct marketing: how the Internet will fundamentally change the way people interact with marketers and respond to them.

The Nature of the Internet

It is important to put the Internet in the context of other direct marketing media to discover whether or not it “looks and feels” the same—so we know how suspects, prospects, and customers will react to it.

What Is Its Content?

Internet content is diverse. Like print advertising and direct mail, the content of the Internet is largely based on the written word. As with printed media, the Web portion of the Internet can and does rely on graphic images to support marketing messages.

What Is Its Form?

Unlike print and direct mail, the Web enables moving graphics and sound to be conveyed to the suspect, prospect, or customer. In that respect, it is more like radio or television, and like the telephone, the Web can enable one-to-one, interactive communication with e-mail or, as technology progresses, even with voice. Yet, unlike any direct response medium, the Web can present the suspect, prospect, or customer with a virtually unlimited amount of marketing information in multimedia format.

What Is Its Delivery Format?

Print advertising is delivered through magazines and newspapers. Direct mail is delivered via the U.S. Postal Service or another delivery service. Radio and television are delivered via airwaves through passive listener or viewer devices. Telemarketing is delivered over telephone lines. Only the Internet (at least until computers truly converge with televisions) is delivered directly via a computer. This is the most intriguing part of Internet direct marketing—and one of the primary differentiating factors that sets this medium apart from any other.

Finally, unlike any other medium, the computer delivers Internet-based Web content in an entirely new form: nonlinear information. All other media are linear: They have a beginning, middle, and end. Direct response print advertising has a headline at the beginning, body copy in the middle, and a call to action at the end. A direct mail package is typically organized in a very logical, linear fashion: The outside envelope is first, followed by the letter, brochures and any inserts, and the reply device with a call to action, and each individual element of the package is linear, with a beginning, middle, and end.

Each element in a good direct mail package reinforces the offer and call to action, so even if two different people read the package elements in a different order, all of the elements relate and ultimately lead to the call to action. This is true, by the way, of other direct mail formats as well, such as self-mailing pieces and catalogs. Direct mail is logical, linear, and integrated. Even telemarketing calls and direct response tele-

vision commercials are logical and linear, with a beginning, middle, and end, but then we come to the Web.

The Web Defies Logic

Admittedly, many Web sites are logically designed to lead you through from beginning to end, yet the Web site is faced with a technical limitation that is paradoxically its most unique strength. Web sites need to be nonlinear so that each visitor can have immediate access to the majority of the information on a site. This is essential because the Web site visitor sees one “page” at a time on the computer screen, yet the Web site has many pages that must be served up to the visitor. How does the visitor find out what is on those pages?

The functional way most Web sites deliver this nonlinear information is through a home page. On that home page, the visitor typically will see almost every area or section of the site’s contents at the same time. It is more like a book’s table of contents than anything else is, but not quite, because the sections on the home page are nonlinear and modular. You could flip through the sections of a book and move from page to page, but most readers still tackle a book from beginning to end.

The Web site, on the other hand, invites nonlinear reading. The home page encourages movement and flexibility, even though each section has its own purpose and its own content. It is a very different look and feel.

Actually, the difference is startling. With every other direct response medium, the direct marketer makes a concerted effort to progressively disclose information to the suspect, prospect, or customer in a logical, sequential pattern.

With the Web, however, the visitor is exposed to everything simultaneously. He or she has the ability to see it all, at least on the surface, at one time, from this giant control panel called the home page, and here is the important point:

The visitor is no longer directed by the marketer—instead, the visitor does the directing.

You could make a case that a direct mail catalog provides the same flexibility. In some respects, it does. The reader can thumb through the pages of a catalog randomly, and its contents page is kind of like a Web site’s home page. However, when the visitor to a Web site browses pages, he or she is exposed to far more “eye candy” and interactivity than with

a printed catalog. A Web site is not physically bound, as a catalog is, so the nonlinear nature is more evident—a benefit as well as a feature.

With a Web site, the visitor has a new level of control over the manner in which information is delivered. He or she can randomly move around the Web site, starting anywhere, going anywhere, finishing anywhere, or not finishing at all. In fact, a visitor can leave a page or an entire site very quickly, go to other pages at numerous other sites, and return just as quickly.

Web pages become almost separately interconnected elements, functioning as tiny bits of marketing information in a much greater scheme of things, sometimes melding from one marketer's site to another. This presents a challenge for Internet marketers—to keep visitors on your site and to remind those visitors of exactly where they are: on your site.

It also means that there is a whole new dynamic in Internet marketing. With the power in the hands of the prospect or customer, the marketer needs to be mindful of that individual's wants, needs, likes, and dislikes. Instead of randomly receiving promotional messages from you, as might be the case with direct mail or advertising, the Internet prospect or customer expects you to either ask permission to communicate or to know when to make a contact.

The Internet promotes one-to-one communications intimacy and encourages a correspondence relationship between the marketer and the end user—the kind of relationship that demands something of one another. This is conceptually different from traditional marketing, and marketers need to deal with the implication.

With the Web, it is almost as if the visitor is a bumblebee, moving from flower to flower, creating his or her own unique formula for consuming marketing information—a formula designed to meet his or her uniquely individual needs. It is truly randomized, because things just do not happen when you expect them to, and a visitor may want to interact with you at any time during the process.

Interspounding: A New Response Model

In fact, I believe the Internet creates an entirely new response model, which we can call interspounding—a new kind of interactive, instant, interspersed pattern of responding. To see what this means from a marketing perspective, let us go back to that Web site visitor. There he or

she is, navigating through a Web site, uniquely and freely. Perhaps no two visitors move through a Web site in exactly the same way.

The visitor goes from place to place, consuming bits and pieces of information as the need arises, sometimes at random, sometimes in logical order. Because Web browser software makes it so easy to go from page to page with Back and Forward buttons, the pattern may be quite complex. That is a good reason for your Web site to provide navigation elements that remain on pages appearing after the home page, so that the visitor can continue to move with total freedom from section to section, yet recall the section for reference. It is just as easy for the visitor to print an occasional page when the need arises.

The Web makes it easy to select and copy text and graphics from other Web sites—and even to obtain the HTML (HyperText Markup Language) source code for each Web page with a simple click of the mouse. This is unheard of, and unthinkable, in any other medium! It provides a level of insider access to a Web site visitor (who could just as easily be your competitor as your customer). It puts the power of not just easy information access but easy information duplication in the hands of the individual.

In sum, the Web offers a single unique individual a very unique, personal way of interacting with information on your Web site or through one-to-one e-mail communication. In a very real sense, the information this person receives is being individualized, because the visitor is requesting and receiving it in just the way he or she wants it to be delivered.

The level of individualized information will intensify even further as databases are used to enhance Web sites. With database marketing, the marketer will be able to capture information about how the visitor is using the Web site and use that information to structure and refine the information flow to the visitor. When the visitor returns to the Web site, the Web site will “know” the individual’s likes and dislikes and feed personalized information to him or her by creating Web pages on the fly that include uniquely personalized content.

This is already a built-in aspect of a growing number of sites on the Web, which allow you to individualize or personalize pages by providing profile data. The data is analyzed by a database engine. Web pages are then created just for you. You can “pick them up” at the Web site, or have them “pushed” to your computer in some cases. Try it yourself. Go to *www.individual.com* and create an individualized news page, just the way you want it. Or visit any of the larger commercial sites or por-

tals and find the My Page feature for a completely personalized experience on each site.

Now, what about the responding part of intersponding? Well, this is truly interesting: If a Web site is set up correctly, the visitor can instantly respond at any time along the way—whether it seems logical or not to respond at that point. Some Web sites embed e-mail response areas so that visitors can click an underlined address, type in an inquiry or response, and send it immediately. Many Web sites go beyond that, however, by using interactive forms. These forms collect basic information about the visitor—name, address, phone number, and so on—and sometimes ask qualifying questions of the visitor. Well-constructed Web sites prominently show a link to this form on the home page and provide multiple links to the form throughout the site. Even better, the visitor is offered something special (good direct marketing!) for completing and sending the form. It can be sent with a simple click of the mouse. We will talk more about these Web response forms later.

But wait, there's something wrong.... So far, all of this does not sound very different from the traditional way of responding, does it? The Web site has a form that a visitor fills out and sends—the same as with a direct mail reply form or order form, the same as with a call to an 800 number. What is the big deal? Remember this is not responding, this is intersponding. There is another facet of intersponding that makes it completely unique.

Not only can the visitor interactively respond via the Internet, he or she can also instantly have a request fulfilled via the Internet.

After the visitor sends the Web response form, he or she can instantly and automatically

- Receive an answer that verifies the visitor's instructions or acknowledges an order,
- Receive a more detailed acknowledgment of ordering information via return e-mail,
- Unlock or receive documents or special Web pages, personalized to the specific needs of the visitor,

- Download a demonstration, trial, or full version of a software product onto the visitor’s computer for immediate use,
- Gain access to a private event or virtual seminar that offers the visitor a free interactive learning experience, and
- Be acknowledged as a returning visitor or customer, and therefore be given special treatment. For example, the visitor’s name, address, and previous ordering information can be stored by the marketer and recalled for use by the visitor when a new order is placed.

Each of these potential responses is an intersponse—an interactive, instant fulfillment of the visitor’s inquiry—an immediate payback for the visitor’s time and trouble.

Intersponding feeds the need for so many things on the part of the prospect or customer:

- Instant gratification
- Total and immediate responsiveness
- One-to-one communication
- Personal correspondence
- The ease and convenience of an automated response

Intersponding completely changes the relationship the prospect or customer has with the computer, the Internet, and the marketer. Even though the prospect or customer is sitting in front of a machine and typing on a keyboard, the response he or she receives is warm, personal, and intimate—because it is intended just for him or her and is delivered instantly, a direct response to an immediate need. Properly executed, it is the ultimate in fulfillment—what everyone expects when they think of personalized customer service and responsiveness. Ironically, it is what good old-fashioned commerce used to be.

In the American past, there was a time when you could visit a friendly neighborhood store and the proprietor recognized your face and knew

your name. He or she knew your family, too, and also knew what you liked to buy, how much you needed, and when you would probably be back. In short, the proprietor had a relationship with you.

The proprietor was not just a store clerk, but a person. He or she chatted with you about the weather, ordered products for you, held them for you when they came in, and sent you on your way with a smile when you were done shopping.

For the most part, we have relegated these kinds of personal business relationships to the past. We have few experiences in our consumer or business lives that replicate them. It is sad, but people just do not seem to know whom they are doing business with anymore.

Maybe that is one more reason for the Internet's popularity. The Internet can, in a business relationship sense, be that proprietor. It may be sobering to think that individuals need to go to a computer to get the same kind of personalized attention they received from a real live store clerk years ago, but the reality is that businesses cannot always provide that kind of face-to-face contact anymore. Customers are all over the world, retail establishments are depersonalized and automated, and the cost of maintaining intense personalized relationships is high.

Perhaps it is the Internet that will facilitate the return of marketing personalization once again.

Seven Proven Internet Marketing Strategies

In the following chapters, we will explore in detail seven proven Internet marketing strategies you can put to work to dramatically improve your b-to-b marketing efforts and increase profits:

1. *Generating and qualifying leads with the Internet.* Lead generation and qualification is the heart of most b-to-b marketing programs. Learn how lead practices apply to the Internet, how the Internet can be integrated with direct mail and telemarketing, and how to use e-mail, Web response forms, Web sites, and Web advertising to enhance your lead generation and qualification efforts.
2. *Using Internet events to promote products and services.* The Internet offers b-to-b marketers a remarkably cost-effective alternative to live conferences, seminars, and similar promotional

events. In addition, the Internet can be used to promote and enhance traditional marketing events. See how you can create Net events that bring qualified prospects to you.

3. *Executing e-fulfillment.* You can use the Internet to qualify prospects and instantly fulfill their requests for information via “pull” and “push” technologies. Find out how to create instant e-fulfillment programs.
4. *Building customer relationships with the Internet.* Discover the power of the Internet in developing one-to-one relationships with customers and providing customers with superior service around the clock. Learn how to develop a customer-driven extranet.
5. *Using or establishing business communities and exchanges.* See how successful b-to-b marketers take the concept of the Web community and apply it to their own marketing programs. Learn how to participate in business communities and maybe even build one of your own.
6. *Using the Internet to create and manage partner programs.* Find out how the Internet brings new meaning to partnering. Discover the power of affiliate marketing programs, partner links, and partner service sites.
7. *Selling with the Internet.* Learn how b-to-b marketers are successfully launching electronic stores on the Internet, securely selling everything from books to industrial products—and generating millions of dollars a day.

Each of these seven strategies is grounded in the fundamental principles of direct marketing. They are timeless, recognizable concepts that have been taken straight out of a direct marketing playbook. Internet marketing may require a new set of practices and a new way of thinking, but it is, at its heart, good, solid direct marketing. Read on and see for yourself.

2

Generating and Qualifying Leads with Your Web Site

The lead generation and qualification process is common to virtually every business-to-business marketer, large and small, regardless of industry or target audience. Most marketers know they could be doing it better, and many have now learned that the Internet can significantly improve the process.

This is the first of three chapters that discuss lead generation and qualification in the context of the Age of the “e.” Here we discuss the use of your Web site. In the next two chapters, we will cover the use of online advertising and e-mail. The basics of lead generation and qualification remain the same, but you will see how to integrate Internet marketing into the mix to make the lead generation process faster and more cost-effective.

This chapter discusses how to make the best use of your Web site with Internet-enhanced lead generation and qualification techniques. Your company is probably investing a good sum of money in its Web site, and the key issue is whether or not you are getting a true *return on that investment* (ROI). To obtain a marketing ROI from your Web site, you need to be able to prove to yourself and to your management that it is achieving *measurable results*. This means your Web site must be struc-

tured to capture and qualify leads, provide e-service to customers, become a fulfillment center and, in some cases, accept online orders.

A Word about .com

Before we begin, a word about *.com*. It used to be that every company's Web site had to have a *.com* on the end. In a few cases, *.net* was adopted as an alternative, primarily by ISPs and other networking companies. The only other choices were *.edu* (educational institutions), *.org* (typically not-for-profit organizations), and *.gov* (government). Until recently, there were few other options for commercial organizations.

Now all that is changing, and changing rapidly. New suffixes, such as *.biz*, *.tv*, *.md*, and *.info* are becoming available as the Web expands to keep up with the demand for domain names. Although *.com* has become a standard for U.S.-based commercial organizations, it may lose its luster (much the way dot-coms did) as time goes on. Keep an eye on this changing environment to determine if there are marketing opportunities for you hidden behind the dots.

The Lead Generation Dilemma

In recent years, direct mail response rates in general have been declining. Several factors probably contribute to this, not the least of which is media oversaturation. In addition, there is increasing competition in virtually every product category. Individuals in business are overwhelmed, as are consumers, with hundreds of promotional messages each day, coming to them via direct mail, print advertising, television, radio, e-mail, and Web pages.

Typical direct mail lead generation raw response rates can range from ½% to 3%. When a traditional lead generation mailing response rate exceeds 3%, it is often a time for celebration. Order generation response rates generally fall below 1% because generating an order with direct mail is a tougher challenge than generating a lead.

Direct mail response rates can be enhanced by using follow-ups to original mailings. A follow-up is generally a simple letter or a "double

postcard”—a postcard mailing that includes a tear-off business reply card that can be returned by the prospect. Such a mailing can be mailed to the same list as the original mailing, using the same offer, at a very low incremental cost. Typically, a follow-up mailing lifts the response rate by half the response rate to the original mailing. If the original mailing achieved a 2% response, the follow-up is likely to achieve an additional 1% response.

Is a 1 or 2% response rate really good enough today to justify continued promotional investments in traditional direct mail? Are there proven strategies to lift response rates—and more important, to generate a *higher percentage of qualified leads*? How can you get your share of the other 98% of the audience who, for whatever the reason, did not respond?

One answer is *leveraging your direct marketing across several complementary media*. Yes, direct mail is still the proven lead generation medium that can be most effectively and precisely targeted, tested, controlled, and measured, but when it is enhanced with other media, direct mail becomes even more effective and efficient in getting the job done.

Enhancing Direct Mail with Telemarketing

Some b-to-b direct marketers are achieving significant success boosting response rates by adding *telemarketing* to the media mix. Industry experience suggests that telemarketing seems to have the most positive impact on direct mail when it is used as a follow-up medium. Here are two examples:

1. If an individual responds to a mailing or an ad, or attends an event, a call from a telemarketer can often further qualify that person's interest. This individual can then be prioritized and placed in the appropriate response or lead category.
2. If an individual receives a direct mailing and does *not* respond, a follow-up call from a telemarketer may prompt a response. In fact, there is some evidence that aggressive telemarketing that is conducted right after a direct mail campaign can increase overall response, even if the target audience has not yet responded.

Telemarketing does have some drawbacks, however, when applied to lead generation in the b-to-b market:

1. Telemarketing is significantly more expensive than direct mail on a per-contact basis. A high-quality direct mail contact in a quantity of 10,000 may cost in the \$2.50 to \$5.00 range, but a telemarketing contact could cost from \$7.00 to \$15.00 each for a few thousand calls.
2. Telemarketing costs do not typically decline on a unit cost basis with increasing quantities because telephone line charges and personnel costs remain stable. Direct mail costs almost always decrease on a unit cost basis as mail quantities increase.
3. More and more, b-to-b telemarketing is being screened out by voice mail or assistants answering the prospect's phone, especially in the case of management. The result is that it can take five to seven phone calls to connect with a "live" target prospect—if at all.

Obviously, this means you need to carefully control the use of telemarketing as it relates to the lead generation process.

Lead Quantity vs. Lead Quality

We have established that direct mail, when enhanced by telemarketing, may produce higher response rates than direct mail alone, but the incremental cost could be significant. In a moment, we will see if the same holds true with Internet-enhanced direct mail lead generation. First, however, there is an issue we need to address: the *quantity* of responses versus the *quality* of responses.

If the challenge is falling direct mail response rates, why not simply increase mailing quantities? At first glance, it seems like a logical strategy. In many cases, this is exactly what you *should not* do.

As you probably know, the economics of direct mail marketing are such that the more you mail, the less each mailing unit costs. For example, you might be able to mail 50,000 self-mailing pieces at a cost of \$1.50 each. That same mailing piece, however, may cost you \$3.00 each at a quantity of 20,000. This simple fact of direct marketing life may lead to the mistaken belief that mailing more equals more response. That may be true, but here is the question you need to ask yourself: Is a higher response rate what you *really* want?

If you are marketing higher-priced products to businesses, this may not be what you want. Suppose you are marketing a product at a price point of \$5,000. Businesses with 25 or fewer employees may not be a good market for your product. Chances are a business owner or manager of that smaller size company would not purchase a product at that price unless it were absolutely essential. To limit your risk, you would probably not want to mail to these smaller businesses, so you would use mailing lists that provide selectivity on the basis of business size.

Suppose your sales channel has found that the product is very appealing to a particular individual within a business, such as the person in charge of marketing, and your channel partners have also told you that certain vertical industries seem to be more interested in the product than others. You would want to make sure that the lists you use offer additional selectivity to accommodate these audience characteristics: You would select on the basis of names and titles of marketing directors or managers, if they are available, and SICs (Standard Industrial Classification codes) to get at the right industries.

Using list selection criteria is a basic direct marketing technique to winnow down the universe and ensure that you are selecting the right audience with pinpoint accuracy. This is *targeting*: fine-tuning your audience selection criteria so you can be sure you are making the right offer to the right people. The obvious result is that *your total mailing quantity will decrease*, not increase, and typically, your total number of responses will decrease as well.

In this scenario, you are reducing your number of marketing impressions, so your potential to generate total response would logically go down. In addition, each marketing impression will now cost significantly more than if you had done a broader campaign. However, reducing the *quantity* can actually result in increasing the *quality* of the leads generated. Targeting works because it is based on the basic concept that it is better to generate a higher percentage of quality of leads than to generate a high number of responses of lesser quality.

Why Is Lead Quality So Important?

In many cases, mailing a lower quantity at a higher unit cost will beat mailing a higher quantity at a lower unit cost, maybe not in overall response, but in *quality* of response. Most b-to-b marketers recognize that it is better to have a higher percentage of qualified responses from

a smaller pool of leads than a lower percentage of qualified responses from a larger pool of leads. One important reason is because your sales follow-up process will be far more efficient as a result.

When direct mail is highly targeted, it can be highly efficient. With the advent of the Internet, there is a whole new opportunity for direct marketers to not only increase this efficiency, but to actually escalate the return on investment (ROI) of lead generation programs.

B-to-b direct marketing is the *opposite* of advertising, or general media marketing. Direct marketing uses a rifle rather than a shotgun. In some cases, as with lower-priced products with broad appeal that are sold directly, it may be worthwhile to increase mail quantities rather than reduce them. For many b-to-b marketers, however, the highest return and lowest risk comes from mailing narrow and smart—targeting a more finely defined audience that is more likely to be interested in your product in the first place.

How To Enhance Targeted Lead Generation with the Internet

Now let's add the Internet to the lead generation and qualification process. With the Internet, you can target interactive media just as you target direct mail, and the incremental cost of Internet direct marketing is so low that you could improve the results of your lead generation campaign at almost no risk. That's the mail-enhancing power of the Internet.

First, by introducing the Internet as an electronic response path in your mailing piece (pointing the prospect to either an e-mail address or, better yet, a specific Web URL) you can potentially increase overall response to your mail campaign. Then, if you enhance your direct mail with carefully targeted Web advertising or opt-in e-mail, you can increase the overall response rate. Finally, if you create a special Web response form (WRF) to capture responses and ask respondents to answer a number of qualifying questions, you can significantly increase the number of qualified leads. The bottom line is that you enhance your direct mail lead generation by leveraging the Internet. That means you acquire more qualified leads from your direct marketing lead generation campaign at a very low incremental cost.

As with direct mail, the Internet should be used in a very targeted fashion. Media for Web advertising should be researched and carefully

chosen, ideally using the same or similar sources as for the direct mail campaign. The Web response form should be designed for the campaign specifically to qualify respondents. E-mail should not be broadcast to individuals who do not want it but rather targeted to prospects who demonstrate an interest in the product *and* gave permission to communicate with them via e-mail.

When you use the Internet in the same careful, precise, and efficient way as you use direct mail or telemarketing, it becomes *Internet direct marketing*.

Internet direct marketing can be targeted, tested, controlled, and measured—just like direct mail marketing.

Because of the current economics of Internet usage, Internet direct marketing can be even more cost-effective than traditional direct mail lead generation. After all, there are no materials or postage costs.

There is an added bonus to Internet direct marketing: There is nothing to physically produce, so your production timeline is compressed. Instead of waiting to print and mail something, you can get on the Internet very fast, and you can make modifications to programs just as fast. That means you can see the results of your efforts quickly as well.

Although the Internet can be proven to enhance the traditional media used in your lead generation programs, it is probably premature to assume that the Internet can replace direct mail or telemarketing entirely. For one thing, the Internet is not yet a precision medium for targeting. It has not reached the level of maturity of direct mail in terms of your ability to hone a prospect list by using key criteria to select exactly the right individuals for a mailing program.

In addition, access to individual names and titles via the Internet is problematic. As you will see in Chapter 3, prospecting via the Internet presents a whole set of unique challenges to the b-to-b marketer.

You must also consider the fact that Internet lead generation and qualification is still not mature as a marketing practice. Some target audiences may be comfortable with it; others may not. The acceptance of the Internet as a means of self-qualification will vary from prospect to prospect. Nevertheless, augmenting traditional lead generation media with the Internet is something successful b-to-b marketers are doing today.

The Internet Can Improve Your Entire Lead Management Process

Think about how to incorporate the Internet into your own lead qualification process. Ask yourself how the Internet can play a role in facilitating that process:

- How can you use the Internet to generate leads in the first place?
- How can the Internet support and enhance your use of traditional direct marketing media?
- How can you incorporate the Internet into your existing lead qualification process so that it helps to produce a larger number of qualified leads and, ultimately, a higher lead close rate?
- How can you move toward true electronic lead capture and qualification over the Internet—integrating that information with your marketing database?
- How can the Internet enhance the relationships you have with marketing and channel partners—so that they, too, benefit from your lead generation activities?
- How can the Internet help you strengthen the relationship between your marketing and sales organizations—so you receive the feedback you need to know how well your lead generation and qualification programs are working?
- How can the Internet become a feedback mechanism for prospects—so you can continuously requalify them and know where they stand in the qualification process?
- How can you apply Internet technology to automate your sales lead management system—so it becomes a flexible, responsive system, accessible across your enterprise and to select parties outside your enterprise?—so you can increase response, qualified leads, and profits.

The First Step: Web Response Forms

The Web response form (WRF) is the electronic equivalent of a direct mail reply card and, as such, represents a fundamental change in the way people may prefer to respond. A WRF can be part of a “landing page” or “jump page”—a termination point of a specialized URL designed to funnel response from traditional or interactive direct marketing media. Unlike the passive e-mail address, the WRF is active. In fact, it is interactive. And Internet marketers are using it with great success.

Here is how it works. You place a direct response ad, you send out a piece of direct mail, you place a banner ad or e-mail newsletter ad, or you send out an e-mail. In the call to action, you may include traditional response paths, such as an address or fax number, and an 800 or 888 toll-free phone number to take inquiries or orders, but you add as a response path a special Web URL, set up as a unique identifier for the specific campaign, if possible.

The special Web URL can “hang off” of your existing Web site. Simply create a URL address, such as *www.[your Web site name].com/[promotional identifying code or word]*. The downside is that some individuals may go to the corporate Web address anyway, not typing the extension. These kinds of special URLs therefore work best when they are direct links from within an e-mail. You should expect a percentage of total leads generated by a campaign using a special URL to go to your corporate Web site rather than the special address, so it is generally a good idea to mention the campaign on the home page and then drive prospects to the same WRF off of the home page. To track the respondent back to a particular list or other coded criteria, you should assign an access code, generate it onto the mailing piece in a prominent place, and then ask the respondent to enter that code on the WRF.

Better yet, you can apply for a completely unique URL that relates specifically to the product promotion—although there is an additional cost associated with it. Completely unique URLs associated with a high-value offer may be beneficial because they lead the prospect away from a general Web site’s home page. That is important if you are truly trying to track the lead back to a specific campaign, rather than have it go to a general Web page where you cannot track it.

Why? For the same reason you include a reply card in direct mail and say “Respond today for this free offer by returning the reply card” instead of saying “Contact us for more information.” In direct market-

ing, you need to facilitate response by telling the respondent specifically what to do and where to go. Making a specific offer instead of offering general information is a proven response generator. Asking for a specific response to that offer facilitates and potentially increases response.

Directing a prospect to a corporate Web site in a lead generation campaign opens up a multitude of options that could actually be a barrier to response. When prospects go to a Web site's home page instead of a Web response form, they may not be able to easily find the response path. Many Web site home pages are too busy and filled with links, and most Web marketers do not give a lot of thought to including a WRF that stands out from all the home page clutter.

There is another nasty side effect to not using a WRF. B-to-b prospects are becoming far more accustomed to the Web as a means of learning about companies and their products. That means they may go to a company's general Web site when they see an ad or receive a piece of direct mail—even if a special URL is included in the promotion. Prospects visit the general Web site, look around, find the information they want, and then leave. As a result, the campaign generates responses, maybe even good leads, but they cannot be attributed to that specific campaign. The campaign “leaks leads,” because the marketer never captures any identifying information about the prospects. When the marketer analyzes the campaign, it may look as if it did not do so well, even though leads were actually coming in—but through a response path that was not being measured as part of the campaign.

That is why it is essential to tie a compelling and unique offer to your WRF—preferably something a prospect can receive only by going to that specific WRF. If the offer is unique, prospects will be more likely to go to a special place to get it. A common mistake is making a direct marketing offer that is already on your Web site. If anyone can gain access to the offer through your corporate Web site and it is not necessary to provide identifying and qualifying information to read it, you may get a visitor—but you will not get a lead.

Obviously, if you do a lot of direct mail promotions and do not find it feasible to use different URLs for your WRFs, you could use your home page as the destination. Then it is important to have a prominent area on your home page that highlights promotions so that respondents can get there quickly. This should link to a promotions page that briefly describes each promotion and shows a graphic so that the respondent can relate it back to the direct mail piece received. As mentioned earlier, if you wish to track the response by list or other key criteria, you will

need to generate a tracking code on the mail piece and ask the respondent to fill in that code on the WRF.

Web Response Forms Tighten the Lead Qualification Process

The WRF is designed to tighten the lead generation and qualification process. When the respondent goes to your special URL, he or she finds the WRF—a page or a series of pages, along with an interactive form, reinforcing that individual's interest immediately. The WRF potentially turns that preliminary interest into an action. A WRF can also capture valuable marketing information about the respondent and ask qualifying questions. See Figure 2.1 for an example.

WRFs can be especially effective as the termination point of Web banner advertising. The Web banner ad can be linked directly to the WRF. The prospect clicks on the ad and is routed instantly to the WRF. In this case, since the banner ad is just a teaser, the WRF can be a Web response area, or even a Web “mini-site.” The purpose of this area is to share information so that the prospect can make a more informed inquiry and possibly even a purchase.

A Web response area can be thought of as “electronic fulfillment” (more about this later). Electronic fulfillment is something that is fast becoming a standard in the Age of the “e.” As the cost of printed materials goes up, electronic fulfillment becomes all the more attractive.

For some direct mail lead generation campaigns, all that is needed is a cost-effective postcard that encourages a prospect to get an offer by visiting a special URL. There, the prospect arrives at a Web response area and finds complete information about the offer and the product being promoted. The prospect can then “pay” for the offer with “marketing currency” by typing in his or her contact information and answering some qualifying questions. The prospect sends the form, the marketer gets the lead, and the prospect instantly receives the offer online via electronic fulfillment. Very tidy.

The Basics of Constructing Web Response Forms

Web response areas and WRFs can be constructed in a number of ways, but here are some of the basic things to include:

Now you're **running smart!**
Get ready for intelligent customer service solutions at the **WorldComSM Web Center InfoSite.**

Before you enter, we need you to complete the short form below. When you're done, you'll go directly to the WorldCom Web Center InfoSite, featuring a host of informative customer service resources, including:

FREE copy of *The Customer Revolution* by Patricia Seybold[®]
Request your copy and learn how you can profit from the new "customer economy."

WorldCom's Interactive Web Center Demo
Learn how WorldCom Web Center can improve your customer interactions — without the huge upfront expenses and deployment times.

Please take a moment to complete the short form below to get your free book and access the Web Center InfoSite, where you can view our interactive demo. A WorldCom Account Executive will contact you shortly.

I found out about this offer from:

☐ Mail Keycode from mailer:
Keycode appears above address block on mailer

☐ E-mail

* denotes required fields

Name: First Last *

Job Function: *

Job Level: *

Title: *

Company: *

Figure 2.1. A direct mail campaign leads to this Web Response Form (WRF) for WorldCom. The WRF uses the best elements of direct marketing: reinforcing the creative approach of the direct mail, highlighting the offer, and collecting qualifying information. (Only the top portion of the form is shown.)

- A headline at the top of the WRF welcomes or thanks the respondent for visiting. The headline acknowledges the fact that the respondent came to this special page to get or do something. The headline should tie in directly with the promotion itself in terms of graphic look and feel and copy.
- The WRF reinforces the promotion and summarizes the offer. It is a good idea to use some of the copy from the original promotion to integrate and leverage the messaging.

- If necessary, one or more pages provide product information.
- Instructional copy tells the respondent what he or she will receive if the WRF is completed and sent. The offer can be handled in a variety of ways:
 - Instant fulfillment: The respondent sends the form and instantly receives the desired information in return.
 - Unlock and download: The respondent sends the form and receives instructions telling how to unlock and download a document or software, typically a trial or demonstration version of the product.
 - Private access: The respondent sends the form and receives an acknowledgment, either instantly or via return e-mail, that includes a special URL and/or password which allows access to a separate private Web area or virtual event (more about virtual events in Chapter 4).
 - Traditional fulfillment: The respondent sends the form and receives the information requested via fax or traditional mail, or receives an item ordered via traditional mail or delivery service.
- The form itself allows the respondent to interactively fill in basic data: name, title, company name, address, city, state, zip code, phone number, fax number, and e-mail address. The form should also ask several qualifying questions, including whether or not the prospect grants permission to use e-mail for correspondence. Some marketers make certain questions required (i.e., the form cannot be sent unless the required fields are completed).
 - It is generally a good idea to offer a link to the corporate Web site only at the end of the WRF or on the acknowledgment page the respondent receives once the WRF is sent. This funnels the respondent's actions and does not let him or her "escape" from the WRF but gives the person the ability to learn more by visiting the corporate Web site after responding.

The WRF is an excellent way to capture responses electronically. Including a Web URL typically helps increase overall response to a direct marketing campaign. If the target audience is composed of technical professionals or individuals who frequent the Web, they may in fact prefer the Web response path to more traditional response methods. Individuals who “live” on their networks and use the Web extensively for research and information are far more likely to respond over the Web than they are to return a reply card or make a phone call.

Finally, there is growing evidence that individuals who respond via WRFs are highly qualified prospects. I have been involved in numerous direct marketing campaigns in which the respondents using WRFs were more highly qualified than those returning reply cards.

There is some logic to this if you consider the fact that a Web respondent has to “work harder” to respond. Finding the URL may be easy, but typing in all the requested information and answering questions on a computer screen takes some time and effort. There is no easy way around this. WRFs can be simplified by using drop-down menus for multiple choices (to indicate your state, for example) or radio buttons and check boxes, but individuals still need to type certain basic contact information, which can be tedious. Doing so suggests that the prospect wants to obtain the offer or get more information and is willing to do a little bit of work to get it. In today’s high-pressure, compressed-time business environment, that is an important indication of a prospect’s interest.

Despite the WRF’s advantages as a response mechanism, it is not entirely foolproof. As mentioned earlier, even if you use a special URL, potential prospects could go to your regular Web site instead. That is why, if you are doing a promotion that features a special URL, you might want to mention that promotion and have a link to a version of the WRF on your Web site home page for prospects who show up there instead of coming to the special URL.

Another potential problem is the interactive form itself. Be sure it is constructed properly (most forms use CGI or JavaScript) and that you test it with several different computers and browsers. It is also a good idea to try it out on several different people to see if the form is easy to understand and easy to use. You need to assure that the respondent can easily send the WRF—and that you receive the information you need.

Using Your Web Site for Lead Generation and Qualification

Is the money being invested in your Web site offering you a true return on your marketing investment? To obtain a marketing ROI from your Web site, you need to be able to prove to yourself and to your management that it is achieving measurable results. This means your Web site must be structured to capture and qualify leads, and potentially to accept online orders from prospects and customers.

Many books are available that cover how to build and improve Web sites. Such books go into the necessary detail you will need to execute a Web site project. Our focus here is not on the design and technical elements of building Web sites but instead on how to use your Web site in the context of direct marketing—to generate and qualify leads, get response, and achieve measurable results.

Seize the Opportunity to Set Your Web Site Apart

For a Web site to be used as a lead generation and qualification tool, it must follow the basic principles of good direct marketing: You must appeal to your target audience, make audience-appropriate offers, and execute the creative aspects of the site in keeping with the audience's needs. You must also include a strong call to action.

Begin with the design of your Web site and its home page. In Chapter 1, we discussed the nonlinear nature of the Web. You saw how a site visitor could jump from place to place, freely and randomly. This is true, but it is also true that a Web site can be designed to highlight or emphasize certain areas so that the visitor is drawn to them. The design of a page can assist the visitor in locating offers and finding a Web response form.

One possible way to influence the visitor's navigational path is to make the most prominent part of your home page a special offer, highlighted by an animated graphic. If it stands out from the rest of the page and leads to a Web response form, the offer could potentially draw a majority of visitors to that area. Another way is to feature a promotional area that makes the same offer to visitors as a current direct mail or direct response advertising campaign. Leveraging the direct marketing offer could potentially enhance response.

The Web provides the distinct marketing advantage of speed. An offer could easily be posted on a Web site in time to coordinate with any direct marketing campaign—before the campaign even appears in print. If the offer is prominently featured on the home page, perhaps through an on-site banner ad that ties in creatively with the direct mail or advertising, you would gain from the power of integrated media.

Good direct marketing copywriting can also improve the effectiveness of a Web site. Direct marketing copy tends to be written in a friendly, me-to-you style with a heavy emphasis on benefits. It uses short sentences and an informal structure that makes it easier to read and follow. It makes liberal use of “graphic signals” and eye rests, such as indented paragraphs and bulleted lists.

As you explore Web sites, read the words carefully and evaluate the structure and quality of the writing. Notice how tedious it is reading lengthy copy on a computer screen? A good site will take that into account by keeping sentences and paragraphs short; using frequent subheads in bold or in color; breaking copy into sections; using bulleted lists, tables, and indents; and boldfacing or italicizing appropriate words and phrases.

Incorporate Direct Marketing Techniques into Your Web Site

Here are a few ways you can use direct marketing to improve the efficiency of your Web site in generating and qualifying leads:

1. Make it easy for a prospect to locate and gain access to a Web response area. Many Web sites either bury the response area or do not even have one. A prominent response area on a Web site, even a simple Web response form, will encourage prospects to identify and potentially qualify themselves. Reinforcing that response area throughout the Web site by providing links across many of your site's pages will remind prospects of the offer and give them multiple opportunities to respond.
2. Create a promotional area with special offers. Turn your response area into a promotional area featuring special offers that change from time to time. Tie these offers in with direct marketing campaigns by leveraging the copy and graphics used in other media and “Web-izing” the creative for use on your site.

3. Place an on-site banner ad. A banner ad is a promotional technique most often used as advertising on other Web sites to draw people to your Web site, but you can also create and place a self-promotional banner ad on your own site—to draw attention to a response area on your site. The banner ad could reinforce a campaign in other media or promote a free offer independently and could link to an on-site Web response form.
4. Offer a free subscription to an e-mail newsletter on your site. An e-mail newsletter is really an electronic continuity program that gives you the ability to communicate periodically with prospects and customers. You can offer an e-mail newsletter to prospects who provide you with contact information and answer questions on a Web subscriber form. Then build a list of subscribers and send them an e-mail newsletter regularly. Use the e-mail newsletter to convey valuable information as well as to make offers and further qualify prospects.
5. Drive traffic to your Web site via traditional media. After you invest in a Web site, be sure to capitalize on its existence. Promote the Web site aggressively, especially if it has informational or educational value. Include your Web site address in all promotions and on business cards. Drive traffic to your Web site using other media. For example, business-to-business marketers are achieving significant success generating Web site traffic by simply mailing an oversized postcard promoting the site to prospects and customers. If you have a special offer of any kind, make that offer on your Web site and promote it in order to drive individuals to the site.

Characteristics of Effective Marketing Web Sites

Use the following as a checklist to determine if your own Web site includes some of the more common characteristics of effective marketing sites.

Compelling, Well-Designed Home Page

An effective marketing Web site starts with a well-designed home page. The home page is not unlike the cover of a magazine. It should be inter-

esting, attractive, and intriguing to your target audience. Key content areas should be highlighted so that visitors can find what they need quickly and easily. The home page itself serves as a gateway into the entire site. From a marketing perspective, it should embody the personality of your company and immediately convey a distinct message. It is generally a good idea for the home page to have a look and feel that complements your corporate or promotional identity.

Here's something to consider in page design. In May 2000, a research study conducted by Stanford University and the Poynter Institute tracked eye movements of individuals reading an online news site. The most interesting finding was that the majority of readers were attracted to the article text *first*, not the graphics or photographs. During the entire reading sessions, 92% of article text was looked at, compared with 64% of photographs and 22% of graphics. Banner ads, however, did better than expected, with a 45% showing.

You don't want to overreact to such a study, especially since the sample was small, but the researchers concluded that a Web site's "first chance to engage the reader is through text." You can find the study at <http://www.poynter.org/eyetrack2000/index.htm>.

Timely Updating

The Web is a dynamic medium that demands freshness. Some marketers take advantage of this by prominently posting the date each day on their Web sites. Others include daily updates to give the impression of immediacy. Although daily updating may be too ambitious a goal for some, you should at least set a periodic update schedule, perhaps monthly, and adhere to it.

Consider establishing a prominent What's New area so that you can localize the information that needs frequent updating. Change this area on a periodic basis. Review the remainder of your site at least quarterly for possible updating. Consider refreshing the look of the home page at least every year.

Frequent updating is becoming one of the differentiators of a Web site. More sites now post "today's date" on the page and include news that is updated frequently. Some sites make use of streamed content from other sources to keep their sites current. Others use content management systems to automatically update pages.

One clever technique for keeping your home page fresh is to employ rotating images or copy that changes within the page. You can set up your home page so that it actually has several different versions, or

specified areas, that continuously change as visitors hit the page. In this way, each hit generates a page with a different image, providing the impression of a new page with every visit.

Intuitive Navigational Flow

The nonlinear nature of the Web requires a navigational system that is structured to offer visitors maximum flexibility and freedom to move around. Most navigational systems use several buttons, icons, or images, accompanied with words or phrases, to identify major areas of a Web site. Often these buttons run across the top or down the left side of the home page, sometimes in frames that remain visible on subsequent pages. Once inside a particular section, additional navigational buttons or text links may be necessary to help the visitor move from page to page.

Continuously improving Web technology is making navigational systems more useful. It is becoming increasingly common for the navigation buttons to respond or appear highlighted when visitors roll over them with the mouse. Some buttons or icons respond when clicked on by moving or changing color, or even producing a sound (although that generally requires a plug-in). These techniques bring enhanced CD gamelike interactivity to the Web and help visitors feel like they are making something happen when they roll around the site or click on their mouse.

The increasing use of “dynamic HTML,” JavaScript, and Java applets will make navigational systems even better, as long as a visitor’s browser supports these technologies. With dynamic HTML, for example, visitors can see subtopics in drop-down menus when they roll over navigational buttons on the home page. This is especially useful for sites with a lot of depth beneath the home page.

Regardless of the technologies employed, the key point is to make navigating a Web site easy, intuitive, and idiot-proof. As more people become Web-adept, they will move through Web sites and pages skillfully and quickly. Web sites with well-founded navigational structures will assure that visitors have a good experience—and stay awhile.

High-Value Information Content

An effective marketing Web site offers visitors reasons for spending time at the site and coming back. Snappy graphics and technological tricks attract attention, but they soon lose their impact if there is no substance to the site. Most Web experts agree that content is king. Good sites go

beyond simply providing product details—they also include product benefits and, more than that, offer high-value information that visitors can use, whether or not they purchase the product. The rationale for this is simple: If prospects or customers learn something from a Web site, they will come back for more. Many times, they will also “pledge allegiance” to the site’s sponsor by considering that company’s product for purchase when the need arises. You lose nothing by posting high-value information that relates to your products or services on your Web site—by doing so, you help to position your company as a knowledgeable leader in your field and gain the respect and potential buying interest of visitors to your site.

It is content that keeps your site “sticky”—which means visitors come back frequently. Your goal should be to have a visitor bookmark your site and use it as a primary informational resource.

Fast Response Time

Do not underestimate the “hang time” problem with the Internet. The Web has not so jokingly been referred to in the industry as the World Wide Wait because the continuous growth of Internet traffic, combined with increasingly sophisticated technology, can sometimes make getting onto the Web—and navigating Web sites—a painfully slow experience. The good news is that Internet delivery is being improved all the time at the user’s end via DSL, broadband, and other technologies. Still, you can do a lot on your end to help ease the problem by designing your Web site for the fastest response time so that pages load quickly. In general, that means containing graphic images to small files, being wary of full-page background graphics, and assuring that any advanced technologies, such as integrated databases, multimedia, Internet telephony, or live chat, are supported by adequate Web servers.

Response Orientation

A good lead generation and qualification Web site should provide prospects and customers with opportunities to interact and respond. Response paths should stand out and be clearly defined on the home page and referenced throughout the site. Offers should be prominent and lead directly to qualifying Web response forms. Downloads should be easy to execute. Customer service areas should include e-mail links, online forms, and, if possible, 24-hour autoresponders. Games and contests can help to draw attention to response areas, but they can also generate a large number of unqualified responses—so use them with caution.

Make your Web site active, not passive. Make calls to action prominent, and make it easy for visitors to find response areas by instructing them where to go and what to do.

Respect for Privacy

This is listed as a characteristic for effective Web sites because it is becoming increasingly important as the Internet grows more influential as a business-to-business medium. It is recommended that you post a privacy policy on your Web site. You can create your own privacy policy simply by filling in the blanks of a free form provided by the Direct Marketing Association at www.the-dma.org. The form leads you through a series of questions to help you determine what to tell your site visitors about how the information they provide will be protected and used.

The Internet privacy issue looms as states, the federal government, and other countries increasingly scrutinize cyberspace. It is far too easy to abuse someone's right to privacy electronically, and good b-to-b marketing use of the Web should include ethical practices. Post a privacy policy on your Web site, refuse to use unsolicited e-mail unless you are certain it is acceptable to the recipient, and protect the privacy of any e-mail marketing lists you have in your possession.

Use of Personalization

It may seem odd to add personalization to the list after the preceding warning about privacy. Despite privacy issues, however, Web site users are becoming more accustomed to and, in many cases, responding better to personalized sites. A March 2001 study conducted by CyberDialogue (www.cyberdialogue.com) for the Personalization Consortium supports this notion. Although 82% of the consumers surveyed said privacy was a key factor in their decision to purchase online, 63% of them reported they are more likely to register at a personalized Web site with customized content. Nearly half of the adult users with two years or more of online experience said they use customization. Additionally, 53% of those surveyed said they would be more likely to purchase from a personalized Web site. This seeming paradox actually makes sense. If your Web site is serving the individual needs of a visitor via personalized and customized content, the benefit the visitor derives from this could actually reduce the concern about privacy. On the other hand, if you use personalization, you need to be even more cautious about protecting the information associated with a visitor to your site.

What You'll Get When You Follow the Rules

Follow some of the rules listed earlier and you'll get more visitors, as well as visitors who come more often and stay longer. A study released in early 2001 by Booz-Allen & Hamilton and Nielsen/NetRatings (www.netratings.com) found that online users behave differently based on their informational needs. The study provides some insight into different levels of interactivity and interest. Of the seven categories described in the study, a few have special relevance to the b-to-b marketer.

One category, titled "Do It Again," consists of users who engage in sessions of about 14 minutes in length, with page views of as much as 2 minutes in length. Users in this category spend 95% of their time at sites visited at least four times before. Another category, called "Loitering," consists of users similar to those in the "Do It Again" category, but who spend 33 minutes in a session, again with 2-minute page views. Loiterers spend a substantial amount of time at sites that are familiar to them, and they come back for more. If you can attract users in one of these two categories, you are achieving success with your Web site.

How Do You Get Repeat Visitors to Your Web Site?

If a prospect visits your Web site and does not complete and send a Web response form, you do not necessarily lose the lead, as long as you design your Web site for repeat visits. As indicated in the Booz-Allen/Nielsen study just referenced, it is important to encourage the prospect to check in periodically.

The most successful Web sites enjoy heavy repeat traffic because there is something new for the prospect to experience each time he or she visits. The key is to find ways to encourage a dialog and build a relationship with visitors so that your site will be tops on their list of bookmarks. A frequent browser today could be a buyer tomorrow. Here are a few technology-driven techniques you can use to engage visitors and turn a Web site monologue into a dialog.

Automated E-mail Response

It is easy to build in a "mail to" e-mail link so that visitors can instantly inquire about your products or services, but it is just as important to respond promptly if not instantly. A variety of autoresponder or autobot

tools are available that can respond automatically to such requests. On good electronic commerce sites, for example, an order can be instantly acknowledged as soon as it is placed. An e-mail message is sent to the customer's mailbox verifying the order and providing an order number and shipping information. This is also a good way to prevent fraud, because if the recipient did not place the order, he or she can immediately inform the sender of the e-mail.

One effective way of encouraging a dialog with prospects is to encourage them to sign up for a free alert service or e-mail newsletter. As soon as prospects enter their e-mail addresses, they should receive an instant e-mail acknowledgment letting them know they have been added to your list and also giving them the option of unsubscribing. This is not just a courtesy; it also prevents against sending unwanted e-mail to someone whose e-mail address may have been added to your list without his or her knowledge.

Cookies

Cookies are not quite as controversial as unsolicited e-mail, but they do cause some concern in the Web community. Cookies are basically little files that your computer stores when you pay a visit to a particular Web site. A cookie allows the Web site to identify your computer when you return to the site. Although your Web browser can be set to alert you to the use of cookies and turn them off, most users are not even aware they can do this.

On the positive side, a cookie can be very useful in identifying a returning visitor so that the Web site can provide customized Web pages on the fly, if the appropriate database technology is in place. The ultimate value is that a visitor can have a very personalized experience and see pages intended just for him or her. This is a strong motivation for the visitor to return to that particular Web site. E-commerce Web sites routinely use cookies to identify returning customers and help facilitate the ordering process.

Some online advertising resources are using advanced technology that goes beyond the basic cookie. This technology can not only identify the user's address, but also the user's country and organization. This information is then used to deliver advertising targeted to that person.

Although personalization and customization on the Internet are increasingly common and even desirable, this kind of information intimacy could spook some users if they are not prepared for it. It is a good idea to mention, somewhere on your site, that you use cookies or other

such tools of relationship marketing for the visitor's benefit and to encourage the visitor to inform you if that is objectionable.

Databases and Personalization

Perhaps the most significant advance in marketing-oriented Web sites has been the adoption of database-driven personalization. Basic personalization, such as a Web page greeting you by name, is relatively easy to implement, but industrial-strength personalization needs to be powered by database technology.

Internet database and communication technology has advanced to the extent that entire books are being written about it. Suffice it to say that such technologies are revolutionizing marketing on the Internet. Tools are now available that permit mass customization of e-mail and Web pages, offering completely personalized communications to unlimited numbers of users.

Some of the best examples of such personalization are resident in the "My" pages that are now prevalent on the Web. You will find them on major search engines, such as Excite and Yahoo, as well as on other leading sites. See MySun at www.sun.com for a good example of a b-to-b application. "My" pages allow the user to customize preferences on a Web page. Then, on return visits, the page "remembers" what the user selected and provides the information formatted to those preferences.

Another well-known example that pushes personalization into the one-to-one marketing world is the ability to make purchase suggestions. The use of customer purchase history by Amazon.com (www.amazon.com) is an excellent example. Amazon analyzes each customer's purchase history and makes suggestions based on past purchases. The company personalizes a New for You page and notifies the customer periodically that it has been updated. In addition, Amazon makes suggestions on the fly when the customer is engaged in the buying process. For example, as you are selecting a computer printer for purchase from Amazon (yes, they now sell computer printers, too), you will be informed that "customers who purchased this item also purchased...." Then you'll see a printer cable, or a cartridge, or other items relevant to your planned purchase.

Obviously, for this to function day in and day out with millions of customers, a massive data warehousing capability must be in place. This might be justifiable for e-commerce, but it may be less attractive for non-purchase marketing applications. Nevertheless, the move to personalized, customized Web pages and one-to-one e-mail marketing cam-

paigns is significant. It must of course be balanced against growing concerns about privacy and the undisclosed use of customer data, but personalization is fast becoming a requirement for successful Internet marketing.

Interactivity and Multimedia

Java, Sun's Web programming language, is a platform for building interactivity that is not simply cute, but very useful. There are a wide variety of Java-based interactive tools that can really benefit visitors to the extent that they will come back and use them repeatedly. JavaScript, developed by Netscape, extends Java's capabilities. For example, you can build an automatic calculator into a worksheet so that a visitor can do a personalized ROI analysis online. You can offer a survey form that, when completed and sent, triggers exactly the right personalized information to be delivered to the visitor. You can build a database of products or solutions and let visitors select their own criteria to locate just the right ones. Since Java is built into current versions of Web browsers, the Web visitor can automatically take advantage of these enhancements.

Online query tools and search engines are so powerful that requests for information can be pinpointed with remarkable precision. Internet interactivity has advanced to the point at which chat sessions are now commonplace and online events, discussed later, can include real-time audio and video.

You can provide visitors with a wide variety of multimedia experiences, and the technologies to do so are getting better every day. To hear sound and view extended-time graphic motion or video, visitors will often need to download special software or use a plug-in browser accessory, but Web technology is advancing so rapidly that multimedia tools that do not require plug-ins are already available. Even video conferencing can be accomplished online with inexpensive digital cameras and the appropriate software. Multimedia opens up all sorts of possibilities for attracting repeat visitors, especially if you combine it with interactivity and personalization.

Creating "Mini-sites"

A mini-site or micro-site is a smaller, self-contained Web site that can stand on its own or be part of a larger Web site. Mini-sites are an effective way to launch a promotion, highlight a product, or drive response

to a special offer. Because they are set up as discrete Web areas, they can be used to generate and qualify leads for specific campaigns. Here are three examples of effective mini-sites, each with a different objective.

Mini-site Helps Launch a New Product

A computer company wanted to launch a new software product to a target audience of technical professionals and senior executives. A high-impact direct mail package was created. It included a personalized letter, a die-cut color brochure, and a personalized reply form, mailed in an unusually sized outer envelope. The offer was an interactive tour of the software product. To encourage response, the offer was enhanced with a free downloadable white paper, plus a special discount on the product if purchased. The prospect was instructed to visit a special URL of a mini-site created especially for the product promotion.

Upon visiting the mini-site, the prospect was asked to provide a code from the mailing piece for tracking purposes, in addition to name, title, and basic contact information. Then the prospect could gain access to the mini-site, which included the product tour, along with benefits targeted to each specific audience who received the mailing. Also included was a special offer section. After the direct mail promotion was complete, the mini-site was attached to the corporate Web site as a special area featuring the new product.

Mini-site Promotes Special Offers

A leading telecommunications company wanted to make several specific service offers to small businesses in a particular region. The offers were to be promoted via television, print, radio, direct mail, and Internet advertising. A mini-site was created to promote and consolidate the special offers, and its URL was used in all of the advertising. Prospects who visited the mini-site saw graphics from the television commercials and print ads, reinforcing the campaign. They could go to the specific offer that interested them from the home page of the mini-site. Once in the individual offer area, a prospect was asked to select his or her state so that the state-specific offer Web pages could be served up to that individual. Although prospects may have been responding to one of the service offers, they could see the other offers on the mini-site. This meant the company had the opportunity to cross-sell other services. The mini-site was also accessible through the company's corporate Web site via an on-site banner that promoted the special offers.

Mini-site Transitions Customers

A major b-to-b company was merging a division into the parent company. Customers of the division were used to doing business through that division, but now the division's name and identity would be phased out. A mini-site was created to address the transition, and a direct mail campaign was launched to drive customers to the new site.

Customers were provided with a special access code to make them feel special. The code also tracked the results of the campaign. The site provided customers with the rationale behind the company's name change and reassured them that their primary business contacts would remain the same and that service would be unaffected. The site also reinforced the fact that new, even better products would now be available directly to the customer. Customers had the ability to interact with the company, ask questions, and express any concerns via Web-based forms.

How Do You Measure the Direct Marketing Effectiveness of Your Web Site?

In the early days of the Internet, counting Web site hits may have been acceptable. Today, direct marketers realize that hits are irrelevant to overall result measurement. The gross number of hits a Web page gets simply represents the physical interactions performed by one or several individuals. Hits do not tell you anything about the level or quality of response, or the leads generated or qualified.

A variety of Web analysis tools and service providers at both the low end and high end now go beyond counting hits. You can use these tools and services to track and analyze a visitor's interactions with your Web pages—sometimes right down to how long someone stays on a certain page or even a certain item on the page. This kind of information can be very useful in improving your Web site and making general judgments about marketing efforts. There are second-generation tools and services that improve analysis considerably. Now you can learn even more about the way a visitor interacts with your Web pages.

For example, WebTrends (www.webtrends.com) offers numerous products that provide enterprise management, analysis, and reporting for e-business and Internet-based systems. Some of WebTrends' products perform data mining of Web traffic information, so companies can integrate real-time and historical visitor data with other corporate and marketing databases. Net.Genesis (www.netgen.com) offers NetAnalysis, a behavioral analysis solution that allows companies to investigate Web

site visitor behavior, site content, search engine keywords, and click-throughs. In May 2000, net.Genesis published the “E-Metrics Report,” the first comprehensive study focused on business metrics for the new economy. The report defines and standardizes new Web metrics such as the personalization index and the freshness factor.

From a direct marketing perspective, nothing beats obtaining hard, quantifiable data about and from visitors—and determining if those visitors are qualified prospects. That is what you get when you collect leads through Web response forms, asking questions so that you can qualify and prioritize your leads into prospect groups. Then you have the data you need to analyze true responder activity, not just visitor activity. That is the true measurement of a Web site’s success, and this is not unlike the everyday demand for marketing accountability put on the traditional direct marketer.

Employing Web Site Links to Generate Leads

One of the unusual technological aspects of the Web is the ability visitors have to seamlessly link from not just one page to another within a single Web site, but from one Web site to another. As a result, a visitor to your site can instantly visit any other site with a quick click of the mouse, if you provide a live link. Similarly, a visitor on any other site can visit your site if there is a link to your site present on that other site. That is why employing Web site links is a whole separate uniquely Web way of generating response and, potentially, leads. There are both free and paid links available to Web direct marketers, and each kind of link has its trade-offs.

Free Links

Free links are typically provided either on a limited-time promotional basis or in return for a reciprocal link. The most obvious free link, one that you should certainly take advantage of, is the search engine link. Getting your site and pages listed by major search engines such as AltaVista, Excite, HotBot, Infoseek, Lycos, WebCrawler, Yahoo!, and others is a prerequisite for any Web marketer.

The easiest way to do this is through a variety of free or paid Web listing services, which can automatically send your URL to numerous sources (*www.addme.com* for example). You could also do it yourself by going to each search engine’s home page—a considerably more time-consuming task. Getting listed on such engines will not guarantee leads,

but it will certainly increase traffic to your Web site, some of which may well turn into leads.

You should also be aware of “meta tags,” which help search engines identify key words for each of your Web pages. Using the appropriate tags will make your Web pages come up when prospects search on the particular keywords. However, meta tags are becoming less effective in securing top rankings in search engines because some site owners who load up their pages with them in the hope of fooling the search engines have abused them. Filtering technologies are now being used to prevent this, so evaluate the use of meta tags carefully. Another technique is using a gateway page, which is designed to improve the ranking of the page with particular search engines.

A second avenue for free links is an informational Web site. Not all informational sites accept free links, but some do. Some informational sites represent a number of sources, such as magazines or newspapers. Others are Internet-based directories or yellow pages. Still others are special-interest, affinity groups, or Web communities, established as loose affiliations of a number of organizations. The best way to find these sites is to do some searching of your own using keywords that may lead to business interests similar to yours.

A third place to look for free links is on Web sites that share similar or complementary characteristics with yours. An example might be a company that markets to the same kind of audience you do but does not sell a competitive product or service. Such sites may already have free links to other sites, but if they do not, it does not hurt to inquire. Simply contact the Webmaster and ask if the site will accept a link. Be aware, however, that the site will almost always want a reciprocal link—which means you will have to provide a link to that site from your Web site.

That may sound harmless, but there are some risks involved. For one thing, you want to be sure to provide links only to legitimate, “clean” sites to which you would feel comfortable sending visitors. (It is probably wise to have some general disclaimer copy on your site so that you do not become liable for another site’s content.)

A bigger issue, from a marketing point of view, may be whether or not you want external links to appear on your site. By providing an external link, you provide a side door for a prospect to easily exit your site—and perhaps not come back. Some Web experts believe that external links only serve to encourage the fickleness of a Web site visitor and that such links should be used sparingly.

Paid Links

An increasing number of Web site owners are trying to build traffic and create credibility for their sites—as well as generate income. A paid link is one way to do that, and they are common on the Web. Basically, the Web site owner offers a link to your Web site for a fee, usually based on a set period of time, although it could also be based on the number of impressions.

Paid links are becoming more common even on search engines. According to a June 4, 2001, article in *The New York Times*, the search engines at About.com, Ask Jeeves, Excite, Google, MSN, and Yahoo! accept payment for featured positions in search results. Search service GoTo.com (*www.goto.com*), says the article, has made a business out of providing paid search listings to search engines, GoTo's paid listings are featured on seven of the top ten Web portals and search sites.

To obtain a paid link, you simply pay the fee and the Web site owner posts your link. For an additional fee, you may be able to get a more detailed listing or description of your Web site; for an even higher fee, you may be able to purchase advertising space on the Web site. Some or all of this could be available at special promotional pricing, or even free for a limited time, so that the Web site owner can build up the site with lots of links.

It is not always easy to decide whether or not to pay for a link. In considering paid links, look for Web sites that can

1. Target an audience of likely prospects for your business,
2. Offer you something of marketing value in terms of the site's reach, its reputation, or your association with other well-regarded companies, and
3. Provide you with specific reports or other evidence that allows you to measure the effectiveness of your link on that site.

Links are also available on a paid and sometimes free basis within some e-mail newsletters. If an e-mail newsletter serves your market or you suspect it reaches your target audience, you should look into this opportunity. As mentioned earlier, e-mail newsletters are requested by subscribers and closely read by them—which means they are also seeing your link.

A Future Consideration for Your Web Site

As the Internet shrinks the world, it is useful to keep in mind that the world speaks more languages than English. Although English predominates across the Web, a b-to-b company marketing internationally needs to consider the implications of creating its Web site in different languages. According to Jupiter Media Metrix (www.jmm.com), within just a few years, two thirds of the world's online audience will be non-English-speaking. Forrester Research (www.forrester.com) supports this with its own prediction that 50% of all online sales will be made outside the United States by 2004. Forrester says moving toward multilingual Web sites will be an inevitable necessity.

Don't overlook this trend if you anticipate doing serious business in non-English-speaking countries. A June 2000 survey of over 150,000 European Internet users across 15 countries by Pro Active indicated that 65% of the respondents preferred sites in their own language. In fact, it seems that Europeans prefer online companies that use their own country's suffix as opposed to *.com*.

At some point, if you have any interest at all in broadening your business beyond the United States, you will likely need to build mirror sites that accommodate both the languages and cultural differences of other nations. Already, leading global b-to-b marketers are recognizing this important need. Take a look at the FedEx Web site (www.fedex.com) to see how a truly global company solves the problem. FedEx customizes its Web site for every country in which it delivers packages. Each country page is written in the appropriate language, carries appropriate photography of people native to that country, and lists the delivery and rate information specific to that country.

The Best B-to-B Web Sites

You could probably make the assumption that the best b-to-b Web sites are also the b-to-b Web sites making the best use of Internet marketing. Of course, it depends on the criteria used to select the best sites. One of the more useful lists is "The Net Marketing 200," which can be found at www.btobonline.com, the Web site of *BtoB* magazine, published by Advertising Age. The September 2000 listing identified the best sites in 15 categories. See Figure 2.2 for the IBM home page. The top rated sites were

Category	Company	Web Site
Agriculture/Food	Monsanto Co.	www.monsanto.com
Automotive	Cole Hersee Co.	www.colehersee.com
Construction	Deere & Co.	www.deere.com
Energy and Power	Enron Corp.	www.enron.com
Financial Services	Merrill Lynch	www.ml.com
Health Care/Pharmaceutical	Baxter Healthcare	www.baxter.com
Manufacturing: High Tech	IBM Corp.	www.ibm.com
Manufacturing: Industrial	General Electric	www.ge.com
Outsourcing	ADP	www.adp.com
Petroleum/Chemicals	Eastman Chemical	www.eastman.com
Professional Services	KPMG Intl.	www.kpmg.com
Software	RealNetworks	www.real.com
Telecom Services	AT&T	www.att.com
Transportation/Shipping	Federal Express	www.fedex.com
Wholesale/Retail	OfficeMax	www.officemax.com

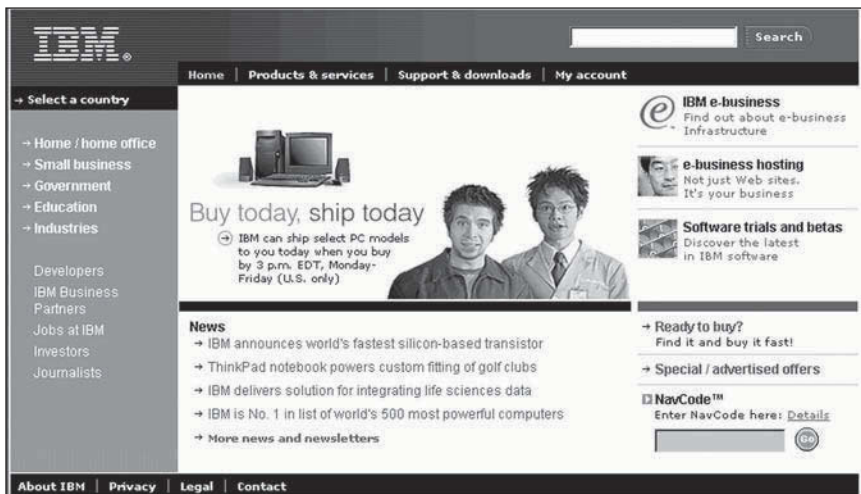


Figure 2.2. The IBM Web site is consistently recognized as one of the top computer technology Web sites. Clean design and simple navigation make a huge and complex site look friendly and easy to use.

3

Generating and Qualifying Leads with Online Advertising

You can't cover the full spectrum of Internet marketing without addressing online advertising. When it comes to b-to-b lead generation and qualification, however, online advertising is losing its luster. Banner advertising in particular has been under attack because of dropping click-through rates. Yet there are effective ways to apply online advertising, as you will see in this chapter.

Internet advertising continues to grow, even if at a slower pace than previously. The Interactive Advertising Bureau (*www.iab.net*) reported in April 2001 that online advertising in 2000 reached \$8.2 billion, up from \$4.6 billion the prior year. Although this was an increase of 78%, the IAB said it was lower than in past years. Banner advertising made up 47% of the year's ad revenue, with sponsorships accounting for 28%. AdRelevance (*www.adrelevance.com*) says about 54% of b-to-b online ads are direct response ads, mostly to drive traffic to Web sites. Forrester Research (*www.forrester.com*) believes online advertising in the United States will reach over \$25 billion by 2004, with online advertising in Europe expected to hit about \$5.4 billion by 2005.

Of course, the real issue with online advertising for b-to-b marketers is not the growth of online advertising but whether or not it is an effective

way to achieve an Internet marketing ROI that is equal to or better than other methods. This chapter will help provide some guidance.

Creating and Placing Online Advertising

Information technology (IT) companies, most of them being b-to-b marketers, are more successful than others in using online advertising, according to a May 2001 study by Nielsen/NetRatings (www.netratings.com). Nevertheless, the study suggests that banner ads are run too frequently on sites with limited audiences, concluding that this causes click-through rates to plummet. Nielsen/NetRatings says that online advertising frequency rates are in the high teens versus 3 to 4% in offline advertising. The statistics in the 2001 eAdvertising Report published by eMarketer (www.emarketer.com) are even more sobering. The report says more than 99.7% of banner ads do not get clicked, and 74% of online advertising space is not sold.

An interesting benefit of such statistics, however, is that in a softer economy, advertisers willing to commit to even modest ongoing spending can get great deals and even stretch the boundaries of what can be done. Web site owners hungry for advertising revenue will heavily discount. Sometimes they will also allow advertisers to go quite beyond the ordinary, permitting regular advertisers to even modify their sites' home pages. That means you may be able to do some breakthrough online advertising.

While the banner ad celebrated its sixth birthday in October 2000, industry experts continue to look beyond the banner for advertising effectiveness. For example, the number of vertical online ads increased by almost 70% in Q4 of 2000, according to Jupiter Media Metrix (www.jmm.com). In early 2001, new online advertising specifications recommended by the Interactive Advertising Bureau included vertical banners as well as pop-up units.

Today's online advertising consists of much more than banners alone. For example, there are

- **Advertorials.** Advertorials are a form of paid advertising created to take advantage of the look and feel of a particular Web site. They are typically integrated with the other copy and graphics on

a Web page, offering the appearance of editorial matter even though the message is advertising.

- **Buttons.** Buttons are typically small banners. They often run next to one another at the side or bottom of a page. They tend to look more like sponsorship ads than promotional ads. Some advertisers feel that their less salesy nature might improve the chances of higher click-throughs.
- **Interstitials or Pop-ups.** Interstitials appear between Web site pages. The new page loads, and an interstitial pops up to convey something about a company and its products or services. Because of their intrusive nature, there is a significant annoyance factor, yet interstitials have been shown to outpull banner click-through rates in a number of online advertising studies. One company, Unicast (www.unicast.com), has developed the superstitial, a “polite” interstitial that only plays when it is completely loaded. It is now available on a number of Internet advertising networks, including Engage’s AudienceNet, an online profile-driven ad network (www.engage.com). Recognizing the b-to-b ad surge, Engage launched a new division in May 2000, Engage Business Media. The superstitial occupies nearly the full screen and utilizes rich media (more on that later). There is also a variation to interstitials which some advertisers are testing—a “Webmercial,” which essentially is an under-10-second commercial played over the Web. Growing evidence seems to indicate that interstitials are proving to be more effective than banner ads. Interstitials accounted for 4% of all advertising revenue in 2000, according to the Internet Advertising Bureau.
- **Skyscrapers and Boxes.** Take a look at CMPnet (www.cmpnet.com), ZDnet (www.zdnet.com), and CNet’s News (www.news.com) to see the changing face of Internet advertising. The first two sites run numerous “skyscrapers”—long, narrow vertical ads that appear to the right or left of the editorial page. They’re hard to miss, even as a site visitor scrolls up or down the page. Several of CMP’s individual sites provide advertisers with “extramercials”—vertical ads that run along the right side of the editorial space on the Web page. They are intermingled with editorial matter; visitors click on a bar that says “Expand Ad” to make the entire ad appear. “Messaging

plus” ads on News.com (Figure 3.1) are placed in large squares near the center of each page and are far more than traditional ads...they embody rich media and interactivity that turns them into micro-sites. Despite their higher cost, these newer advertising vehicles seem to be resulting in higher click-through rates. A July 2001 study by CNet suggested that these ads enhanced aided and unaided brand recall by as much as 55%, as well as positively impacting consideration of brand purchase after one exposure.

- **Web Sponsorships.** Some Web sites allow advertisers to sponsor content on pages or within entire sections of the site. Such con-

The screenshot shows a News.com page from July 19, 2001. The main article is titled "Sprint PCS sees continued strong growth" by Reuters. The article discusses Sprint PCS Group's performance in the second half of the year. A large, interactive advertisement for Nextel Mobile Office Email is prominently displayed in the center. The ad features a "Click tabs for demo" section with buttons for "Email", "Contacts", "Calendar", and "Typing". The ad also includes a "replay intro" button. The background of the ad shows a person using a mobile phone. The News.com page includes a header with navigation links, a sidebar with "Today's Hot Topics" and "Latest Headlines", and a search bar.

Figure 3.1. New forms of online advertising, such as the interactive Nextel ad that appears in the center of this News.com page, may increase brand awareness and dropping click-through rates.

tent sponsorships may be in the form of promotional buttons, mastheads, banner ads, or other promotional vehicles. Internet.com's ClickZ (*www.clickz.com*) allows advertisers to sponsor regular columns on such topics as e-mail marketing and affiliate marketing. The advertiser's corporate look and feel is integrated right into the header of the column. In addition, the advertiser gets exclusive visibility with a banner at the top and a skyscraper to the right of the column. Some sites offer a wide array of promotional opportunities to advertisers sold as advertising packages, ranging from Web page sponsorships to participation in online seminars to creation of promotional micro-sites.

- **Games, Incentives and Online Coupons.** Increasingly, e-mail sweepstakes and games are being used to advertise products on the Internet. Also on a growth curve is the use of incentive programs (rewards for providing information or buying on the Internet) and online coupons. These approaches are discussed in detail later in this chapter.

How Effective Is Banner Advertising?

Because banners are still the most frequently used online advertising format, it is important to spend some time analyzing their effectiveness. Banners are like little electronic billboards or flashing neon signs on Web sites, appearing at the top, at the bottom, or sometimes within a Web page. The advertising area is restricted to a small horizontal or vertical space—hence the name “banner.” Basic banners use several frames, the last frame of which leads to a Web response form or other Web page. Banners typically incorporate some form of graphic movement through simple GIFs (Graphic Interface Formats). More and more, banner ads are relying on rich media (discussed later).

Although the banner ad may seem almost insignificant as an advertising medium, it can be used for both creating awareness and driving traffic to a Web site or a Web response form. You could read entire books about Web banner advertising, but the purpose here is to cover the basics of banners as they specifically apply to b-to-b Internet marketing.

The trend seems to be toward declining banner ad click-through rates, but click-throughs are not necessarily the only measure of banner ad effectiveness. A June 2001 study of banner branding in Europe, the

first of its kind, was conducted by Xxist.com (www.xxist.com), Engage (www.engage.com), and Just-sites.com (www.just-sites.com), a business knowledge provider with multiple sites. Banner ads were created displaying the site logo, the URL of the target site, and a strong branding statement, but *no* call to action. Sites that ran the banners did not have any hyperlinks to the destination sites. No additional off- or online advertising or promotion was executed during the campaign or in the month preceding the campaign.

The results of this study indicated that nearly half of the responses to the campaign came from people who saw the banner but did *not* click on it. Sixty percent of these indirect responders arrived at the destination site within 24 hours of seeing the ad. Indirect responders were more likely to return to the destination site than those who clicked on the banner. As the study's conclusion pointed out, had the campaign been analyzed purely on click-through rate, or even post-click conversion rate, the campaign would have "failed." By aggregating and tracking the direct and indirect response data, this campaign achieved half the cost per acquisition compared to that of direct response only.

Even when considering banner click-throughs, however, the more important statistic for direct marketers is what percentage of those "clicks" become responses, or real leads. Clicking on a banner is not a complete action; the prospect needs to go one step further and fill out the form on the other end to make an inquiry or a purchase. With a high conversion rate, banner ad campaigns with a low click-through rate might actually end up being successful, but if the conversion rate is unacceptably low, even the highest click-through rates won't make a difference.

Is there a secret to using banner ads effectively? A lot of it has to do with the marketing mentality of the advertiser. If the banner ad is designed as general advertising, then it will do what general advertising does best—generate awareness, not response. One 1999 study by Ipsos-ASI (www.asiresearch.com), a market research firm, in collaboration with America Online indicated that online banner advertisements apparently matched television commercials in awareness. The study suggested that both banner ads and 30-second TV spots were recalled by survey respondents just about equally. On the other hand, if the banner ad utilizes solid direct marketing techniques—sound media selection to reach the right audience, a compelling offer, and response-oriented creative—chances are it will generate responses and, potentially, qualified leads.

You should approach the creation and placement of banner advertising in much the same way you would implement a traditional direct response advertising campaign:

- Set advertising goals and measurable objectives.
- Establish budget parameters.
- Determine your target audience.
- Research available media targeting that audience.
- Develop a media schedule.
- Create the advertising.
- Place the advertising.
- Measure the effectiveness.
- Analyze the results.
- Refine the advertising program.

Of course, that is easier said than done. With traditional media, some b-to-b marketers execute and place their own advertising; others would not think of it. In this case, you are probably better off using skilled outside resources, such as interactive agencies, for banner advertising because it requires specialized expertise in media placement and creation.

There are several electronic media placement services, some of which might be useful for the b-to-b marketer to investigate. Perhaps the most prominent of these services is DoubleClick (*www.doubleclick.net*). DoubleClick uses its network of Web sites to place advertising that you pay for *only* if you actually get click-throughs, responses, or sales. DoubleClick also offers extensive testing and reporting services, but the company generally represents consumer-oriented Web sites with the highest traffic—and therefore the highest cost. As an aside, DoubleClick is expanding aggressively into other forms of Internet marketing. In mid-

2001, the company announced the acquisition of MessageMedia, one of the leading e-mail marketing firms.

Engage (www.engage.com) focuses its approach on ROI by using sophisticated media planning and behavioral targeting models to pinpoint banner ad effectiveness. Engage has the ability to determine the geographic location of a user's computer and, as a result, has helped pioneer "local" advertising on the Internet.

The adVENTURE Internet Marketing Network (www.adventure.com) claims to be a true direct marketing network, offering advertisers targeting by site, affinity group, and network. The B2BWorks ad network (www.b2bworks.net) focuses on business-to-business and features leading Web sites and e-mail newsletters from more than 70 industries. The advertising network 24/7 Media (www.247media.com) markets advertising and sponsorship programs along with e-mail marketing services.

VentureDirect's B2BfreeNet (www.b2bfreenet.com) integrates direct mail, Web site advertising, and e-mail into a single media buy. An IT marketer with a b-to-b focus could run the same promotions across all media, reaching targeted audiences in 23 different industries.

There are also numerous Internet media buying services, such as WebConnect (www.webconnect.com), as well as services that bring together Web site owners who want to exchange free banner ads, such as Microsoft's LinkExchange (www.adnetwork.linkexchange.com).

The online advertising environment is undergoing significant change. In some cases, Web users may view banner ads and online advertising in general as nothing more than an annoyance, because they can sometimes slow down a page from loading and be distracting. In a corporate environment, advertising can even consume precious bandwidth. As a result, a new industry is evolving: ad-blocking software. If filtering products that actually block ads from downloading gain in popularity, it could create new concerns for online advertisers.

There are also some interesting innovations in online advertising that could extend the life of banner ads.

Will Rich Media "Save" Banner Advertising?

If anything will "save" banner advertising, it is likely to be rich media. Rich media—the ability to build sound, motion, and interactivity into

online advertising—has proven, at least, that there is life left in that little old banner ad.

Jupiter Media Metrix (www.jmm.com) predicts that one third of all ad spending will be in rich media by 2002. This growing popularity means that Web sites will increasingly need to accommodate the technology.

One leader in the field is Enliven (www.enliven.com), formerly Narrative Communications, which was acquired by and made part of the @Home Network in 1999. Enliven delivers banner ads using its special server over Web sites that will accept them. The banners do not require any plug-in, and they are not limited by file size as are ordinary banners. However, they are more expensive to produce and not every user will have the bandwidth necessary to support them.

Enliven ads do some interesting and novel things. In addition to incorporating sound and motion, Enliven ads have the ability to offer heightened interactivity, directly from the banner. For example, an Enliven banner could offer a prospect the option to immediately print a data sheet by clicking a Print button in the banner. Another feature is a banner that expands into a form that a prospect can fill out and send immediately (Figure 3.2). Enliven banners even allow prospects to place an order for a product directly, thus enabling “instant” e-commerce.

Other ways to implement rich media include IBM’s HotMedia technology and Macromedia’s Shockwave and Flash technologies. The increasing use of Flash in particular is leading to advertising with animation and sound, sometimes even online movies. An Enliven competitor, Bluestreak (www.bluestreak.com), offers on-the-fly technology that allows advertisers to create, produce, and change rich media ads easily, on their desktop, so campaigns can be modified in real time. Bluestreak’s E*Banners expand when the consumer clicks on them, so more advertising content can be conveyed. IQ Commerce (www.iq.com) promises to energize ordinary banners with its Click & Stay feature, which allows prospects to make a purchase from a banner from within a pop-up window. iLOR (www.ilor.com) introduced a technology in 2001 that adds a “banner console” to any size online ad. The console allows ads to be duplicated and be made available to viewers to check later.

The advertising implications of rich media could be significant. A 1999 study sponsored by Wired Digital (www.wired.com) tracked the impact of rich media advertising for Barnes and Noble, Intel, and Novell. The three advertisers together reported a 340% increase in click-throughs with rich media ads.



Figure 3.2. This Enliven rich media banner starts off simply (a), changes into an interactive banner (b), and finally expands to a full lead-capture form (c).

Best Practices in Online Advertising

With the primary goal of generating leads or orders, online advertising is best used as a “feeder” medium. An online ad can incorporate a link to any Web page, so if a prospect clicks on your ad, he or she is instantly transported to the page of your choice (preferably a landing page where an action can be taken). Using the appropriate technology, prospects can even take action right from within the ad, without leaving the page they are on.

The banner ad can combine the best attributes of advertising and direct marketing. Think of the banner ad as an electronic direct mail envelope with interactive teaser copy. It appears on a Web site page, usually either at the top or the bottom, depending upon the nature of the site and the price you paid for placement. Just as your direct mail

piece competes with others for the attention of the recipient, your banner ad competes for attention with other banner ads on that same site, as well as with the information resident on the site. In fact, your banner competes with anything else that crosses the visitor's path during a Web session—and that could be hundreds of Web pages.

Your first challenge, then, is to make your banner graphically stand out in some way. Most banners use a variety of colors, large type, and graphics—often animated graphics—to distinguish themselves. Most banners have several “frames” that change to attract attention. Rich media, as discussed, adds a whole new dimension to banner ads.

In direct marketing, of course, you need to go beyond standing out. You need to get response. So your banner ad should also *make an offer* and include a *call to action*. With a banner ad, you will not have the luxury of a lot of copy space, so you will have to be clever about it. If your objective is to generate a lead, your offer should have high perceived value to the target audience. Ideally, the target prospect sees the offer in your banner and is intrigued enough to click on it (a click-through), but it helps to *tell* the prospect what to do (“Click here for your free demo” or “To get your report, click now”).

Click-throughs are nice, but they are a measure of advertising *awareness*, not advertising *responsiveness*. A click-through is not much of a commitment—a site visitor can click on a banner, take a quick look at your offer, and back up or move on in a few seconds. Converting that click-through to a completion, or a response, is the direct marketer's primary objective. So the real issue is, *Where does that click-through lead?*

There are three basic options for the terminating point of a banner or any online ad:

1. **The On-Page Response.** As online advertising progresses, building in an on-page, within-the-ad response will become more common. That means someone who clicks on your banner or ad can take an action instantly—get an answer to a question, receive a piece of information, or actually place an order. At this stage, even if the visitor goes no further, the technology exists to capture not just the incident, but also the e-mail address of the respondent. This action does not provide you with any real qualification information if the visitor stops there. However, instant response with little or no qualification requires the least amount of commitment on the part of the respondent—so you

could generate a high number of responses, even if they are unqualified. Online ordering driven by advertising, with the order taken within the advertising, is growing in the consumer market. It is still somewhat early to tell how successful this will be as a direct order channel.

2. **The Web Response Form.** If you make an offer of value that elicits a response from a qualified prospect, you obviously want to capture information about that prospect. Your second option, then, is to have your ad lead directly to a special Web response form. The Web response form should continue to entice the prospect with the offer, encouraging him or her to complete the form and answer some qualifying questions to obtain the offer. If the offer can be fulfilled online (as is the case with information that the respondent receives or a demo that unlocks and can be downloaded once the form is sent), so much the better. Similarly, if you are using the banner ad to generate orders, the Web response form or landing page should offer the prospect the opportunity to learn more about the featured product and provide the ability to order it online.
3. **The Web Site.** Many online ads terminate at the advertiser's Web site home page. The objective is to tease the prospect with the ad and then engage him or her at the home page of the Web site. This is fine if you are measuring the success of your advertising campaign by the amount of Web site traffic it generates, but Web site traffic is meaningless to a direct marketer unless it can be converted into measurable results—identifiable responses and qualified leads.

Of course, if your Web site home page does a solid job of highlighting a response area and making an offer to capture a prospect's interest, you could ultimately elicit a qualified inquiry. In that case, you could accomplish a lot by leading the prospect directly to your Web site. However, you may be better able to focus your prospect's attention by giving him or her a limited number of options, and that could make the Web response form more suitable for direct marketing. Even if the Web response form resides on your Web site, you can lead the ad respondent there by linking to the response form's specific URL.

Knowing where to send prospects from an online ad is the most important decision you need to make from a direct marketing perspective, but using the ad properly in the first place is also essential. Given the decline of advertising click-through rates, b-to-b marketers should be extra careful about usage. Here are a few “best practices” for making the most effective use of online advertising.

1. *Test banners and other online ad spaces against e-mail newsletter sponsorships.* Find one or more e-mail newsletters with sizable circulations that appeal to your target audience. Compare the cost per thousand for the banner advertising on a comparably targeted Web site to the e-mail sponsorship. Test banners and sponsorships head to head and judge them in terms of lead quality rather than quantity. Include a link to a Web response form in the e-mail ad, and link the banner ad to a different Web response form so that you can accurately measure response to each.
2. *Test rich media ads against animated GIF ads.* Rich media banners may cost more and take longer, and not all Web sites will accept them, but they are paying off in terms of increased click-through and conversion rates. If you find a Web site targeted to your audience that will accept rich media ads, test them head to head against traditional, animated GIF ads. Flash and Shockwave, commonly accepted browser plug-ins, may provide you with additional creative options. Determine if the increased cost is paying you back in terms of an increased click-through rate and qualified leads.
3. *Test the media, the offer, or creative approaches.* Pick Web sites that effectively target your audience and negotiate aggressively for the most attractive rates. Test Web sites one against the other. Also test at least two different creative approaches on the same site by asking the site to randomly rotate the banners or ads. Keep the offer consistent to test the creative (or alternatively, keep the creative consistent to test the offer). Different banners or ads should lead to different Web response forms so that you can track responses to each.
4. *Use banners as precampaign teasers.* Banner advertising has shorter lead times than traditional print or direct mail campaigns.

Use this to your advantage by placing banner ads strategically on sites that reach the same prospects as your forthcoming campaign, *before* the campaign runs, leveraging the creative work but using it to tease the audience. The banner will then act as an electronic advance man, preparing the audience for the traditional media advertising to come.

5. *Promote an Internet event.* Banners, buttons, or other ads can be effective alone or in conjunction with direct mail, e-mail, or e-mail newsletter sponsorships in driving traffic to online seminars or events. The ad acts as a teaser invitation, pushing the prospect to an online promotion page with a registration form.
6. *Use banners to launch and support affiliate-marketing programs.* Affiliate marketing (see Chapter 9, “Developing Internet Partnerships”) is projected to grow beyond banner advertising. If you have products or services that can be resold by affiliates on the Internet, consider creating an affiliate program and providing your affiliates with free banners they can place on their sites so that they sell more of what you have to offer.
7. *Extend banner effectiveness by extending your media buy.* Look for opportunities beyond the banner and you could dramatically improve your online advertising effectiveness. Increasingly, Web sites are moving away from banners and providing larger ad spaces, such as skyscrapers and boxes. As mentioned earlier, some sites offer promotional opportunities such as contests, online seminar sponsorships, and micro-sites. In addition, many sites may offer subscription e-mail newsletters or opt-in e-mail lists. When you find the right sites for your online advertising campaign, also find out what these sites offer beyond the banner. By extending your media buy, you could reap the benefit of package deals that include discounted prices or promotional add-ons, thus extending the overall effectiveness of your campaign.
8. *Take advantage of quick time-to-market.* Banners and buttons can be modified very quickly, and that could mean having a major impact on results just as quickly. In a January 2001 interview with Don Skarzenski, senior vice president of sales and marketing at NetMason (www.netmason.com), an energy industry de-

veloper of e-marketplaces, conducted by B2B Marketing Biz (www.b2bmarketingbiz.com), Skarzenski said, “I might put a banner up and 12 to 36 hours later swap it out....[The sites] would tell me what wasn’t working and what was on their particular site. For example, one site told me red didn’t work, I should switch to green. Within 20 minutes I sent a green button over to them. We were one of more than fifty advertisers on that site, but our click-through rates consistently ranked number one or two!”

Online Ad Placement Is Critically Important

We have been concentrating on the creative and direct response aspects of online advertising, but let us not forget that placing your ads appropriately is just as important to your lead or order generation success. Media research will uncover a multitude of potential sites for placement, and selecting both the right media and the right placement schedule takes skill. This is where some of the advertising networks and media services, referenced earlier, can be very helpful.

Obviously, you will want to select sites that you believe appeal to, or target, your ideal types of prospects. As with traditional print media and direct mail or telemarketing lists, you should work your way down in priority from most to least targeted Web sites. An easy way to start if you have had success with traditional media is to map those media to what may be available on the Web. The growing popularity of the Internet has paid off in the fact that virtually every publication with any kind of sizable circulation either has a Web site or participates in one. Similarly, many direct mail lists on the market have Internet counterparts—chances are the list owner is on the Web or the mailing list is available with e-mail addresses. At the very least, the types of individuals found on that list would have an affinity to a Web site somewhere.

Use this marketing information to point yourself in the right direction. Again, start with the most targeted Web sites—those that seem to perfectly target your audience—and work your way down to Web sites that may only in part target your audience.

If you are targeting software developers, for example, you would first concentrate on Web sites that appeal directly to software developers—sites sponsored by developer associations or user groups, specialized publications, developer conferences, and so on. You could either stop there or extend your research to the next category—Web sites that

appeal, in part, to software developers. These might be sites sponsored by more generalized information technology publications and conferences, or some of the technology “super-sites” referenced earlier.

You might then choose to go one step further, supplementing your media buys with specific pages on search engines that software developers are likely to use. In many cases, you can arrange for your banner ad to appear on a search engine only when certain keywords are searched on by the visitor.

Purchasing the media can get complicated, because not all sites sell online advertising in the same way. This is yet another area in which the Web is a unique medium: It cannot be sold on the basis of *when* an ad appears (the day or time) because time is irrelevant in cyberspace. It is also difficult to “guarantee a circulation” as in print advertising, or to determine a quantity as in direct mail, so most ads are sold on the basis of *number of impressions*—how many times your ad actually appears. That does not mean the number of people who see it, just the number of times it shows up. That is an important distinction. To see why, try this experiment some time: Visit a Web site with advertising and go to a single page on which an ad appears. Instead of navigating around the site, just keep reloading the page several times and keep your eye on the ad. Each time you reload, it is likely that the ad will change, because it is in rotation with other ads. After several times reloading the page, you will probably see the first ad again. Each time you see that same ad counts as one impression.

Some online advertising media are sold using other criteria. In some cases, for example, you pay for click-throughs, not for impressions. Be sure to understand how the pricing works when you are planning your media strategy.

The whole area of media pricing is now undergoing change due to new ways in which online advertising is being analyzed. An online advertising report issued in May 2000 by AdKnowledge (www.adknowledge.com) is an example of this trend. The report analyzed over 150 million banner ad views from the results of numerous online ad campaigns. It is interesting that only 24% of the conversions to sales came from prospects who clicked on the banner ad. Thirty-two percent of the sales came from users who had *viewed* an ad, but *did not click*. The remainder of the sales came from repeat customers, whether or not they had initially clicked on the ad.

This fact brings up the need for a different perspective on banner ad effectiveness tracking and analysis. The report suggests that *nonclick*

conversions to sales are an important component of online advertising, yet most media, and most advertisers, analyze and depend on cost per click data.

Online advertising can be placed on traditional Web sites, but there are Internet service providers and networks that are so huge that they hold real promise for targeted online advertisers. Obvious examples include America Online, CompuServe, Prodigy, AT&T's WorldNet, and MSN. There are other services, which may be lesser known but could be useful as new advertising outlets. One example is Juno (www.juno.com). Juno began offering free e-mail service with no Internet access required in early 1996 and by 1999 had over 6½ million accounts on record. Every time users open their e-mail, they receive highly targeted e-mail advertising, including banners, pop-ups, and product order micro-sites. Yet another hidden media source might be large companies' intranets that accept advertising. In June 2001, Juno announced it would merge with NetZero, one of the leading free access ISPs. The new company, United Online, claims it will have over 7 million active subscriber accounts, making it the second largest online access service after America Online.

Other Important Facts about Online Advertising

- Online advertising can be purchased directly from the Web site owner or through Web advertising networks. There are also services (such as LinkExchange, mentioned earlier) that facilitate free online advertising through trade, exchange, and reciprocal link programs.
- Banner ads in particular have a promotional life of about *15 days*. Prepare several banner ads in advance of a campaign, and ask for your ads to be rotated periodically.
- Banner ads can be created and placed on very short time frames. That makes it easy to pull ads that are not working or add them to new sites very rapidly. More elaborate online ads may take longer to create.
- Online ads and direct mail can be tested similarly. Consider testing not only media placement, but also different offers and differ-

ent creative approaches. Because of short time frames, you can change entire online ad programs quickly, so testing and program modifications can almost occur in real time.

- Try placing your online advertising on your *own* Web site. This is useful if you want to draw attention to a special promotion, offer, or contest by providing a prominent link to it. You could also benefit from placing a banner ad on your own site that integrates visually with an ad you are running. The on-site ad will reinforce your advertising and provide a convenient link to a Web response form from your home page for visitors who came to your home page as a result of the ad.
- Check with media sources for technical restrictions for online ads. You will generally need to keep graphics simple and file sizes small. You may also need to resize the ad for use on different sites.
- Make online ads more dynamic and eye-catching by incorporating motion and multiple frames.
- Incorporate new technology into online ads as appropriate, but do not assume every prospect will have the software or hardware necessary to take advantage of it. Given the rise of rich media, consider testing rich media ads against traditional ads.
- Always test online ads and their links before going live. Look at ads through different browsers and on different computers. Be sure to check to see that your ads are appearing on the sites as contracted and that the links you specified are working properly.
- Find out in advance what the site or advertising network offers you in terms of tracking capabilities so that you can measure and analyze the effectiveness of your advertising.
- Use online advertising in association with other media. For example, coordinating the placement of online advertising with traditional media, such as print advertising or direct mail targeting the same audience, can lift awareness and response. After the campaign is running for a while, the online ads can be used to reinforce the advertising and provide a means for online inquiry generation.

- Analyze the results of online advertising campaigns as you would any other media. Don't just look at click-throughs, look at responses, sometimes called conversions. Technology is available to track "view-throughs" as well. View-throughs represent individuals who view the ad but don't click on it. Various research studies done on view-through visitors suggest that they are, in fact, good prospects, because they remember a company's advertising and return to the site at a later time.

Newsletter Sponsorships: For B-to-B Marketers, It Could Be the Better Way to Advertise

One of the fastest-growing areas of the Internet is e-mail newsletters. (We'll talk more about them in the next chapter.) An important aspect of these newsletters is that more and more of them accept advertising, commonly called sponsorships. E-mail newsletters are often free to the subscriber, but they include a limited amount of advertising from sponsors to offset the distribution cost. Advertising is usually in the form of a small segregated area at the top or bottom of the newsletter, or sometimes embedded into the newsletter text. The ad is typically a text-only ad set off by itself, but it almost always contains a link to the advertiser's landing page, response form, or Web site home page. Some newsletters permit advertisers to sponsor an entire issue of a newsletter so that no other ad is seen in that issue, only the sponsor's. If the e-newsletter publishes an HTML version, your sponsorship could be very much like an online banner or button.

Newsletter sponsorships often tend to pull a higher click-through rate than banner ads, as well as a higher conversion rate. My agency has tested newsletter ads against banner ads and consistently found this to be the case for b-to-b lead generation. With a cost that is generally equivalent to banners, newsletter ads are an attractive media buy. You may have to pay more for special placement in the newsletter, but if it positions your ad higher in the newsletter, it could pay off in an increase in click-throughs and conversions. Writing these little ads is a challenge, though, because marketers are typically restricted to a small number of words.

There are some distinct advantages to this type of advertising:

- Advertising that appears in an e-mail newsletter, even though it is text only, is almost guaranteed to be read. This is because news-

letter subscribers tend to read the newsletter carefully; otherwise, they would not subscribe to it. As they read the newsletter, they cannot help but come across the sponsor's ad.

- Although most e-mail newsletters are free to subscribers, and their publishers typically ask for nothing more than an e-mail address, the newsletters cover certain very narrow topics. Because of this targeted content, readers self-qualify as a legitimate targeted audience. Newsletter publishers can certainly give you circulation figures, but they typically will not release specific data about any subscribers. In some cases, newsletter publishers will share subscriber data with you in aggregate form so that you know more about the types of readers. Some newsletters might also rent their subscriber lists.
- A newsletter ad can become even more effective when it incorporates a link to a specific Web response form or other Web page that further promotes the advertiser's product or service. Many e-mail programs provide the ability to directly link to Web pages, but to accommodate those that do not, it is wise to include the complete link address (including *http://www* if it is a Web link). Industry reports suggest over and over again that such links from newsletter ads are very effective.
- Some newsletters are a hybrid between e-mail and HTML, and with these, there are additional advertising possibilities that may prove effective. Here, you can place a text-only ad in the e-mail newsletter, but you can also place a more graphic ad in the newsletter's HTML version. You may also be able to sponsor an entire column or page in the HTML newsletter.

Advertising Tip: Don't Forget Those Search Engines and Directories

A potential online advertising opportunity that's easy to overlook is search engine advertising. Information technology (IT) marketers who use this strategy successfully place ads on search engine pages that relate directly to their products or services. For example, a maker of a database product might place an ad that appears when a visitor searches

on database, relational database, RMDB, so on. The ads can be either banners or text ads; text ads reportedly outpull banners, but it's worth a test. Large search engines are expensive, so purchase space selectively.

A report in the e-newsletter B2B Marketing Biz (*www.b2bmarketingbiz.com*) showed just how important search engines can be. Zapdata (*www.zapdata.com*), a company that provides sales leads, extensively tested all forms of online advertising, including banners, opt-in e-mail, newsletter sponsorships, and search engine free and paid listings. Search engine optimization was the tactic that outperformed them all. Straight-forward banners with free offers also worked well, but Zapdata was just as impressed with the response achieved by newsletter sponsorships. Online buying guides and directories present additional opportunities for marketers.

Incentive Programs: Another Form of Online Advertising

A growing area of online advertising is incentive programs. These programs reward the prospect or customer for providing information, taking an action, or making a purchase. This phenomenon deserves its own section because it is proving for some marketers to be a way to increase advertising click-throughs, acquire prospects, and even increase customer loyalty.

Incentive programs come in a variety of flavors, with the most common incentives being sweepstakes and contests, volume deals, and price breaks, according to Forrester Research. Also becoming increasingly popular on the Internet are online coupons and other forms of "instant payback" programs.

Contests and sweepstakes are growing at a rapid rate, being legitimized by big name marketers. For example, in December 1999, Compaq Computer Corp. (*www.compaq.com*) cut a deal with Promotions.com (formerly Webstakes) to create custom sweepstakes-style promotions to run on Compaq's Online Services site.

As for online coupons, Forrester Research reports that they can send banner ad click-through rates as high as 20%. In fact, a study by NPD Online Research released in November 1999 showed that almost a third of the Internet population used online coupons in October, up from 23% early that year. The top two sites where coupons were being obtained, according to the survey, were Coolsavings (*www.coolsavings.com*) and ValuePage (*www.valuepage.com*). There is even a place where you can

search out a free offer in the category of your choice—it is called The Free Forum Network (www.freeforum.com).

There are a wide variety of incentive programs, some initiated by marketers themselves. As you might expect, there are also numerous organizations on the Internet that specialize in online incentive programs. Here are just a few of the leading ones:

ClickRewards (www.clickrewards.com)

ClickRewards, operated by Netcentives, Inc., appropriated the frequent traveler miles concept and applied it to the Web. Hence, they offer ClickMiles for shopping at participating Web sites. These ClickMiles can be converted into frequent traveler miles on a one-for-one basis in several leading airline and hotel programs, as well as for other types of rewards.

MyPoints (www.mypoints.com)

With over 8 million members and over 200 advertisers and partners participating in MyPoints and MyPoints BonusMail (e-mail advertising), MyPoints offers “rewards points” for purchase. Points may be redeemed for a variety of products and services from some 50 rewards providers. MyPoints also offers completely customized private-label loyalty rewards programs used by such companies as American Express GTE and ZDnet. In 2000, MyPoints announced that it would acquire another leading online incentive company, Cybergold. Then, in June 2001, United Airlines announced it would acquire MyPoints. Although United said it would allow MyPoints to operate as a separate subsidiary, the incentive company would clearly be linked with United’s Mileage Plus frequent traveler program.

Online Advertising Is Undergoing Continuous Innovation

The dynamic nature of the Internet means that online advertising will be ever changing. New strategies, techniques, and tools will continue to be introduced in an effort to improve the effectiveness of online advertising.

The good news is that new forms of online advertising are already proving their effectiveness. In July 2001, The Interactive Advertising Bureau (www.iab.net) cited three different studies that attested to the success of new, larger online ads. One survey of 8,750 Web users showed

that larger ads are 25% more effective than banner ads at raising brand awareness and message association. Most effective were skyscraper ads. Another study, commissioned by DoubleClick (www.doubleclick.net), reported an 86% boost in brand awareness from larger ads versus 56% with banner ads.

Some would say that affiliate marketing itself, which we will discuss in detail in Chapter 9, is really a form of online advertising. Affiliate marketing largely uses banner ads placed on affiliate Web sites to drive traffic to sponsoring Web sites. In this context, affiliate marketing can be seen as a major online advertising innovation.

There are other innovations coming. In a May 2000 survey of ad agencies, Arbitron Internet Information Services found that Webcast advertisements—ads that use the Internet to broadcast a multimedia message—will grow rapidly. The study indicated that 1 out of 5 agencies buying online advertising use Webcast ads, and 81% of the respondents said their use of Webcast advertising would significantly increase in the coming years.

Will banner ads and other forms of online advertising be better in the future? New technologies and advertising approaches almost guarantee it. A few examples: StickyAds by Spidertop (www.spidertop.com) are banners that keep clickers on the Web site where the banner appears, instead of leaving to go elsewhere. Eyeblaster (www.eyebaster.com) is an “out-of-banner” rich media platform that floats ads across a Web page. The Cybuy banner (www.cybuy.com) allows purchases directly from banners in only three clicks.

In a *New York Times* article on May 7, 2000, two other emerging innovations in online advertising are mentioned: “follow-me ads” and “piggyback ads.” With follow-me ads, an Internet user is identified as the customer of a particular company. The customer’s activity on the Web can then be tracked, and appropriate advertising can be served up to the customer as he or she moves from site to site. In this way, a customer of a particular advertiser will actually see different advertising from others using the Web.

Free Internet access services, and other sites that give something valuable away, require that the user of the service accept advertising. Piggyback ads might appear over any Web site visited by the user as a result. This technique could be effective in providing a distinct competitive advantage to the advertiser. Now the advertiser could have a banner ad appear at the top of a competitor’s Web site. Online advertising will continue to evolve...and the b-to-b marketer will undoubtedly benefit from these advancements.

4

Generating and Qualifying Leads with E-mail

For many b-to-b companies, e-mail has become the primary form of Internet marketing, but it hasn't always been so. Early on, e-mail received much negative attention because of spam—e-mail not requested by the recipient.

Unsolicited e-mail had become such an annoyance by late 1999 that numerous states had already enacted antispam legislation. During that year, however, the concept of permission marketing launched e-mail's rebirth, driven in part by the best-selling book of the same name by Seth Godin. The idea struck a chord with marketers everywhere, and it held special relevance to Internet marketers. Permission marketing is, basically, sending e-mail only to those people who give the marketer permission to send it. Such permission is granted when a prospect or customer subscribes to a newsletter mailing list or answers a specific question in the affirmative—for example, "May we communicate with you via e-mail?" It is recommended that the individual be periodically requalified.

This is the manner in which companies have now built their own substantial e-mailing lists. Even so, the controversy over e-mail has continued, largely due to the growing availability of "opt-in" e-mail lists. The question is whether or not these lists are truly opt-in, legitimately

including people who really want to receive promotional e-mail. It seems that some are and some are not. As a result, the more conservative Internet marketer might refrain from using any opt-in list while the more aggressive marketer actively seeks out such lists. One way some marketers minimize the problem is with “double opt-in”—the marketer e-mails an individual on an opt-in list, asking again for permission to send e-mail. Whether or not you believe in using outside lists, it is a smart marketing strategy to build your own e-mail list of customers and prospects so that you can execute e-mail marketing programs on a periodic basis, quickly and inexpensively. This chapter offers you key strategies for succeeding with e-mail marketing as part of the b-to-b lead generation mix.

Why E-mail Marketing Is Exploding

The Direct Marketing Association (www.the-dma.org) reports that for the first time, in 1999 more e-mail than U.S. Postal Service mail was sent in the United States. An August 2000 survey by Pitney Bowes confirmed that e-mail was the most common communication tool in U.S. and Canadian businesses. According to Messaging Online (www.messagingonline.com), 569 million active e-mail accounts existed in the world by the end of 1999, an 83% increase over the previous year. Every one of those accounts represents an individual who can be reached with a promotional e-mail message. Messaging Online suggested that it would be only two to three years before the number of e-mail accounts surpassed the number of telephone lines and televisions. Roper Starch Worldwide said e-mail is preferred by 48.5% as the primary business communications vehicle, versus 39% for the telephone and 3.5% for traditional mail.

The *2001 e-mail Marketing Report*, published by eMarketer (www.emarketer.com) in May 2001, said U.S. e-mail marketing expenditures were a little over \$1 billion in 2000 and were expected to more than double to just over \$2 billion in 2001. eMarketer said there would be 227 billion permission e-mail messages sent by 2003. In a study released in June 2001, Aberdeen Group (www.aberdeen.com) said e-mail marketing grew in revenues from \$91.8 million to over \$342 million from 1999 to 2000, a 270% increase. Aberdeen pre-

dicted that e-mail would be a \$1 billion market by 2003. Opt-in News (www.optinnews.com) reported in a May 2001 study that 50% of media buyers think e-mail is the most effective marketing vehicle for generating response.

As for business usage of e-mail, Gartner Inc. (www.gartner.com) in 2001 reported that on-the-job e-mail users receive an averaged of 22 outside e-mails a day, with 34% of them being unsolicited. Sixty-four percent of Internet users at work check their e-mail regularly each day, and 34% of users check it at least six times daily. Forty-two percent of business users check their e-mail while on vacation.

Because of the current economics of Internet usage, e-mail direct marketing can be even more cost-effective than traditional direct mail lead generation. After all, there are no materials or postage costs. eMarketer says the average cost per message in 2001 for opt-in e-mail was \$0.20, versus \$0.75 to \$2.00 for direct mail and \$1.00 to \$3.00 for telemarketing. Opt-in e-mail, says the report, achieves an average click-through rate of 3.2%, and 80% of e-mail marketing messages get a response within two days.

At an April 2000 e-mail conference, Rick Bruner of IMT Strategies (www.imtstrategies.com) presented statistics that support the increasingly attractive marketing ROI of e-mail. Bruner looked at the cost of acquiring customers via e-mail, traditional direct mail, and banner advertising. Using a 1% click-through rate and a 1% conversion rate, Bruner estimated that it would cost \$100 to acquire a customer with banner advertising. Assuming \$0.10 per name, \$0.50 per mailing, and a 1% direct mail response, it would cost \$50 to acquire a customer with traditional direct mail.

For e-mail, the numbers are very different. Bruner claimed that e-mail typically produces a 10% click-through rate and a 10% conversion rate. With a cost of about \$.20 per name for e-mail, that translates into an acquisition cost of only \$20 per customer.

There is an added bonus to Internet direct marketing in general and e-mail specifically. There is nothing to physically produce, so your production time line is compressed. Instead of waiting to print and mail something, you can distribute even thousands of e-mails very fast, and you can make modifications to programs just as fast. That means you can see the results of your efforts very quickly as well. In fact, responses to e-mail programs start to come in immediately and may be completed in just days, as compared to weeks with direct mail.

Although the Internet can be proven to enhance the traditional media used in your lead generation programs, it is probably premature to assume that e-mail can replace direct mail or telemarketing entirely. For one thing, the Internet is not yet a precision medium for targeting. It has not reached the level of maturity of direct mail in terms of your ability to hone a prospect list by using key criteria to select exactly the right individuals for a mailing program.

In addition, access to individual names and titles via the Internet is problematic. As you will see in the following discussion of e-mail, prospecting via the Internet presents a whole set of unique challenges to the b-to-b marketer.

You must also consider the fact that Internet lead generation and qualification is still in its youth as an acceptable marketing practice. Some target audiences may be comfortable with it; others may not be. Generally, those in IT and technical professions are fairly accepting of e-mail and Internet marketing. Not all individuals in all areas of business are as accepting. For example, marketing professionals tend to be more accepting than financial professionals. With consumers, acceptance tends to vary. Consumers who are active users of the Internet will obviously be more accepting, but acceptance of the Internet as a means of self-qualification will vary from prospect to prospect. Nevertheless, now is the time to think about augmenting traditional lead generation media with e-mail.

As evidence of the increasing acceptance of marketing e-mail, consider the results of a market research study released by IMT Strategies in November 1999. The firm surveyed more than 400 consumer and business e-mail users in the United States and looked at performance data from 169 companies doing e-mail campaigns. Although 64% of those surveyed had very negative perceptions of spam, more than half of them felt positively about *permission* e-mail marketing, and three quarters of them said they responded to permission e-mail frequently. In fact, over 80% of these e-mail users had granted marketers to send them e-mail promotions.

Integrating E-mail into Your Marketing Programs

One of the easiest ways to take advantage of the transition to Internet direct marketing is to integrate e-mail into your existing direct market-

ing lead generation, qualification, order generation, and customer relationship programs. E-mail can be an effective way to receive responses from prospects and to reach prospects and customers with promotional messages—as long as they want to receive them via e-mail.

Inbound E-mail

Inbound e-mail is e-mail that comes in from prospects or customers. You should consider offering an e-mail address as a response path in direct marketing programs. (Better yet, offer a URL leading to a Web response form. See Chapter 2 for more about Web response forms.) An e-mail address can be reached by virtually anyone with Internet access, because e-mail is still the most popular Internet application.

The mechanics are simple: You set up an e-mail address through your online service or your Internet Service Provider (ISP) and use it as one of the response paths in your direct marketing promotions. E-mail addresses used for marketing purposes are often labeled *info@[e-mail box location]* so that prospects and customers can respond electronically to a general post office box instead of an individual's e-mail address.

The downside, however, is that the e-mail response vehicle is relatively passive. Most e-mail boxes are just that—electronic repositories that have no greeting, no call to action, and no way to qualify the respondent. When prospects respond to an e-mail box, they have to know what information to leave and what to ask for. Although you will know which e-mail address the response came from, you will not know much else—including the source of the response (unless you set up an e-mail response path for a specific mailing or campaign).

If you are interested in capturing qualifying information, asking questions, conveying information, or making an offer—and measuring the results—inbound e-mail is the least desirable response path. If this were your only electronic option, it would probably be more effective to use traditional response paths—a mail or fax-back reply card or form, or a special telephone number, preferably a toll-free one. The better electronic response option is a Web response form.

Nonetheless, inbound e-mail is an essential component of Internet marketing. You should always include your e-mailbox on business cards, letterheads, and corporate literature, and you should always have an e-mail response path available on your corporate Web site.

Outbound E-mail

If you follow the rules of outbound e-mailing, this aspect of Internet marketing can have a substantial positive impact on your existing lead generation and qualification program, *but there are rules*. E-mail began as the primary method for one-to-one electronic communication—similar to a personal, private letter—but there are some distinct differences:

- *E-mail is delivered directly to a user's mailbox.* It contributes to “filling” that mailbox and always stays there, unless it is deleted or opened by the recipient. In that respect, it is more intrusive than direct mail, which can be easily discarded.
- *E-mail costs the end user money.* If the end user is an individual subscriber to an online service or buys Internet access from an ISP, e-mail is one of the items he or she buys. (More and more, e-mail is bundled in as a free service from ISPs, Web search engines, and other Internet services. However, the end user often has to pay for Internet access.)
If the end user is at a business e-mail address, the business is “paying” for the e-mail address as part of its Internet access. Unlike the receipt of direct mail, which is free to the end user, the receipt of e-mail therefore has a cost associated with it.
- *E-mail was not designed for unsolicited promotions.* E-mail was first intended to be an electronic communications vehicle, not a marketing vehicle. You could say the same thing about early direct mail, but it took decades before direct mail became an accepted form of advertising.

Today, *unsolicited* e-mail already has a poor reputation. Known as spamming, it can create nothing short of fury on the part of recipients. In fact, some recipients of unsolicited e-mail have been known to give spammers a taste of their own medicine by overloading senders with countless e-mail replies. A word of caution: If you choose to use *unsolicited* e-mail to promote something to someone, you should be aware that not all recipients will be favorably predisposed to the practice. If in doubt, *do not do it*. In some states unsolicited e-mail is illegal.

- *E-mail is virus-prone.* E-mail is the way in which dreaded viruses are distributed throughout the Internet. The “love bug” virus, for example, caused major damage and loss of data worldwide in mid-2000. Generally, viruses are transmitted as e-mail attachments, which do their dirty work when opened by unsuspecting recipients of the e-mail. This factor can serve to discourage recipients from opening any unknown e-mail, which means promotional e-mails can be screened and discarded unopened.

Unsolicited e-mail and Internet privacy are hot issues. As early as 1999, California, Maryland, Nevada, and Washington had enacted antispam legislation. The California law in particular has national implications. It basically says that to send unsolicited commercial e-mail to an individual in California without that person’s consent is illegal. It goes further by saying that an ISP with an antispam policy can sue anyone, anywhere, if the ISP’s equipment located in California is used to deliver that unsolicited e-mail. This effectively makes it illegal to send spam nationwide, because the sender is likely, one way or the other, to reach California names or use an ISP with equipment in California.

By the first half of 2001, there were at least three different bills introduced in the U.S. House of Representatives and the U.S. Senate that would regulate unsolicited commercial e-mail. A Senate bill under consideration in May 2001 proposed to levy harsh penalties against commercial spammers, including criminal penalties. The House bill, also under consideration at that time, allows individuals to sue but doesn’t carry a criminal penalty. Fifteen states already have laws addressing unsolicited e-mail in some way, and additional laws are pending in numerous others. Check out *www.spamlaws.com* for the latest on such legislation. For an excellent overview of the situation, read “What B2B Marketers Need to Know About Spam,” a special issue of the B2B Marketing Biz newsletter (*www.b2bmarketingbiz.com*).

Canada already has strong privacy principles in place. In addition, the European Union Data Protection Directive, which effectively outlaws unsolicited e-mail throughout Europe, was scheduled to be implemented by October 2001. Given this regulatory environment, you would do well to stay away from unsolicited e-mail and be sure to use any form of e-mail appropriately.

Limit Your Risk

The real issue with outbound e-mail is finding ways to limit your risk when you use it for direct marketing. Here are some suggestions.

Always Ask Permission To Send E-mail

You have every right to ask for and collect e-mail addresses, just as you collect other pertinent information about prospects and customers, but when you ask for an e-mail address, it also is appropriate to ask the question, “May we communicate with you via e-mail?” If you receive a “Yes” response, then the individual has “opted in.” If you receive a “No,” take it seriously and code that individual on your database so that you will not send him or her unwanted e-mail messages.

Some marketers believe a softer opt-in strategy is acceptable: They turn opt-in into a negative option. A popular execution of this type of opt-in is asking individuals to uncheck a box on a Web response form to eliminate themselves from receiving e-mail. This practice may result in more opt-in e-mail records, but it could backfire in the long run. It is not equivalent to asking a direct permission question and, as such, may ultimately lead to complaints from e-mail recipients. On the opposite end of the spectrum is the more conservative “double opt-in” strategy. This means that, after you receive permission to send e-mail, you acknowledge that permission with a follow-up e-mail that basically confirms the permission. This provides the marketer with iron-clad permission, since it guarantees that the original permission granted was done so by the individual, not by someone else. Some marketers believe this is an unnecessary additional step; others feel it is the best way to protect against sending unwanted e-mail.

“Permission e-mail” and “permission marketing” have become popular phrases that associate e-mail with the concept of asking recipients to approve your use of e-mail for promotional purposes. Some marketing experts believe the concept of permission marketing will extend outward from the Internet to all media, becoming a standard marketing practice in the near future.

Always Provide the Recipient with the Ability to Opt Out

Even if you have received permission to send someone promotional e-mail, it is good practice to let recipients opt out (tell you they do not want to receive future promotional e-mails from you). The most common way of doing this is to include some copy at the beginning or end

of any promotional e-mail that, in effect, asks the recipient to simply respond with a word, such as “unsubscribe,” to prevent receiving future promotional e-mails from you. Some Internet marketers believe you should include a Web page link in your e-mail for opting out. At this link, you could offer individuals an opportunity to change their mind about opting out. You might want to test this approach yourself.

**Be Very Cautious if You Choose to Share, Sell,
or Rent a List of Your Own E-mail Addresses**

Some organizations generate substantial revenue by renting name and address lists of prospects and customers to others for commercial usage. Other organizations share or swap lists to broaden their prospecting efforts. These practices are common in the direct marketing industry, but they have led to such a proliferation of mail and telephone calls that the industry’s major trade organization, the Direct Marketing Association (*www.the-dma.org*), now offers mail preference and telephone preference services that allow consumers to elect *not* to receive solicitations. The DMA is actively involved in electronic privacy initiatives.

The “P” word—privacy—is one of the largest looming issues in Internet marketing. Do not underestimate its importance when it comes to your Web site or your house list of e-mail addresses. You would be well advised at this stage to hold any e-mail list you may own close to the vest and treat it as the confidential and valuable marketing asset that it is. Keeping it private and for your use only is probably a wise decision at a time when privacy on the Internet is being scrutinized by consumers and governments alike.

Building Your Own E-mail List

If you plan to fully integrate e-mail into your marketing initiatives, it will make sense to build your own e-mail list. Ideally, it won’t be a separate list at all, but rather a component of your marketing database. To the extent possible, it is best to acquire e-mail addresses as part of a marketing campaign that also acquires other basic contact information, such as name, title, company name, address, and phone number.

If you already have a database, one easy way to start building an e-mail list is to make an offer to the individuals on the database via direct mail and ask for an e-mail address in return. (Be sure to ask permission as well.)

There are numerous other ways to build an e-mail list, such as making promotional offers on your Web site, offering an e-mail alert service or e-newsletter, asking for e-mail addresses in direct mail campaigns, collecting e-mail addresses at trade shows, adding e-mail addresses via online advertising and promotions, adding respondents from opt-in e-mail campaigns, and viral marketing. We'll discuss several of these in further detail later. Whenever you add e-mail addresses to a database, always make sure to separate "permission to e-mail" addresses from "do not send e-mail" addresses.

As with traditional direct mail, once you build your own list, you are likely to find that it will consistently out-perform any outside list, as long as it is scrupulously maintained. E-mail house lists, as they are called, can become a valuable and fertile marketing asset.

Opt-in E-mail

The rapidly increasing popularity of promotional e-mail has led to an entire business of providing e-mail names for rental. However, list availability is far more limited and typically doesn't provide the selectability of direct mail lists. Yet e-mail lists may be attractive if you are looking to aggressively market your products and services at a relatively low cost.

Rental e-mail lists are often referred to as opt-in lists, meaning that the individuals on them have indicated in some way that they have given permission to receive e-mail. Opt-in e-mail lists may sound like the acceptable alternative to sending unsolicited e-mail, but keep in mind that just because you are told these lists are opt-in, they may not always be opt-in. It is essential to verify with any e-mail list owner or service that any list being represented as opt-in is guaranteed to be just that. Additionally, it is a good idea to verify the list owner or e-mail service's practices. The provider should have a written privacy policy and should also be committed to the earlier referenced concept of permission e-mail. Individuals on e-mail lists should always have the ability to opt out of participation on any given list.

In many cases, e-mail list vendors do not release the actual e-mail addresses on a list to third parties. Instead, you write a promotional message (typically no more than 500 words), you give it to the e-mail list vendor along with your list selections, and the vendor delivers the e-mail to the recipients within two or three days. Depending on the list

source, there may be selection criteria available, so you may be able to target a specific audience.

E-mail list rental costs vary, and in a softer economy, they can be even negotiable. Prices are equivalent to and sometimes higher than direct mail lists. Permission-based b-to-b lists averaged a \$268 CPM (cost per thousand records), according to the *2001 List Price Index*. The index reported that some b-to-b lists reached over \$400 CPM at the high end. There may be a minimum of 3,000 to 5,000 names per list order. There is an additional cost per thousand for e-mail delivery with most e-mail lists, so be sure to ask about it. The reply-to address is generally the service provider's, and responses are handled for an additional fee, typically \$50 per thousand names. Your e-mail promotional copy could encourage a reply-to response, or you could mention a Web link as a response path.

You might be able to negotiate something called a cost per action (CPA) media purchase as a counter to the CPM purchase. The concept of CPA is based on your own experience as a marketer and the response rate you actually get with e-mail marketing. If the owner of the e-mail list is highly confident of its quality, CPA could be attractive because it could mean more revenue. You, as the marketer, pay on the basis of response, so it is more like a revenue-sharing approach than a straight list rental. This is a relatively new idea, but it could potentially be a win-win for list owner and marketer alike.

Smart list buying can also make a difference in the quality of the names you rent. For example, many opt-in lists are built by using an incentive to encourage the prospect to agree to receive e-mail. Ask a list vendor if this is true of the list you want to rent, and see if you can segregate or eliminate these records. Why? Because they may be weaker prospects, given the manner in which they were acquired. Also ask how often the list is used, whether or not your competitors are using it, and whether the list owner can identify the top responders on the list.

Although e-mail list segmentation is not as common as with direct mail lists, you should inquire about it. Segmentation basically means a list has been divided up by certain key criteria, such as an individual's job title, or a company's size or industry type. This kind of information is available on b-to-b direct mail lists, especially those that have been built using the qualification cards from controlled circulation publications. Such criteria then become extremely valuable in targeting direct mailings to the right types of audiences. The issue with e-mail lists is that many have been built simply by asking for e-mail addresses and nothing else. As a

result, unless the list owner requested and received additional information about the individuals on the list after the fact, and then added that information, segmentation criteria will not be available.

Unlike direct mail, you will not be able to obtain a magnetic tape of the names and addresses—which means you generally will not be able to eliminate duplicates from multiple list sources. As a result, your e-mailing strategy may be different from direct mail—you may want to test one well-targeted e-mail list first and mail to another later, rather than to two similar lists at the same time. However, if you are acquiring numerous e-mail lists from the same vendor, it always pays to ask about duplicate elimination (known as “merge purge” in the DM business).

Some of the better known opt-in list owners, managers, or brokers serving the b-to-b market include 21st az Marketing (*www.21staz.com*), Direct Media (*www.directmedia.com*), ALC (*www.amlst.com*), IDG List Services (*www.idglist.com*), NetCreations’ Postmaster Direct (*rentals.postmasterdirect.com*), Worldata’s WebConnect (*www.webconnect.com*), and YesMail (*www.yesmail.com*). YesMail, a CMGi company, claims to top the industry, with over 7 million people who have opted to receive information and offers via e-mail. In May 2001, YesMail introduced a service that allows marketers to send HTML e-mails with audio capabilities. The recipient of the e-mail can click a button and then speak via telephone or directly over the computer with the sender’s call center.

Mass mailing to opt-in e-mail lists is often referred to as blast or broadcast e-mail. Typically, e-mails with compelling subject lines, strong offers, short copy tending toward informational rather than promotional, and embedded links to Web response pages seem to work best.

Expect responses to e-mail to begin immediately. You will start getting response within 48 hours, and you could receive as much as 85% of the total response to your e-mail campaign within the first week. E-mail response in general tends to be considerably higher than traditional direct mail response. If you use an e-mail list that you obtained from another source, it is probably a good idea to acknowledge this fact in e-mail copy when you give the recipient the ability to opt out.

Does opt-in e-mail marketing really work for b-to-b companies? Consider this case from the e-newsletter B2B Marketing Biz (*www.b2bmarketingbiz.com*) reported in March 2001. Sento Corporation, a provider of IT training courses priced from \$3,000 to \$8,000, converted from fax marketing to e-mail marketing, first using relatively general e-mail lists. Click-throughs averaged about 3 to 5%. When the

company switched to highly targeted e-mail opt-in lists to reach individuals with an interest in specific types of IT training, click-throughs more than doubled, averaging 10 to 12%. The company reported that almost 10% of the visitors converted to serious sales leads.

Effective Use of Outbound E-mail

Here are some of the most effective ways to use outbound e-mail for direct marketing.

Customer Communications

Customers tend to be receptive to e-mail marketing, especially if the e-mail is used as an alert service to give them advance notice or an inside track on new product developments or late-breaking news. As such, e-mail can be a very effective way to preannounce products or upgrades to customers, send a flash about a product update or a problem, inform customers about changes in service, announce important news about the company, invite them to a customer-only event, and so on. As with any good direct marketing, a call to action should be included, even if it simply states, "To take advantage of this offer, respond to this e-mail today." It is generally safe to assume that customers will find e-mail acceptable if they have given you their e-mail addresses. Even so, some of these customers may be upset by your use of promotional e-mail, so you should offer them the ability to unsubscribe.

Follow-ups

Both customers and prospects will be more accepting of e-mail marketing if it is used to follow up on inquiries or orders, especially inquiries or orders that were electronically sent by them to your organization. If the e-mail message clearly states that it is in response to an inquiry or order, it is generally acceptable if that message also includes some marketing information and a call to action.

An increasingly common practice in direct marketing is to use a direct mail, fax, or telemarketing follow-up to an original promotional contact. In direct mail, the follow-up can be as simple as a double postcard or a one-page letter. Direct mail testing supports the fact that such follow-ups usually generate an additional 50% of the original response rate. For example, if an original mailing generates a 2% response, the follow-up will typically generate an additional 1% response. The added

bonus is that most follow-ups can be executed at a very low incremental cost because you are reusing a list and the physical piece itself is inexpensive to produce.

E-mail holds great promise as a replacement for or enhancement to the follow-up strategy. If you have a prospect's or customer's e-mail address, sending an e-mail that reiterates the offer and messaging of an original contact (whether it is by mail or phone) could be effective. E-mail may break through in a way that a follow-up mailing or phone call may not—and at a much lower cost than mail or phone contacts.

E-mail can also be very effective as a means to quickly follow up on a personal meeting, summarize what was discussed, and offer an opportunity to respond. E-mail is also a personal, immediate way to just say thank you when you cannot reach someone by phone.

Major Announcements or Alerts

It may be appropriate to do a broadcast e-mail to a large number of customers and prospects when you have something very important to say. Of course, big news may be a matter of interpretation, and not every e-mail recipient will react the same way, but if it really *is* big news (such as a merger, an acquisition, a new president, going public, or something similar) then nothing can beat the immediacy of e-mail. It is likely that customers and even prospects would subscribe to an alert service that keeps them in the know about such developments.

One interesting variation of the alert service is the event-driven e-mail. This type of e-mail is automatically sent when a certain key event occurs; for example, if a customer's service contract is about to expire, an e-mail encouraging renewal can be sent.

Serial E-mail

More and more, b-to-b marketers are using serial e-mail, e-mail that is sent in a series to work as a single campaign. An example of this is the “before, during, and after” approach: An e-mail is sent to preannounce a forthcoming offer, followed several weeks later by an e-mail with the offer, followed several weeks after that with a reminder e-mail. As with direct mail, serial e-mail can be an effective way to build interest in a product or service because of the build-up effect of multiple contacts. This technique can be especially effective in converting warm prospects to hot prospects; however, it should be used only when truly appropriate because it can cause negative reactions from individuals who may feel overwhelmed by too many contacts.

E-mail Newsletters

Shrewd electronic marketers have figured out a way to implement e-mail in a non-objectionable format that reaches target individuals on a regular basis. It is called the *e-mail newsletter*. The e-mail newsletter (Figures 4.1 and 4.2) is basically a long e-mail that is regularly and automatically sent to a customer or prospect by subscription—*upon request*. The best e-mail newsletters contain information of high perceived value about a pertinent topic area, but they are, of course, marketing vehicles as well. Although most are free, some e-mail newsletters are sent on a paid subscription basis.

E-mail newsletters are hugely popular. They have become the acceptable method for using e-mail as an ongoing form of promotional communication. For example, every major high-tech information provider—including CMP (*techweb.cmp.com*), CNet (*www.cnet.com*), IDG (*www.idg.net*), and Ziff-Davis (*www.zdnet.com*)—publishes a variety of free e-mail newsletters, some on a daily basis. Reportedly, some of the more popular e-mail newsletters have circulations as high as a million subscribers.

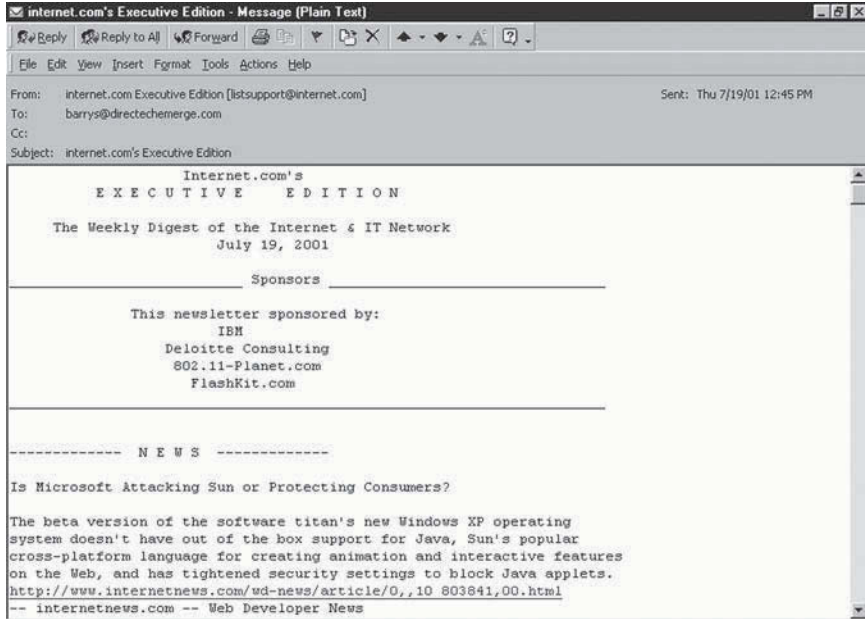


Figure 4.1. A typical text-only e-mail newsletter from Internet.com.



Figure 4.2. This daily HTML e-mail newsletter from eMarketer adds graphics to spice up the statistics.

That is only the tip of the e-mail newsletter iceberg. Now e-mail newsletters have pervaded every business and industry. E-mail newsletters have proliferated to the extent that there are likely to be many to choose from in even the narrowest of interest groups, and the majority of these newsletters are free. An increasing number of marketing Web sites offer free newsletters as part of their promotional strategy.

Why do organizations and individuals distribute these free e-mail newsletters so widely? For one thing, it keeps their names in front of a very large number of people, all of whom have given the information providers their e-mail addresses. As a result, *they are building their own opt-in e-mailing lists for free*, and the e-mail addresses they acquire will be available to them for ongoing use. The cost to e-mail to these names is very low. Compared with the cost of other promotional means of reaching prospects, e-mail is downright cheap. Newsletters are, in effect, one of the best ways to build your own house list of e-mail prospects.

Publishing an e-mail newsletter and collecting subscriber names is a smart business strategy. As the regulatory environment changes, unsolicited e-mail has become either unethical or illegal. Even opt-in lists are not completely foolproof. *As an e-mail newsletter publisher, however, you are building your own e-mail list.* You can continue to use it to send e-mail ethically and legally, because the recipients have *asked* for it. Of course, it is still good practice to offer e-mail newsletter subscribers the option of deleting their names from your list.

There are other benefits to publishing e-mail newsletters. As an e-mail newsletter publisher, you are constantly promoting yourself. Many e-mail newsletters drive subscribers back to linked Web pages to learn more about a particular topic. E-mail newsletters can be distributed at a very low cost. Imagine the cost for printing and postage to send a million paper newsletters. Even if they were simple one-page documents sent by fax, the newsletter publisher would have to pay to call every recipient's fax machine.

E-mail, on the other hand, can be broadcast across the Internet via automated methods at a very low cost. As long as you have the proper e-mail addresses and the necessary software and systems support, you can send e-mail to hundreds, thousands, or even millions of individuals instantly. In fact, with advanced database-driven technology, you can *personalize and customize* e-mail newsletters. E-mail newsletters can include an individual's name, and, more important, you can even tailor e-mail newsletters to the needs of individual target audiences. Some e-mail newsletters even customize information within the newsletter itself to specific audiences.

As e-mail newsletters have become popular, services have been introduced to help marketers with the publishing and distribution process. IMakeNews (www.imakenews.com) automates the e-newsletter publishing process. Topica (www.topica.com) provides an integrated suite of services to help marketers of high-volume newsletters create and distribute them.

Most e-mail newsletters are published in text, but a growing number are published as HTML newsletters so that the graphic look and feel can be enhanced. HTML versions of e-mail newsletters might offer additional opportunities for advertising sponsorships. The HTML newsletter can be sent as an HTML e-mail or posted on the Web and linked via a hyperlink in the text e-mail. If you send an HTML e-mail newsletter, prepare a default text version and use an e-mail distribution service that can detect whether recipients can receive HTML.

A common e-mail newsletter technique is to publish article summaries in newsletter form and then post the full articles on a Web site. The newsletter summaries then link the reader directly to the article pages. One such marketing newsletter, ClickZ (www.clickz.com), part of the Internet.com network, is a combination e-mail newsletter and Web site. ClickZ provides online marketing information and uses e-mail notifications to its subscribers with links to each of its articles, which are then published as HTML pages. Advertisers sponsor several of the recurring columns. ClickZ cleverly ties in the column to the sponsor by utilizing the advertiser's logo and corporate color to brand the information. ClickZ publishes articles, hosts online discussion forums, offers marketing guides, and sponsors live conferences about online and e-mail marketing.

Most e-mail newsletters are designed to drive traffic, but they can be revenue generators in and of themselves. Many of the larger-circulation e-mail newsletters are also important vehicles for Internet-based advertising. Some e-mail newsletter publishers accept paid advertising messages and append them to the newsletter text. The advertiser is often positioned as a sponsor of the newsletter and can embed a live link to a Web site in the promotional message. Most e-mail programs accept Web links, so this can be a very effective way of driving a target prospect directly to a specific URL.

Advertising in e-mail text newsletters may not be fancy, but industry sources say it is very effective. My direct and e-marketing agency has extensively tested e-mail newsletter ads against outbound e-mail and banner ads. The newsletter ads have consistently outperformed both opt-in e-mail and banner ads for qualified lead generation. I have seen numerous industry reports supporting this. E-mail newsletter advertising is such a significant business that now Internet advertising networks and service providers are working them into their offerings.

There is a logical reason why advertising in e-mail newsletters works. Newsletter subscribers are looking for high-value content, and they have requested the newsletter. Chances are the subscribers are reading each issue closely. Text-based ads are generally placed within the body of the newsletter. Although they are separated from the text itself, the reader can't miss them. If the ads embed Web page links, all the reader has to do is click to go to the advertiser's Web page. It's simple, effective direct marketing...and it works.

Before we leave the subject of newsletters, it's worth mentioning that customer e-mail newsletters can be quite effective in developing ongoing relationships. In the Winter 2001 issue of *The DMA In-*

sider, published by the Direct Marketing Association, it was reported that Hewlett-Packard employed e-mail newsletters to reach three different customer audiences, each with targeted messages. HP integrated Call Me Now buttons within the newsletter and achieved a 12% click-through rate. What's more, they've achieved a click-through rate of from 25 to 40% when e-mails have been forwarded to colleagues of the recipients.

By the way, I consider e-mail marketing newsletters among my top sources for information about Internet marketing. I've listed several of my favorites in Appendix A.

E-mail and Online Surveys

Surveys that ask the opinions of customers or prospects, allowing them to respond by copying and answering the survey questions, can be as effective as surveys conducted via mail, phone, and fax—maybe more so. E-mail surveys are easier to respond to and less intrusive than phone surveys, so they may ultimately prove to generate a higher level of response. E-mail surveys can also contain a link that takes respondents to a Web response page to facilitate response. This is an increasingly popular way to execute online surveys, because a form-based survey is much easier to answer.

Customer surveys that use traditional media such as direct mail and the telephone are known to generate response rates as high as 15% or more, and online surveys are achieving results just as impressive.

Several services allow do-it-yourself online survey creation. Zoomerang (www.zoomerang.com) is one service that allows small companies and individuals to create and send online surveys for free. Created by Web researcher MarketTools, Zoomerang uses professionally designed templates that make it easy to create and customize surveys on anything from customer satisfaction to new product testing to event planning.

My company used Zoomerang to create an online survey about online seminars. We sent an e-mail to a house e-mail list of customers and prospects and asked them to complete the survey by clicking on a link to the survey page. We offered to send the survey results to all respondents, and we also offered a drawing for several e-gift certificates. We asked 15 questions about the use of online seminars by these companies. We got a 23% response and some very valuable insight that guided us in the way we structure and sell our services. Online surveys can do the same for you if they are used appropriately.

E-mail Discussion Groups

Discussion groups about virtually every subject exist on the Internet, so chances are one or more of them relate to your product or service. Some of these groups allow free or paid “advertising” or sponsorships by appending some copy about your company, product, or service to discussion text. It must be done appropriately, in the proper context, and always with permission—but it does present you with another way of reaching a very targeted audience via e-mail.

A company called Keyva Technologies (www.keyva.com) had an interesting experience with e-mail discussion groups, according to an April 2001 report in B2B Marketing Biz (www.b2bmarketingbiz.com). The company wanted to target small and medium-sized ISPs and decided to use e-mail discussion groups instead of e-mails because they felt this audience would respond poorly to opt-in e-mails. The company’s strategy was to participate in e-mail discussion groups and only send notes when a useful contribution could be made to a technical discussion. It’s only when an ISP responds to Jack Permison, Keyva’s president, that he gets a return e-mail with sales information. The results? Keyva has acquired about 75% of its customers via e-mail discussion groups, says Permison.

Making E-mail Work Harder

New technologies are being introduced regularly to make e-mail work harder. There are products and services available to enhance your ability to personalize and customize e-mail, and e-mail service bureaus who can provide you with start-to-finish services, including building and managing your own e-mail list.

Basically, you can decide to outsource your e-mail or manage e-mail lists and programs in-house. Two of the better known firms in the outsourced e-mail business are MessageMedia (www.messagemedia.com), which in mid-2001 was acquired by the online advertising firm DoubleClick, and Digital Impact (www.digitalimpact.com).

A number of products and services, from simple to extremely sophisticated, are available if you want to handle e-mail yourself. Interact, from Responsys (www.responsys.com), is one of the more sophisticated systems. Interact provides support for dynamic personalization so that marketers can personalize messages based on customer contact and profile

data. It supports text and HTML e-mail, provides list and data management, and has a complete response management and tracking capability. TargetMessaging from Exactis.com (www.exactis.com) allows users to mine customer data and build targeted lists, create personalized offers or communications, use Exactis.com to build and send the offers, and analyze the tracking data provided to construct reports and improve later campaigns.

Personalized, targeted e-mail is on the rise, and it is sure to become an important factor in the effective use of e-mail for marketing. An issue of the Peppers & Rogers Group e-mail newsletter, INSIDE 1to1 (www.m1to1.com), distributed in mid-2000, reported on a personalized e-mail system established by Onsale. Onsale, now part of Egghead (www.egghead.com), moved from standard, nonpersonalized e-mails sent to customers in 1998, to e-mails that targeted customers with specific product recommendations, based on their purchase history. Information from the customer's registration record, transaction data, and click-throughs on the site was used to create a one-to-one e-mail strategy. According to INSIDE 1to1, Onsale improved its response rates by more than 40%...and 74% of the company's orders were from repeat buyers after Onsale began using the personalized e-mail system.

The Rise of HTML and Rich E-mail

Although the predominant form of e-mail is still text based, e-mail is increasingly becoming HTML based. The result is that messaging might soon resemble mini-Web pages, complete with formatting and graphics, rather than standard text-based communication. In addition, rich e-mail, which is e-mail that uses multimedia components such as animation and sound, is on the rise. Sometimes HTML e-mail is turned into a digital postcard.

Some studies suggest HTML e-mail is outpulling text e-mail in terms of response. The lingering issue with HTML and rich e-mail, however, is that not all e-mail systems can receive these types of e-mail, but as systems are upgraded, HTML e-mail is sure to become a far more common format. Today, the b-to-b Internet marketer would do well to consider creating e-mail in both text and HTML formats to accommodate this shifting market. Use an e-mail distribution service that can detect whether or not the recipient's e-mail system can receive HTML and then you can use text e-mail as the default version.

A more conservative alternative to HTML e-mail is to introduce HTML gradually by using Web page links in text-based e-mail to send readers to an HTML newsletter or promotional page. As mentioned earlier, e-mail newsletters are using this hybrid strategy to mix the advantages of traditional e-mail and HTML pages.

My agency, Directech | eMerge (www.directechemerge.com), uses this strategy in publishing our own direct and e-marketing newsletter. We send out Direct Insight Online, an HTML- and text-based e-mail newsletter, periodically to our house list of clients and prospects. In the e-mail is a hyperlink to the Subscriber Services page, where readers can opt out or access an archive of past issues. You can subscribe to this newsletter free on our Web site.

E-mail Innovations are Coming Fast and Furious

Here are just a few examples of some innovative e-mail tools:

- MessageMates are similar to banner ads, but they attach to e-mail. They are part of a product line of e-mail attachments and other multimedia innovations from a company called Indimi (www.indimi.com).
- E-mail featuring sound and animation is available through Media Synergy (www.mediasynergy.com) and its Flo Network, which offers the ability to create, deliver, personalize, track, and report on e-mail campaigns. Rich media advertising vendor Bluestreak (www.bluestreak.com) offers RichMail, which allows e-mail to include rich media and permits the advertiser to change the offer in real time, right up until the recipient opens the e-mail. E-mail service provider Britemoon (www.britemoon.com) offers talking e-mails through a partnership with BYOBroadcast. MindArrow (www.mindarrow.com) delivers multimedia eBrochures as e-mail attachments. In May 2001, MindArrow announced an alliance with NetCreations to deliver rich media e-mail to customers of PostMasterDirect.com.
- Zaplets (www.zaplet.com) reside on top of e-mail, arriving in the e-mailbox and acting like e-mail. Once opened, however, a Zaplet

acts more like the Web, incorporating graphical and interactive capabilities. Zaplets offer the ability to conduct surveys and polls and set meeting times. Zaplets can be created by anyone, updated as individuals respond, and analyzed as responses come in.

- LifeFX (www.lifefx.com) allows a 3D rendered face to appear in a person's e-mailbox. An agreement with Kodak will lead to people being able to send images of their own faces via e-mail.

In March 2001, one of my agency's media analysts received quite an unusual HTML e-mail. It was a promotion for the 2001 Rich Media Road Show, sponsored by Emerging Interest and MediaPost Communications. The e-mail included the recipient's name, graphically spelled out in an animated portion of the e-mail, and the e-mail went one step further and also spoke the recipient's name! According to an April 16, 2001, report in *BtoB* magazine, this rich e-mail campaign was sent to 20,000 media professionals and achieved a 6% click-through rate.

All of the innovations mentioned here are worthy of evaluation, but keep in mind that any new e-mail technology should be pretested and verified prior to use. Also realize that not every recipient's e-mail system will be able to accept e-mails or attachments using newer technologies.

For serious e-mailers, e-mail management systems are becoming a necessity. These systems not only handle outbound e-mail, they process inbound e-mail in much the same way as a call center or direct mail lead processing center would do. E-mail management systems identify, route, and sometimes automatically answer incoming e-mail. Many such systems also include full reporting capabilities and the ability to survey e-mail respondents on the quality of service received.

What About Viral Marketing?

There is even new terminology associated with the emerging importance of e-mail marketing: "viral marketing." This somewhat unfortunate moniker wrongly associates e-mail marketing with viruses. The intended meaning, however, is marketing that spreads rapidly via e-mail or other Internet communications.

Writing in *Red Herring* (May 2000), Steve Jurvetson says viral marketing got its start when Hotmail, a Web-based e-mail service, included

a promotional message about its service with a URL in every message sent by a Hotmail user. The result, says Jurvetson, was that “every customer becomes an involuntary salesperson simply by using the product.” He claims that Hotmail’s subscriber base reached 12 million users in only 18 months, with a meager advertising budget of just \$50,000. It was all because of viral marketing.

Given the nature of the Internet and e-mail, it is easy to see how marketing messages can spread just as rapidly as computer viruses themselves. By simply adding a promotional message to an e-mail, that e-mail becomes a promotion that can then be forwarded to one, or one hundred, or one thousand individuals in no time. For viral marketing to be most effective, there should be a valuable reason why someone should want to forward your e-mail. Maybe it is a discount or a freebie, a brief test or a free report, or just something with sound or motion. Whatever it is, if you offer both the sender and the recipient something of perceived value, viral marketing will be that much more potent.

A common variation on the viral marketing theme is “tell a friend” or “forward to a colleague.” Basically, this means the marketer suggests that the recipient of an e-mail pass it along to someone else, and provides an easy way to do this, perhaps with a “forward to a colleague” button within the body of the e-mail. There may or may not be a reward attached to this. Some e-mail distribution services can track pass-along back to the original recipient so that marketers can find out how well the concept works for themselves.

Automated E-mail Response

It is easy to build in a mail to e-mail link so that visitors can instantly inquire about your products or services, but it is just as important to respond promptly if not instantly. A variety of autoresponder or autobot tools are available that can respond automatically to such requests. On good electronic commerce sites, for example, your order can be instantly acknowledged as soon as you place it. An e-mail message is sent to your mailbox verifying your order and providing you with an order number and shipping information. This is also a good way to prevent fraud, because if the recipient did not place the order, he or she can immediately inform the sender of the e-mail.

Other Important Facts About E-mail

- Various software tools are available to help you automate e-mailings. You can use these tools to build e-mail lists, do “e-mail blasts,” and automatically respond to inbound e-mail. Numerous firms will rent you e-mail lists or help you implement full-scale e-mail campaigns from start to finish.
- E-mail addresses change even more rapidly than business addresses, so expect at least 10% of an e-mail list to be undeliverable at any point in time. Obviously, starting with a clean list and scrupulously maintaining it will help.
- Response to e-mail campaigns can be fast, even immediate, so be prepared to handle the back end—acknowledgment, processing, and fulfillment—*before* you execute an outbound e-mail campaign.
- Expect e-mail to generate some *negative* responses. Even if you are e-mailing to customers or to an opt-in prospect list, a few recipients may resent receiving promotional e-mail and will not hesitate to let you know about it. It is good business practice to send these people an apology and suppress their e-mail addresses from future promotions.
- Be especially cautious when you use international e-mail. Check into all country- and region-specific regulations. Make sure you are using the appropriate language and following local customs. You may find that opt-in e-mail lists are virtually nonexistent internationally. In this case, it will make more sense to seek out local e-mail newsletters or e-mail discussion groups instead.
- E-mail can be—and should be—personalized and customized whenever possible. As with personalized direct mail, if you can use an individual’s name, recognize any relationship the individual has with your organization, and incorporate pertinent information in an e-mail, it will potentially increase response. E-mail can also be customized to the needs of the recipient via database technologies now available; for example, different e-mail texts can be automatically generated to different audiences based on database criteria.

- Use the subject line of an e-mail appropriately. The subject line is like teaser copy on a direct mail envelope or the headline on a print ad—it could determine whether or not the recipient reads the e-mail. The subject line should be a few words of intriguing copy, but it should not mislead the recipient or misrepresent the content of the e-mail.
- E-mail is short-form communication, except for the e-mail newsletter format. Paragraphs and sentences in e-mail should be short and concise. E-mails should generally be no longer than 500 words.
- E-mail is still primarily an informational vehicle. Some readers may react negatively to overuse of very promotional language. You need to be careful with tone, because e-mail comes across as flat copy without graphic signals to emphasize certain words or phrases. For example, anything in CAPITAL LETTERS is usually seen as SHOUTING when used in e-mail. Avoid overuse of exclamation points. Don't oversell. Make use of good direct marketing copywriting techniques, such as incorporating a call to action into your e-mail, but be aware that all words may appear the same. So, using larger point sizes, bolding, underlining, or italicizing will not necessarily be seen.
- Send e-mails "raw"—do not format the text, change fonts, or use attachments, tables, graphics, or artwork. E-mail campaigns should be designed for the lowest common denominator, which today is plain text only.
- Use e-mail to drive recipients to specific Web pages with more information or to reference your Web site. It is very likely that individuals with an e-mail address will also have Web access. You can embed a link to your Web site in an e-mail, but some readers may not be able to access the link directly through their e-mail programs, so spell it out.
- Test e-mail, just as you would direct mail. Consider testing lists, offers, copy length, and text vs. HTML and rich e-mail. You can even test methods of response, determining whether e-mail recipients prefer to go to Web pages or make phone calls. The rea-

son for testing is to see what works and to continuously refine your efforts so that you increase response with every subsequent campaign.

- Use good sense in executing e-mail direct marketing. Integrate e-mail appropriately with other techniques in your direct marketing lead generation programs. Be sure you use e-mail wisely. Build your own e-mail list and keep it current with the addresses of individuals who give you permission to communicate with them via e-mail. Do not use unsolicited e-mail. Test opt-in e-mail cautiously. Respect the privacy and needs of your target audience.

5

Using Internet Events for Marketing

Event marketing plays a significant role in many b-to-b marketing programs. Marketers have long attended trade shows and conferences in an effort to get in front of “live” prospects. Many companies also use their own marketing and sales seminars to attract prospects to hear about products and services or see product demonstrations.

The Internet presents a compelling opportunity for marketers to transform live events into Net events. This rapidly growing, specialized area of Internet technology is already revolutionizing the way events are executed. Meta Group (*www.metagroup.com*) says that as much as 90% of global 2000 companies will be using Web conferencing by 2003. The technology has other applications important to b-to-b companies, such as online collaborative meetings and distance learning. This chapter explores this potential and details some of the ways that b-to-b marketers are using Internet events and meetings as part of their marketing programs.

Are Live Events Still Good Marketing Investments?

In my early days as a marketing communications manager, I remember doing the conference circuit and the convention route. Attending these events as an onlooker was far better than those dreaded times when my

boss was a conference speaker or my employer had a booth. That meant countless hours spent on pre-event logistics, materials preparation, and shipping. When that nightmare was over, another began, with booth duty on the floor of some nameless convention in a city that should have been fun if I had had the time and energy to see any of it. If you have been there, you know how unglamorous and exhausting event marketing and the travel associated with it can be, despite rumors to the contrary.

Actually, there was something even worse than conventions: company-sponsored seminar programs. The headaches were multiplied across cities that spanned the country—and so much more could go wrong.

All of these national events were expensive. Seminars, especially, were a financial drain. Fees, travel, and accommodations for guest speakers, along with travel and accommodations for all company personnel involved in the seminars, mounted up quickly. Add to that the cost of slide shows, handouts, signs, meeting rooms, coffee, and snacks, not to mention the cost of promoting the event beforehand and following up with attendees afterward.

Of course, it is not very different today with live event marketing. Many b-to-b companies still rely on conferences, conventions, seminars, and other such events to market their products and services. The motivation for doing so is basically sound, especially with seminars. Traditionally, b-to-b marketers have long believed the simple notion that prospects who attend seminars are more highly qualified than prospects who do not attend. The theory is that someone who gives up time to attend a half-day event (the typical length of a free seminar) has a compelling need for the product or service, or at least enough interest in it to make a commitment of a few hours of time, and time, as we all know, is a precious commodity.

However, the reality is that experiences with live seminars vary widely from company to company. When a company is successful, it means that seminar rooms are filled with “butts in seats.” More important, the attendees are the people the company wants—prospects whom the sales force considers to be quality leads. In this case, the company will keep investing in live seminars.

Yet seminar disasters are not uncommon, either. There could be any number of reasons for bombing out. Perhaps the audience is not well targeted to begin with or the seminar content (which is the offer) is weak. Maybe the weather in a particular location is lousy or traffic is bad on the day of the seminar. Maybe the seminar is in downtown

Manhattan, New York City—where most seminars seem to do poorly—or it could be that the product being promoted is a dog, so even a great speaker or an action-packed agenda will not save the day.

The Typical Seminar Series

Today, b-to-b companies are scrutinizing their participation in live seminars. They need to justify that seminars are worth the investment because the expense associated with a seminar program can be significant. Let us put this into perspective by examining a breakdown of estimated costs and the anticipated results for a ten-city seminar series. We will make the following assumptions:

- The seminar will be a live, half-day event with free admission, held in ten U.S. cities at hotel meeting rooms.
- The sponsoring company will have to prepare a presentation, hire one or more guest speakers, and send a marketing coordinator and one speaker from corporate headquarters to every seminar.
- Handouts will need to be produced for an anticipated audience of about 500 people.
- A direct mail invitation will be sent to 3,000 prospects within 50 miles of each seminar site (30,000 prospects).
- The invitation will achieve a 2.0% response.
- Fifty percent of the respondents will *not* attend the seminar, even though they signed up for it. (This is a fairly typical no-show rate—the percentage of individuals who say they are coming to a seminar but do not show up.)

The accompanying chart (Figure 5.1) shows the costs and results for this ten-city live seminar program.

Depending on the costs and results of other qualified lead generation activities you might conduct, this may or may not seem to be a reasonable cost. To get a true read of any event's marketing value, you should track not just "cheeks in the seats," but also:

Typical Costs/Results

Seminar promotion: high quality direct mail invitation to 30,000 prospects (3,000 each of 10 sites), not including follow-ups, confirmations, or fulfillment	\$60,000–75,000
Seminar presentation: one original of a tuypical slide presentation plus 10 copies for laptop or slide projector use	\$3,000–5,000
Hotel meeting rooms, including AV support and breakfast	\$10,000–15,000
Presentation hand-outs and related promotional material	\$5,000–6,000
Guest speaker fees and travel	\$30,000–40,000
Travel and accommodations for 2 people: 1 marketing person to be present at all 10 sites for registration/coordination, and 1 speaker from company headquarters	\$20,000–30,000
Total costs	\$128,000–171,000
Number of invitations mailed	30,000
Response rate from the direct mail invitation	2.0%
Number of individuals registering	600
Number of individuals attending (50% “no-show” rate)	300
Average number of attendees per seminar	30
Cost per attendee	\$427–570

Figure 5.1. Live seminar costs and results.

- The number of event attendees who were converted to customers,
- The length of the sales cycle associated with event attendees versus other types of prospects,
- The average sale from event attendee customers versus other types of customers, and
- The lifetime value of the event attendee customers versus other types of customers.

In some cases, what companies learn about their event marketing can be nothing short of shocking. Here is one scenario that is based on a true story:

A company has routinely attended several trade shows for years. Someone in marketing analyzes the results and

discovers that the most expensive show is actually generating the lowest-quality leads. When the costs of supporting that particular show and fulfilling the leads are added up, it is clear that the company has an ROI disaster on its hands. The marketing manager talks to the sales manager about it. The sales manager just shakes his head, laughs, and says, “Oh yeah, the leads from that show are junk. My salespeople don’t even pay any attention to them.” This is truly chilling—a b-to-b direct marketer’s worst nightmare.

I hope this does not sound familiar, but it should be food for thought. Conventions and trade shows in particular should be carefully evaluated. These events tend to be far less effective than seminars in generating *qualified* leads, because the venue is very different.

If you have attended such shows, you know the score. You can go from booth to booth and pick up a slew of very expensive literature and a variety of giveaways free and without obligation, and in most cases you can remain totally anonymous while you scoop these goodies into a gargantuan convention bag. You can even participate in various games and contests and actually win something valuable—although you have not got the slightest interest in the exhibitor’s product or service. At the end of this major trade show, all the exhibitors truck home with hundreds or maybe thousands of “leads”—only to discover that most of them are about as qualified to purchase as the people manning the hot dog concession stand at the trade show.

This kind of shotgun marketing is not easy to justify to management. The cost of booth space, promotional materials, handouts, and travel is just part of the picture. The waste of staff time and the cost of fulfilling junk leads further magnify the problem.

Of course, not all trade shows leave a bitter taste in marketers’ mouths. I can recall stories of technology companies whose marketing and sales staff come back from shows flush with hundreds of thousands of dollars worth of business booked in a few days. Just as important, some very significant products are launched at trade shows. With shows, as with marketing seminars, fabulous success stories abound—as do unmitigated disasters. The trick is to learn how to use event marketing in a targeted, results-oriented way so that you can achieve the former, not the latter.

The Net Event

Even if your company is achieving substantial success with traditional event marketing, you cannot help but be intrigued by the Net event. The concept of replacing or augmenting traditional live events with Web-based online, or virtual, events has caught on quickly with b-to-b marketers. In fact, virtual events are booming on the Internet. To explore why, we will use the traditional seminar program as a point of reference. Despite the substantial face-to-face benefits of a live seminar, such a program can be:

- **A Logistical Nightmare.** Speakers and hotels need to be scheduled and managed, materials have to be in the right place at the right time, and prospects need to be invited in advance and registered on-site. The seminar is also dependent on things you cannot control, such as local traffic and weather conditions.
- **A Substantial Investment.** Costs for speaker fees, hotel rooms and food, travel, presentation output and equipment, and seminar promotion add up quickly. The seminar may also need last-minute support via telemarketing or fax if registration numbers are low.
- **A Quality Control Challenge.** Ensuring that presenters are well prepared and materials are well executed, especially when the seminar takes place at numerous national or worldwide locations, is a difficult task.
- **A Risky Venture.** Even if everything is handled properly, the typical no-show rate at a live seminar can be 50 to 60%. Free seminars have become somewhat of a commodity item, because so many of them are offered. As companies downsize and managers become overburdened, attendance at off-site seminars becomes difficult to fit into the workday. In fact, senior business executives rarely attend these events due to the intense demands on their time and their heavy travel schedules.

Here is the difference between a live seminar and a virtual seminar. The virtual seminar can:

- **Virtually Eliminate Logistical Hassles.** Prospects are invited to come to a special URL in cyberspace instead of a physical place. You do not need to arrange for hotels, and you do not need to ship anything anywhere. In fact, you do not even have to show up anywhere other than on the Web. Web traffic may be heavy, but it is better than the roads—and the weather is irrelevant.
- **Provide You with Foolproof Quality Control.** The online seminar is totally controlled by you. The format, content, and timing are uniform and singular, and therefore completely consistent. You only have to create it once, no matter how many times someone sees it. Even if you execute the online seminar as a live event, it can be archived and repeated.
- **Attract Qualified Prospects.** The online seminar is more convenient for prospects or customers; they do not need to leave the office to attend. As a result, the virtual seminar has the potential to attract not only larger audiences but also a greater number of senior executives. The online seminar is also a more novel and intriguing approach than a live seminar. As such, prospects might find it more compelling to attend.
- **Cost Substantially Less Than Live Seminars.** Online seminars compare favorably to live events.

Earlier, we looked at the costs and results for a ten-city live seminar program. Now we will compare the costs and results for an online seminar program, using the following assumptions:

- The seminar will be a one-hour session, conducted entirely over the Web. The sponsoring company uses an outside firm to create and host the seminar.
- The sponsoring company will hire one guest speaker, who will provide a presentation for use on the Web. The guest speaker will also be available for an interactive question-and-answer session, which will be held during a few preappointed times via teleconference. Seminar visitors will be able to call a toll-free number to listen to the presentation, during which Web content is pushed over the Web. They will also be able to ask questions and listen to answers via telephone.

- A direct mail invitation will be sent to 30,000 prospects. They will be selected based on geographic areas that mesh with the live seminar program. We will also assume the same cost to execute the direct mail as with the live seminar program.
- The call to action in the invitation will instruct recipients to respond by coming to a special URL to attend the virtual seminar. That means a respondent is an attendee, so there is not a no-show rate, as with a live seminar. All respondents are attendees. Even if you want to prequalify prospects further by sending them first to a registration page, the typical no-show rate for an online seminar will probably be lower than with a live seminar.

Analysis of Live Seminar Program versus Online Seminar Program

Figure 5.2 indicates the costs and results for the online seminar. The cost for the direct mail promotion is the same for both seminar programs. Despite the same promotional cost, you'll see that the online seminar costs less than the live seminar when all costs are considered.

A direct bottom line comparison shows that the online seminar generates a lower cost per attendee than the live seminar. There are additional benefits that have not been factored in, however.

One potential benefit of the online seminar is the fact that the no-show rate tends to be somewhat lower than with live seminars. Given location and weather conditions, online seminars are more dependable in terms of generating lower no-show rates in general.

Another factor is that once a live seminar is concluded, it must be run again, live. With an online seminar, the marketer can get additional usage out of it by archiving the event on the Web. It can then be used several more times at a low incremental cost as a marketing tool, unlike the live seminar program, whose costs continue to go up every time it is presented at a new physical location.

This analysis of live seminars versus online seminars makes a compelling case for the use of Internet events.

Replacement or Enhancement?

Do you need to eliminate all live seminars and conduct online seminars instead? Not necessarily. You may still wish to hold live seminars in a

Typical Costs/Results

Seminar promotion: high quality direct mail invitation to 30,000 prospects (3,000 each of 10 sites), not including follow-ups, confirmations, or fulfillment	\$60,000–75,000
Seminar presentation: creation and presentation of the complete online seminar, including design, content, and interactive teleconference session	\$30,000–50,000
Seminar Web hosting for one month	\$2,000–5,000
Guest speaker fee for the online seminar	\$3,000–5,000
Total costs	\$95,000–135,000
Number of invitations mailed	30,000
Response rate from the direct mail invitation	2.0%
Number of individuals registering	600
Number of individuals attending (50% “no-show” rate)	300
Average number of attendees per seminar	30
Cost per attendee	\$316–450

Figure 5.2. Online seminar costs and results.

few key cities so that you can tell your story face to face and your salespeople can press the flesh. However, you can *supplement* your live seminar schedule with an online seminar that you promote only in secondary cities—so you can be there even if your live seminar is not.

You also can use an online seminar as a follow-up to a live seminar, inviting individuals who could not attend the live seminar to share in the experience online. Also, you can suggest that attendees to your live seminars tell their colleagues that they can attend a virtual seminar version of the live seminar.

After you create an online seminar, you can easily version it for partner or reseller usage. By archiving the online seminar, you can extend its value and use it for subsequent promotional efforts.

Online Seminar Success Stories

Direct Marketing Agency

My direct and e-marketing agency has executed numerous successful online seminars for b-to-b companies. Most of our clients are sensitive

about releasing specific results, so I am using my own agency's experience to demonstrate the real results that can be achieved with online seminars. We have run our own online seminars for several years, and each time we achieve results similar to the program described here.

Promotion

We held a marketing-oriented online seminar on October 25, 2000, and repeated this same seminar on November 2. We did extensive testing of direct mail and e-mail promotion based on previous seminar programs. We reached about 18,300 individuals using the following media:

- **Direct Mail.** 2,500 oversized "postcard" invitations were sent to our in-house prospect list, and 8,200 were sent to two outside mailing lists. The direct mail invitation was a two-color self-mailing card, size 6 by 11 inches, that featured the online seminar B-to-B Internet Marketing: 7 Strategies for Success. The invitation said the seminar was based on the second edition of my book, *Business-to-Business Internet Marketing*. To respond to the direct mail, the prospect had to visit a special URL and sign up in advance of the seminar (Figure 5.3). The individual was asked to enter a priority code for list tracking purposes. The only response path was an online response form.
- **E-mail.** 1,060 e-mail invitations were sent to our in-house list of permission e-mail addresses, and 7,600 e-mails were sent to six guaranteed opt-in e-mail lists. The e-mail briefly described the seminar and invited the prospect to a special URL, which was unique to each e-mail list. Again, the prospect needed to sign up in advance using an online response form. All registrants received confirming e-mails as well as e-mail reminders the day before the seminar.

Seminar

I conducted the seminar using Placeware, who also managed the registration process. The seminar was a one-hour free event: a 45-minute presentation followed by about 15 minutes of questions. I presented the seven strategies and showed direct mail and Internet marketing examples via static Web-pushed slides (Figure 5.4). Attendees listened to my audio presentation via telephone. During the seminar, I used instant polling, slide annotation, whiteboarding, and the live demo feature. Attendees

The 7 Essential Success Factors for B-to-B Internet Marketing

Thank you for your interest in
**The 7 Essential Success Factors
 for B-to-B Internet Marketing**

We appreciate your interest in this special online seminar, sponsored by Directech | eMerge, in association with PlaceWare.

This live event will be held on Wednesday, May 2, 2001 at 1:30 PM Eastern Time, and repeated on Tuesday, May 8, 2001 at 1:30 PM Eastern Time.

The seminar is free but advance registration is required.

[Register NOW!](#)

About the Seminar

This online seminar is based on the Third Edition of the best-selling book, *Business-to-Business Internet Marketing*. The author, Barry Silverstein, has over 25 years of b-to-b direct marketing experience and is CEO of Directech | eMerge, a leading b-to-b direct and e-marketing agency. His co-presenter will be John Hutchinson, Vice President, Internet Services at Directech | eMerge. In this fast paced session, Barry and John will share the 7 essential success factors for business-to-business Internet marketing.

During the seminar, you will see numerous examples of leading edge Internet marketing programs. You will have the opportunity to participate in instant polls and ask questions.

At the seminar's conclusion, you will be granted access to a private Resource Area, which includes a wealth of information and actual samples of Internet marketing programs — Web sites, online seminars, and more.

SPECIAL OFFER: The first 100 attendees to each session will receive a FREE copy of the book, *Business-to-Business Internet Marketing, Third Edition*.

Wed., May 2, 2001
 1:30 – 2:30 PM Eastern Time
 Tues., May 8, 2001
 1:30 – 2:30 PM Eastern Time

Live Presentation - 45 minutes
 Web-based presentation with audio via telephone. No plug-in is required.



Barry Silverstein,
 CEO, Directech | eMerge, Author,
Business-to-Business Internet Marketing



John Hutchinson,
 Vice President,
 Internet Services,
 Directech | eMerge

See how the most successful B-to-B marketers are using the Internet to:

- Generate and qualify leads
- Conduct online seminars
- Execute instant fulfillment
- Provide superior customer service
- Use business communities
- Improve partner relationships
- Benefit from e-commerce

Q&A - 15 minutes

Resource Area
 At the conclusion of the seminar, you will be granted access to a private Resource Area, which includes additional valuable information plus links to Web sites, online events, and more.

Figure 5.3. Recipients of direct mail and e-mail invitations are directed to this Web landing page to learn more about an Internet marketing seminar and to register online.

were able to ask questions at any time during the seminar via the online chat feature, but these questions were hidden from view and held until the end of my presentation. At the close of the seminar, attendees were sent to a special Resource Area Web site, which included additional information about the seven strategies along with links to Web sites and online seminars referenced during the presentation.

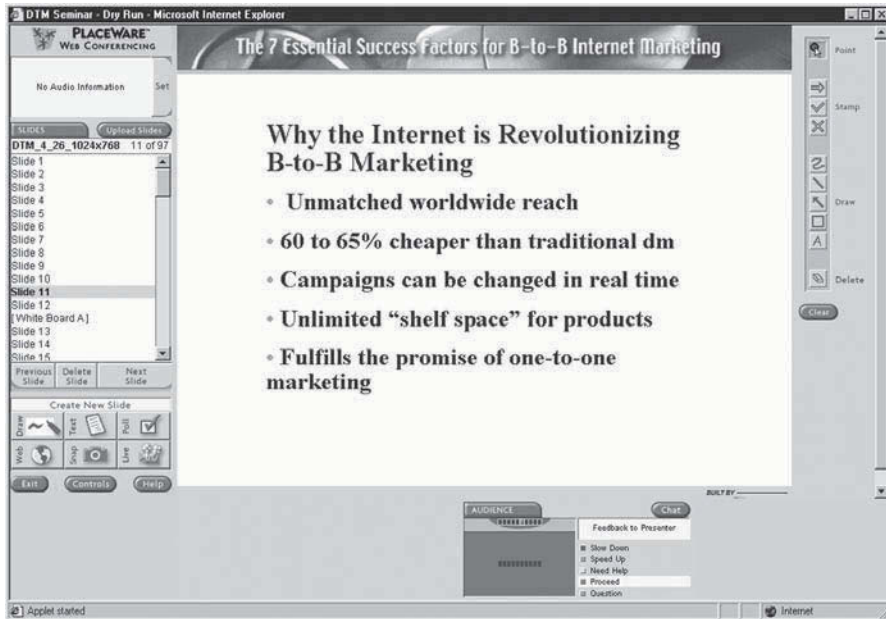


Figure 5.4. This is a slide from an Internet marketing online seminar, as it appears to a presenter using Placeware. Slides can easily be selected using the controls to the left. Annotation tools are to the right of the slide.

Results

The results of the seminar promotion were as follows:

- Direct mail for the house list pulled a 3.6% response versus an 8.9% response for the e-mail house list.
- Direct mail to outside lists averaged 0.6%, versus 1.3% on average for the opt-in e-mail lists.
- The overall response rate for the seminar was 3.6%, with 660 individuals registering for the seminar. A total of 295 individuals attended, which translates into a no-show rate of 55%. The percentage response and no-show rate were almost exactly the same as those for an online seminar run six months earlier.

- Attendance for the first seminar was 186 and for the second session was 109. We used an interesting technique, a second chance e-mail, to provide an additional lift to response. We sent individuals who registered but did not attend the first seminar an e-mail reminding them of the second seminar. This e-mail resulted in a 7.2% response, netting another nine attendees at the second seminar.

We use a Web registration form that asks numerous qualifying questions. We then ask additional questions at the seminar's resource area. We continue to find that this seminar generates a very high percentage of qualified leads. We have, in fact, acquired new clients as a direct result of individuals attending the seminar.

Technology Company

A technology company wanted to attract a broad audience of decision makers from companies who might be interested in a collaborative online meeting solution. The company decided to hold a virtual event—not just a seminar, but an online conference. The company partnered with several well-known technology and consulting firms to enhance the credibility of the conference and to acquire additional funding support. The event consisted of 11 individual online sessions, each of which featured thought leaders addressing the general topic of virtual workplaces. The event was promoted via e-mail newsletter sponsorships and Flash-based e-mail sent to house and partner lists, supplemented by opt-in e-mail lists. The conference was also publicized at appropriate trade shows. The goal of the company was to attract 500 attendees to the event. About 1,300 registrants signed up, and overall attendance averaged 70%. This was significantly better than typical online seminar attendance rates, which run about 50%. In fact, 500 attendees went to the first session alone.

Software Company

AXENT Technologies merged with Symantec in December 2000. Prior to the merger, AXENT tested substituting live Webcast seminars for its traveling road show. According to the e-newsletter B2B Marketing Biz (www.b2bmarketingbiz.com), AXENT created a series of educational Webcasts targeting technical managers and tested a variety of tactics to promote them, including broadcast e-mail to a house list, advertising on the company Web site, notices in the company e-newsletter, newsletter sponsorships, and direct mail. AXENT found that the Webcast semi-

nars cost \$21 per attendee versus about \$175 per attendee for the live seminars. Lead quality improved as well: Online seminars produced about 30% hot and warm leads, whereas in-person events generated under 20% hot and warm leads. E-mail to the house list outperformed all other media used.

Real Estate Organization

NAI Direct, a commercial real estate organization with over 3,400 worldwide members, used a Webcast to introduce its new Web site to the press, investors, and its membership. According to B2B Marketing Biz (www.b2bmarketingbiz.com), NAI Direct created a 30-minute Web-based walk-through of the site, followed by a 10-minute question-and-answer session. The Webcast was timed to run during an exhibit hall break at a major industry conference. The organization invited a select group to view the Webcast either virtually or at NAI Direct's booth at the conference. NAI Direct also archived the event on the organization's Web site and went one step further by creating a CD version, which was sent out to the membership so they could more easily explain the site's benefits to their local real estate clients. The Webcast helped to successfully launch the new site by creating the needed buzz around it.

Examples of B-to-B Internet Events

Centra BCN (Business Collaboration Network) (www.centranow.com)
Centra Software provides an online conferencing solution that incorporates the ability to do visual presentations with voice over IP technology—you hear the sound through your computer, and if you have a headset, you can also interact by speaking through your computer. The software does not require a plug-in, but your computer must have a sound card and speakers, although a headset is recommended to use the full capabilities of the software. To showcase its technology, Centra features numerous online seminars through its Business Collaboration Network.

Cisco Systems (www.cisco.com)

Cisco is a leader in online events, as they are in many other aspects of Internet usage. Cisco uses live broadcast seminars, simulated live broadcast seminars that are rebroadcast in different time zones, archived seminars for on-demand viewing, and chats as part of its online arsenal.

Cisco attracted more than 30,000 viewers in their first year of running Internet events. The company typically draws more than 1,000 simultaneous viewers from around the world to its live Webcasts, and an average of 2,500 viewers to on-demand events during the first 90 days of presentation. According to Cisco, with a Web event the company can reach the same number of people as at an in-person event for about 10% of the cost of a seminar tour.

Oracle Internet Seminars (www.oracle.com/iseminars/) and **Oracle eBusiness Network** (www.oracle.com/ebusinessnetwork)

Oracle offers a very comprehensive iSeminar program with both scheduled seminars and on-demand seminars—replays of previous events. The scheduled live seminars lead you through Oracle's See, Try and Buy process. In February 2000, Oracle introduced an e-Business Network that carries live e-casts of events and other streamed broadcasts on a regular basis. For example, its View From a Suite series features applications experts and other e-commerce leaders.

Placeware Seminars (www.placeware.com/seminar)

Placeware, an early leader in online conferencing, is particularly well suited to online seminars because the Placeware "room" offers presenters the ability not only to show slides but also to annotate those slides, create new slides on the fly, use a whiteboard, conduct instant polls, demonstrate anything on the presenter's desktop, and lead audience members through tours of Web sites. Placeware also lets audience members ask questions via conventional telephone or a chat function. Placeware is firewall friendly and does not require a plug-in. To promote its product capabilities, Placeware runs an extensive program of free online seminars, many of which cover general business, e-business, and marketing topics, and feature well-known speakers.

The Net Event Is Not Without Technological Challenges

Early models for the Internet event were largely informational Web sites with a healthy dose of high-value "objective" informational content. Educational institutions, museums, scientific consortiums, and the like sponsored such sites. The Web is still populated with such informational sites, but commercialization has quickly taken over. Now companies with something to sell sponsor many informational sites. That is not a bad thing,

necessarily—you can still find some incredibly valuable, data-rich sites if you are willing to wade through an occasional sales pitch.

The marketing version of the Internet seminar or event combines the best of the informational site concept with the concept of Internet-based education. Internet events can be anything from online trade shows and conferences to Web-based seminars and symposiums, to Internet talk shows and presentations. Some of these are widely promoted and open to the general public; others are invitation-only, private-access events. For the most part, these events are intended to promote something, so they are offered at no charge.

A major barrier for such events has been Internet technology itself. You cannot, of course, access Web sites without Web browser software. The two leading browsers are Netscape Navigator and Microsoft Internet Explorer. Current versions of these software products incorporate the Java programming language, which facilitates interactivity and multimedia. Plug-ins, which enable sound and images to be sent across the Web, are also being built into current browsers so that they are already available without the need to download the plug-in. In some cases, limited sound and multimedia can be experienced on the Web *without* plug-ins using Java-based servers and other real-time technologies.

The most common implementation is streaming, which replaces the need to download and launch a file to see or hear it. With streaming, after the applet is launched or the plug-in is installed, audio or full-motion video can be delivered in real time to the computer desktop.

The rapid adoption of streaming media promises to fuel the market for Internet collaboration, meetings, and events. The Internet Research Group says the market for streaming media services will reach \$2.5 billion by 2004, twenty times what it was in 2000. Vastly improved streaming technology, in combination with much faster Internet connections, will converge to turn Internet events and even e-learning into mainstream markets.

As just one example of the pervasive presence of e-learning, in June 2000 Barnes & Noble (www.bn.com) announced it would develop its own Barnes & Noble University on the Web. This free online education resource will offer e-learning taught by book authors. Obviously, it is also an opportunity for authors to sell more books. Behind the concept is a distance learning organization, notHarvard.com (www.notharvard.com), that creates eduCommerce Web sites.

The de facto standard for audio and video streaming is Real Networks' RealSystem software (www.real.com), although Microsoft's

Media Player is gaining ground. RealSystem software is used to deliver content on more than 85% of all streaming media-enabled Web pages, according to the company. In June 2000, Real claimed that over 125 million unique RealPlayer users had been registered. The user base grows by over 200,000 users per day, an increase of more than 300% since the end of 1998. Users can download a free RealPlayer, through which RealAudio (sound) and RealVideo (full-motion video) can be received. RealPresenter permits PowerPoint slide shows to be enhanced with a synchronized audio track, and RealFlash enables animations that can be synchronized with RealAudio. Real products can stream both prerecorded and live presentations over the Web.

Real took another step toward dominating multimedia on the Internet with its purchase of Xing Technology in April 1999. Xing was the developer of MP3 software, used to stream music across the Web. At the same time, RealNetworks announced a partnership with IBM to create a universal standard for digital distribution of music.

Services such as Activate (www.activate.com), Yahoo Events (www.fusion.yahoo.com), Education News and Entertainment Network's NetSeminar (www.netseminar.com), and Webcasts (www.webcasts.com) offer the ability to send Webcasts (live or prerecorded video presentations) in real time over the Internet or to take a telephone feed of audio, translate it, and broadcast it in real time over the Internet. Yahoo! announced in June 2001 that it would offer a suite of products targeting corporate marketing users.

Other companies are quickly entering this market. For example, Internet content delivery service Akamai Technologies (www.akamai.com) announced in June 2000 that it would offer online conference call services to telecommunications giants AT&T and WorldCom, among others. Earlier in 2000, Akamai acquired Internet conferencing company Intervu, whose product NetPodium was popular for online conferences and seminars. This is useful for virtual seminars, because it means a speaker can be using a telephone and have his or her voice seamlessly transmitted to Web listeners. The speaker can also be prerecorded, so the event can be staged "live" at a later time, and the speech can be archived for ongoing use as well. Numerous technology conferences, trade shows, and symposiums have used live video streaming to put a unique twist on their offerings.

The most common form of Internet event presentation is currently the combination Web/teleconference event. A variety of technologies are used for implementation, but the basic concept is the same: The attendee goes to a URL to see Web content but calls an 800 number to

hear a synchronized presentation. Web content is pushed to the attendee's computer while the audio is sent via a telephone. The benefit is that no plug-in or sound card is required to participate, only a basic Web browser and a telephone, which are likely to be available to virtually any audience. Some technologies permit additional features, such as computer-based chat, instant polling, and live demonstrations.

Numerous providers of software and services have entered this market, and it is growing exponentially. For example, PlaceWare (www.placeware.com) provides live, interactive Web presentations for business use that can include hundreds and even thousands of attendees at a single event. PlaceWare is based on a meeting room concept that goes beyond passive Web-pushed content. It also allows participants to talk via online chat while permitting the presenter not only to push Web pages but also to conduct online demos and instant polls, and to use an electronic whiteboard to enhance the online presentation.

Some solutions are provided over the Internet as a service; others are software products. An essential difference is the combination of Web and teleconference, as described earlier, versus what is commonly known as voice over IP, which is voice delivered via the Internet. Voice over IP quality has dramatically improved, but both a sound card and a computer headset are necessary if the participant wants to both hear and speak. Some solutions offer the option of both teleconferencing and voice over IP.

Astound (www.astound.com), MShow (www.mshow.com), and WorldStream (www.worldstream.com) function as online event service bureaus, and companies such as Centra Software (www.centra.com) and Latitude Communications (www.latitude.com) offer Web-conferencing software products. Expect this area of Internet technology to expand dramatically in the next several years as service providers and software companies rush in to serve the market.

The marketing world has been waiting for a Web that can truly support full-blown multimedia, live audiovisual presentations, interactive live chat, and live videoconferencing. Streaming media products take a giant step forward toward that ultimate goal. This technology is still in part dependent upon the vagaries of an Internet that is bloated with traffic and the inadequacies of data transport pipes, delivery devices, Web servers, and receiving computers, but dramatic improvement is on its way. Broadband, which uses both cable and telephone lines, will increase the Internet's ability to handle the load, as will newer technologies such as DSL. Nevertheless, until these technologies are com-

monplace and available to the Internet majority, it may be risky to execute a virtual seminar that is completely live or wholly multimedia on the Web. The conservative strategy of using sound and motion selectively, supplemented with more traditional communications such as a teleconferencing component, is likely to be a better bet until the technology advances even further.

Interacting live via a computer or by voice during the virtual event requires chat, voice over the Internet, or online videoconferencing capabilities. Technologies that allow visitors to interact and ask questions live and online are being perfected. Interim solutions, such as the use of traditional telephone teleconferencing in combination with the virtual event or employing e-mail to respond to questions, are being used with considerable success to overcome early adopter issues.

All of these advances are critically important to the proliferation of virtual events and virtual learning. Most marketers want to be in a position to replicate the content of a live seminar or leverage the investment they have already made in a CD-ROM, a slide show, or a videotaped marketing presentation for use on the Internet. Previously, the Internet was not the right venue for such heavy sound-and-motion content, but that is rapidly changing, and b-to-b marketers will be the direct beneficiaries of advances in this area.

Types of Internet Events

It is possible to adapt virtually every kind of live event into a virtual event that either *enhances* the live event or stands on its own. Here are some specific examples that are appearing in one form or another on the Web.

The Online Trade Show

These events seem to be most popular as enhancements to live shows, but they are even being used to replace live shows. One example of online trade show usage is that the show is already running as a live event and the show sponsor wants to extend its value to nonattendees. The sponsor creates a show-specific Web site and features some of the content from the live show. Aggressive sponsors offer special incentives to the exhibitors to advertise on the show site. An online trade show could be used as a hook for a live trade show, or it could completely replace a live trade show if desired.

The Online Seminar or Presentation

This is probably the most popular format, and the one with the most variations. Some seminars are primarily informational presentations; others are basically online demos. These are the common formats for the online seminar:

- **Scheduled Live Seminar.** The online seminar or presentation can be a live event held at an appointed time, during which a speaker is heard via a teleconference phone call or via audio streaming technology over the Web. The speaker can be heard *and* the presentation can be seen over the Web with audiovisual streaming. The speaker typically leads the visitor through a “slide” presentation of individual screens, which are pushed over the Web. The speaker answers questions asked by participants via telephone or takes questions via e-mail and answers them via e-mail, chat, or streamed audio over the Web. Audio portions can be recorded digitally for archiving purposes. This type of event can be enhanced with a mini-site or resource area.
- **Scheduled Prerecorded Seminar.** The prerecorded format offers more flexibility in that it can be held at more times than the live session without the presence of the speaker. It is less flexible in that it does not allow for live interaction. Some presentations mix prerecorded sections with a live question-and-answer period to gain the benefits of both formats.
- **On-demand Seminar.** This type of event has the most flexibility, in that it is available to the attendee at any time. Audiovisual content is typically available on demand; for example, a video of a speaker can be played at any time. An on-demand seminar can be appended to an existing Web site or run as a special, invitation-only seminar or presentation. Typically, the on-demand seminar does not include a scheduled session or provide the ability to ask questions live online, except through e-mail. One option is to add a scheduled event, or to schedule a question-and-answer period at specific times as an enhancement to this format. Another possibility is to accept questions online and answer them via return e-mail. Generally the content of the on-demand seminar is organized into sections that can be easily navigated so that attendees can move through the seminar at their own pace.

The Online Webcast

This event is really a television or radio program broadcast over the Internet. It typically features a panel discussion or several speakers who offer short presentations, followed by a question-and-answer session, most often conducted via teleconference.

The Online Meeting

The online meeting can be anything: a sales meeting, user group conference, analyst meeting, press conference, and so on. A number of companies now routinely use the Internet for sales meetings and press conferences, and several companies have even experimented with online annual meetings.

The Online Chat

An online chat is a variation on the Web event that eliminates the slide show and allows an expert to informally converse with participants. This is conceptually the same as a teleconference, but it uses the Internet to facilitate the interaction instead of a telephone. Participants log into a chat room and ask questions of the expert. The expert answers the questions and free form commentary from all participants can occur as a result. Some participants prefer anonymity. Typically these sessions run anywhere from 30 to 60 minutes.

Crossing Over with Online Events

A developing trend is the increasing connection between offline and online events. Trade shows, for example, are moving toward not just promoting live events on the Internet, but sometimes running live Webcasts from the event, or posting videos of the event on the Web soon after its conclusion. Live seminar programs are also being captured on video and archived for Web use. For example, the Direct Marketing Association (www.the-dma.org) held two live seminars, one on e-commerce and one on e-mail marketing, in several cities during the spring of 2000. In late June, once these seminars were no longer offered live, the DMA sent an e-mail to members promoting the seminars again, this time as online seminars. The DMA had adapted the live seminars, added chat rooms so that classmates could converse and bulletin boards to connect with the instructors, and offered them as on-demand Web events at a 20% discount for both.

Developing and Hosting the Internet Event

Before you rush off to cancel all of your live seminar programs, do yourself a favor: *Test* the online event on a limited basis with your target audiences. Admittedly, it is almost a no-brainer when it comes to comparing the costs/results from an online seminar to that of a live seminar program. A seminar held on the Web looks like the clear winner, but although the Internet event may seem to hold great promise, it is important to know if your audience will be accepting of this new marketing format.

Today, the Internet event seems to have its greatest appeal for audiences such as technical professionals—IT managers, networking managers, software developers, and the like—but as Internet usage increases, usage of Internet events is steadily increasing. As a result, such events could become attractive replacements for live events targeting any business audience.

The Internet event should also be a particularly attractive venue for senior executives, who often do not have the time to attend an event in person. If you want to reach a high-level audience via the Internet, compare the pros and cons of a virtual event to these other live formats:

- **The Teleconference, or Teleforum.** This format is basically a seminar held via the telephone. It typically lasts about an hour, rather than the traditional half-day event, and is offered early in the morning so that executives can grab a cup of coffee and listen, perhaps with *The Wall Street Journal* at hand, before the responsibilities of the day distract them. With the right speakers and topic, the teleforum is a very powerful format—perhaps even more attractive than virtual events for high-level decision makers. If appropriate, teleforums can be enhanced by directing the listener to a URL to view Web-based content during the event.
- **The Executive Roundtable or Briefing.** This variation of the seminar is a small live event with a restricted invitation list. It is usually open to senior executives by invitation only from the sponsoring company's CEO. The executive roundtable is positioned as an opportunity to participate in a discussion with peers. Sometimes the invitation to such an event is as exclusive as the event itself—it may be engraved, hand addressed, or even include an executive gift.

- **The Executive Retreat.** The retreat is typically an executive symposium that includes one or more renowned speakers and is held in a world-class resort—with ample time for golf and other recreational opportunities. These formats, if well executed, can attract top executives who want to rub shoulders with stars like themselves. Of course, the expense associated with such events is significant.

If you are successfully holding teleforums, roundtables, or retreats for executives such as the ones described, do not scrap them all in favor of Internet events—test an online chat, online seminar, or other Web event first to see if it has the same appeal and staying power.

Guidelines for Developing and Hosting Your Own Internet Event

Here are some of the things you should think about when you are planning and executing your own Internet event.

Plan Your Event

What kind of event do you need? The Internet event is a customized Web application, and it will vary substantially based on the type of event you wish to execute, as well as the audience for the event. First, map out your available options. Decide whether you will create the event entirely in-house or with the help of outside resources. Determine early whether you or another organization will do the Web hosting.

Develop the Event

Evaluate the needs of the target audience and develop an event well suited to the audience. Technology considerations are important, and they should be assessed during the development stage. Each of the following questions should be asked, because each requires a different kind of technological support:

- **Database Integration.** Will you preassign individuals an access code and greet them at the “door”—or will you simply identify attendees when they arrive and sign in? Do you wish to prequalify attendees by asking them to register in advance, or is it acceptable to send them directly to the event?

- **Audiovisual Requirements.** Do you intend to have one or more live speakers make a presentation or guide attendees through a section of the event? Will you use traditional telephone for the speaker(s), or will you do it all online using streaming audio? Do you wish to include sound and motion, and are you prepared to do so?

The event concept will ultimately guide the structure of the event and where the event is hosted, as well as the copy and creative execution.

In the case of a Web seminar, you may be adapting the content of a live seminar. Replicating the content is not as easy as it sounds: You will have to modify slides, scripts, and other materials so that they are optimized for presentation on the Internet.

Critical Success Factors

In general, the same critical success factors that apply to live events apply to virtual events:

- **Guest Speaker(s).** Guest speakers add credibility and prominence to a seminar. The guest speaker should ideally be a noted authority in the field, an analyst or consultant, or a journalist. The guest speaker can provide an aura of objectivity and impartiality to a seminar and helps draw a crowd. It is also appropriate for guest speakers to be from organizations that are partners or customers of the sponsoring company. There should be an opportunity for a question-and-answer session if possible.
- **Success Stories.** Success stories, either told by customers or by the company sponsoring the seminar, are typically well received at seminars. Seminar attendees like to hear about how problems were solved and challenges overcome.
- **Exclusive Information.** Seminars that share some sort of exclusive information—such as the unveiling of survey results—have high perceived value, especially if this information is conveyed by one of the guest speakers.
- **Hot Topics.** Current in-vogue topics of interest to the target audience, combined with success stories or product demonstrations, can add to a seminar's success.

- **Interactivity.** For the virtual seminar, interactivity of some kind is essential. A demo that the prospect can control and a worksheet with a calculator are examples of interactive elements that work.

Establish a Structure for the Event

It is critical to construct an effective structure for your event with an intuitive navigational flow and organized content. The structure should be mapped out on a flow diagram that outlines the path that visitors will take from the time they enter the event. Factors to consider in creating a structure include the likelihood of repeat visits, the frequency of information refreshment, and the segmentation of the site's content. Generally, each page of the event should be short and clean to minimize the need for excessive scrolling.

Depending on the event's complexity, it is generally a good idea to follow a modular layout. This allows visitors to go to different areas based on their needs, interests, and time constraints. If the event is on-demand, attendees may want to check in at several times on several different days in order to fit the event within their busy schedules. If you want the event to include any type of real-time presentation or a live chat room for online questions and answers, you will probably want to schedule these parts of the event at various specific dates and times, just as you would a live event.

Create the Content for the Event

All of the content for an Internet event should be Web-ized. There is nothing worse than loading an event with copy and graphics that have not been modified for electronic consumption. Copy should be crisp, informative, and conveyed in readable, digestible chunks. The navigation template should be clean and attractive. Graphical elements should be designed to facilitate navigation.

If you are doing a Web seminar, using the content from a traditional seminar is probably a good place to start. Use the speaker's slides as a basis for the virtual seminar's graphics, and use the speaker's notes as copy input. Do not try to use the materials as is—graphics will typically need to be rendered especially for the Web in an appropriate program, with the final graphic resolution at 72 dots per inch (dpi).

Simple animations, such as movement of type and graphics, should be used to enhance the visitor's experience. Most animations should be universally viewable without any special software. Graphic files should be kept small and manageable. Interactive forms should be designed for the lowest common denominator.

Research and Add Appropriate Technologies

Incorporate only those Internet technologies that will enhance your event, not detract from it or cause undue complications for event visitors. Options include database connectivity, dynamic HTML, use of cookies, push technology, Java applets, streaming audio and video, and electronic commerce.

When used appropriately, multimedia offers the visitor an enhanced experience, with the ability to click on images and interact with animated text and images. However, essential content should be available to the lowest common technological denominator. If you require plug-ins to hear sound or view motion, they should be optional, not required. Mirror any content so that participants will not miss anything if they do not use the plug-ins.

Here is a word of caution, especially if you are targeting your event to individuals who work in larger corporations: Some corporate networks have firewall technology that might block certain plug-ins. Always suggest that the participant do a browser test prior to the event if plug-ins are used. It is important not to assume that everyone can see and hear your event as you intended it. Designing the event for maximum audience attendance is important.

Database integration adds an additional personalized dimension to Web events. Merging Web pages with online information provides data that can be used to dynamically generate Web pages on the fly, offering the option for heightened personalization and user feedback.

You have a wide range of databases from which to choose. Many of the larger, more robust database products, such as Oracle and Sybase, can integrate with the Web, as can smaller programs such as Microsoft Access. Others, such as ColdFusion, are designed especially to act as database interfaces to process database scripts and return the information within HTML.

Implementation options include password access, user profiles, and interactive online qualification forms for individual users. Such mechanisms allow for rapid and accurate tracking of attendance as well as gathering information on attendees and their opinions. All of this information will be valuable in improving future virtual events.

Determine How the Event Will Be Hosted

The decision to host a virtual event hinges on several issues, including expected traffic, database requirements, multimedia technologies employed, and site security. If, for example, you are using streaming media, you will need a special Web server to accommodate the traffic, or a

broadcasting service who can stream it for you. Examine and compare the options for internal versus external hosting.

When evaluating outside hosting services, look at the following criteria:

- Server hardware and software
- Redundancy and reliability of servers
- Connections and bandwidth available
- Space restrictions
- Data transfer restrictions
- Availability of e-mail and autoresponders
- Availability of FTP (File Transfer Protocol)
- Quality of access statistics
- Security
- CGI (Common Gateway Interface) availability and support
- Java availability and support
- Database access
- Search capabilities
- Audio, video, and multimedia support as required
- Technical support
- Fee structure

Program and Test the Event

Before going live, test all components of the virtual event thoroughly. Program and test all links, forms, and graphic files. Test all pages and

any database integration from multiple Web browsers on different computer platforms. Test and evaluate all multimedia components to be sure they are functional on the widest possible range of platforms. Evaluate the content for general clarity and readability. If possible, try out the event on staff, customers, or friendly prospects before making it widely available.

It also might be a good idea to post technical information at the event's URL to be certain that attendees can take full advantage of the event. I saw an excellent example of covering all the bases when I went to a company's event address to sign up. This company had included a page of instructions for testing and optimizing participation in the event, as well as a link to "test your browser." The company listed all the technical requirements for the event, along with a description of firewalls and how to work around them so that the data portion of the online seminar would function properly.

Promote the Event

Promote the Internet event. See "Promoting Events Using the Internet" later in this chapter for suggestions on event promotion.

Evaluate the Results

Establish measurement criteria in advance so that you know how many individuals attended the event. Use qualification forms with offers within the event to identify and track quality leads. Compare the ROI of virtual event programs to the ROI you have achieved with traditional events. You may find that it varies based on the type of audience and the type of event. Use this analysis to plan and refine future Internet event programs.

Promoting Events Using the Internet

The Internet brings a whole new spin to promoting both traditional and Internet-based events. As you might expect, services already exist to help event producers promote and host their events with little effort. If you hold a substantial number of events, you might want to look at these services: iNetEvents (www.inetevents.com), which provides a Web-enabled event management application that puts a "Web wrapper" around your event, b-there.com (www.b-there.com), an attendee relationship management engine, and iconvention.com (www.iconvention.com), providing associations with the means to extend physical shows into online vertical trading communities.

It is also a good idea to keep track of both live events and online events so that you can be aware of trends. Here are some valuable resources:

- AllMeetings (www.allmeetings.com)—the best locations for meetings
- Go-events (www.go-events.com)—comprehensive listing of business events
- EventWeb (www.eventweb.com)—extremely useful event newsletter with a lot of Internet coverage
- MeetingEvents (www.meetingevents.com)—industry-related events
- SeminarFinder (www.seminarfinder.com) and Seminar Information (www.seminarinformation.com)—to locate seminars in various industries.
- SeminarPlanet (www.seminarplanet.com) and SeminarSource (www.seminarsource.com)—databases of seminar events
- TechCalendar (www.techweb.com/calendar)—technology-related events
- TSNN (www.tsnn.com)—comprehensive listing of worldwide trade shows; this site merged with TSCentral.com in April 2001 to create the world's largest tradeshow portal.

Suppose you are promoting a traditional event, such as a free half-day seminar in ten cities. This might be what the promotional plan looks like:

1. Establish the dates and locations. Select list sources and target the appropriate audience within 50 miles of each city.
2. Create and mail an invitation. Include the traditional phone, mail-in, and fax-back response paths.
3. Follow up with fax and telephone confirmations to registrants.

4. Cross-promote the seminar with advertising and public relations activities.

Now see what happens when you enhance your promotion by using the Internet as a registration facilitator. You execute the same four steps, but you add a special seminar registration URL to the mail piece and promote it prominently. You urge the prospect to visit the URL to receive further seminar details and to register online. When the prospect arrives at the Web response area, you offer

- A more detailed agenda and description of the seminar, along with speaker photographs and biographies if appropriate,
- Directions, including printable maps, for each seminar location,
- Information about other events of potential interest to the prospect, including a list of Internet-based events for those prospects who are not in the ten-city area or cannot attend the live seminars but want more information about your company's product, and
- An interactive registration form—perhaps with a special offer just for online registrants—so that prospects can register online and receive an instant acknowledgment. (Collect an e-mail address here and you can use it to remind the registrant of the seminar several times before the event. Use a Web-based database tool and you can capture the marketing information you obtain from the prospect one time instead of rekeying the information. Use it for future promotions and to track the prospect's activity.)

This relatively easy enhancement could have a significant impact on your seminar program—and your marketing ROI. Here are the six reasons why:

1. You may be able to reduce the cost of your direct mail seminar invitation by making it less elaborate and driving response to the Web—where prospects get full seminar details. Typical direct mail seminar invitations include a full agenda, speaker biographies, and location information. That takes considerable space to accomplish in a mailing piece. With the Web as your electronic information center, perhaps even an oversized postcard invitation would suffice.

2. Overall response to the promotion could increase because you have added a Web response path that some registrants may prefer to use. On the Web, they can get more information about the seminar without the need to speak to anyone, and they can easily register online.
3. Online registrants may be higher-quality prospects because they take the time to visit the URL, review detailed information, and complete the registration form.
4. Using a series of e-mail confirmations and reminders, which you send prior to the event, could reduce your no-show rate (which is typically 50 to 60% for live seminars).
5. Even if prospects visit the URL and do not come to the seminar, they have been made aware of your company, your seminar series, and other events you sponsor that may interest them.
6. Individuals who are outside the ten-city seminar area could visit the URL to learn more about your company and products, and as a result become new prospects for you.

The incremental cost to your seminar promotion to achieve these potential benefits should be very low. If you have a Web site, the seminar URL could hang off of it. Creating the seminar response area is not a complicated task—it can be done by your in-house Web staff or outsourced to an interactive resource. If you need comprehensive response management support, there are firms that handle online seminar registration and confirmation, along with maintaining your marketing database.

Use a similar strategy to promote other live events, such as your appearance at trade shows or conferences, sales meetings, press tours, and so on. Consider these additional promotional ideas:

- Place a Web banner ad on your own site to promote your appearance at a conference or trade show. Prominently feature your booth number and consider offering Web prospects something special if, when they visit your booth, they mention that they saw the promotion on your Web site.
- When you book any booth space or speaker from your company at a conference, be sure to see if the show's sponsor offers a Web

site with links or special rates for exhibitors or speakers. Also see if you can offer virtual exhibit area admissions tickets to prospects, printable from your Web site.

- Collect e-mail addresses of trade show and seminar attendees, and ask if you can communicate with them via e-mail. E-mail a questionnaire after the event to get their opinions and further qualify their interest.
- Collaborate with co-exhibitors at shows or co-sponsors of seminars to promote events via the Internet. Cross-promote each other's products via e-mail and your respective Web sites.

Promoting the Net Event

All of the techniques you would use to promote traditional events apply to promoting virtual events as well. You can invite people to a virtual event in the same way you invite them to a live event:

- Direct mail is generally the most effective medium for seminar invitations.
- Telemarketing can be effective when you are inviting a small number of people, or to follow up on direct mail.
- Print advertising can supplement direct mail for trade show and conference promotions.
- E-mail sent to prospects and Web banners placed on your own site, or on carefully selected sites, could be used to augment mail and telemarketing efforts.
- You could also use public relations to publicize your event, which might lead to mention in trade publications or even free links on appropriate Web sites.

With the likelihood that virtual events and seminars will become more common in the future, it might be interesting to test various methods of inviting prospects and customers to such events. For example, if you can obtain an opt-in e-mail list, you might want to test traditional

direct mail against e-mail invitations to a virtual seminar to see which is more effective in generating attendance.

With a virtual event, you can eliminate the need for an “I will attend” mail, fax, or phone response. Instead, you can offer prospects the ability to register online when they arrive at the special URL of the event. If the event is exclusive, you can preselect a targeted list of people to invite, assign them individual access codes, and provide the codes on mailed or e-mailed invitations. Then, using a Web database program, you can actually “recognize” and greet them at “the door,” when they come to the event. You can even encourage the prospect to share the access codes with colleagues, if you so choose, to extend the reach of the event.

Imagine receiving an elegant invitation to a virtual seminar with your own personal access code. Go to the seminar’s special URL, enter your access code, and instantly, your name, title, company name, and address appear. You can verify it, or make changes as needed, online. The Web database records the changes and instantly updates the marketing database.

This technique is very appealing because it suggests to the prospect that he or she is important to you, and that the event really is exclusive. In fact, it is the beginning of a marketing relationship that starts with prospects coming to the event and taking responsibility for updating their own database records.

Obviously, there is considerable value to you as the direct marketer, because you are getting the prospect not only to attend your virtual event but also to engage in a dialog with you. If you include qualification questions for the prospect to answer, you will get to know even more about the individual. You will be able to use that data to help prioritize the prospect’s interest, and you will continue to market to that prospect over time.

Unlike the traditional event, the virtual event is more anonymous and certainly not as personal. As a result, you do not have the same opportunity for your marketing and sales staff to meet the prospect face to face. That is why promoting the virtual event should extend beyond the initial contact. Once a prospect comes to your virtual event, you should immediately engage him or her, offering compelling reasons to sign in and stay awhile. You may not want to ask a lot of questions of the prospect at the beginning of the event because this may discourage continued interest. Instead, use a questionnaire during the event or at the end—and make a substantive offer for completing it.

Use the event as an opportunity to cross-promote other virtual and live events, and give the attendee the ability to return to the event by keeping it available on the Web for a period of time. After that, it is a good idea to archive your virtual event, perhaps on your Web site or at another special site, so that prospects can come back in the future. The virtual event also has the potential to continue a marketing relationship that can ultimately turn a prospect into a customer.

Holding Online Marketing Meetings

Could the Internet also change the nature of meetings, perhaps making face-to-face meetings, and the travel associated with them, a thing of the past? Services such as WebEx (www.webex.com) might lead you to believe that could happen. WebEx is one of the leading application service providers in a growing number of companies entering the emerging Web-based collaboration services marketplace.

Through Earthlink's business area (www.earthlink.net/business), a small business user can open a WebEx Office in moments and begin conducting meetings on the Web, collaborating and exchanging information in real time. WebEx Office features include linking to existing Web sites to serve as a private conference room, instant messaging, meeting scheduling, calendaring, and more. Clearly, this is another opportunity for the IT marketer to leverage the Internet for both external and internal marketing-oriented meetings and events.

Using Distance Learning for Marketing

The natural evolution of online meetings and events is distance learning. Although distance learning and online training have been around for years, the explosion of the Internet has increased their penetration of the marketing world. They are now on the verge of mass adoption for general marketing use. According to IDC, Web-based training is expected to exceed \$6 billion by 2002, growing at a compound annual growth rate of almost 95%. By that year, says IDC, technology-based training is likely to overtake instructor-led training. In a survey of corporate training managers, Corporate University Xchange (www.corpu.com) found that as much as 96% of corporate training will be conducted online by 2003.

In this area, it is the IT market driving early adoption because of the ever-increasing demand for technical training. Educational programs may be beyond the scope of today's b-to-b Internet marketer, but it is not difficult to imagine a future involving extended customer service in the form of marketing-based online tutorials for prospects, modeled after earlier distance learning efforts. One of the reasons this will become more commonplace as a marketing technique is because of the widespread availability of multimedia tools, such as Flash and Shockwave, and the ever-increasing bandwidth to facilitate multimedia transmission.

Numerous companies have served the e-learning market for years, even before the Internet reached its current hot status. Typically, early leaders focused on IT technical training. One such company, CyberStateU (www.cyberstateu.com), today offers its Synergy Learning System to help reduce a student's total study time. The system combines multiple teaching mediums into a structured learning environment, combining online lectures, reviews, assignments, and interaction with more traditional books and video tapes. CyberStateU serves hundreds of leading companies, offering fully certified courses on behalf of Cisco, Microsoft, Novell, and others.

Now, e-learning is broadening its base and becoming a more accepted means of general business training. Newer organizations such as Digital Think (www.digitalthink.com) and SmartForce (www.smartforce.com) are typical of the e-learning trend. SmartForce runs Dell's online educational program, EducateU. These and other services are expanding their offerings beyond IT learning as the education demands of general business continue to grow.

Another entry into this market, ZDUniversity, was originally an IT-oriented educational service, but it has evolved into the centerpiece of a new service launched by Ziff-Davis in October 1999 called SmartPlanet (www.smartplanet.com), now part of ZDnet. According to the company, SmartPlanet is a "personal online learning community—a uniquely rich and diverse Web destination for people seeking continuous personal and professional growth on virtually any topic or interest." The former ZDU will become part of SmartPlanet as the base for the Computers & Internet Learning Zone. SmartPlanet has registered members, both free and paid, and will grow its user base via distribution and partner agreements. Time will tell whether such online learning communities will become models for the future of marketing-driven distance learning.

To apply distance learning as a marketing technique to reach larger organizations, the best solution might ultimately be establishing learning programs within each company. Here, such products as LearningSpace from Lotus (*www.lotus.com*) hold promise. LearningSpace Anytime 3.0, introduced in mid-1999, was the first Web-based product to give users the flexibility to learn either through self-paced materials, live interaction with others in a virtual classroom, or collaboration with others independent of time and place. This server software application can be accessed either from a Web browser or the Lotus Notes client. LearningSpace has been adopted by such organizations as Siemens Corporation, American Express, and online business education provider UNext.com.

While distance learning has much broader applicability than marketing alone, it is indicative of the way meetings, seminars, and conferences are moving to the Internet...and representative of the potential of Internet events for the b-to-b marketer.

6

Executing E-fulfillment

Fulfillment—the process of responding to an inquiry or order—has always been a knotty problem for marketers. Since the early days of direct marketing, marketers have realized that answering a prospect's inquiry or fulfilling a customer's order can be a logistical nightmare.

The basic inquiry and order fulfillment process has not really changed much over the years. A prospect or customer receives a solicitation. The person makes an inquiry or places an order...and then the fun begins. The marketer responds to a prospect's inquiry via direct mail, sending data sheets, a catalog, or some other literature in a large envelope, sometimes with a personalized letter, often via first class mail. To fulfill a customer's order, the marketer receives and must verify payment and ensure that the order is completed and shipped with the appropriate merchandise. Returns, of course, are a necessary evil of the business.

Whether it is inquiries or orders, speed is of the essence. Industry studies show that, if a prospect's inquiry is not fulfilled within 48 hours, interest cools. If an order is not fulfilled promptly, a customer is likely to become an ex-customer shortly thereafter. Managing the inquiry and order process is largely database driven and automated, but it still involves back-end work that is labor intensive and often expensive.

Inquiry and order fulfillment software, systems, and services are, of course, available to make life easier for the marketer. In the case of

information requests, however, no system could solve the requirement that something physical needed to be sent to the prospect.

Then the Internet came along, and e-fulfillment was born. Although fulfilling an inquiry electronically is not appropriate in every situation, it does go a long way toward making an instant, nonphysical response. In fact, the Internet presents the b-to-b marketer with the unique ability to instantly fulfill inquiries online—no paper required! It scales beautifully, so hundreds, thousands, or even millions of inquiries can be handled electronically.

The Internet has changed the world of order fulfillment as well. Now e-commerce users can instantly acknowledge orders via e-mail. Order processing can be automated or outsourced to an online fulfillment service. Customers can track their own shipments online and make inquiries electronically. In addition, if the product being fulfilled is information or software, a customer's order can actually be "shipped" online. One far-reaching example is the travel industry. Online fulfillment has already changed the way airlines do business by allowing them to take large-scale advantage of electronic ticketing.

In this chapter, we will explore the growing area of e-fulfillment. You will discover how you can use e-fulfillment to dramatically reduce your costs, increase your efficiency, and improve prospect and customer satisfaction.

Traditional Fulfillment: An Aging Process

If your product or service is sold through any kind of sales channel, you deal with inquiries. Although most b-to-b marketers have a process for inquiry handling, it differs significantly from company to company.

Inquiries come in from a variety of sources—advertising, direct mail, trade shows, public relations, and the like—but until the company determines the quality of the inquiry, it should not be considered a lead. A classic case in point is the reader service number that appears at the bottom of ads in many trade publications. The original purpose of the reader service number was for the publication to prove to the advertiser that the ad was working—in effect, to protect ad revenues.

You know the way it works: The publication assigns a reader service number to your ad. The reader circles that number, along with

numerous others, on a “bingo card.” The card is returned to the publication, which enters the informational data and then distributes the leads to you and the other advertisers.

It sounds great in theory, but in practice, reader service numbers often leave much to be desired. The commitment on the part of the reader of the ad is minimal. He or she circles a few numbers and is rarely asked any additional qualification questions. The inquiry goes into a large pool and is probably data entered by the lowest-cost resource available. (After all, this is a free service provided by the publication.) That means the chance for error is high. Then, even if you receive an accurate inquiry, you have no idea whether it is from a qualified prospect or not.

This is the point at which some marketers make either of two critical mistakes:

1. The marketer disregards the inquiry altogether, assuming it is junk, or
2. The marketer fulfills the inquiry through the standard fulfillment process, which generally means sending a costly full-color literature package, sometimes packaged in a presentation folder, via first class mail.

Both of these responses are wrong. In the first case, discarding the inquiries means that the marketer is potentially losing some good leads—maybe even qualified prospects—which could be buried in a pile of generally unqualified inquiries. The problem is, the marketer will never know.

The alternative is not much better: By fulfilling the inquiry as if it were a qualified lead, the marketer wastes a lot of money. Some marketers even exacerbate the process by then sending these inquiries to their sales force. There is nothing worse for a salesperson than spending valuable time chasing an unqualified inquiry. If the salesperson continues to receive unqualified inquiries, he or she will lose all faith in the marketing organization.

That is why the most sensible way to handle inquiries at this stage is with a *two-step* process. It is okay to respond to unqualified inquiries. It makes more sense, however, to do it with a far less expensive mail-

ing—perhaps a simple #10 envelope with a printed letter that acknowledges the inquirer’s interest but asks several qualification questions on an accompanying reply card before additional information is sent. This simple strategy can save thousands of dollars.

Even so, numerous industry studies suggest that fulfillment is the Achilles’ heel of a majority of b-to-b direct marketers. Some companies do a shoddy job of it, hurting their corporate image in the process. Others may send the right materials; however, the turnaround time is anything but prompt.

Although they may not openly admit it, the fulfillment process of many b-to-b companies is in a shambles. Sometimes, it is because a company is overwhelmed with responses. Sometimes, the fulfillment process itself is flawed, or the system is inadequate, or the quality control is poor, or it is simply human error. Whatever the reason, the result is the same—an inquiry is mishandled, overfulfilled, or simply lost. That means a lead could be receiving inferior treatment and a potentially good prospect could be alienated. This is just on the prospect side. You can imagine the impact of inferior order fulfillment on the customer side.

The Transformation of Traditional Fulfillment

Fulfillment experts say that 48 hours should be the *maximum* amount of acceptable lag time between the time an inquiry is received and the time a contact is initiated by the company. Basically, that means something should be on its way to a prospect within two days.

Interest in a product or service wanes from the moment a prospect or customer asks for more information to the moment it is received. The competitive environment is such that, if that individual has a choice, he or she is just as likely to go to any company that provides the requested information first. Business is so time driven today that *the speed of information delivery is often as crucial as the information itself*. Buying decisions are sometimes made on that basis. That is why experienced direct marketers know that they should never underestimate the positive and negative effects of fulfillment. This brings into question the whole process of traditional fulfillment itself. Today, b-to-b fulfillment is still largely executed in the following standard ways.

Direct Mail

Direct mail remains the primary means of inquiry fulfillment. Typically, an inquirer receives a basic fulfillment package—a letter, literature, and a reply card—by mail.

Traditional direct mail fulfillment has been improved with the use of electronically distributed fulfillment requests and inventory control procedures. Some marketers have set up automated 800 numbers connected to voice response systems or autofax machines. Such systems accept an inquiry and electronically transmit it to the fulfillment operation, which picks and sends the appropriate literature pack within days or sometimes hours. The direct mail fulfillment material itself may be prekitted, waiting for a personalized letter and mailing label to be generated and affixed. In extraordinary cases, literature or other fulfillment materials may be sent via priority mail or overnight delivery services. Overnight delivery is less common in inquiry fulfillment, but it is becoming more common in order fulfillment. Larger mail order companies contract with an overnight delivery service to reduce the shipping cost so that low-cost one- or two-day delivery can be offered to customers as a service enhancement.

Fax

Facsimile transmission is increasingly used to supplement or even replace direct mail fulfillment. Common among larger b-to-b companies is fax-on-demand, or autofaxing. The inquirer calls a toll-free number and enters his or her fax number and a product code. The responding fax-on-demand system immediately generates a data sheet on the corresponding product and faxes it to the inquirer. This type of fulfillment is inappropriate if a color brochure or multipage booklet or manual must be sent, but it is acceptable for fast distribution of simple information. Its overwhelming benefit is the speed of response, which does offer a significant advantage in many cases. Sometimes, autofaxing is used to precede direct mail fulfillment.

Telephone

In the context of providing essential information immediately, the telephone can be a viable fulfillment medium. If an inquirer makes an inbound call to a toll-free number, the telemarketer can be trained to provide the caller with the necessary information by phone or offer to send additional information via fax or direct mail. Outbound

telemarketing should only be used if the marketer believes the inquirer is a highly qualified prospect.

Behind each of these media is an inquiry handling process of some kind. Some companies choose to handle inquiries themselves; others farm out the chore (and what a chore it can be) to fulfillment services.

The E-fulfillment Difference

E-fulfillment is fulfillment that is facilitated by the Internet. In its most basic form, e-fulfillment is a simple e-mail response to an e-mail or any other kind of inquiry. Although e-mail is for all practical purposes still a text-only medium, it is useful in that you can send an immediate response directly to the inquirer's electronic mailbox. You can also embed Web links in your e-mail response so that the inquirer can visit a URL to receive additional information. Although not all e-mail programs support Web links, it is still good practice to mention URLs in e-mail.

Responding via e-mail can be effective and desirable, as long as the individual made the inquiry via e-mail or gave you permission to respond via e-mail. (It is generally recommended that you ask the question, "May we communicate with you via e-mail?" on a reply card or during a telemarketing call.) Products are available to automate e-mail so that you can respond to multiple inquiries at once. With some e-mail communication products, you can autorespond to inquiries without human intervention.

Recent industry data suggests that customers are more accepting of e-mail fulfillment than prospects. However, an electronic inquirer would probably appreciate an e-mail response because it is immediate. Again, one of the biggest issues in fulfilling information requests is the time lapse between the act of inquiring and the receipt of information. E-mail is one way to dramatically close that gap and feed the need for instant gratification so prevalent today in marketing and in life.

One application of e-mail fulfillment that seems to be accepted and appreciated is the e-mail newsletter, which has broad appeal to both customers and prospects. Prospects who are receptive to e-mail and are interested in a product or service are likely to subscribe to an e-mail newsletter that keeps them informed on a periodic basis about that product or service. This method of fulfillment is far less threatening than

receiving a telemarketing call. The e-mail newsletter is likely to receive more attention and get read more often than traditional direct mail.

As discussed in Chapter 4, the e-mail newsletter is in itself becoming a primary means of generating leads for b-to-b marketers. In the context of e-fulfillment, it is a remarkably efficient medium. Consider the fact that much of what you may now send in traditional printed form could be converted to e-mail newsletter format. It may not have the same appearance—today's e-mail is predominantly raw text with no bold, underlining, bullets, or graphic images—but that is rapidly changing. E-mail programs are catching up, and it may not be long before they routinely incorporate HTML-like graphics. In addition, e-mail newsletters often have links to HTML pages so that recipients can click to a page on the Web with a more pleasing graphic design and photographs and illustrations.

Even with the basic e-mail newsletter, you have an opportunity to translate marketing material into a format that is widely accepted and read. As long as the e-mail newsletter has information of perceived value and is not merely a sales pitch, prospects and customers alike will read it. Just as important, you can rapidly build an e-mail list of subscribers who, at the very least, share the commonality of being interested in your e-mail newsletter topic. Sending your e-mail newsletter periodically not only gets your message to a target audience more than once, it also positions you as an expert. And e-mail newsletters are very inexpensive. After you automate the e-mail process, the cost associated with e-mail distribution is almost insignificant. Compare that to traditional direct mail fulfillment.

The reader service number itself is undergoing change in the era of the Internet. Now several trade magazine publishers are providing Internet-based reader service numbers so that inquirers can respond online. Some of these services allow an advertiser to post electronic information at a special Web address, with a link to the advertiser's Web site. As a result, the inquiry can literally be instantly fulfilled instead of taking days, weeks, or months, as might be the case with the traditional bingo card inquiry handling process.

Dell Computer (*www.dell.com*) created an Internet version of the reader service number that it calls an E-Value Code. Although Dell builds computer systems to individual specifications, they also know that certain preconfigured systems will be popular. Dell runs print ads showing an E-Value Code with each of these systems. The interested prospect goes to the Dell Web site and enters the E-Value Code in the appropriate

box on a Web page, and the site instantly returns information to the prospect about that particular system. That is e-fulfillment at its simplest and its best.

Other innovations promise to keep the Internet on the cutting edge of fulfillment. In May 2000, Digimarc (www.digimarc.com) announced a technology called MediaBridge that permits an invisible image to be embedded in a printed ad, brochure, or CD. Suppose the prospect is reading an ad with this invisible image. He or she can hold the ad up to a camera connected to the computer, and the invisible image will point the computer to the URL of a Web page. Print ads using this technology appeared for the first time in the July 2000 issue of *WIRED*. The magazine ran 30 of the ads and included an explanation with that issue. Digimarc ran a promotion giving away 25,000 PC cameras. The technology has been licensed by several other publishers as well.

GoCode (www.gocode.com) uses barcode technology to achieve the same purpose. A barcode is placed in printed content, and then a barcode reader attached to the computer translates the barcode into the appropriate URL. FindtheDOT (www.findthedot.com) involves printing Power Dots in advertisements, in catalogs, and on business cards. Customers tap the Power Dot on ads of interest with a Personal Information Assistant (PIA), a little wireless hand-held device that is distributed free. The PIA wirelessly transfers the stored Power Dots to the user's PC and initiates a recognizable e-mail response from the specific advertisers of interest.

Creative use of imagery technology is also revolutionizing the visual quality of fulfillment. For example, MGI (www.mgisoft.com) offers the MGI ZOOM server, an imaging server that enables users to zoom in and examine items in very fine detail regardless of the bandwidth. The technology is being used by Internet retailers to give prospects and customers online close-ups of products.

The largest technology information providers have virtually made a business out of integrating their print publications, conferences and events, and the Internet—all in an effort to consolidate information and do a better job of serving prospects and customers.

IDG (www.idg.net) is a good example. IDG publishes *Computerworld*, *Network World*, *PC World*, and countless other magazines and books. IDG also sponsors numerous industry conferences and events, such as ICE, the Internet Commerce Expo.

One of IDG's big success stories on the Web is Network World Fusion (www.nwfusion.com). This sister Web site to the Network World

publication requires separate registration. Web site visitors must complete an eight-page qualification form to gain access to the content, but the form is hardly a barrier: The Web site garnered 94,000 registered users in just its first 18 months. All of this Web activity caused IDG to develop its own search and access service, IDG.net, which now permits registered users to personally navigate over 140 Web sites.

IDG's integrated use of traditional publications, Web sites, conference events, e-mail newsletters, and online surveys is a model for the future of b-to-b Internet marketing. This whole concept of involving the online "reader" in a literal web of communications is a significant trend in the information technology market that applies to all b-to-b marketers. E-fulfillment is a logical alternative to direct mail and fax fulfillment for numerous reasons, not the least of which is the incredible cost-saving potential. Not only does e-fulfillment drastically reduce the cost of fulfillment, it also removes the time-to-market factor.

E-fulfillment can quite literally happen instantly, at least on the Web. A prospect comes to a Web site, completes a Web response form, and clicks the Send button. With e-fulfillment, information can appear as an instant direct response to the request. There is no time lapse. Nothing has been available to the b-to-b marketer that even comes close to such an idea. What is even more significant is the relative ease with which it can be implemented.

Means of E-fulfillment

E-fulfillment can be implemented in two basic ways: pull and push.

Pulling the Prospect to You

The Web Response Area

In Chapter 2, we discussed the effectiveness of Web response forms. A Web response area with a Web response form is the termination point for a campaign-specific URL. The inquirer visits the URL and finds information about the offer and the product or service being promoted, along with a Web response form.

The Web response form can really function as a gateway to a company's e-fulfillment process. Here is an example. Suppose a pros-

pect receives a direct mailing from a company promoting a line of modems designed for small business usage. The informational offer is a white paper, promotionally enhanced with the offer of a discount on the modems for an order placed within the next 30 days. The direct mail heavily promotes a special URL as the primary response path.

When the prospect visits the URL, there is a Welcome page that includes links to pages with brief information about each of the available modems. Each page shows a picture of the product and highlights its specific benefits and features. At this URL, there is also a qualifying form that the visitor must fill out to get the white paper. The form has certain required fields. After these fields are completed and the form is sent, the visitor can receive the white paper via ordinary mail. However, the visitor also has the option of receiving the fulfillment electronically because the completed form leads to a page that allows the visitor to unlock or download the white paper.

Now what about that discount offer? This can be fulfilled in a number of ways. After the visitor completes and sends the form, a discount coupon can be dynamically generated. By linking the visitor's ZIP code with a directory of resellers, the names and addresses of several dealers can be generated on the fly—so the visitor can actually be directed to the closest reseller.

With the addition of electronic commerce, the visitor could also use a credit card to purchase any of the modems online at the discounted prices—right from an order page. Alternatively, the visitor can be given an 800 number to ask questions, place an order, or inquire about where to purchase the products locally.

Internet telephony promises an even more intriguing slant to this kind of e-fulfillment. In this scenario, e-fulfillment can include an interactive online conversation with a live sales representative. If visitors have questions while navigating the site, they can be answered on the spot, through the computer itself, or via a connection between the computer and the prospect's telephone.

The Web Site

Your corporate Web site can also be used to pull a prospect to your site with an e-fulfillment center. In the preceding example, the incoming URL would terminate at a special electronic door into the e-fulfillment center of your corporate Web site. The e-fulfillment center is a designated area of a corporate site, set up to collect leads and generate information in response to inquiries. In this area, the visitor would locate

information about the modems and request the white paper or take advantage of the discount offer. Online ordering could also be offered in the e-fulfillment center.

The response path to an e-fulfillment center is not as focused as with a Web response form, but it provides you with the ability to handle fulfillment in a centralized place while exposing the visitor to a broader line of products.

E-mail

E-mail itself can act as a pull-push medium. After you begin to correspond with a prospect or customer via e-mail, you have established an ongoing dialog. As part of that dialog, you can encourage the individual in the context of e-mail to visit a Web site to get more information or to sign up for an e-mail newsletter. Advertisers who place their promotional messages in e-mail newsletters are for the most part advertising a Web site address. B-to-b Internet marketers can make excellent use of e-mail in support of pull Web site areas by continuously reinforcing URLs in the body of e-mail messages.

One innovator in this area is MindArrow (www.mindarrow.com), whose interactive eBrochures arrive via e-mail. The company's Virtual Prospecting system delivers a company brochure via e-mail and then analyzes which elements are most popular with viewers. The system has the ability to notify salespeople as to when prospects are reading the brochures and can track how long they looked at them and which products they found to be of interest.

Internet marketing trend-setter IBM is utilizing its own interactive e-brochures in a move to e-fulfillment, according to a June 2001 report in *BtoB* magazine (www.btobonline.com). The company is sending e-brochures that contain streaming audio and Flash graphics via e-mail to clients and resellers, and urging resellers to pass them along. IBM sales reps use the e-brochures to support their efforts, and IBM puts the brochures on CDs and distributes them at trade shows.

Pushing Information to the Prospect

Pushing simply means taking information and sending it, or pushing it, to the prospect or customer. In that respect, e-mail is the simplest kind of push technology a marketer can use. Any promotional e-mail delivered to a prospect or customer is, in effect, pushed to the individual's

mailbox. However, it is really the regular delivery of such e-mail, as with e-mail newsletters sent on a periodic basis, that turns e-mail into a push vehicle.

Push technology is most often defined as the process of pushing Web pages to someone's computer. The acknowledged pioneer of push is PointCast Inc., which was acquired in May 1999 by Launchpad Technologies, developer of the eWallet consumer shopping utility and an Idealab! Company. The acquisition led to the formation of a new company combining PointCast and eWallet called EntryPoint (www.entrypoint.com). In the Fall of 2000, Entrypoint merged with Internet Financial Network to become Infogate (www.infogate.com). Infogate is a free, advertising-supported service that provides a personalized bar that sits on a user's desktop. Infogate offers instant access to news and information, e-commerce, resources, and search capabilities. A customized ticker delivers headline news and stock data to the desktop.

The push concept is not without its problems and controversies. In fact, by mid-1998, several push technology vendors had gone out of business, and of the remaining companies, some had moved away from the push label. One of the reasons push may have run into trouble was that it ran into a technology wall. Early derivations of push were slow and intrusive. Because most targeted end users were in corporations or other organizations, information was sent across the Internet through a corporate network to the end user's desktop. The problem was that large files were being transferred, in some cases several times a day, to a corporate end user. If many corporate end users were using a push service, it was the corporate network that had to handle the load.

Despite these apparent shortcomings, push technology has been somewhat rejuvenated by new and improved products and services. In its new market-driven form, push technology could once again be an important way of reaching prospects, customers, and other constituents on an automatic, ongoing basis.

How would you apply push technology to your own electronic fulfillment? Instead of offering prospects or customers a few promotion pages to review when they visit your Web site or sending a periodic e-mail newsletter to their electronic mailboxes, you could deliver personalized Web pages with highly valued information to prospects and customers on a regular, complimentary basis. Prospects or customers would not have to go anywhere to gain access to the information they want—it would simply appear on their computer desktops.

This delivery method already is being used by major technology companies to automatically deliver software updates to customers. If push has a new life, it will probably be in the area of individualized corporate intranet and extranet use.

One vendor who has helped push move in this direction is Marimba (www.marimba.com). Through its Castanet product suite, Marimba provides the ability to deliver what it calls Internet Services Management products for use across intranets and extranets. Specific customer examples include

- Seagate Technology, which uses Castanet to deliver and update business applications such as sales forecasting and pricing information to its internal sales management, mobile sales force, and external OEM (original equipment manufacturer) and distributor partners
- Nortel Networks, which employs Castanet to provide uniform delivery and maintenance of its manufacturing test applications shared among internal employees and external contractors
- Intuit, which embedded Castanet into its Quicken 99 personal finance software so that millions of online users could receive software and information updates quickly and transparently.

In this context, push becomes an extension of a comprehensive Internet-based customer service strategy. From a marketing perspective, what push really does is turn fulfillment into *cultivation*. Applied appropriately, push puts information into the hands of people who want it, regularly and automatically. They do not even have to ask for it more than once; it simply appears. With traditional media, a marketer would need to send a printed newsletter on a quarterly or bimonthly basis to accomplish this. The cost of database maintenance, print production, and mailing would be substantial. With the Internet, on the other hand, delivery is immediate and far more cost effective.

This is no small issue for b-to-b marketers. Products and services tend to be purchased by committees or groups in a business environment. The timing of purchases tends to correspond more to a company manager's available budget than to when that individual receives a promotional message. In the case of more sophisticated, expensive prod-

ucts, there is often an evaluation and review process that could take considerable time before a purchase decision is made.

All of these factors contribute to the reality that, for many companies, the fulfillment of an inquiry is just the very first step in an ongoing mating dance between marketer and prospect. In some cases, a sales cycle can extend to 6, 9, 12, 18 months or more. Periodic contact with the prospect during this extended period can be costly via traditional mail, and even more costly via telemarketing or sales calls, yet cultivating the prospect is imperative. Continuing to requalify the prospect's interest becomes just as important in an effort to get the cream to rise to the top.

With the inevitable dominance of the Internet as the core of business communication, it is likely that more and more business people will likely prefer to get their information electronically. IDC says over 50% of online business people download information from the Internet several times a week.

Push technology offers a whole new form of fulfillment to marketers. Pushing information pages, special offers, and requalification forms to a targeted group of prospects could prove to be an expedient, low-cost method of direct marketing. It could extend the life of direct marketing campaigns and make them much more effective at an attractive incremental cost.

Push technology could offer a real service to prospects, fulfilling a need for automatically delivered information readily provided by marketers who sponsor its creation and delivery. If it is well executed, push technology could affordably and easily create a unique one-to-one relationship with prospects—a goal that many traditional high-end direct marketing programs strive for, but that is costly and logistically difficult to achieve.

Some Interesting Variations on Pushing Information

Some companies have made the most of the push concept and have created what is, in effect, continuous Internet fulfillment. One interesting example is Individual.com (*www.individual.com*), a unit of Office.com (*www.office.com*). Individual.com (Figure 6.1) is the world's leading provider of free, individually customized news, information, and services to business people over the Internet. With over a million subscribers, Individual.com covers more than one thousand topics, uses more than 40 news sources, and has information on more than 50,000

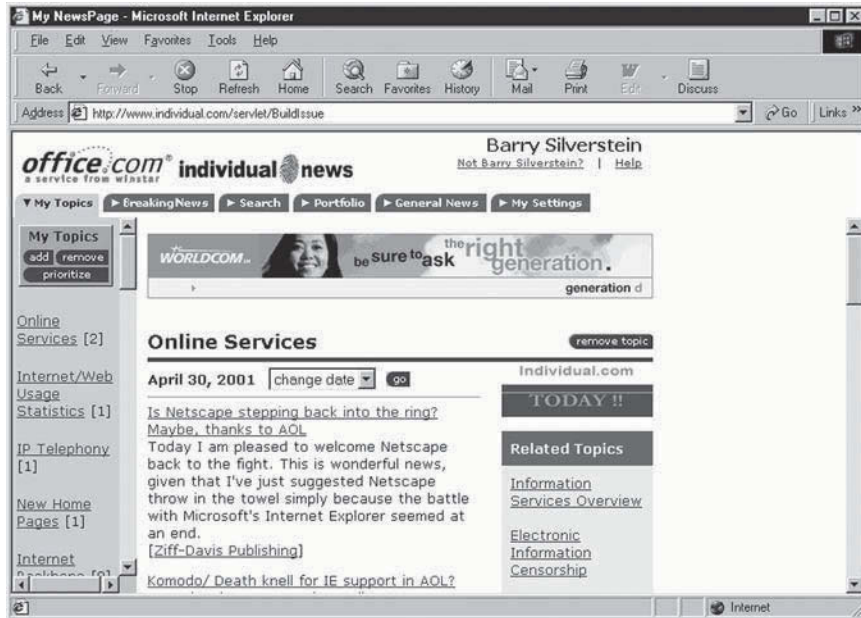


Figure 6.1. With Individual.com, a user selects topic areas of interest and then receives relevant items on a personalized news page each day.

companies available, but the most interesting thing about Individual.com is the user's ability to create a completely customized news page and have it delivered daily to his or her desktop.

Basically, users sign up for their specific areas of interest through a simple registration process. A user's individual Web page contains his or her chosen topics, featured companies, personal stock quotes, and more. All users receive a highly customized e-mail news briefing every business morning with headlines and summaries linked to stories on their individualized Web page. This is the ultimate in Internet fulfillment—free, valuable information, customized to users' needs, available every day via e-mail or on the Web.

Another interesting example of Internet fulfillment is a service from Hewlett-Packard called Instant Delivery (*www.instant-delivery.com*). By installing free software that comes with an HP printer or is available via the Web, users get select news and information delivered directly to their desktop printers (Figure 6.2). Instant Delivery records

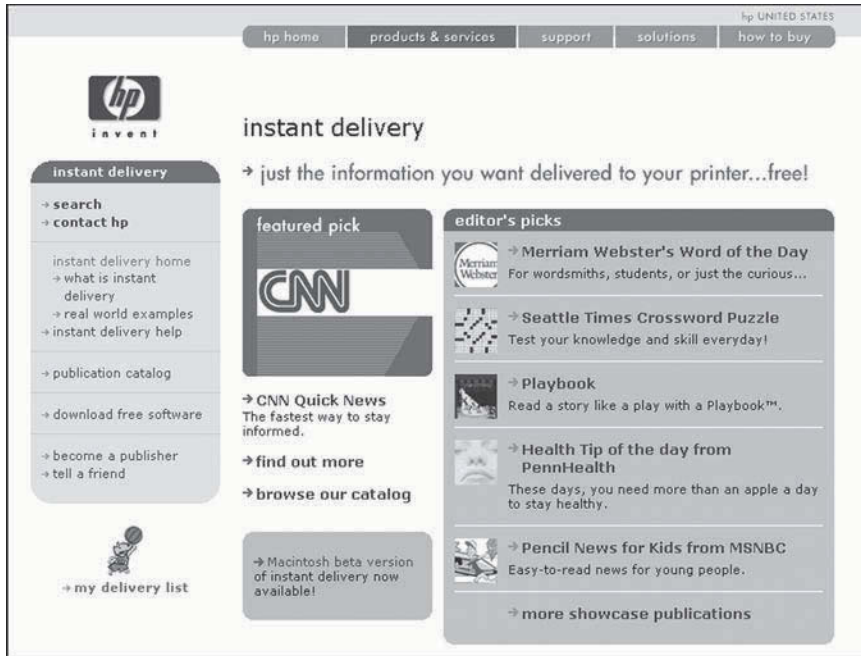


Figure 6.2. HP's "Instant Delivery" service automatically sends documents via the Web to a user's printer.

and remembers users' preferences. When information of interest in that category is available, the service delivers it over the Internet and prints it on the printer.

Of course, this is more than Internet fulfillment; it is also an ingenious way for HP to keep its name in front of its customers and, incidentally, to make sure that those customers are consuming ink and paper which, hopefully, is ordered from HP!

The Unique Benefits of E-fulfillment

Regardless of the delivery method, e-fulfillment can perform valuable functions that replace the need for paper-based fulfillment. These functions fall into several categories, listed here in order of relationship intensity.

Acknowledgment

Just the simple act of immediately acknowledging an inquiry or order is a powerful communication technique. When a prospect or customer completes a Web response form and presses the Send button, an acknowledgment page can instantaneously appear in response with the simple text, “Thank you. We have received your inquiry and will process it immediately.” In a marketing world that has become depersonalized and automated, getting this type of acknowledgment in direct response to an action is reassuring. The impact of an Internet thank-you should not be minimized.

Confirmation

E-fulfillment can go beyond simple acknowledgment. The next step of a business relationship typically requires confirmation of specific information. When you call a toll-free phone number and place an order from a catalog, you interact with another person. This individual not only takes your order but confirms it over the phone. He or she will typically repeat your credit card number, verify your name and address, confirm the items you just ordered, and tell you the total amount that will be charged to your credit card. You will also know, before you hang up, when you can expect to receive the items you ordered. Often you will be given an order confirmation number in case you have a problem with receiving the order.

This level of personal interaction is not yet possible via the Internet, although that is certainly where e-fulfillment is headed. If the same scenario just described takes place at a Web storefront today, the customer still has a need to know that the order has been confirmed. In fact, the need is greater, because there is no person-to-person voice contact—the order is being placed computer to computer.

Today’s leading Internet-based order generation companies recognize this. Most of them therefore build in a number of confirmation contacts that help to reassure the customer that the order has been properly filled. At the point of sale, for example, the customer is led through a question-and-answer process, entering necessary data along the way. At the end of this process, a built-in autoresponder feeds back all of the data at once, asking the customer to review it and make necessary changes before pushing that Send button one last time. This is an important step

in the confirmation process, because the customer is taking responsibility for the accuracy of the transaction.

The next confirmation contact point is typically an e-mail to the customer restating the specifications of the order—now confirming that it was understood by the company and completing the confirmation loop by sending it directly to the user's mailbox. Confirmation at this stage is important for another reason—if the customer did not place the order, or the order is incorrect, the individual can take action at that point.

Finally, some Internet marketers take the confirmation process one step further, informing the customer that the order was shipped and when to expect its arrival. This step is obviously essential if there is a delay in the order, but it is just as useful and reassuring if the order is a normal shipment. Some marketers will include instructions for tracking the shipment at this stage.

We have used an order confirmation process as an example here, but confirmation just as easily applies to an inquiry from a prospect. It is particularly useful in confirming a prospect's attendance at a seminar, for example.

Instant Fulfillment

At its highest level of relationship intensity, e-fulfillment functions as the channel for actual physical fulfillment. As previously discussed, traditional fulfillment is one of the weak links of the marketing process for many b-to-b companies. Although it may be unrealistic to convert the entire paper fulfillment process to e-fulfillment, moving toward fulfillment over the Internet has to be an attractive long-term alternative.

For one thing, e-fulfillment is environmentally friendly. Traditional fulfillment is paper based and labor intensive. E-fulfillment, on the other hand, wastes neither trees nor ink. It does not have to be produced in quantities of one, ten, fifty, or a hundred thousand. It does not have to be cut, folded, stapled, and inserted into folders and envelopes. It does not burden your staff or Postal Service workers. In short, it saves natural resources, time, and money.

Now printed literature can have a longer shelf life, because time-sensitive information can be just as easily conveyed electronically, on the Web. Collateral materials can be mirrored electronically to leverage copy and artwork.

This extends far beyond the point of a casual convenience for prospects and customers. E-fulfillment is a desirable means of delivering information almost instantaneously—at a cost that is too low to ignore. Large companies are saving thousands and sometimes millions of dollars by replacing much of their printed fulfillment with e-fulfillment. The need for printed literature still exists, but it can be substantially reduced with e-fulfillment.

E-fulfillment provides customers and prospects with a new kind of instant gratification. They can receive information instantly in an electronic form that can be viewed online or printed out and saved. They can just as easily unlock or download information of high perceived value or software that they can demo, try, and buy, right from the computer desktop. Information can even be personalized to meet the individual's specific needs and delivered free and on a regular basis to the individual's computer. Based on the individual's feedback, e-fulfillment can be further tailored.

E-fulfillment thus becomes the beginning of a relationship. You can engage your prospect or customer in a dialog, which allows you to continuously learn more about the individual's real needs. You can collect data from the prospect or customer by asking questions on electronic surveys and response forms, and then turn the answers into *marketing intelligence*. You can then use this intelligence to build a highly effective communication program, tailored to individual needs. Database-driven e-fulfillment ultimately meets the informational needs of many individuals, one person at a time.

Meanwhile, you drastically reduce the costs and lag time of traditional fulfillment. You develop an ongoing one-to-one relationship with the prospect or customer, learn more about that person's specific needs, and reap the financial and timesaving benefits of e-fulfillment.

Instant Online Help

For IT companies in particular, the help desk is a necessity, but it is becoming just as important for general b-to-b marketers whose products and services demand a customer service and support function. Now the traditional help desk can be fully Internet enabled through the “intelligent” Web page, which knows what a visitor is doing, and can provide assistance on-demand. Intelligent software agents can respond to a visitor's questions and even “learn” from the questions, offering more accurate answers as the process progresses. With the addition of such intelligent or active agents, marketers have the ability to feed individu-

alized information to Web site visitors based on the information visitors provide. For example, every time a prospect revisits a site, active agent technology recognizes the visitor, calls up the visitor's profile, and guides the visitor to specific pages that would be of interest to him or her. Ultimately, targeted content can be delivered to each visitor to a site who is in the site's database.

Using push technology means that the visitor does not even have to be online at the time. Active agent technology also allows the marketer to communicate with that person proactively and automatically, transmitting relevant information to them as it becomes available.

Another form of instant online help is the comprehensive self-service system. Primarily for customer use, this system essentially allows a Web site visitor to resolve problems via a structured, intelligent online process. This is discussed in more detail in Chapter 7.

One area of online help that is intriguing is Call Me technology. Here is how it works: A visitor is navigating a Web site and comes across a product that seems interesting. The prospect has some questions that he or she wants to discuss with a salesperson immediately. The prospect clicks on a Call Me button found on the Web site. A dialog box pops up and requests the prospect's phone number. Meanwhile, the technology is alerting a salesperson and automatically calls the prospect.

When the salesperson engages the prospect on the phone, the technology can go a step further in the sales assistance process. Now the salesperson can take control of the prospect's Web browser and actually walk him or her through product information, or redirect the prospect to other more appropriate Web pages. It is really functioning as a virtual sales call. Obviously, the salesperson attempts to convert the prospect to a customer at the close of the session.

As these Internet telephony products and services become more available, usage will expand and extend into the area of online fulfillment. Imagine a marketing future in which both prospects and customers will largely be able to get all the assistance they require via the Internet, self-directed when necessary, and enhanced by live sales support as needed.

Moving to Web-based Information Dissemination

Even if you acknowledge the need to move your paper fulfillment to the Web, how do you actually accomplish what could be a daunting, even overwhelming task?

Start by doing a thorough inventory of all of your corporate literature and other collateral information. Determine which printed materials you currently use for fulfillment and how many different types of fulfillment packages you might have in existence.

Do a reality check: Are you sending too much literature to unqualified inquiries? Are you sending the right materials to qualified leads? Lay out all of the physical pieces you use for traditional fulfillment. Look them over and classify them as follows:

- General information about your company
- General information about product lines, services, or support
- Specific information about products or services, including data sheets, bulletins, and catalogs

Now reclassify these categories into “time-sensitive information” and “other.” Put all the time-sensitive information in a priority pile. (Time-sensitive information is anything that will need to be updated periodically because of changes in specifications, deadlines, time limits, etc.)

After you have completed the classification process, you can begin to transition the printed literature to the Web. Convert the time-sensitive information first. It makes a lot of sense to look at e-fulfillment as value-added fulfillment: Instead of arbitrarily loading all of your fulfillment literature onto the Web, focus on the information that is most time sensitive and critical for the prospect to have immediately.

HTML Pages

To produce HTML pages, your printed literature will need to be converted to or written in HTML. Any graphics, illustrations, diagrams, charts, or photographs will have to be scanned or re-created. Depending on the way your information is currently stored and the HTML tools you use to convert the documents, this could be a relatively easy task, or a time-intensive, complex process.

Printed literature does not always transfer perfectly to the electronic medium. Dense blocks of text are difficult to read on a computer screen, some colors do not look the same, and photographs in particular can lose a lot of their definition on the Web because they must be converted

to a lower resolution. You would probably be wise to enlist the services of a creative resource skilled at electronic media.

HTML will probably continue to be the standard way of creating Web pages in the near term. Even with the proliferation of new technologies, HTML is prevalent across so much of the Web because it is universally viewable by any Web browser. As a result, if you are creating e-fulfillment from scratch, you can probably use HTML as the safest “language” of choice. Now dynamic HTML (DHTML) is becoming more common. Basically, dynamic HTML adds more interaction and animation to HTML, breathing new life into it. Here’s one example of DHTML: When you go to a Web site and roll over a main link, you may see the contents for that link pop up on your screen. Then you can click on any of the sublinks. Although only the latest versions of Web browsers can view DHTML, its increasing usage probably means that HTML is likely to be with us for a while.

XML

The competitor to HTML is XML, the eXtensible Markup Language. XML usage is growing, and it, too, could emerge as a standard way for exchanging data across the Internet. XML is an even more powerful language that incorporates document management technology. According to industry reports in 2001, the XML standard will facilitate Web page development because it can be used to define what data page elements contain. Reportedly, Microsoft’s .Net and Sun’s SunOne will both employ XML.

PDFs

PDFs, or PDF files, are documents that are readable by the Adobe Acrobat Reader (www.adobe.com). Adobe Acrobat has become the de facto standard tool for translating and posting printed literature to the Web. Once a piece of literature is in a PDF, it can be viewed in its “exact” format—with all typefaces, graphics, illustrations, and photographs in place—electronically. Adobe even provides an online service that automatically translates documents in most formats to PDFs. For about \$100 annually, you can get an unlimited number of documents translated via the Web.

To view a PDF, the visitor must have Adobe Acrobat Reader, but this program is free and can be downloaded from Adobe's Web site (through a link from your Web site, if you want). Typically, the visitor downloads the PDF of interest and then opens it with Acrobat Reader on his or her desktop for viewing. The document can also be printed—but it cannot be modified in any way unless the visitor has the full version of Adobe Acrobat.

The PDF format avoids the time-consuming task of converting fulfillment literature into HTML, because converting printed documents to PDF is a fairly simple process of scanning and saving. You will notice that a majority of sites with heavy-duty information content that originated in printed format offer that content as PDFs.

After you have transitioned to e-fulfillment, it is much easier to modify and disseminate content on the Web than via traditional methods. You can continue to convert printed literature into Web-based formats via HTML or into PDFs. Modifications can then be made in electronic format.

Benefits of Electronic Information Dissemination

1. *Updating is easy and fast.* Unlike printed literature, product information can be updated in real time and published on the Web on a moment's notice. This is a major benefit to companies who now depend on product data sheets and price lists. This type of information typically undergoes constant change. Printed formats take time to produce and the cost is high, especially for small print runs.
2. *Electronic product catalogs can be offered to prospects and customers.* As with a traditional catalog, the electronic catalog is a compendium of product information. Unlike a printed catalog, however, the electronic catalog can be updated frequently and kept current all the time. A properly designed electronic catalog can also be much easier to navigate and cross-reference than a printed catalog.
3. *Lead generation offer fulfillment is a natural for the Web.* You can encourage a prospect to respond via a campaign-specific URL and ask for a Web response form to be completed. When the

form is sent, the prospect can instantly receive a copy of the offer, if it is information, or a demonstration or trial, if it is software. If you collect a prospect's e-mail address and ask permission to use it, you can then establish an e-mail communications program, again reducing the need for traditional mail contacts.

You could also use the Web to facilitate an online contest. A simple postcard mailing I received from one b-to-b marketer offered to enroll me in a monthly contest with cash prizes. The card carried a special number that, if entered on the company's Web site (along with other information, of course) would qualify me to win. This type of promotion is likely to generate a high number of false positives—individuals interested in winning, but not necessarily interested in the company's product—but it is an interesting concept that may have merit depending on the circumstances.

4. *The Web facilitates individualization of online fulfillment.* Here are a few examples:

- Online fulfillment can be easily individualized by relating the response received to the corresponding information. For example, each answer to a question could be linked to a particular Web page or dynamically generate the specific information of interest to the inquiring individual.
- Web sites with search tools allow visitors to find the specific information they are looking for, quickly and easily. As the amount and depth of content increases, search functionality will become a necessity for many sites.
- Solution databases are increasing in popularity as marketers build areas into Web sites that help prospects and customers customize their search for solutions. A database of potential solutions is created and the visitor is invited to define certain criteria to execute a search. The search then picks the most appropriate solution(s) and delivers the proper Web pages to the visitor. The visitor gets the impression that the solution has been customized to his or her needs when, in fact, it was simply assembled from information residing in a searchable database.

The CD/Web Connection

Now that virtually all PCs are being manufactured with high-speed CD drives, it is a rare software program that is delivered on diskettes. Most software, from operating systems to applications to games, is disseminated via CD or over the Internet. As a result, the CD is enjoying new popularity among business-to-consumer and b-to-b marketers alike.

Do you know anyone who *has not* received an America Online CD in the mail? AOL has grown its subscriber base to nearly 29 million, largely because of this direct marketing technique. I bought a music CD recently, only to find that America Online had worked a deal with the music company to put its software on it.

The CD, as a marketing medium, has great value due to a number of significant benefits:

- CDs hold a huge amount of data, so a marketer is unlikely ever to run out of room, no matter how much information must be conveyed.
- Depending on the speed of the user's CD drive, a CD can contain remarkably sophisticated programs, incorporating everything from sound to motion to movies to fully integrated multimedia productions. With newer CD drives, speed will not be an issue; in fact, a CD-ROM that runs at 20× is twice as fast than a T1 Internet connection, and now 50× drives are becoming standard. The implications are that CDs can offer much faster delivery of graphics-rich, data-intensive content than can the Internet for most users.
- CDs take advantage of the one-to-many software manufacturing principle: The first one, or the master, is expensive to produce, but subsequent copies are cheap. That is one of the reasons America Online can distribute millions of CDs through the mail.
- CDs are durable, lightweight, stable, nonmagnetic, and nearly indestructible. This makes them ideal for mailing purposes. They can be silk-screen printed with colorful graphics and packaged in everything from CD cases to simple paper covers. Because they are hard goods, they have a perceived value associated with tangible items.

- CDs can be built as hybrids—they can feature collaboration between the content on the CD and content on the Web.
- A CD can be programmed to provide seamless access to a Web site through the user's Web browser.

Some marketers have figured out a way to turn the CD/Web connection into a direct marketing concept. They utilize the CD as the core of a promotional mailing to select prospects, using Web-style content on the CD, and tell the recipients to go to a Web site or call an 800 number to unlock the CD content. Of course, the CD content better be worth it. This is no different than getting a key from a software vendor to unlock and use a program from a CD, but it is a novel way to leverage the CD/Web connection.

The Kiosk/Web Connection

Although kiosks are primarily used in a retail environment, their time may be coming as a viable b-to-b marketing tool that puts even more prospects in touch—literally—with your products.

Interactive kiosks with touch screens are now in use as informational vehicles in malls, retail stores, and airports. A shopper with no computer skills can walk up to a mall kiosk and locate stores. In the retail store, the shopper can locate departments and read about the day's sale items.

Now there is a growing trend for kiosks to be Web enabled. A kiosk can be designed to house local versions of Web sites and pages so that a connection to the Internet is unnecessary. Web-enabled kiosks suggest a host of future possibilities for business-to-business marketers. They may be particularly effective in reaching the growing SOHO (Small Office Home Office) shopper.

In fact, the Internet is now being used to enhance the traditional in-store retail experience. According to a report in *BusinessWeek e.biz* (June 4, 2001), Kmart installed 3,500 kiosks at its stores and found that, five months later, 20% of online customers at BlueLight.com (www.bluelight.com) came from in-store shoppers. The report says that after adding kiosks to its stores, retailer REI found customers who make online and in-store purchases spend more money than just in-store shoppers.

Internet-enabled kiosks are making their move not only in stores, but in places where businesses can reach business people—like airports. Typically, these are kiosks that are really enhancements to phone service, offering business travelers the ability to send a fax or check e-mail, but it may not be long before they also allow travelers to request information online or even place orders for products online.

Telecommunications carriers are also using touch screens with telephones and mini-kiosks to enhance telephone service. These interactive devices may not be Internet enabled today, but they could be in the future. The technology to turn kiosks into freestanding Web stations is already here—it is just a matter of implementing it. Airlines are already offering online kiosks for e-ticketing at airports, and e-mail access at airports is becoming more common.

It will not end there. The Internet is making its appearance in the most interesting, and sometimes unusual, places. Some bank ATMs offer Web browsing. Web pages are popping up in office building elevators and even restrooms.

Future Information Dissemination Channels

You are likely to see many variations on the theme when it comes to future information dissemination. Some emerging concepts promise to make future e-fulfillment even more effective. One area of fast growth on the Web in the b-to-b space is the *Web community*—a kind of online mall, but with true community components, such as discussion forums, chats, newsletters, job banks, and more.

The Web community is a place where information—lots of it—is shared by companies with common interests or goals. The information providers pool their information to an information publisher, which sponsors a single super-site to disseminate the information.

Web communities function as large electronic directories or catalogs of information for a rich variety of sources, each of which is available on or accessible through a single site. Communities also offer information providers the ability to interact with their constituency and effectively expose new audiences to the providers' messages. In most cases, communities are free to users, as long as the users register (and therefore provide contact information that can be used by both the community and the participating information providers).

In addition to communities whose primary goal is to disseminate information, there are now b-to-b communities whose primary goal is to sell products from a single location. These communities are especially interesting because they are redefining the rules of e-commerce. Typically, a consortium of companies agrees to place its products for sale on a single site, providing customers with a single point of contact, a single invoice, and centralized order processing. These companies extend their presence, their buying power, and their market by collaborating. Communities have become such a significant trend, in fact, that an entire chapter is devoted to the topic.

Another Internet growth area that has ramifications for b-to-b marketers is the information consolidator or reseller, sometimes known as “infomediaries.” These are companies who leverage information and either distribute it in new ways, or sell it in the form of packaged services. About.com (*www.about.com*) is a good example of a consolidator. The site collects information and distributes in the form of communities hosted by human guides. Information syndicators such as Screaming Media (*www.screamingmedia.com*) and Yellow Brix (*yellowbrix.com*) consolidate Web information, repackage it, and sell it.

Creating Online Demos and Trials

E-fulfillment holds great promise in the context of printed information that is converted to the electronic medium, but there is an even more exciting aspect to e-fulfillment—online demos and trials. The Web has become a major marketing medium for information technology marketers—primarily software companies—who use it as a giant arena for delivering online product demonstrations and trials. An online demo of a software product can be executed in a few different ways. Probably the least desirable is an actual interactive demo that happens on the Web in real time. A live demo can be affected by too many factors beyond the marketer’s control—the Internet connection or Web traffic, the nature of the user’s transmission device, the target computer’s capabilities, and so on. Nevertheless, some marketers execute fast-running live demos in real time over the Web.

An alternative is the online demo that simulates the product’s capabilities or includes a partially live demonstration. This type of demo is more of a guided tour or walk-through of the software—it allows some

limited, preprogrammed interaction by the prospect in an effort to convey the basic product benefits and features. A demo of this sort is effective if it is tied together with an offer of a full CD demo—which the prospect can request in return for a completed Web response form.

The most common demo format is the download. (Yes, there is an entire Web site devoted to software downloads, at *www.download.cnet.com*.) The download is typically a compressed file that the prospect copies, expands with common utility software, and then opens on the computer desktop in offline mode. The download has several advantages:

- The prospect does not have to be online to interact with the demo. The demo runs off of the prospect's computer, not off of the marketer's Web site.
- The demo can contain multimedia (sound and motion), as well as interactivity, that is unencumbered by the technology issues surrounding electronic media transmission.
- The demo can be delivered online, instantly, and free—the prospect does not have to wait for a disk or CD to arrive.
- The demo can also be set up as a *trial*—it can be the real software product that the prospect tries for a period of time and then purchases if desired. In such cases, the software is programmed to time out after 30 or 60 days.

That is all well and good for software companies, but what if you are a b-to-b direct marketer selling something else? You have the ability to use the online demo or demo download as well—just think creatively. For example, music companies now allow prospects to sample CDs on the Web prior to purchase. Movie companies encourage fans to download clips of forthcoming feature films.

Does your product lend itself to a multimedia presentation? How about creating a multimedia, interactive offer that relates to your product or service? Or maybe you can collaborate with another marketer and offer something of value together. The possibilities are endless with this kind of e-fulfillment.

Order E-fulfillment and Distributing Live Products Over the Internet

Order e-fulfillment is crucial to the success of any e-commerce operation. It appears, however, that for many companies, e-fulfilling orders is no easy task. In May 2000, Bain & Company in association with Main-spring issued a series of studies that suggested order e-fulfillment needed to be significantly improved. During Mother's Day 2000, the studies said, as many as 30% of all orders were unfulfilled.

The ultimate in instant gratification is when a customer can receive a live product online. Entire companies are being built around the concept of electronic product delivery—some at the outset, and some because they have no choice. Consider the case of Egghead, a company that, at its high point, sold software in 250 retail stores. Then, on the verge of bankruptcy in January 1998, Egghead announced it would close its remaining 80 stores, change its name to Egghead.com, and move its entire sales operation to the Web. The company literally reinvented itself as an online merchant and aggressively marketed its products through affiliate programs. Egghead.com offered a discount software superstore, a computer products superstore, an online liquidation center, and online auctions at its heavily trafficked site. In July 1999, Egghead.com merged with Internet rival Onsale.com (*www.onsale.com*) in a deal valued at \$400 million. But in 2001, the company declared bankruptcy.

Although endless numbers of companies are selling and delivering software via the Internet, more than a few are inventing entirely new ways to fulfill their customers. CyberMedia (*www.mcafee.com/cybermedia*) was so successful at it, they were purchased by the McAfee Software Division of Network Associates. CyberMedia saw the potential of e-fulfillment and created a novel product called Oil Change, which has become a software bestseller. You install Oil Change on your PC and it checks the software you have, goes on the Internet, and finds, downloads, and installs the appropriate updates, patches, and bug fixes for more than 6,500 software programs. Oil Change costs less than \$50 and is continually updated via the Internet on a subscription basis for a few dollars a year. It could represent a new class of facilitating software that will make the Internet all the more useful for the businessperson and consumer alike.

Anything that can be committed to an electronic format can be distributed live over the Internet. Any product with information at its core can be delivered over the Web. Information products—research reports, survey results, white papers, subscription e-mail newsletters, and the like—are all being sold electronically.

One of the b-to-b success stories on the Internet is The Wall Street Journal Interactive Edition (www.wsj.com). The venerable business daily has aggressively marketed its Internet version with a two-week free trial, offering print subscribers the special price of \$29 annually, versus \$59 for new, non-print subscribers. Dow Jones, the publisher, wisely made sample content from the Interactive Edition available free on the Web site so that nonsubscribers could see its value. The Interactive Edition already has a paid subscriber base of several hundred thousand. Media reports in May 2001 indicated that *The New York Times* would follow suit with paid services.

The line between electronic inquiry fulfillment and order fulfillment continues to blur. B-to-b marketers are anxious to find new ways to qualify prospects, shorten the sales cycle, and, if possible, get prospects and customers to purchase over the Internet. Even if the product itself is not Web deliverable, product update and service information can easily be electronically delivered via e-mail or over the Web.

Internet-enabled delivery of products obviously goes beyond the scope of electronic lead fulfillment. It is an area the b-to-b marketer should carefully watch. As information and services become products, the Internet becomes a powerful delivery channel for them.

Ultimately, the potential for order e-fulfillment is virtually unlimited for IT marketers. The cost reduction associated with order e-fulfillment is tantalizing. According to the Organisation for Economic Co-operation and Development (www.oecd.org), it costs just \$0.50 to distribute a software product electronically versus \$15.00 traditionally. And it doesn't just have to be software.

Airlines and e-travel services are seeing enormous benefits from order e-fulfillment. Airlines encourage online customers, particularly business travelers who order last-minute tickets, to use electronic ticketing instead of paper tickets. E-tickets have substantially reduced the cost of doing business for airlines, and the growth of e-ticketing by airlines and travel services such as Biztravel (www.biztravel.com), Expedia (www.expedia.com), and Travelocity (www.travelocity.com) is expected to skyrocket. In mid-2001, Orbitz (www.orbitz.com) was launched by several airlines to further take advantage of this market.

E-fulfillment Resources and Services

Listed here are just some of the many services available to b-to-b marketers that may help facilitate e-fulfillment. Numerous customer relationship management (CRM) products and services now include e-fulfillment components, so if you need a broader solution, you would be wise to expand your search to CRM tools. We will discuss CRM in further detail in the next chapter.

DHL (*www.dhlmasterclass.com*)

DHL, an air express company that specializes in international package delivery, offers a site called DHL Masterclass to assist small and medium-size companies transition from traditional to e-business. The site includes resources, information, and tips on fulfillment, logistics, customer relationship management, and supply-chain management.

FedEx (*www.fedex.com*)

FedEx has taken a new turn in e-commerce and fulfillment with FedEx eCommerce Builder, a service to help small and midsize companies build online stores. The FedEx service links the company's electronic delivery and tracking capabilities to each online store, which can be set up in a matter of minutes.

MarketFirst (*www.marketfirst.com*)

MarketFirst is a software company that provides a true end-to-end, comprehensive automated marketing platform. MarketFirst offers a marketing knowledge base, campaign design and execution technologies, workgroup collaboration, real-time media preference management, and reporting and measurement capabilities in an integrated, open computing environment. Their eMarketing Blueprint applications are templates that get systems up and running quickly. MarketFirst also offers Web hosting services to allow immediate implementation of automated marketing programs.

MarketSoft (*www.marketsoft.com*)

MarketSoft has a solution that it says solves the lead management problem. MarketSoft's eLeads is an Internet-based system that combines e-business with traditional selling models to ensure that the right leads get to the right people at the right time, measuring results as part of a closed-loop process. MarketSoft's eOffers improves the timeli-

ness and relevancy of offers and promotions delivered to customers. Both products combine to form The Marketing Network, which the company says can accelerate buying cycles and sustain the growth and retention of new customers.

NetQuartz (*www.netquartz.com*)

If you use trial downloads or CDs to sell software, NetQuartz offers an interesting product called LinkStudio that lets you track, control, and communicate with your prospects over the Internet while they are running your trial. When prospects actually run the trial, LinkStudio informs you, and a built-in e-mail service allows communication with each active user during the trial. LinkStudio also handles beta feedback, online software rental, license management, and secure rights management.

Netship (*www.netship.com*)

Netship allows small and medium-size businesses to set up their own nationwide distribution network. Netship has networked over 450 Netship centers across the United States through its Web site to provide local support, competitive rates, and service through major shipping carriers. Netship centers act as virtual warehouses, holding inventory and picking, packing, and shipping orders on demand. Using Netship.com, a company can get instant online quotes and up-to-the-minute shipment warehousing, packaging, fulfillment, tracking, and inventory control. Netship is operated by a major package delivery franchiser, Parcel Plus, Inc.

SubmitOrder (*www.submitorder.com*)

Claiming to have coined the term “e-fulfillment,” SubmitOrder.com is a pure e-fulfillment service provider. The company provides e-fulfillment customers with everything from Web site development to inventory management; order fulfillment and processing; pick, pack, and ship services; and integrated call center services. E-fulfillment strategic planning and integration, e-tail distribution, customer response, and e-tail business support are also parts of the service.

UPS (*www.ups.com*)

UPS, the world’s largest express carrier and package delivery company, has done nothing short of reinventing its traditional business to become an e-fulfillment and e-commerce leader. In April 2000, UPS received the

prestigious MIT Sloan School of Management Clicks & Mortar Award for “the greatest advancement in integrating both physical and online business practices.” UPS has developed the fastest and most advanced Internet-based package tracking system, along with UPS Document Exchange, the digital Internet delivery service; eVentures, an e-business incubator for Internet start-ups; and UPS OnLine Tools, which enable businesses to integrate transportation information throughout their Web operations and other business processes. In April 2000, UPS Capital Corporation, the financial services arm of UPS, announced that it would offer b-to-b customers the first fully integrated means to link the delivery of goods with information and the accelerated delivery of funds via EBPP (electronic bill presentment and payment) solutions.

Building Customer Relationships

Customer relationship management (CRM), second only to e-commerce, has become the fastest-growing area of Internet marketing. AMR Research (www.amrresearch.com) estimates that the market for CRM will grow to \$16.8 billion by the year 2003, from \$3.7 billion in 1999. Jupiter Media Metrix (www.jmm.com), in a June 2001 study, found that 74% of businesses said they would spend more money on CRM infrastructure in 2001 than in 2000. Jupiter also indicated that the number of individuals seeking online customer service will rise from 33 million in 2001 to 67 million in 2005.

In many ways, the Internet has become a symbol of the ultimate customer relationship for both business-to-consumer and b-to-b marketers. A survey of business executives by Bain & Co., released in May 2001, indicated that CRM was the fastest-growing management tool. But there is much evidence that Internet-based customer service has a long way to go. According to eMarketer (www.emarketer.com), a January 2001 study of 200 e-businesses conducted by Critical Research indicated that 93% of business buyers regularly have problems during online business sessions. A study released in May 2001 by Jupiter Media Metrix looked at b-to-b customer service in particular. It found that, although 96% of b-to-b companies offer e-mail customer support, 29% of them never responded to basic customer service inquiries. Only 41%

of the companies responded to e-mail inquiries within six hours, and half of those were considered unsatisfactory responses. This is what customer defections are made of. According to a CRM report issued by eMarketer citing studies by Harvard Business School, by simply reducing customer defections by 5%, a company can increase its profits by more than 25%.

eCRM is the latest buzz word. Innovations such as customer self-service areas, Internet-based help desks, intelligent search engines, solution databases, and Call Me buttons on Web sites and in e-mails are e-enabling customer relationships. Yet, for many, CRM is still a promise unfulfilled.

In this chapter, we look at what the Internet has to offer to b-to-b marketers who want to build and enhance relationships with their customers.

Building Better Customer Relationships

The business reality of today and tomorrow is that customers have many choices—and they are exercising their options aggressively. As one piece of evidence of the dramatic shift in customer loyalty, you would be hard-pressed to find any IT manager at a sizable company in the world today who would brag about his or her fierce loyalty to a single computer manufacturer. There still may be IBM shops or HP departments—but commingled hardware is as common in most IT organizations as coffee and creamer are in the company cafeteria. That is why one of the fastest-growing businesses in the IT industry is systems integration. If anything, hardware and software companies are developing products that work better together with their competitors' products than ever before. Now, a major computer company's service organization is often as skilled in servicing its competitors' products as it is in servicing its own gear.

This is just as true of any customer-driven business. Unfortunately, your customer is just as likely to be your competitor's customer. Buyers are not exhibiting the kind of loyalty that may have anchored their purchases in the past. Products are more commoditized, and choices are many. Where loyalty does exist, it is frequently connected to the service and support provided by a company rather than to the product itself.

The issue of customer loyalty has pervaded business to such an extent that perhaps the number one business book topic in the past few years (other than the Internet) is customer service and customer loyalty. There are business conferences and seminars devoted to customer service, magazines that highlight it, and Web sites that discuss it, such as CRMCommunity (www.crmcommunity.com), CRMDaily (www.crmdaily.com), and CRMGuru (www.crmguru.com).

Marketers now use numerous programmatic techniques to attack the issue of customer loyalty. Arguably the best-known customer loyalty program in existence is the frequent traveler program. Pioneered by major airlines, frequent traveler/frequent buyer programs now abound. Hotels and rental car companies have them. Restaurants participate in them. Some credit card companies turn them into Membership Miles (American Express) or other kinds of frequent purchase rewards programs.

To what extent do the airlines' frequent traveler programs really create loyal customers? Opinion is mixed. Although frequent business travelers will often select an airline because they are building mileage credit, they will just as often join numerous airline frequent traveler programs so that they can switch airlines with little downside effect when the need arises. Industry data seems to suggest that the top priority of most frequent business travelers is flight schedule, not the mileage credit accumulated in an airline's frequent traveler program, which brings into question the effectiveness of such programs in truly cementing customer loyalty.

Brand preference in the airline industry may be a bad example. Domestic flights have so proliferated that one airline's schedule is sometimes indistinguishable from other airlines. Frequent travelers complain that the same is true of the service. The fact is that the traveler has so many choices that no airline is a clear-cut winner. That phenomenon is pervasive in other businesses as well. Look at the credit card, automobile, and gasoline industries.

Competition always seems to exist for b-to-b marketers, whether it is direct or indirect. Even channel conflict can play a role in fostering unwanted competition. The trick, then, is to create reasons, even opportunities, for your customers to gravitate toward you when the need arises. More to the point, your goal should be to *create loyal major customers*—buyers who continue to do business with you, preferably building a more important mutually beneficial relationship with your company over time.

Using the Internet To Learn What Customers Want

There are two basic strategies you will need to employ concurrently to build better customer relationships with the Internet: maintaining ongoing relationships with your most valued customers, and moving other customers up the marketing pyramid so that they can reach most-valued-customer status.

Maintaining Ongoing Relationships with Your Most Valued Customers

What do *you* value most about a business relationship? Is it the fact that the other party knows you personally? Understands your needs? Keeps in touch? Makes you aware of valuable offers, new products, and other useful information? Provides you with superb service? Solves problems quickly and to your satisfaction? Remembers what you like? Makes it worth your while to continue the relationship? Shows appreciation for your business?

It is probably all of these things—some of which may be more important to you than others. It is that complex thing called the business relationship, and understanding all of the attributes of the business relationship is the beginning of successful customer relationships.

By combining database marketing technology with the customer-enhancing power of the Internet, it is within your reach to develop a one-to-one relationship with your customer. In fact, it is the Internet that now offers marketers the missing piece of the customer relationship puzzle: real-time interactivity.

You can start at the most basic level of Internet customer marketing by implementing an *e-mail customer survey*. Collect customers' e-mail addresses, construct a simple survey that polls them about their needs, and send it out. Make it easy for customers to respond—tell them to simply put X marks next to multiple choice answers. Provide a space for additional comments, but keep open-ended questions to a minimum. Then ask your customers to reply to the e-mail survey by a specified date.

Alternatively, invite customers via e-mail to participate in the survey by visiting a special URL. Set up a Web page of questions, similar to a Web response form. That way, you can employ a user-friendly format to take the answers to survey questions.

Your customers have a vested interest in providing you with feedback. Some companies spend thousands of dollars holding in-person focus group sessions with a small number of customers to learn about their needs. Others invest in telemarketing surveys that never get through to a majority of their customers. A customer e-mail survey offers you the opportunity to inexpensively break through to many customers at once and get useful data quickly. Traditional direct mail customer surveys are known to generate 15%, 20%, or even higher response rates. You should be able to achieve that kind of response with a customer e-mail survey.

If you are in a position to go beyond the e-mail survey, you should consider building some sort of customer relationship program via the Internet, if only with your most valued customers. Your program could be as simple as a periodic e-mail newsletter delivered to a customer's e-mail box each month or as elaborate as a menu of customer-driven information choices, personalized to each individual's special requirements and needs, or it could become the Internet version of a *customer loyalty program*.

B-to-b marketers are executing Internet-based customer programs that are models for success. For example, some years ago, IBM (www.ibm.com) created a customer contact program called Focusing on You that makes methodical use of a customer marketing database and uses the Internet as the information delivery vehicle. IBM diligently captures customer data and aggressively applies it in a consensual database program to understand and meet customer information needs on a completely individualized basis.

Focusing on You is not based on pie in the sky technology—it relies primarily on e-mail and the simplest of Web site pages. The real key is the strategy behind Focusing on You, as Michelle Lanter Smith, direct marketing manager for IBM, explains:

It is very tempting as the marketer of a product or service to try to control the messages you want delivered to your customers. However, in today's reality of competition and easy access to numerous sources of information, it is not a strategy that will work very long or very well. Customers know that they have much more power than they had yesterday, so they expect to be able to control the information they receive, especially from a large vendor like IBM. With the Focusing on You program we give them that power. We ask them to tell us what they want to hear about (they select from topics listed on

an interest profile) and then we store this information along with demographic data on a relational database.¹

You can see from this program description that IBM's philosophy is to empower the customer in the relationship. The company lets customers make the decision as to what they want to receive in the way of information, and even how they wish to receive it.

The benefits of a program such as Focusing on You extend beyond the value inherent in building solid customer relationships:

- The data received directly from the customer is much more valuable than purchased data, says Lanter Smith, because it is straight from the source. Because the data is not being filtered through another party or purchased from an outside source, IBM gets to hear what its customers want, first hand.
- Lanter Smith reports that the company has seen significantly higher responses in many instances when comparing e-mail campaign messages to direct mail results. Results are fast too—one e-mail campaign generated one third of all responses in just 24 hours. Additionally, there is some evidence that pass-along of e-mail is beating direct mail pass-along by two to one.
- The program is extremely cost-effective because it relies heavily on e-mail marketing. Lanter Smith estimates that sending customers traditional printed materials, such as brochures and binders, as part of a one-to-one customer relationship program is at least ten times more expensive than e-mail communications.

Moving Your Customers Up the Marketing Pyramid

The second basic strategy is to move other customers up the marketing pyramid—until they reach most-valued-customer status. The marketing pyramid is a visual way of depicting customer value. It helps you separate customers into groups, typically from the greatest number of customers at the bottom of the pyramid to the smallest number of customers at the top.

Look at the marketing pyramid in Figure 7.1 and you will see that there are five segments, from A at the top to E at the bottom. As cus-

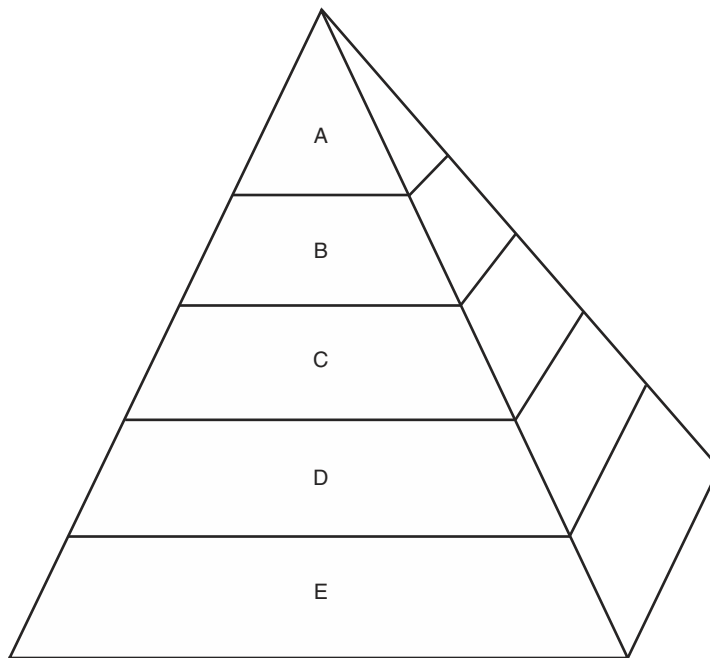


Figure 7.1. The “marketing pyramid” can be used to divide an audience into segments, from largest and least valued (E) to smallest and most valued (A) .

tomers move from E up to A, they are building a relationship with your company. For example, perhaps the customers in segment E purchased a single product from you, but the customers in segment C purchased several products along with support services.

As customers move up the marketing pyramid, they increase in value to your company. Generally in b-to-b companies, you will find that the number of customers in each successive segment is smaller. That’s why the customers at the top are the most valuable, because they do the most business with your company. Some customers may never get there, but cultivating customer relationships will surely move others to that Golden Triangle at the top of the pyramid. The very special customers in the Triangle may only make up 20% of your customer base...but they could be responsible for 80% of your revenue. (This, by the way, is the 80/20 Rule, a common marketing paradigm.)

One logical way to move customers along is upselling. Upselling is a technique that marketers can use to encourage customers to purchase additional products or services. B-to-b marketers are experts at upselling. For example, if people purchase a computer system directly from a computer manufacturer, they will undoubtedly be a target for upselling. Not only will they receive notification of the availability of other computer systems, perhaps at preferred customer pricing, they will also receive a host of promotions from other company divisions. They may receive a catalog of software marketed by the manufacturer that relates specifically to the system purchased. They may also be notified of supplies or accessories available directly from the manufacturer (sometimes called aftermarket selling). They will almost certainly be solicited by the company's service organization.

The customer upselling practice has been easy to implement through telemarketing, direct mail, and retail outlets, and it is now possible to implement it online with newer database-driven Web technologies. Marketers can use the information from their customer databases to dynamically generate Web pages that are individualized to a customer's needs. Pages can even be generated on the fly as a customer "walks through" a Web site.

The potential for upselling and cross-selling products to customers is sure to increase dramatically as the appropriate Internet tools become increasingly available. In fact, the very concept of customized Web pages is likely to drive customers higher up the pyramid.

We can use IBM as an example here as well. IBM created Gold Service (Figure 7.2) to recognize special corporate customers more than five years ago and has expanded it to more than 300 corporate customers. Today, each Gold Service customer gets access to a special IBM Web site developed just for the organization's individual needs.

IBM encourages usage of the special site by direct mailing Welcome packages to every executive and IT staff member at the customer. The Welcome package includes a personal profile survey that helps IBM personalize all further communications. Virtually 100% of the respondents choose e-mail as their preferred method of correspondence.

According to B2B Marketing Biz (www.b2bmarketingbiz.com), IBM reports that average revenues for accounts enrolled in the Gold Service Program increase by more than 30% per year. Response rates to e-mailed offers can reach as high as 16%, with up to 22% of responses coming from colleagues of users in the database who received pass-along e-mail offers.

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This is an exciting time to be an IBM Gold Service customer. As one of our very best PC customers, you can now take advantage of a range of enhanced services and benefits. And this Web site is where you can find all the details. Our goal is to add even more value to IBM Gold Service, making it an essential part of the USDA.

To continue delivering the products and services relevant to you and the USDA, it's helpful to know more about your needs. If you have your access code, enter it below and check the job function that best applies to you. (If you don't have an access code, simply indicate your job function and click Send.)

Access Code

Which best describes your job function?

- ☐ Executive/Senior Management
(e.g., CEO, CIO, Officer)
- ☐ IT Management/Staff
(e.g., LAN Manager, Network Administrator)
- ☐ Purchasing/Procurement/Finance
(e.g., Controller, Purchasing Agent)
- ☐ Department Head
(e.g., VP, Director, Group Head, Manager)
- ☐ Other Staff
(e.g., Researcher, Specialist, Analyst)

Send

Figure 7.2. IBM created “Gold Service” to recognize special corporate customers, who can gain access to an IBM Web site developed just for them.

Internet-Based Customer Service

Customer service is a primary area that can keep your customers satisfied and intensify their relationship with your company. Internet-based customer service can now incorporate customer call centers built on Internet telephony technology, interactive chat rooms, and 24-hour-a-day, 7-day-a-week customer service support areas with “smart” databases that help customers solve their own problems.

New customer service products abound—some of which are remarkable. Here is a sampling of just some of the innovative companies offering products and services in this burgeoning area.

Aspect (www.aspect.com)

Aspect's approach is to create a Customer Relationship Portal, a package of software products that perform a range of Customer Relationship Management tasks. The company says its multimedia portal makes it possible to accept contacts from customers via fax, e-mail, the Web, and the telephone, and route them to a single contact center where agents can handle all media according to established criteria. Agents can then communicate with Web customers using text chat, IP telephony, or whiteboarding, or answer e-mail with software that allows them to reply using prewritten responses.

BEA (www.beasys.com)

The BEA E-Commerce Transaction Platform is used by such companies as Amazon.com, FedEx, Kaiser Permanente, DIRECTV, and United Airlines. Amazon.com uses it to help its customers shop for an increasing variety of products over the Web. FedEx uses it for its package tracking and logistics system, which handles an average of 36 million transactions daily to track 3 million packages delivered to 211 countries every weekday.

Bowstreet (www.bowstreet.com)

Bowstreet's Business Web Factory uses templates that contain data, behavioral information, procedures, and business policies so that programmers can quickly establish Web pages. With the templates in place, nontechnical managers can then create their own Web sites for a customer or groups of customers, simply by linking the templates that define customer relationships.

Brightware (www.brightware.com)

Intelligent agents are one of the keys to facilitating personalized customer service on the Internet. Brightware offers Answer Agent, which fields questions from customers and replies itself via e-mail. Answer Agent generates information for the customer on the fly, based on the questions asked, right up to the point of ordering, if appropriate.

Broadvision (www.broadvision.com)

Numerous companies provide Internet-based personalized customer communications solutions, but it was Broadvision who first appropri-

ated and trademarked the concept of one-to-one marketing on the Internet. Broadvision One-to-One is a software application system for large-scale personalized Internet, intranet, and extranet business applications. As one example of its success, Broadvision reports it helped GE Supply achieve a 90% unassisted order rate with a 42% increase in the size of online orders.

ePage (*www.epage.com*)

ePage is a solution developed by HomePage.com, a home page Application Service Provider. ePage allows users to easily create a personalized Web page for each customer where product information is stored and managed. Customized information, such as product warranties, owner manuals, and purchase and customer service records, is maintained to create a one-to-one relationship.

E.piphany (*www.epiphany.com*)

A comprehensive solution of interest to IT marketers might be the E.piphany e.4 System from E.piphany. This Enterprise Relationship Management suite of 16 Web-based, packaged solutions is designed to mass customize one-to-one interactions, says the company. With such users as Charles Schwab, Hewlett-Packard, KPMG, and Wells Fargo, the company's technology is helping to drive the concept of one-to-one customer relationship building.

eShare Technologies (*www.eshare.com*)

A total solution provider of Customer Interaction Management (CIM) solutions, eShare Technologies has more than 2,200 customers, including AOL, AT&T Worldnet, and Lycos, in over 30 countries. The company offers unified Web and telephony interactive customer contact management, including e-mail response, real-time customer interaction, chat and bulletin boards, instant messaging, and inbound/outbound and contact management.

Kana (*www.kana.com*)

There is now an entire breed of software serving what is known as the Online Customer Management (OCM) market, which, by 2002, should reach close to \$700 million, says Forrester Research. A leader in OCM (or eRM, Enterprise Relationship Management) is Kana, which has acquired a number of companies in pursuing an aggressive growth

strategy. In December 1999, Kana acquired Business Evolution, Inc. (BEI), a supplier of Web-based customer assistance and support software, and NetDialog, a provider of self-service customer care solutions. In 2000, Kana merged with a leading provider of customer self-service, Silknet. One of the first vendors to successfully enter the customer support market, Silknet created eService customer interaction software, an enterprise-wide Web-based customer interaction application that extends beyond a company's call center out to the customer. It integrates multiple means of customer interaction, allowing the management of phone, e-mail, and Web communications, all in one application. In early 2001, Kana merged again with Broadbase, a CRM software vendor.

LivePerson (*www.liveperson.com*)

LivePerson's technology allows visitors to e-commerce sites to engage in real-time text conversations with customer service representatives. Customers can instantly chat online to ask questions, make inquiries, and receive assistance from live people. LivePerson acts as a service bureau or network, so no hardware or software installation is required. In just a few months after being founded, LivePerson had signed 50 major e-commerce sites as clients.

NativeMinds (*www.nativeminds.com*)

NativeMinds creates vReps, or virtual representatives, automated customer service and support agents who answer customer questions via conversational dialog. NativeMinds says vReps can answer queries directly in real time, enable users to find information quickly and give feedback, encourage return visits and longer stays, lead users through the process of choosing and buying things, be aware of what users are looking for, provide information on customer habits, and escalate to a live representative or automated e-mail response when necessary.

Net Effect (*www.neteffect.com*)

Acquired in late 1999 by search engine AskJeeves, Net Effect provides a live help service, using a client's own customer care agents or those provided by Net Effect in partnership with major national call centers. Net Effect's service enables real-time, text-based conversations between e-businesses and their customers, and users include VerticalNet, The Right Start, and Southwestern Bell.

Net Perceptions (www.netperceptions.com)

In May 1999, Net Perceptions won the first MIT Sloan E-Commerce Technology Innovator Award for “the technological innovation with the greatest potential to further revolutionize Web-based commerce.” That technology is collaborative filtering: real-time recommendation technology that learns more about each customer’s individual needs and preferences with every interaction, and then makes increasingly personalized product and service recommendations.

PeopleSupport (www.peoplesupport.com)

PeopleSupport provides a suite of customized customer care services including live text chat, personalized e-mail reply, telephone services and interactive self-help. The company offers complete outsourcing, software and infrastructure hosting, customer care consulting, and training.

Revenio (www.revenio.com)

Revenio’s product, Revenio Dialog, is an e-marketing solution that helps marketers continuously improve customer satisfaction by engaging customers in ongoing, highly personalized conversations or dialogs across any channel. Revenio Dialog automates the process of responding with timely and compelling communications to move customers more effectively across the sales cycle.

Teradata CRM (www.teradata.com)

Teradata, a division of NCR, provides advanced analytic solutions such as enterprise data warehouses. In April 2000, NCR acquired Ceres Integrated Solutions and one year later, Teradata CRM Version 4.0 was introduced. The solution takes advantage of information in a company’s data warehouse, presenting marketers with analysis, action, evaluation, and learning from within one tool.

Internet Telephony and Customer Service

Frost & Sullivan says the VoIP (Voice Over IP) market will grow to close to \$2 billion through 2001. Already several vendors have staked a claim in this arena, both on the product and service provider side. The area with the most activity in this space is Call Me. Marketed by differ-

ent companies under different names, the concept is basically the same: A visitor comes to your Web site. He or she is interested in learning more about a product or service—more than the Web page provides. The visitor sees a Call Me button on the page, clicks on it, enters his or her phone number and a query, and receives a phone call from a live sales representative within moments. Even more interesting, the sales rep can then lead the inquirer through a directed Web session by taking control of the browser and pushing select Web pages to the inquirer at appropriate times. Call Me is being offered by telemarketing service firms who resell the Web-based software as part of a total customer service package.

Advanced forms of the technology will ultimately permit instant communication via the Internet, versus over a telephone, as computers are increasingly VoIP enabled. A unique twist on this technology is provided through Push to Talk from ITXC (www.itxc.com). The company can launch a phone call from within a banner ad or an e-mail so that anyone who clicks will be connected with a salesperson or product specialist.

In Chapter 6, it was mentioned that HP integrated Call Me technology within its e-mail newsletters so that customers could instantly get assistance, right at the moment they were reading about something of interest. IBM reportedly added Call Me buttons to some 500 pages throughout their Web site. One of the most consumer-friendly examples of this technology comes from the apparel marketer, Lands' End (www.landsend.com). Lands' End employs Call Me technology combined with online chat to allow its customers to either request an immediate telephone call, chat with a Lands' End representative via computer, or shop with a friend online.

What's next on the technology horizon? The fully integrated Web Center. The Web Center vision is to have customer communications from any electronic point routed through a central facility. This could be managed in-house or outside. WorldCom (www.worldcom.com) appears to be an early leader in the outsourced Web Center, according to *InformationWeek*. WorldCom's Web Center Service, says the magazine, takes voice calls, e-mails, faxes, and chat requests, and routes them through its data center. The subscribing company's call center operators can then handle them as necessary, while also being able to view call-center performance data.

Moving to the One-to-One Customer Relationship

The very idea of developing a one-to-one relationship with a customer was little more than a marketing fantasy before the advent of database marketing. With advances in computer technology, marketers now have access to even the most sophisticated marketing database products on their desktops. Nevertheless, the tools themselves are not enough: first, there must be a commitment to the concept of one-to-one relationship marketing, and then, there must be a strategy behind it.

Web site analysis firm net.Genesis (www.netgen.com) goes so far as to formalize a process for understanding your online customer. In their Design for Analysis methodology, net.Genesis cites the need to identify goals, define metrics, assemble data, and build baseline business metrics. According to net.Genesis, the real path to understanding the customer is applying these metrics to solving real-world business problems.

In a January 2000 research note on CRM, GartnerGroup (www.gartner.com) suggests that the customer database is at the core of any customer relationship management program. Gartner cites several key reasons for the prime importance of the customer database, including the fact that it offers a unified customer view and permits multi-channel marketing.

There is little doubt that organizations have generally recognized the value of the customer. Many b-to-b marketers now realize that building a customer-centric company is vital to corporate health and profitability, but even the most superb customer-oriented companies may still be far removed from anything resembling one-to-one customer relationships. One simple reason is that it often means changing attitudes, then business practices, and sometimes even the corporate culture.

In the May 2000 issue of *1 to 1* magazine, Cisco is mentioned as a company that has virtually reinvented itself around customer needs. Already a pioneer in creating a customer-focused Web site, Cisco publishes a print and online magazine, along with dozens of e-mail newsletters that are industry and job specific. Cisco says all of these publications are offered free to customers, but they are only sent with a customer's permission. According to the company, Cisco is pursuing a personalized, dynamic, customer-driven content model.

Now, b-to-b marketers are realizing that it pays to get customers involved in solving their own problems. Customer self-service is a growing part of Internet-based marketing, and it is saving customers and

companies time and money. The MathWorks (www.mathworks.com), the world's leading developer and supplier of technical computing software, is a good example. The MathWorks was one of the first 100 companies to create a Web site. Customers of The MathWorks include technology companies, government research labs, and more than 2,000 universities. The company's primary product is MATLAB, a fundamental tool for engineering and scientific work.

The MathWorks puts a major business emphasis on its services and support Web capabilities. Each month, The MathWorks' Web site gets 220,000 visits from 120,000 users who can access 13,000 HTML pages of information. The number one destination of those users is the service and support area, which includes the ability to get technical support, check order status and license information, get quotes for products and services, edit contact information, obtain prerelease "sneak previews," get downloads of product patches and updates, and gain access to the help desk and mini-courses. The most popular part of the service and support area is the company's solution search database of over 10,000 cases, where customers can solve their own problems based on the experience of other customers.

The move to customer self-service has paid off handsomely for The MathWorks. Now 90% of the company's technical support happens over the Web. Users visit the site at least once every one to two months. "It is not just about sales and marketing," says Patrick Hanna, Web manager for The MathWorks. "Our Web site includes full service and support. Service is the secret. If you do a good job at it, loyalty and repeat business will increase."

One-to-one customer marketing doesn't have to be nearly that complex. A March 2000 issue of the Peppers and Rogers newsletter, INSIDE 1to1, reported on Hewlett-Packard's efforts to improve upon product registration rates. For manufacturers, getting a customer who just purchased something to fill in that registration card is a major challenge...yet if the customer does so, the company collects customer data, which can be used for further promotions. Hewlett-Packard implemented an automatic registration link: Each time a customer installs HP software, a window pops up on the customer's computer screen suggesting electronic registration. Then, within a minute of registering, the customer receives a personalized e-mail with a link to a Web page offering a coupon for an additional related purchase. This process, says the report, moved HP's registration rate from 5% to as high as 20% while registration costs fell almost 90%.

In your role as a b-to-b marketer, you can demonstrate your commitment to the concept of addressing customer needs individually. You can do this by establishing a relationship program that truly enables your organization to get closer to your customers, and you can use the Internet as a powerful relationship-building tool in your move toward one-to-one customer marketing.

The Personalization Phenomenon

Underlying one-to-one marketing is the rapid move toward Internet personalization. The original definition of personalization in marketing meant using a person's name or other personally related information in a communication, but today it has taken on a much broader meaning. Personalization, in fact, often crosses lines with customization, which represents the packaging of information in a customized way. For example, Dell Computer (*www.dell.com*) customizes Web pages to meet the specific needs of its major customers. By customizing these Premier Pages for each customer (Figure 7.3), Dell provides a very personalized experience. More important, this customization makes it easy for customers to always know the discounts and other terms and conditions of their relationship with Dell, thus making it easy to do business with the company.

Another very effective example in the context of customer service is the way Amazon.com (*www.amazon.com*) advises its customers on purchasing. Amazon makes instant recommendations and relates books to "purchase circles" (which show who's reading what by company and town). Amazon also provides one-click ordering, which customizes the ordering process so returning customers don't have to reenter basic data already on file. Amazon's innovation in 2000 was New for You, a personalized page of buying recommendations that it creates for customers, reminding them to reference it via e-mail.

As mounting evidence of widespread Web personalization, you will notice the presence of My pages at a growing number of sites, in particular at portals and search engines. My pages give users considerable individual power to customize home pages and other Web pages to meet their specific needs. These pages typically use personalization engines and tools that provide users with choices, usually in the form of check boxes, from which to select personalization criteria. By answering a few simple questions, the user is instructing the Web site to "learn" his or her preferences, so that a personalized page appears the next time.

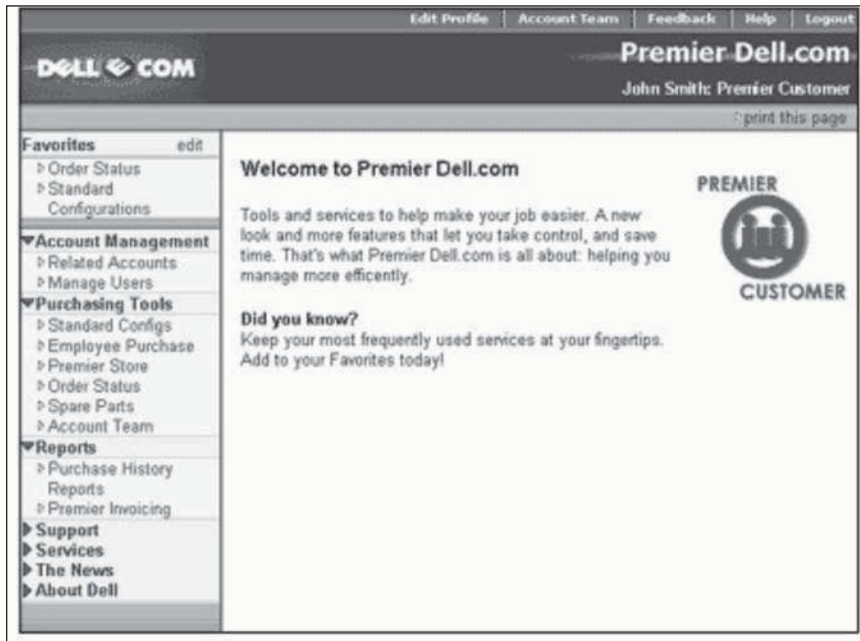


Figure 7.3. Dell “Premier Pages” are customized Web sites that personalize the business relationship with major customers.

Personalization isn’t only for Web sites. More and more, e-mail programs are incorporating sophisticated use of personalization, not just within the e-mail copy, but within the e-mail strategy. Programmatic e-mail is used so that an individual receives the right e-mail at the right time. Today it is possible to design e-mail programs to follow a prospect and cultivate his or her interest, or to prompt a customer to purchase again when appropriate.

For a continuing dialog about Internet personalization, check out the Web site *www.personalization.com*. It will provide you with more than you will ever want to know about the subject.

Another valuable source of information covering personalization as it relates to marketing and customer service is the print publication *1to1*. Published by *DIRECT* magazine in association with Peppers and Rogers Group, the acknowledged one-to-one pioneers, the publication reports on one-to-one customer marketing innovations. Check out the Peppers

and Rogers Group Web site as well (*www.1to1.com*), itself an excellent example of a personalized site. Register and you'll be able to get a free copy of their white paper, "Building a One-to-One Web Site," which walks you through the process they followed to create their own site.

Also worthy of review is a report entitled "Best Web Support Sites" published by The Association of Support Professionals (*www.asponline.com*). The 2000 report is available on the association's Web site. The 1999 report was significant because it suggested the broad implementation of personalization across the ten winning sites: Iomega, Cisco, Sybase, Microsoft, Intuit, Intel, Symantec, CambridgeSoft, Dell, and Macromedia. According to report editor Jeffrey Tarter, "There's a clear trend toward personalization and audience segmentation, deeper use of clickstream data, better online forums, and greater intelligence in search tools and knowledgebase design."

In the context of building customer relationships, there does appear to be strong evidence that customizing and personalizing the Web experience leads to greater customer loyalty and higher customer retention rates. However, personalization, customization, and one-to-one marketing are not gimmicks to dazzle or band-aids to fix poor service; one-to-one marketing is a strategy to which a b-to-b marketer must make a serious commitment.

Five Ideas for Building a One-to-One Customer Relationship Program

1. Treat Customers Like Prospects

B-to-b marketers spend a lot of time, money, and effort in the acquisition of new customers, yet too many times, these same marketers under-invest in customer retention. That is wrong—because building a long-lasting customer relationship starts after the sale.

Numerous industry studies show that the cost associated with customer retention is far less than the cost of customer acquisition. Sometimes the cost of keeping a customer is as little as 20 to 25% of the cost associated with acquiring a new customer. This could mean that, for every dollar you spend acquiring a new customer, it will cost you just 25 cents to retain that customer.

This law of customer acquisition and renewal or retention is well known to fund raisers, subscription publications, and mail order companies. When they evaluate their marketing efforts, they often find that they actually acquire new donors, subscribers, or customers at a loss but renew them at a profit. It may therefore take more than one year to make money on a customer.

This is the principle behind LTV—lifetime value of a customer. A customer's LTV becomes an important measurement criterion when you evaluate customer acquisition and retention. Look at the average number of years you retain a customer. Then look at the average value of that customer over that period of time. You will get a good sense of what that customer is worth.

If possible, apply this analysis to each individual customer and use it to rank your customers; in effect, you need to build your own statistically accurate version of the customer marketing pyramid. Then you can compare this data with the amount of money you invest in customer acquisition and retention. If you find, as many IT companies do, that you are investing far less in customer retention than in customer acquisition, consider the ROI impact of even a modest shift in the ratio. By investing in customer marketing programs—and improving your use of the Internet as a customer marketing and communications tool—you could get a substantial payback.

Attitude is just as important as the money you invest. That is why you should start treating customers like prospects. When you treat customers like prospects, you never assume they are comfortably yours forever. This is a fact of business life for IT companies in particular. There are few customers who do not use products and services from multiple IT vendors. You recognize that customers always can choose to go elsewhere and that you need to do everything you can to make sure they do not. In fact, in the IT world, it often pays to help your customers integrate disparate systems, even those from competitors, so that your customers trust you as a problem solver. The key point here is that you never take customers for granted. Rather, you create opportunities to reward their loyalty, delight them with superior service, and ensure that their interactions with you are positive, satisfying, and rewarding.

With your customer as a prospect, you can think of new ways to keep the flame burning in that relationship. Direct marketing is an excellent way to cross-sell, upgrade, and extend a customer's business relationship with you—and to get that customer to refer other prospective

customers to you as well. Use direct mail and telemarketing in combination with e-mail and a customer-only portion of your Web site to build an ongoing relationship with customers. These media should be used in combination to inform customers first about new products or services, make special offers, invite them to special events, and encourage their feedback.

The Internet can help you put a large emphasis on customer service and support and build real value into the customer relationship. Web-based customer service can be open for business 24 hours a day, 7 days a week, anywhere in the world. Just as important, by servicing existing customers over the Internet and making it known on your Web site, you demonstrate to prospective customers the value you place on customer support.

2. Ask Customers What They Want—And Give It to Them

B-to-b companies that are responsive to their customers are companies that listen to their customers. These companies provide easy ways for customers to offer their feedback and opinions—via phone, fax, mail, e-mail, and over the Web. They encourage their customers to interact, they take customers' recommendations seriously, and they act on them.

With one-to-one Web technologies available, those b-to-b companies who not only listen to their customers but learn from their input and needs will be the leaders in the Information Age. These are the companies who will be able to respond quickly and give customers what they want in real time.

IBM's Focusing on You program, described earlier, was built on asking customers what they want—and giving it to them. One of the company's key findings was that customers wanted to direct the dialogue based on their own needs. IBM took the responsibility to reduce the amount of information directed to the customer—giving him or her the choice of what to receive. That choice made it easier for IBM to provide the customer with the appropriate product information, based on specific needs.

Because customers directed the relationship and were involved in a meaningful dialog, IBM benefited from an important side effect of the program: Customers also updated their own records. This aspect of a customer relationship effort is just as significant, because database maintenance plays a large role in its successful implementation. When a cus-

customer updates his or her own database record, the data is more likely to be accurate.

3. Explore New and Innovative Ways to Encourage and Reward Customers

You do not necessarily have to establish an elaborate frequent buyer program to encourage and reward customer loyalty. Sometimes, just making customers feel special can be enough. One way to do that is to keep in touch with your customers via e-mail. Another way is to establish a customer service center on your Web site. A customer service center is a tangible way to reward customer loyalty, especially if you are providing added value to the customer relationship.

Web-based customer service centers obviously offer service and support to users of your products, but you can go beyond that in a number of ways. For example, you might post white papers, special reports, or benchmark studies only in the customer section of your Web site and provide links to useful Web sites just for customers. You may wish to build in a self-service area where customers can use solution databases to solve their own problems, or perhaps you want to consider using Internet telephony to enhance communications with customers.

You could offer customers the option of signing up for e-mail newsletters or the option of receiving Web pages from you, delivered to their computers on a regular basis. You could use your Web-based customer service center as a reward center by offering customers incentives for purchasing certain products or for doing business over the Web. You could build a business-to-business portal that serves your company's business area or industry, and then give customers special privileges in using it. Whether you take small or large steps with Internet customer marketing, you are proving that you value the relationship you have with your customers.

4. Recognize the Differences Between Classes of Customers—And Treat Customer Classes Differently

If you utilize database marketing effectively, you can use the information you gather about your customers to segment them and rank them, and then build individualized programs based on classes of customers.

Use that marketing pyramid we discussed earlier. For example, you may wish to treat customers at the top of the marketing pyramid very differently from other customers. You may want to develop a special relationship with these highly valued customers, communicating with them more frequently via e-mail, enrolling them in preferred customer clubs, and making them special offers on a regular basis.

You may also wish to develop a special program for resellers or partners. Business partners are a customer audience in and of themselves, and they should be treated differently and communicated with separately.

5. Make One-to-One Fun

The idea of a one-to-one relationship is that you get to know your customers, their attributes, and their individual needs over time. The more you learn about your customer, the more you can use the Internet to target individualized communications to your customer.

Building that relationship is a serious marketing process, of course, but it should also be fun for the customer. Having fun—providing the customer with an opportunity to smile or even laugh—is a part of relationship building that can endear your company to the customer because you make him or her feel good. The Web can be a playful place. Some b-to-b marketers make excellent use of this characteristic, offering customers games, contests, and cafes where customers can do the cyberspace equivalent of leaning back, putting their feet up, and just relaxing. You can use the informality and interactivity of the Web in a good-humored and informal way to make your customers feel that your company is friendly, down to earth, and easy to do business with.

We have discussed a number of ways to implement Internet-enhanced customer marketing, but the bottom line is customer database integration. You need to have access to customer data and use it in a proactive yet appropriate fashion to build a long-lasting customer relationship program via the Internet.

With Internet-enhanced customer marketing, you have the potential to keep your most valued customers buying more, the ability to push other customers up the marketing pyramid until they reach “golden” status, and the likelihood of improved productivity and profits that come from the cost-effective implementation of superior customer service.

Building Customer-Driven Extranets

The culmination of one-to-one marketing is the creation of a customer-driven extranet, a Web site established by a company to specifically offer private or preferred customer access to information and order entry. The extranet can be implemented as a restricted area on an existing corporate Web site, or it can be built as a separate site. Either way, it makes it clear that the company believes in the credo “the customer comes first.”

As just one example, IBM reported at a recent Internet marketing conference that the company created extranets with some of its key customers to encourage them to do business with IBM online. The move contributed to moving IBM’s e-commerce revenues from \$35 million a month in early 1998 to over \$1 billion a month by December 1998. As an aside, IBM saved some \$300 million in call center costs in 1998 by handling more customer service inquiries online.

A restricted access customer service area of a corporate Web site is, in effect, a version of a customer-driven extranet. Many companies establish such areas for customers only, so that they can interact privately with the organization or gain access to information intended only for them. For the most part, access is permitted via a simple password, which the company assigns or the customer selects. Invitation-only Internet events are also a form of extranet, because they are often delivered via a special URL and require passwords to enter.

Private-access customer areas and virtual events running over the Web may be acceptable solutions for some b-to-b companies, but conducting business on an ongoing basis with customers and partners over the Internet could stretch the boundaries of any public Web site. An extranet may make more sense, if only because the load of real-time customer service and transaction processing could eat a Web server alive.

The customer-driven extranet is, of course, a major technological undertaking. The impact on the organization should not be minimized, because business processes themselves may undergo dramatic change. If systems serving customers within your company are not centralized, the extranet will likely not succeed.

However, if you have your organizational act together and you have the technology to back it up (either with in-house resources or through outsourcing), then the business benefits of a customer extranet can be huge. In larger companies, for example, the costs associated with customer service and support can be dramatically reduced by

shifting much of the repetitive person-to-person contact to Internet-based communications.

There are also out-of-the-box extranet solutions that smaller b-to-b companies can take advantage of, such as Intranets.com (*www.intranets.com*). Intranets.com offers a set of free services that allow you to establish private spaces where you can collaborate and communicate with external audiences.

Even if you believe in the value of a customer-driven extranet, where do you begin? Maybe it is obvious—but it all starts with what your customers want and need. As mentioned earlier, asking your customers what they want—and giving it to them—should be the driving force behind an extranet. Using database technology, you can accumulate profile data about each customer's relationship with your company, track the customer's interactions with you, and use this data to individualize communications with the customer. In addition, you can learn what customers might want built into an extranet to best meet their needs.

Internet-based customer service requires consideration of new forms of data. For example, transaction data is different from online interaction data. The customer's transactions represent the inquiries or orders you receive. Analyzing this data will help you understand a customer's need for information or buying pattern. But interaction data can offer insight into online behavior. This is the data that tells you how often customers access your Web site, which pages they access most, how they navigate the site, and so on.

You can also bring together product data with solutions and applications information and what-if scenarios so that customers can interactively learn how products apply to their specific needs or how to solve problems with your products. The MathWorks (*www.mathworks.com*), mentioned earlier, is a good example of this. The company built a database of over 10,000 cases so that customers could solve their own problems online. This concept—using database-driven Web technology to deliver voluminous information of value that helps customers solve their own problems—is an increasingly common practice among b-to-b companies. The added benefit is in the fact that time-intensive customer interactions can be dramatically reduced.

Solutions-oriented content as part of an extranet is at once the most challenging and most exciting opportunity for both company and customer. Imagine, for example, a customer solutions extranet for your organization. It could take the form of a searchable database that cross-

references solutions with your products. Customers could enter their desired parameters and be immediately greeted with a list of solutions that fit their needs. Web pages would be dynamically generated on the fly, based on preferences that customers establish in their user profile. New product information could be selectively displayed.

This solutions center could also be used as a sales tool to allow your direct sales force or partners to better match solutions with products your customers' should be purchasing. Electronic fulfillment can be added to the mix so that customers could unlock or download relevant information.

Extranets can also become the core of a highly successful e-commerce strategy. Dell Computer's Premier Pages are proof that customer extranets work. With more than 58,000 Premier Pages users, Dell expects to take the next logical step by facilitating the integration of these pages with its customers' own accounting systems.

Extranets with highly personalized information are already widespread. Ultimately, you will be able to cost-effectively offer an even higher level of personalization to customers as Internet database technology continues to advance and the Internet and the telephone continue to converge. Not only will you serve up highly personalized information over your extranet, you will also be able to watch your customers navigate the extranet and provide live assistance to them when required.

A Checklist for Developing Customer Extranets

From a marketing perspective, here are some of the things you will need to consider as you create a customer-driven extranet:

- Learn what to build into your extranet from customers. Listen to their input, and give them what they need.
- Provide a secure path to your extranet that goes beyond password protection alone, especially if you will be using your extranet to transmit sensitive customer data or to accept orders. Be sure that your IT organization or outside service provider addresses any security issues up front.

- Utilize customer promotions to increase customer involvement with the extranet. Consider offering gifts or incentives to customers who provide you with case histories or successful experiences with your product that you can then post on the extranet.
- Actively promote the benefits of the extranet to the customer base. Get customers excited about it and build a business case for its ongoing usage. It will repay you many times over in time and money saved.
- Incorporate online forms that allow customers to easily create user profiles, change their profiles, and request information. Use a Web database that enables you to update customer data online. The cost of this database will be quickly offset by the time saved in one-step data entry.
- Create an online solutions center to provide added value to customers. Integrate the legacy customer database with the extranet so that you can generate customized content that is individualized to each customer.
- Create online fulfillment in conjunction with the solutions center. Allow customers to request and receive product literature in the way they prefer—via e-mail, fax, or traditional mail. Encourage them to go to the Web to unlock or download information directly from the extranet.
- Consider using push technology to deliver product information directly to your customers' desktops by request, via periodic e-mail newsletters or Web pages.
- Explore emerging technologies that link the extranet with Internet-based telephony to provide customers with a new level of personalized customer support.
- Establish online measurement criteria and do periodic customer surveys to analyze customer usage of the extranet, understand which areas of the extranet are most and least popular, and continuously improve the extranet.

Successful CRM Programs

The good news for b-to-b companies is that CRM success stories are being written every day. “What Works: Ten Significant CRM Implementations of 2000” was a special report released in April 2001 by market analyst Aberdeen Group (www.aberdeen.com). The firm selected top CRM implementations based on real business problems, their solutions, and concrete return on investment. Each award was accompanied by a case study, based on in-depth research of CRM suppliers, customers, and implementation strategies. The focus is on the application rather than the vendor and the study is not restricted to any one company size or industry. The full report can be purchased from Aberdeen. Following is the list of the firm’s selected winners:

End User	Vendor
Viewsonic	Allegis
Dell Computer	Annuncio
Comshare	Applix
Quicklogic	Azerity
British Telecom	eAssist
Blue Cross/Blue Shield of NY	FirePond
Guaranty Bank	Nortel/Clarify
Intrawest	Pivotal
Honeywell Aerospace	Siebel
Gulf States Toyota	Trilogy

Note

1. Michelle Lanter Smith, “One to One: Put the Customer in the Information Driver Seat and Build Better Relationships,” *DIRECT MARKETING*, January 1998, © 1998, Hoke Communications, Inc.

Using Business Communities and Exchanges

Unlike any medium before it, the Internet creates a sense of community. Early on, there were newsgroups, bulletin boards, and chat rooms. At first, bulletin boards met the needs of technical audiences with a hunger for information and advice, but as information sharing became commonplace, full-fledged communities started to populate the Internet. Now communities have advanced to the stage where there are different classes—not just communities, but portals, vortals (vertical portals), hubs, auctions, exchanges, e-marketplaces, and more—a dizzying array of options, each with its own twist.

Although many of these communities are designed for consumers to chat, trade, and interact, the fastest-growing area of Internet-based community is on the business-to-business side. Deloitte Consulting (*www.dc.com*) estimated that b-to-b e-marketplaces alone grew from about 500 in June 1999 to 1,400 just one year later. Of course, that was before the dot-com shakeout of early 2001.

Nonetheless, it makes sense for the b-to-b marketer to think of every form of business community as a potential marketing opportunity. You can capitalize on the concept of community not only by participating in communities on the Internet, but by creating one of your own if

appropriate. This chapter explores the marketing potential of such communities and suggests how to make the best use of them.

What Is an Internet Community?

An excellent frame of reference for the b-to-b marketer when it comes to community is the user group of an IT company. Almost every IT company of substantial size has a user group, an organization of individuals, sometimes operated independently, who use the company's products. The user group typically has its own governing body, its own annual meeting, and today, its own Web site. An IT company listens hard to its user group, because this is a community that could do much good—or much damage—to the company's reputation. A user group is very much a community of people with a common bond—the company whose products or services these people depend upon.

A community on the Internet is likewise a group of people with something in common, getting together or collaborating in a particular area of cyberspace, but community on the Internet extends far beyond this basic definition. An Internet community seems to take on a life of its own and almost share the personalities of its members.

We could probably consider the first primitive Internet communities to be bulletin boards, newsgroups, and chat rooms. Each of these means of communication brought together people in a common bond. Bulletin boards allow posting of comments and questions for all to see, but they typically allow neither privacy nor one-to-one communication.

Newsgroups took the Internet concept of community a step further. Through a newsgroup, individuals can communicate interactively via e-mail. Most newsgroups “thread” the discussions, so members can not only answer each other but also read each other's answers. Since newsgroups tend to be formed around specific topics or interest areas, they function as mini-communities in their own right.

Chat rooms may be more like cocktail parties than communities. In this environment, individuals can spend time chatting interactively (in real time) with others.

Now we will bring our consideration of communities up to the present. Chat rooms were in part responsible for spawning full-fledged Internet communities—entire slices of the Internet that appeal to cer-

tain segments of society or people interested in a particular subject. Today there are thousands of such communities, and many of them, as you'll see, are relevant to b-to-b marketers.

Types of Communities

Online Service Providers

The first Internet communities with any kind of mass membership were the early online service providers such as America Online and CompuServe. The most successful has certainly been America Online (*www.aol.com*). Early in 2000, America Online drove the consolidation of online service providers by acquiring CompuServe (*www.compuserve.com*) and scooping up one of the two giants in the browser war, Netscape (*www.netscape.com*). As mentioned at the beginning of this book, America Online pulled off the merger of the century, of course, when it acquired the much larger Time Warner.

America Online and CompuServe are Internet communities in their own right, although CompuServe started as primarily a business-oriented service provider and still maintains that orientation. Both services have grown from basic fee-based online service providers to full-fledged communities that offer their own unique spin on the Internet. Some of the data points are impressive. America Online, by mid-2001, had grown to over 30 million users, with over 6 million users outside the United States. CompuServe counted 2.8 million users in its own right. Each day, America Online transmits 150 million e-mails and 656 million instant messages, and serves up 7.3 billion Web pages. Among America Online's properties are Digital City, the leading local online network, ICQ, the leading communication community, MapQuest, the leading mapping and navigation service, and Netscape Netcenter, with 34 million registrants.

It appears that America Online will continue to operate CompuServe as a separate service, leveraging its business expertise as a separate brand. Under America Online's stewardship, CompuServe, stagnant at about two million members, may be poised for future growth.

As communities, CompuServe and America Online are two Internet giants serving millions of people, many of whom seek out others like

them, or with interests similar to theirs. This is the essence of the Internet community that marketers must understand: The Internet uniquely encourages a very personal kind of community, even though individuals may only know each other's e-mail addresses and never meet face to face.

As a b-to-b marketer, think about how you can take advantage of these special communities. As you might expect, both America Online and CompuServe accept online advertising and other forms of paid promotion. In relation to promoting your product or service to people in business, where your greatest sales opportunity probably is, look at CompuServe, and the business-oriented portions of America Online, as real opportunities to reach "captive" audiences. These two services can deliver huge audiences to you—and their members are people who are already active Internet users. By understanding how to appeal to certain segments of these audiences, you could uncover new prospects and get more business for your company.

America Online and CompuServe are certainly not the only service providers with huge installed bases. Others with millions of subscribers include Microsoft's MSN (www.msn.com), AT&T WorldNet Service (www.att.net), EarthLink (www.earthlink.net), which, in 2000, merged with MindSpring, and Prodigy (www.prodigy.com), which is aligned with SBC.

Portals and Vortals

One of the most significant Internet developments in 1999 was the rise of the portal. The portal is a Web destination or gateway—a site that visitors start at and come back to often. Even that definition is changing fairly rapidly: A portal is one working definition, a hub is another. The hub might be more of a place that simply links to other Web sites without the clear objective of becoming a user's home page. In this context, some would consider America Online, CompuServe, and other ISPs' home pages to be portals. Portals are part search engine, part community, and part something else. "Vortals" emerged in early 2000 as a term used to describe vertical portals. There was so much portal activity from late 1998 through 2001 that you needed a scorecard to keep track of it. Here are the most prominent search engines/portals on the Internet today.

www.about.com

About.com is a combination search tool/collection of online communities that positions itself against Internet search engines and directories. About calls itself “the human Internet” because it is a network of over 700 sites, each run by a human guide, organized into 36 channels, each with separate URLs so that the user can go directly to the topic if desired instead of wading through a single home page. About claims to cover more than 50,000 subjects with over a million links and an archive of original content.

www.altavista.com

This search engine was relaunched in late 1999 and remains one of the more important major search engines, despite going through a change of ownership and management upheaval. One of its interesting capabilities is AltaVista’s free page translation service: You can enter a URL of a Web page that appears in one of several different languages and then ask AltaVista to provide a translation into English.

www.ask.com

Ask Jeeves, also known as Ask.com, uses a butler cartoon character to represent its “at your service” positioning. You can ask Jeeves any question and “he” will suggest places to find the answer. Ask Jeeves is based on a proprietary technology that has now been extended to its Ask Jeeves Business Solutions service, which has 100 corporate customers. One of the more engaging search engines, Ask Jeeves acquired Direct Hit in 2000.

www.directhit.com

Direct Hit assumes that others have already searched for what you want, so it uses that intelligence, along with other metrics, to provide you the most relevant sites for your search. Since the engine analyzes hits in aggregate, not IP addresses, it does not invade anyone’s privacy. Direct Hit actually services other search engines, including HotBot, InfoSeek Express, Lycos, and Microsoft Network.

www.excite.com

Excite is one of the Internet’s leading search and directory companies whose technology is licensed to other sites. Excite now includes WebCrawler (*www.webcrawler.com*) as part of its network. This spider/crawler has existed since 1994, so it has had a lot of time to scour the Internet. The number of links you have to your site affects your

position here. If other sites have more links to them, they may be ranked more highly in WebCrawler's search results. Excite is part of Excite@Home, a leader in broadband, with close to 3 million cable modem subscribers across North America.

www.go.com

With its search engine at the heart of go.com, Infoseek sought to stake its claim in the portal wars by bringing together a number of high-profile sites, such as Disney.com, ESPN.com, and Family.com, onto one accessible super-site, *www.go.com*. Now go.com is part of the Disney Internet Group.

www.google.com

Google has quickly become one of the Web's more popular search engines. Its technology is used in more than 30 countries by clients including Yahoo!, Virgin.net, and Netscape's Netcenter. Google also provides commercial products for use by companies who don't want to manage their own search software and resources.

www.hotbot.com

A search engine spun off by Wired, HotBot has been known to be at the top of the list in terms of numbers of indexed pages. It uses Inktomi, one of the leaders in search engine technology.

www.lycos.com

With its signature phrase "Go get it!" Lycos has positioned itself as a retriever of any information on the Internet. It consistently ranks as a top spider and has often been in a fierce battle with Yahoo! for the leadership position. In October 2000, Lycos combined with Terra Networks to create Terra Lycos, a global Internet company that is now one of the most popular Internet networks in the United States, Canada, Europe, and Asia, and is the leading portal to Spanish- and Portuguese-speaking markets.

www.northernlight.com

Northern Light is a search engine with a twist in that it combines Web results with information from "premium material" in one search, giving users access to books, magazines, databases, and newswires not available from other search engines. The Northern Light research engine uses patented classification intelligence and precision relevancy ranking

to deliver results from the Web and their Special Collection of over 7,100 full-text publications not otherwise available to Web searchers.

www.yahoo.com

Yahoo! (Figure 8.1) is the behemoth of the search engines/portals, the largest of its kind on the Internet. It is really a directory, but it does not read pages like the other search engines. You must fill out a form on the site to have your site added to Yahoo!, and the form is checked by Yahoo! to make sure it matches the correct category on the site. Some of Yahoo's

YAHOO! BUSINESS TO BUSINESS MARKETPLACE B2B [Yahoo! - Account Info - Help](#)

[Get sales leads & business info online at zapdata.com](#)

The world's leading online industrial resource **UNLIMITED FREE USE/CLICK HERE** **Thomas Register**

Welcome, Guest [My Watchlist - Sign in](#)

Yahoo! Business to Business Marketplace

Yahoo! Industry Marketplaces NEW! - Computer and Electronics Resources for Professionals

Sponsor

Sun Cobalt
COBALT
[Buy Servers Direct](#)
[Dedicated Servers](#)
[Cobalt products](#)

Thomas Register Search

Product Name

Search the Thomas Register for manufacturers of over 50,000 kinds of products.

B2B Search - find products for all industries from many B2B sites.

[Advanced](#)

Business and Office(2221)
[Equipment and Machines](#), [Office Supplies](#)...

Industrial Supplies(23529)
[Controls and Instruments](#), [Machinery and Tools](#)...

Chemicals(48)
[Processing Equipment](#), [Polymers](#)...

Manufacturing and Processing(3931)
[Metal Working](#), [Injection Molding](#)...

Computers(21507)
[Hardware](#), [Software](#), [Communications and Networking](#)...

Packaging(1451)
[Equipment and Machinery](#), [Converting](#)...

Construction(1813)
[Electrical](#), [Machinery and Tools](#), [Materials](#)...

Printing and Publishing(84)
[Supplies and Equipment](#)...

Consumer Goods(62381)
[Household](#), [Personal Care](#)...

Real Estate(6)

Electronics(10671)
[Board Level Components](#), [Electric Motors](#)...

Science and Medicine(111)
[Pharmaceuticals](#), [Medical Supplies and Equipment](#)...

Energy, Mining, and Minerals(365)
[Electricity](#), [Nuclear](#), [Petroleum](#)...

Telecommunication(2393)
[Adapters and Switches](#), [Test Equipment](#), [Wireless](#)...

Yahoo! Resources

- [B2B Marketplace Help](#)
- [Feature your business on Yahoo! Yellow Pages](#)

Figure 8.1. Yahoo!, the largest search engine, tries to capitalize on the growth of b-to-b with its “Business-to-Business Marketplace.”

statistics are staggering: for example, the company reported that its traffic increased to more than 1.1 billion page views per day on average during March 2001. Yahoo! owns 24 properties and reaches some 192 million individuals each month. Yahoo! offers a broad range of services, including value-added premium services, business and enterprise services, and interactive marketing and merchant services. Yahoo! and SAP announced an agreement in early 2001 to develop a joint enterprise portal.

Searching for information is likely to be the main reason a visitor comes to a particular portal, but there must be far more available than a search engine to entice the individual user to visit and *return*. Most if not all portals now offer free e-mail, free chat, personalized pages, and other attractive services that make their sites “sticky.” (This is a phrase that Internet-watchers have coined to refer to a site’s ability to keep users at its site for more time, rather than coming for just a brief visit. Time spent on a site is believed to translate into dollars, because the “stuck” visitor is exposed to more of the site’s advertising and uses more of the site’s services. This also promotes return visits and loyalty to the site, which are important factors in generating additional revenue.)

Some Internet observers believe sticky sites will become the only way to differentiate between the millions of options available to visitors. Ultimately, to keep sites sticky, portals and other sites are expected to offer Web-enabled database, word processing, or scheduling tools—eventually creating competition for the programs that run on the PC desktop. As broadband becomes the preferred method of Internet access, portals can really burn rubber, offering heavy-duty applications previously only available on computers.

Are portals truly communities? Yes and no. Some of them are more like information networks than communities, but others, like Yahoo!, are very community oriented. Yahoo! users can create their own My Yahoo! pages to personalize their experiences, and younger users can go to a special community just for them called Yahoooligans.

Here again, as with America Online and CompuServe, there are many opportunities for b-to-b Internet marketers to capitalize on each portal’s popularity—including carefully targeted online advertising, paid page links, discussion groups, and the like. If nothing else, be sure your Web site is linked to the appropriate areas of each portal and be certain to construct your Web pages so that they can be easily recognized by search engines.

Why else should a b-to-b marketer care about portals? That is because in the Internet future, you could be part of one, or you could

decide to eventually build one of your own, if not for the outside world, then for your employees. In a February 8, 1999, cover story, the publication *InformationWeek* suggested, “A growing number of businesses are adapting the portal’s gateway-to-the-world model as an efficient way for their employees to access critical information online.” The article went on to report that enterprise portals will make it possible for companies to not only share internal information, but for employees to use the portal as a “starting point...to access real-time and historical information...all from their browsers.”

Forrester Research (*www.forrester.com*) confirms that business portals will be an Internet force in the coming years, suggesting they will drive a Web business information market that will reach \$11 billion worldwide by 2004.

Auctions

Auction sites can be considered Internet communities in the sense that they bring buyers and sellers together with the common goal of conducting commerce. For the b-to-b marketer, auction sites may provide useful opportunities to more widely promote products and services beyond traditional audiences.

The business-oriented virtual mall offers merchants an opportunity to associate as part of a group of merchants who take advantage of the publicity and e-commerce engine of a larger site. Although virtual malls may lack daily excitement, auction sites have brought a fast and furious brand of electronically enabled old-time commerce to the Internet. As such, auction sites have become a hot commodity on the Internet, even in the b-to-b space. Here are some auction sites and providers that b-to-b marketers should know about.

eBay (*www.ebay.com*)

eBay, founded in 1995, is the auction site that started it all. It considers itself very much a community. As of Q1 2001, the eBay community served 18.9 million registered users representing over 150 different countries. eBay operates sites in the United States, Canada, the United Kingdom, France, Germany, Japan, and Australia. In 2000, the eBay community transacted over \$5 billion in annualized gross merchandise sales, according to the company.

eBay pioneered online auctions: Sellers offer items to buyers, who bid online. The highest bidder wins the item. Bids are acknowledged by e-mail. eBay sends an e-mail each time the bidder is outbid to encourage continued activity. Seller and buyer registration is free. eBay creates a true sense of community with its users through such areas as the eBay Café, a bulletin board where members can ask questions and make comments, and a mechanism for users to create their own personal interests page.

eBay has made significant moves into the b-to-b space. The Business Exchange on eBay, for example, services the small business marketplace. It provides a destination on eBay for businesses to buy or sell new, used, and refurbished business merchandise, including computers and related items. In June 2001, eBay introduced eBay Stores, where, for \$9.95 per month, a merchant could establish a site on eBay to promote and sell its own products directly, rather than through an auction. Within the first month, eBay had already opened nearly 150 stores in the b-to-b category.

DoveBid (*www.dovebid.com*)

DoveBid offers a portfolio of “asset disposition solutions” that includes live Webcast auctions, around-the-clock online auctions, sealed bid Internet sales, and private-treaty Internet sales. DoveBid has conducted industrial auctions for over 60 years and has aggressively moved into the Internet auction business. In August 2001, DoveBid acquired competitor TradeOut, a leading b-to-b surplus inventory exchange.

FairMarket (*www.fairmarket.com*)

FairMarket is not an auction site but rather a developer of e-business selling and marketing solutions and a leader in dynamic pricing technology. FairMarket sets up and manages auctions for its clients and also provides 24-hour-a-day, 7-day-a-week e-mail customer service support so that inquiries from buyers and sellers can be promptly answered. FairMarket helped Dell design its DellAuction.com site, launched in July 1999, and continues to host it and provide technology and design support.

FreeMarkets (*www.freemarkets.com*)

FreeMarket is a market maker, bringing together direct material purchasers from large consumer, high-tech, utility, and industrial product companies with sellers who manufacture or supply custom components and materials to the buyer’s specifications. In Q1 2000,

FreeMarkets acquired iMark.com, an auction site for surplus equipment and inventory.

Online Asset Exchange (*www.onlineassetexchange.com*)

The Online Asset Exchange is included in this section in order to compare it to such sites as DoveBid, even though it classifies itself as an exchange and not an auction. Buyers search from listed equipment and can submit an offer or a request for information directly to the seller via e-mail. The Online Asset Exchange claims to be the world's largest marketplace for used industrial assets. In Q1 2001, the Exchange had over \$12.5 billion in listed assets.

Priceline (*www.priceline.com*)

Priceline.com is less of an auction site/community and more of a comparison shopping site. Here, users bid on select items, to see if they can "win" the item at the price that they wish to pay. Priceline created this type of consumer bidding site and achieved notoriety for consumer bidding on airfares. Now Priceline has established bidding programs for hotel rooms, rental cars, new cars, home financing, and long distance telephone service.

The Information Technology Super-sites

In many respects, the Information Technology super-sites are models for the b-to-b information portal/community. These specialized sites consolidate information, often from the various publications they represent, and make it available in a single location. Some may consider them portals, others may classify them as hubs, but they are communities in the sense that a visitor to one of these super-sites can typically obtain free e-mail accounts, receive free e-mail newsletter subscriptions, connect with others in special interest groups, and take advantage of online events and targeted programs. All of these sites feature late-breaking news and information that relates specifically to the information technology industry, and each provides important opportunities for advertising and publicity. These IT super-sites include the following.

CMPnet (*www.cmpnet.com*)

One of the largest IT-focused super-sites, CMPnet consolidates information from more than 35 different Web sites, including sites for Com-

puter Reseller News, *EE Times*, *InformationWeek*, *InternetWeek*, *Network Computing*, and *Windows* magazines. Start at the home page and you will find all of them, including CMP's three true communities, TechWeb (www.techweb.com), Ch@nnelWEB (www.channelweb.com), and EDTN Network (www.edtn.com). Within TechWeb is PlanetIT (www.planetit.com), a true community carved out of the larger network especially for IT professionals.

C|Net (www.cnet.com)

C|Net is an extremely useful network for b-to-b marketers who want to reach a broad cross section of the information technology marketplace. In itself, C|Net is more of a portal than a community, connecting to other C|Net sites, including News.com (IT news, not general news), Builder.com, Download.com, Shareware.com, and Shopper.com. C|Net operates a technology auction area and offers over 25 "dispatches" (free e-mail newsletters) available in text or HTML. To keep abreast of everything on C|Net, sign up for the C|NET Digital Dispatch. C|Net also operates ZDnet, mentioned later. In April 2001, C|Net announced that it would acquire TechRepublic (www.techrepublic.com), a leading IT community hub.

IDG.net (www.idg.net)

IDG.net is a gateway to the more than 250 publications and services Web sites of this corporate giant. IDG publishes *Computerworld*, *InfoWorld*, *Network World*, *PC World*, and *CIO*. IDG is also the creator of the *Dummies* books (the most successful book series ever), and operates IDC, an IT research firm. IDG also runs an IT community called ITWorld (www.itworld.com).

Internet.com (www.internet.com)

Internet.com is a major network that operates 170 Web sites, over 350 e-mail newsletters, over 400 online discussion forums, and more than 100 moderated e-mail discussion lists. It is organized into sixteen content channels, some of which are technical. However, Internet.com also carries a lot of general Internet and Internet marketing content in areas such as ClickZ and Cyberatlas. Internet.com now operates EarthWeb as one of its channels. EarthWeb, Inc. sold its content business assets to Internet.com and announced in April 2001 that it would change its corporate name to Dice, reflecting its core business. Dice.com is the leading job site for IT professionals.

TechTarget (*www.techtarget.com*)

TechTarget is really a collection of search engines rather than a single site, but it claims to have monthly traffic of over 1.3 million IT visitors. TechTarget maintains a portfolio of Web sites in narrowly focused IT markets. Each business-to-business site features its own IT-specific search engine that provides rapid access to the most relevant site-specific results. Each site also features an experienced editorial team that aggregates, organizes, and prioritizes all the relevant site-specific content on the Web and delivers it all in one place.

ZDnet (*www.zdnet.com*)

ZDnet is a subsidiary of C|Net, which acquired ZDnet from publisher Ziff-Davis. ZDnet's mission is to be "a premier 'full service' destination for people looking to buy, use, and learn more about technology." ZDnet combines content from such publications as *Inter@ctive Week*, *Macworld*, and *PC Week* with content from a host of online publications and offers a significant online shopping area for prospective buyers of computers, electronics, and technology items.

Marketplaces and Exchanges

The business-to-business community is a place where information—lots of it—is shared by companies with common interests or goals. The providers pool their information to a publisher or consolidator, who sponsors a single location to disseminate the information.

Business communities function as large electronic directories or catalogs of information for a rich variety of sources, each of which is available on or accessible through a single site. Communities also offer information providers the ability to interact with their constituency and effectively expose new audiences to the providers' messages. In most cases, communities are free to users, as long as the users register (and therefore provide contact information that can be used by both the community and the participating information providers).

Many of these communities are rapidly evolving into marketplaces or exchanges, where business is transacted between buyers and sellers. Both public and private exchanges are growing rapidly. Forrester Research (*www.forrester.com*) says these eMarketplaces will capture 53% of all online business trade by 2004. GartnerGroup (*www.gartner.com*) believes that they will account for almost \$3 trillion in sales transac-

tions by 2004. Boston Consulting Group (*www.bcg.com*) estimates that public exchanges could represent as much as \$2.5 trillion in revenue by 2004. Following are several business communities and exchanges that should be of interest to IT marketers.

Business Communities and Exchanges

BizProLink (*www.bizprolink.com*)

BizProLink is a network of 135 industry-specific business-to-business communities. A typical community includes industry news, resources, a business center, a discussion center, and an eMarketplace that contains business storefronts sponsored by advertisers, as well as an online auction.

BuyUSA.com (*www.buyusa.com*)

BuyUSA is an informational marketplace launched in mid-2001 by the U.S. Department of Commerce. The site's goal is to give a competitive edge to U.S. exporters and to international companies seeking to import U.S. products. BuyUSA provides instant access to trade partners and uses a matching system to notify users when another user is interested in an offer or wants to submit a quote.

CheMatch.com (*www.chematch.com*)

CheMatch is a global trading network for purchasers and sellers of bulk commodity chemicals, plastics, and fuel products. It incorporates a real-time, interactive trading exchange where members can trade 24 hours a day, 7 days a week. CheMatch acts as an independent third party to prequalified buyers and sellers, delivering instantaneous access to the products traded on its exchange. CheMatch offers online auctions, reverse auctions, and tenders.

Community B2B (*www.communityb2b.com*)

Community B2B is a source for comprehensive, targeted information on evaluating, purchasing and implementing electronic b-to-b technology and solutions. The site provides interactive b-to-b peer exchange and networking, and serves as a catalyst for exchanging b-to-b strategy and ideas. CommunityB2B is one of a family of technology communities run by DCI, a producer of technical conferences. Other sites include CRMCommunity.com, EACommunity.com, and DWCommunity.com.

Covisint (www.covisint.com)

Covisint is a leading example of a private exchange, serving the automotive industry. Founded by competitors GM, Ford, and Daimler-Chrysler, the objective of this consortium is to greatly streamline the buying and selling process between automakers and their suppliers. Covisint is creating a business community of buyers, sellers, designers, engineers, and third parties affiliated with the global automotive industry. Sellers of goods and services will be able to buy goods and services from their own suppliers. Covisint will also offer supply-chain services and auctions. Covisint says that by the end of 2000, the site had already transacted \$350 million among its members. In May 2001, Daimler-Chrysler conducted an international online auction on Covisint that involved five suppliers who exchanged some 1,200 parts at a value of over 3 billion Euros.

ConcertGlobalMarket (www.concertglobalmarket.net)

ConcertGlobalMarket is part of the world's largest Internet-based b-to-b marketplace for indirect goods and services. It is a single point for information and services, providing buyers with access to supplier catalogs, and suppliers with a hosted application to manage inventory, orders and catalogue content. Concert is a joint venture of AT&T and British Telecom.

Converge (www.converge.com)

Converge is an independent online marketplace where high-technology buyers and sellers connect, collaborate, and transact business. Converge was formed by a collaboration of IT companies, including Compaq, Gateway, Hewlett-Packard, and NEC. In February 2001, Converge acquired NECX from VerticalNet. As a result, Converge can now serve over 20,000 trading partners globally, with access to more than 10 billion items valued at more than \$30 billion.

e2open.com (www.e2open.com)

e2open (Figure 8.2) is a global marketplace where computer, consumer electronics, and telecommunications companies can plan, collaborate, manage, and execute supply-chain transactions over the Internet. Founders of e2open include Acer, IBM, Nortel, Panasonic, and Seagate. This private exchange offers design collaboration, supply-chain collaboration, and open market capabilities to its members.



Figure 8.2. e2open is a collaborative private exchange that represents the rapid growth of b-to-b exchanges on the Internet.

Exportall (www.exportall.com)

This informational site is included for b-to-b marketers who are involved in exporting products. Exportall consists of two directories: a general one that visitors can access from the home page, and a country directory. Exportall also offers the latest international business headline news, online reports, and export tips. It includes information on every country in the world and resources for export and international business.

GE Polymerland (www.gepolymerland.com)

GE Polymerland.com may have a strange name, but its success is anything but strange. This e-commerce marketplace offers 24/7 access to more than 30,000 resins, along with availability data, easy ordering procedures, and order tracking. According to GE, sales through the site should have increased from about \$1.2 billion in 2000 to \$3 billion by

the end of 2001. By the end of 2000, the site was handling about \$50 million in sales weekly. GE Polymerland caters to engineers, specifiers, and other members of the plastics industry as well as buyers and purchasing agents, so it has grown into a true community, not just a company sales vehicle. Content is available in 11 languages, and the site features search capabilities, directories, classifieds, industry news, and discussion forums.

Manufacturing.net (*www.manufacturing.net*)

Manufacturing.net combines product and supplier databases with news, original editorial content, and powerful search and retrieval capabilities. It includes product information, economic statistics, and industry-specific news and research, focusing on design, automation and control, manufacturing processes, plant operations, and supply chain. The site draws from 23 magazines with a subscriber base of 2.35 million.

Office.com (*www.office.com*)

A venture of Winstar Communications, Office.com targets small and mid-sized businesses, offering them original content and selected third-party information for 150 industries, community areas, independent reviews, assessment tools, and one-click purchasing. In 2000, Office.com acquired Individual.com, a popular customized news service.

Oracle Exchange (*www.oracle.com*)

Oracle's aggressive move into e-everything is exemplified by Oracle Exchange, launched in mid-1999 as a hosted business-to-business trading network. Oracle first created Auto-Xchange for Ford, the world's first automotive online supply-chain network and the largest business-to-business electronic network, so that the automotive giant could move its procurement operations to the Internet. Leveraging that experience, the database company then created Oracle Exchange, which offers "open e-business marketplaces that enable Internet supply chain networks to dramatically increase purchasing and operating efficiencies."

PeopleSoft Marketplace (*www.peoplesoftmarketplace.com*)

PeopleSoft got into the marketplace business in 2000 with this b-to-b trading exchange where customers, suppliers, and employees can collaborate and do business over the Internet. PeopleSoft Marketplace brings together select trading partners and suppliers, and offers eProcurement to its users. The marketplace will continue to add such

collaborative services as resource management, benefits, travel and expense, and recruiting.

Transora (*www.transora.com*)

Transora was established with the support of more than 50 major consumer packaged goods companies in June 2000. It is now the world's largest open, standards-based b-to-b e-marketplace for the global consumer products industry. Transora allows suppliers, manufacturers, distributors, and retailers to take advantage of Internet-based value chain and business productivity solutions.

VerticalNet (*www.verticalnet.com*)

VerticalNet offers about sixty vertical communities in such specialized areas as communications, digital broadcasting, electronics, the environment, services, processes, and science. Each of VerticalNet's communities is individually branded by industry and caters to individuals with similar professional interests. VerticalNet updates its editorial content daily on each site, encourages professionals to exchange ideas, provides a targeted area for buyers and sellers to do business with each other, and solicits advertisers for its "storefronts" on each vertical site. VerticalNet became one of the first such sites to launch its own online auction service in 1999. Despite its industry-leading success at public marketplaces, VerticalNet announced in early Q2 2001 that it would refocus its business on creating software for companies to create their own private marketplaces.

Yahoo! Industry Marketplaces (*industrymarketplaces.yahoo.com*)

In an effort to capitalize on the growth of b-to-b on the Internet, Yahoo! in early 2001 formed three distinct "industry marketplaces": Yahoo! IT Software Marketplace provides users with the ability to compare over 20,000 IT software packages, find information on trade shows and seminars, and focus on the news from IT vendors and analysts. Yahoo! Electronics Marketplace and Yahoo! IT Hardware Marketplace are similar in nature.

Becoming Part of a Community

You can become part of most communities, as an individual or a representative of your business, by simply joining. In some communities, joining is free. It takes nothing more than the process of completing and

sending an online application and getting a user ID and password. Obviously, you could also become a paid advertiser.

In other communities, you may have to pay a membership or participation fee, or you may have to contribute part of the revenue you receive from the community, if you sell something through that community. Some communities, such as virtual malls, may rent you virtual space on a contractual basis. Still others may ask you to subscribe for a certain period of time.

This should not deter you from exploring the business viability of communities. Certainly, you can tell a lot about a community just by the companies it attracts. Typically, name-brand companies will not participate in a community that is not a legitimate operation. Following is a suggested plan of action to help you evaluate communities for potential business participation.

Find the Right Communities

There are so many kinds of communities that you must first do a broad search to locate those communities that may have business or marketing value for you. You can start with the communities mentioned in this chapter, but there may be tens or even hundreds more that apply to your particular needs. Go to several of the portals mentioned earlier and use their search engines to help you locate appropriate communities. Remember that communities are not always identifiable as such; they could be portals, hubs, virtual malls, auction sites, or any site where Internet users congregate regularly.

Narrow Your Options

Armed with this preliminary list of communities, begin to narrow your options by critically evaluating each site. First classify the potential communities into free versus paid sites. Then make sure you understand whom the community serves. You want to be certain that the target audience is appropriate for your product or service. Finally, determine from the information on the site which companies are involved in the community. You want to learn if your competitors participate. You also want to know whether or not the buyers and sellers are from companies that fit your company's own profile or are the kinds of companies you

want to do business with. Then apply the following checklist to each community.

Which Free Services Are Offered?

Does the community offer free services you could take advantage of, such as e-mail, home pages, chat, discussion groups, and so on?

What Opportunities for Free Publicity Exist?

Does the community have areas in which your company, product, or service can obtain any of the following free?

- Listing in member or supplier directories,
- Mention in discussion groups or chats,
- Posting of press releases or product information,
- Including a company profile,
- Having speakers participate in online forums or seminars,
- Posting of job openings,
- Listing of your events in a community calendar,
- Listing of your products or services in a buyer's guide, and
- Reciprocal linking to your site from the community and vice versa.

What Opportunities for Paid Advertising and Promotion Are Available?

In evaluating paid opportunities, look at each possible activity from a media ROI perspective. In other words, analyze the potential number of prospects you will reach and ask yourself if the dollars you are investing in the paid activity are reasonable on a cost per thousand basis. The smart way to go about it is to test a particular activity on a limited scale and see if the results warrant continued investment. The kinds of paid opportunities that may exist on community sites include

- Paid sponsorships of discussion groups or chats,

- Paid sponsorships of site features, such as job banks and events,
- Paid listings in directories and buyers' guides (some communities provide different levels of participation so your products can be highlighted or you can be a featured supplier),
- Fees/commissions for products sold,
- Banner advertising on the home page or specific pages,
- Paid sponsorship/advertising in a community e-mail newsletter, and
- Rental of e-mail subscriber lists.

As with any business decision, weigh all the positives and negatives before you get involved in a community, even if participation is free. If your objective is to use the community for marketing purposes, you will have to invest time as well as money. It takes time to make use of a community's resources and build relationships with community members.

Often, the highest value you get from a community is the *networking* value. View the community as a giant virtual meeting room. The networking possibilities are limitless. If you look at the community as a place where unlimited networking potential can result in unlimited business opportunities, you will probably get more out of one than you ever thought possible.

Building Your Own Sponsored Community

A much larger decision than participating in an existing community is whether or not to build one of your own. As a b-to-b marketer, why should you consider building a community in the first place? One reason is to establish a peremptory leadership position in a particular field. Another is to influence a target audience without heavy-handed promotion.

A good example of the sponsored community in action comes from BMC Software (www.bmcsoftware.com), as reported in the e-newsletter, B2B Marketing Biz (www.b2bmarketingbiz.com). In order to educate different corporate audiences, particularly in large companies, BMC launched four different individually branded sponsored communities.

Each site is sponsored by BMC Software (in some cases, as a cosponsor with other organizations), but the company's brand is intentionally underplayed. There are, of course, links to BMC Software's corporate site when appropriate.

AgileBrain (www.agilebrain.com) talks to marketers and e-business directors in nontechnical terms, DBAzone (www.dbazine.com) addresses database issues for technical types, NextSLM (www.nextslm.org) focuses on service level management, and QualityofExperience (www.qualityofexperience.org), targeting senior executives, is positioned as "a learning center for optimizing the e-business experience."

The results of this marketing effort have been impressive. Fifty percent of the editorial site visitors also visit the BMC corporate site, according to BMC. Even the simple link that reads "sponsored by BMC" is getting a 5 to 6% return, says the company.

Tools To Help You Build a Community

There are numerous tools available on the Internet to help you build community elements into your existing site, or even build your own community. As with any Internet or software application, there are low-end versions (sometimes called "lite") and high-end versions. The tools below are just a few examples of what is available to help you create a community or exchange, but they just scratch the surface.

Ariba (www.ariba.com)

Ariba is a major vendor in the b-to-b community and exchange space. Ariba claims to be the largest worldwide business-to-business commerce network for operating resources on the Internet. Ariba.com creates a single network access point created for buyers and facilitates the transaction by acting as an intermediary. Such companies as Bristol-Myers Squibb, Cisco Systems, Federal Express, Hewlett-Packard, and Visa are client buyers. In the spring of 2001, Ariba announced a change of strategy, focusing its efforts on providing software to build and manage value chains for companies in certain vertical industries.

Comercis (www.comercis.com)

Comercis forms industry-specific communities that network professionals, vendors, distributors, manufacturers, and suppliers in a secure trade environment.

Commerce One (www.commerceone.com)

Commerce One offers a number of e-commerce community solutions, including MarketSite, a “trade zone” that competes with the previously mentioned Ariba. Commerce One created the Internet purchasing system for General Motors.

Delphi (www.delphi.com)

Delphi has more than 750,000 registered members and 220,000 forums. Delphi forums allow members to create, control, and promote a virtual meeting place consisting of message boards, real-time chat, customized Web pages, integrated promotion, and electronic commerce. In mid-1999, Delphi introduced a unique twist to its forums called Mention Marketing. This technology monitors Delphi’s message boards for particular words that users might enter. These words would relate to a potential banner ad. So, for example, if a user types in the words “hard drive,” Mention Marketing will detect it and trigger a banner ad from a computer vendor to appear at the bottom of the message board. This in itself is an interesting application of personalized advertising

Excite (www.excite.com)

Excite, mentioned earlier in this chapter, is a portal that also provides the ability to start and join communities, as does the portal Yahoo! (www.yahoo.com).

Involv (www.involv.net)

Most suitable for intranet usage, this free business-oriented service with home pages, polling and voting, a discussion board, task management, a calendar, and shared links is positioned as “Web teaming.”

Participate.com (www.participate.com)

Participate.com offers larger companies outsourced online community management services. Its clients include AT&T WorldNet, Quote.com, and The Street.

PurchasePro (www.purchasepro.com)

PurchasePro offers software to build online marketplaces that help businesses of all sizes buy, sell, and collaborate. PurchasePro also operates the Global Marketplace, interconnecting more than 140,000 businesses and powering hundreds of private and public marketplaces.

What To Build Into Your Community

Suppose you have decided to consider building a community. How do you really go about it? Here is a basic plan:

1. *Determine the type of community you need.* First decide if your community will target only employees (an intranet), customers or suppliers (an extranet), or a public community on the Web. Intranets and extranets will require special security measures to protect confidential information and limit access to authorized participants. You may wish to restrict access to a public community as well by establishing subscriber or membership rules. Even though your goal for a public community may be to gain widespread publicity, you may wish to allow only qualified individuals to make use of the community's services.
2. *Set objectives for your community and establish an operating budget.* Set some realistic specific objectives for your community. With a customer community, for example, set a goal for how many customers you expect will participate. Project the customer service savings and revenue impact of the community. Also establish a community operating budget, both for start-up and ongoing development and maintenance costs. A community is more complicated to build than a basic Web site, and it potentially involves more back-end support because it is so interactive in nature. Be sure to anticipate the cost and manpower required to support the activity generated by a community.
3. *Establish a community structure.* Learn what a community is, how it operates, and what it includes by visiting other business communities and actively participating in them. Typically, you will want to consider including the following in your community:
 - **Information Center.** This is usually the heart of the community. Depending on the type of community you establish, this area would contain information about your industry, your company, and other companies' products and services, white papers, special reports, directories (if appropriate), pertinent news, research links, tools, and so on.

- **Community Services.** As part of your community, you may want to provide value-added services to community members, such as a master calendar of events, selected links to other relevant Web pages, and an e-mail newsletter.
 - **Interactive Areas.** A key part of what makes a community a community is interactivity. The easiest way to offer interactivity is probably through the creation of a bulletin board. Beyond bulletin boards, interactivity can move from e-mail messaging to discussion forums to live chat rooms. It is recommended that you include at least one form of interactive technology, because this is a primary characteristic of a community. It is also a good idea to include an interactive feedback mechanism, even if it is a simple Web response form, to encourage community members to offer their comments and suggestions.
 - **Conducting Business, or Using e-Commerce.** You will need to incorporate some combination of database and e-commerce technology into your community if you want to conduct business. In this case, you should thoroughly review Chapter 7, “Building Customer Relationships,” and Chapter 10, “Selling on the Internet.”
 - **Involving Partners.** Some partners may want to participate in co-founding your community; others may want to be sponsors. Others may see the community as a way to increase their own exposure and sales opportunities. Partners who have a brand name can enhance the credibility of your community and make it all the more desirable to users. For more about partnering, see Chapter 9.
4. *Set up the back end.* As indicated earlier, a community is a more complex and involved Web site. Do not underestimate the back end. Establish processes and procedures to service and respond to community members. Have a good, integrated Web database in operation. Ensure that all technologies you deploy in the community are pretested and functioning properly. Verify that your Web server or hosting service is adequate and that all activity can be monitored. Make sure everything is working—*before* you go live!

5. *Launch and publicize your community.* Launching a Web community is a lot like launching a new product—and most IT marketers know what that involves. Use the same marketing tactics for launching the community as you would with launching a new product: establish a publicity campaign, try to get press coverage, hold special events, and if appropriate, advertise.
6. *Maintain and grow your community.* Once established, your community will require ongoing care and attention. A community is an active, vibrant place. Community members will expect content to be refreshed frequently, links to be working, discussion groups to be current, and interactive systems to be responsive. Maintaining the community is an essential part of its success. And your job does not stop there—you should always be looking for ways to improve and grow the community.

Developing Internet Partnerships

B-to-b partnering is not a new concept. Strategic alliances, channel partners, and cooperative business ventures are common practices. However, there has been a steady increase in “coopetition”—the practice of competitors forming alliances or joint ventures. IBM was at the center of two such deals in 1999, reaching agreements with arch-rivals Dell and EMC. Both Dell and EMC compete fiercely with IBM, the first going head-to-head in PC sales and the second steadily increasing market share in computer storage systems, once an IBM stronghold. Yet IBM apparently saw value in cooperating with these competitors, finding a way to turn their opposition into a business opportunity.

The influence of the Internet is present in many of these unholy alliances. In the chapter on business communities, we discussed the phenomenon of Internet business exchanges. Here, rival businesses are forming alliances to pool purchasing power and resources. Although they open up the question of antitrust actions, such partnerships are continuing unabated, at least at the present. The business benefits of alliances, even among competitors, simply outweigh the liabilities.

The Internet has helped to create a whole new business environment in which partnering, even with competitors, becomes incredibly attractive. With its natural alliance-building architecture, the Internet has broken down business barriers and caused partnering to flourish.

The Internet has even spawned its own brand of partnering—affiliate programs. The Internet is also becoming the core of entire information networks established by partnering organizations. In this chapter, you will see how b-to-b companies are leveraging Internet partnering and how you can take full advantage of it.

Partnering—The Traditional Way

“Strategic alliances” and other partnering relationships are an increasingly common way of doing business. Companies with compatible products or services find that they can reduce marketing and sales costs, provide a more comprehensive solution, and potentially increase revenues faster when they work together.

Information Technology is one industry that has seen great changes because of partnering. Computer hardware and software companies often develop partnerships that are intended to present strong reasons to buy two or more products together rather than separately. These companies will sometimes involve a channel partner, such as a VAR (Value-Added Reseller) or a distributor, which typically adds a service and support component to the package. In the best scenarios, the partners deliver a superior solution of high value, but if the partnerships go awry, the customer can be caught in the middle of a lot of finger pointing or, at the very least, a lack of coordination.

Nonetheless, partnering has its distinct advantages, and it has been generally successful as a way of doing business for computer companies. It seems logical, then, that the Internet would not only adopt the partnering model but capitalize on it. In fact, a whole new Internet-based business model—the ASP, or Application Service Provider—is largely built on partnering. ASPs typically provide services via the Internet for a monthly fee. These services often utilize select software applications from partner organizations as the basis for their existence. The business model would not work without partnering.

Today, in light of uncertain economic conditions, partnering could offer b-to-b marketers certain strategic advantages. If, for example, a company is looking for ways to reduce overhead, it may choose to increase its dependence on alternative sales channels. Building and growing a partner network might be more attractive than expanding a direct sales force, especially in industries or geographies where the company is weak.

Before we explore Internet partnering, it might be appropriate to talk about some of the ways you can get the most out of traditional partner marketing relationships.

Cooperate But Do Not Capitulate

Cooperative marketing programs should be just that—cooperative. You and your partner should develop programs together, and you should agree on common objectives, offers, messaging, and logistics. It is generally best for only one partner to take the lead—and usually it is the partner who is putting in the most money. If that is your company, you need to diplomatically take control of the program. Although you will work in a spirit of cooperation, you will also want to be sure that your company gets what it needs out of the relationship, that you can make the final decisions, and that you will get a reasonable return on your investment.

Accentuate Your Compatibility

Get to the root of what is fundamentally special about your partner relationship—and then highlight the benefits of it. You may want to develop special packages or offers that make it very attractive to purchase your products together with your partner's products. If the partner relationship involves service and support, this too could be a unique aspect of your sale. Whenever you sell jointly, convince the prospect that your partnership makes you stronger and differentiates you from the pack.

Centralize Lead Processing

If possible, centralize lead processing and fulfillment. If you are the lead partner, maintain management of the lead generation process. If leads go directly to partners, you immediately lose control over those leads—and your ability to track responses and analyze results is lost as well. If you must decentralize lead generation, at least establish and agree on methods to share, distribute, contact, and follow up on leads. This activity should be just as carefully managed and coordinated as joint sales calls.

Offer Resellers Turnkey Programs—And Make It Easy To Participate

Many b-to-b direct marketers are involved in *channel marketing*—marketing products and services through VARs (Value-Added Resellers), retailers, distributors, representatives, agents, or other marketing partners who resell products. Computer hardware, software,

and networking manufacturers have widely adopted this selling model to reach diverse markets more effectively, often on a worldwide basis. (For an in-depth look at this business, visit CMPnet's ChannelWeb at www.channelweb.com). Insurance companies have long distributed their products and services through captive or independent agents.

Resellers are a special kind of partner. They especially like programs that support their business but take very little effort on their part. If you want to support reseller partners, it pays to design direct marketing programs that are fast, low in cost, and easy to customize for resellers. Consider doing VAR versions of your end user promotions, and get larger VARs to sign on up front so you can simply tag them on to your existing program. It will be easier, faster, and cheaper for everyone.

Consider adding incentive programs for the sales teams of larger resellers—so they get excited about promoting your products over someone else's. Make sure the sales teams (yours as well as your partners') are informed of any direct marketing programs that you are executing on their behalf.

Supporting Partners with Traditional Direct Marketing

Supporting partners with traditional direct marketing is a commonplace practice. Companies working as partners may co-brand advertising or direct mail promotions to take advantage of market conditions and benefit from joint marketing. Alternatively, the sponsoring company may execute a direct mail program and offer partners the opportunity of participating by printing versions of the piece with each partner's logo and call to action information.

Some partnered direct marketing programs are comprehensive and all-encompassing, but they need not be this elaborate to achieve results. I have seen partner versions of self-mailers and postcards perform very effectively. As with any direct marketing program, the keys are good list selection, a strong offer, and audience-appropriate creative.

Today, there is another weapon—the Internet. Now traditional direct marketing partner programs can be enhanced with the Internet in a variety of ways:

1. Using a partner-specific URL, you can direct leads to a special Web page that reinforces the benefits of the partnered program and captures responder information.

2. E-mail can be used to acknowledge information requests, confirm orders, and embed Web links to partners' Web sites.
3. You can keep partners informed of program activities via e-mail and post direct mail samples for partners to review on the Web.
4. You can use a partner extranet to allow partners to view and order entire programs, distribute leads, track results, and monitor performance.

We will discuss these ideas further later in this chapter, but first, let's take a look at how partnering began on the Internet.

The Starting Point for Internet Partnering: Affiliate Programs

It was Amazon.com (www.amazon.com) that created the first commercially successful *affiliate marketing program*, Amazon.com Associates. Amazon pioneered a method of partner or shared revenue marketing that has become one of the fastest-growing types of business on the Internet. Forrester Research (www.forrester.com) predicts that affiliate marketing will account for over 20% of online sales by 2003.

What exactly is affiliate marketing? The particulars change based on who is offering it and how it operates, but the basic definition is the same: An affiliate marketing program is essentially a revenue-sharing program that uses the Internet to facilitate partnered selling.

Let's look at Amazon's affiliate model to explain the concept. It is a very simple yet ingenious idea. Anyone with a Web site (as long as it does not have questionable content) can become an Amazon Associate, free of charge. You simply sign up, agree to the company's terms, and link to Amazon.com's site through a variety of ways. For example, you can put a button on your home page, use a search box link (which allows visitors to search Amazon for products from within your site), or link to individual products sold by Amazon. In all cases, links lead your Web site visitors directly to Amazon.com—through a unique URL that tracks activity back to you. This way, if a visitor purchases anything from Amazon through your site, you get paid a commission,

based on the particular product purchased. You also get the benefit of an e-commerce store on your site, along with the legitimacy of the Amazon brand.

You become an agent or an Internet reseller for Amazon. You need not fill the order, collect money, or deal with customer service because Amazon handles all that. Since the company is so good at it, your Web site visitors have a positive buying experience through your site. It is an Internet variation of the old drop shipping model used by mail order companies. A mail order company would offer a product it did not manufacture and make an arrangement with the manufacturer to ship the product from its warehouse directly to the customer. The mail order company, as the middleman, would then bill the customer and pay the manufacturer.

Affiliate marketing is so uncomplicated and easy for both parties that it is possible for everybody to be a winner. There is little risk on the part of either the affiliate program sponsor or the affiliate. Setting up links is technically simple and inexpensive, and the very nature of the Web makes these links easily traceable. An affiliate can be as aggressive or passive as desired in promoting the sponsor's products. In some cases, the affiliate's primary objective may be to enhance a Web site's service component, so the added income from the program is just an added benefit. Other affiliates may be looking for a fast, easy way to get into e-commerce or improve an established operation by adding an increased product line.

From the site visitor's perspective, an affiliate program is an added benefit. The visitor can now purchase products or services directly from your site. If those products and services are relevant to your site's topic area, then the visitor's experience is enhanced.

Business-to-Business Affiliate Programs

Affiliate programs were first developed for the business-to-consumer market, but they have grown dramatically in the b-to-b space. In fact, the affiliate program model can easily be adapted to meet the needs of the b-to-b marketer. Suppose you are a marketer of financial services and you target business prospects. If you were part of the Amazon.com Associates program or another Internet bookseller's program, you could select appropriate books in the financial category and sell them on your

Web site. You are providing your site visitors with a service and gaining additional revenue at no cost. It really is that easy to make money with the affiliate program model.

The same principle applies to other affiliate programs, from products to services to auctions. It is all in how you use the affiliate program to meet your own specialized business-to-business marketing needs.

I have taken this approach with my own company. Through the Amazon.com Associates program, I added a direct marketing bookstore to my company's Web site. It is completely flexible and uncomplicated. We choose marketing books (including my own) that are relevant to our site and write our own descriptions of the books. Each book has a special order number, which links directly to the Amazon.com site, so visitors to our site can order these books through Amazon.com. We also have a search box link, which makes it possible for visitors to buy anything Amazon.com sells through our site.

For each item ordered through our site from Amazon.com, our company gets a small commission. We are providing a valuable service to our Web site visitors and enjoying the benefits of e-commerce—at no cost to the company. The income is modest, but the service we provide is invaluable. As an Amazon.com Associate, I can check on the hits and purchase activity generated through my bookstore via Amazon's Associates' Web page, plus we get a check every quarter. This is but one tiny example of how an affiliate program can work in a business-to-business setting.

Second only to Amazon.com in terms of e-commerce leadership is Dell Computer. Dell announced its first affiliate marketing program in March 1999. With 50 charter members, the Dell program relies on LinkShare (*www.linkshare.com*), the owner of the largest affiliate network, to bring its products to more than 65,000 affiliate sites. LinkShare technology tracks and monitors all Dell sales through affiliates. Later that year, the program was expanded to include Dell's Asia Pacific business as well.

Despite the growth of affiliate marketing, some believe the model is flawed. Critics say that affiliate marketing simply directs Web traffic to other sites, providing a quick exit door instead of keeping visitors captive. As a result, some companies, such as Iconomy (*www.iconomy.com*) and Escalate (*www.escalate.com*), offer to build ready-made Web stores that sit on a company's Web site rather than sending visitors to another site to make a purchase.

Tips on Becoming an Affiliate

In most cases, becoming an affiliate is as uncomplicated as signing up and linking to the affiliate sponsor's site, but there are a number of key considerations:

1. *Choose affiliate programs carefully.* Thousands of affiliate programs are available. Start by doing a survey of these programs to determine which fit with your site. Some of the best places to look are Associate-It (www.associate-it.com), Refer-It (www.refer-it.com), and CashPile (www.cashpile.com). These sites do an excellent job of providing general information about and search engines for affiliate programs. There are thousands of affiliate programs to review, with more than enough entries in the b-to-b market. Pick several that appeal to you and then read the terms of every affiliate program very carefully. *They are not all the same.* Each may have its own unique twist. Be sure to understand the commitment required by the sponsor and whether or not you will have to pay anything up front to participate.
2. *Verify the legitimacy of the programs you are considering.* Do not assume that an affiliate program or its sponsor is legitimate, just because you find it in a directory. If you are familiar with the name and the reputation of the company, there is probably little cause for concern. However, many affiliate program sponsors could be companies you never heard of before. This does not mean they are not legitimate, but do your homework. Make sure you are comfortable with the types of products the sponsoring company offers. Find out how long the sponsor's affiliate program has been in existence and how many affiliates are involved. Ask for references and check them out. Try to learn if there have been any complaints about the company by checking them out with local Better Business Bureaus or other such organizations operating on the Internet. It may even be worth it to go to a few of the sponsor's affiliate sites and order product through them to see how the sponsor handles your order. Determine if you can try the program for a limited period of time without obligation. This is a serious business decision. Make sure you are affiliating with a company that will not damage your own reputation.

3. *Select programs that meet your Web site visitors' needs.* Narrow down your selection to a few affiliate programs that you feel best fit with your site. Typically, your affiliate program will be more successful if the sponsor's products or services are complementary to your own. As in the earlier example of selecting specific books from Amazon.com that might be of interest to a site visitor, you should think about *drawing a relationship* between the sponsor's offerings and your site. Why do visitors come to your site, and what are they looking for? If the sponsor's affiliate program helps to answer these questions and support the theme of your site or the business you are in, then it is probably a good fit.
4. *Test one program.* You will probably be tempted to add several affiliate programs to your site. If you are new to affiliate marketing, however, you may want to approach it conservatively and test one program first. It is important to understand how affiliate marketing works and to see if your visitors will be receptive to it. You also need to make a commitment to the affiliate program, promoting it on your site and keeping the information relating to the program fresh.
5. *Continuously evaluate the program and add other programs selectively.* Keep a close eye on how well the affiliate program is working. Evaluate the sponsor's service and make sure your visitors are satisfied. Determine if you are getting what you anticipated out of the program. Once you are comfortable with the concept of affiliate marketing, you could consider adding other programs to your site, but do so selectively. Typically, it is not productive to add multiple affiliate programs in the same category, for example. Make a commitment to one bookseller, or one computer products vendor. Otherwise, you may be offering your visitors too many choices and that could dilute overall ordering from your site. Affiliate programs should enhance your site, not take away from its effectiveness. If you fill your site with too many affiliate programs, your visitors may perceive that you are more interested in making money than servicing their needs.

Guidelines for Creating Your Own Affiliate Program

If you are interested in creating your own affiliate program, you will have a different perspective. Here our guidelines for such an undertaking.

Establish an E-commerce Operation First

Although some affiliate programs share leads rather than revenue, the vast majority of affiliate programs are e-commerce programs. Do not even try to institute an affiliate program unless you already have a successful e-commerce operation or you are willing to make the investment in such an operation. If your objective is to fuel your e-commerce effort with affiliate marketing, you probably should consider a packaged solution or an affiliate marketing service provider. Here are some of the leading providers of affiliate marketing programs.

BeFree (*www.befree.com*)

BeFree had over 2,800,000 affiliates signed up for some 200 merchants just one month after its November 1999 IPO was filed. BeFree merchant clients establish virtual storefronts on affiliate sites, targeting specific merchandise to complement both the merchant and affiliate Web sites. BeFree's customers include America Online, Compaq, Gateway, Hewlett-Packard, and IBM.

ClickTrade (*www.clicktrade.com*)

ClickTrade targets small businesses and operates as part of Microsoft bCentral (*www.bcentral.com*). ClickTrade encourages small businesses to sign up as merchants in its Revenue Avenue area, a directory of over 7,000 affiliate programs that includes over 120,000 affiliates.

Commission Junction (*www.cj.com*)

Commission Junction is an affiliate marketing ASP that provides a turn-key solution for managing revenue sharing relationships. Commission Junction provides a network of more than 1,500 merchants and 350,000 content sites with affiliate marketing, management, recruiting, and administrative services on demand. Participating merchants include eBay, Excite, HotJobs.com, Intranets.com, and Telocity.

LinkShare (www.linkshare.com)

LinkShare was one of the early providers of affiliate marketing programs. Launched in 1997, LinkShare was in 1999 granted a U.S. patent for the tracking technology behind its affiliate programs. In 2000, LinkShare launched a b-to-b network. LinkShare's 400 participating merchants include AT&T, BizTravel, Dell Computer, Delta Airlines, Handspring, McAfee.com, Priceline, and Verio.

Performics (www.performics.com)

Performics, formerly Dynamic Trade, positions itself as a full-service pay-for-performance vendor of online marketing tactics, including search engine optimization, partner, and e-mail marketing channels. Clients of Performics include Bose, Discover, and Eddie Bauer.

Each of these service providers offer start-to-finish services in terms of setting up and managing affiliate programs. In return, they typically collect 20 to 30% commission. This may seem like a lot, but it would be very difficult to set up your own affiliate program and manage the high level of affiliate interaction that is necessary for success. If your affiliate program had thousands or even hundreds of affiliates, you would need a specialized system to run the program.

Construct an Affiliate Program That Benefits Everyone

As the affiliate program sponsor, your primary objectives are probably to extend your own company's awareness and reach, and increase your revenue. But you have a business obligation to construct a program that also benefits your primary customers (your affiliates) *and* your secondary customers (your affiliates' customers). Your affiliate program should be easy and uncomplicated for an affiliate to implement. Although you could charge an affiliate for participating in your program, most affiliate programs are free to the affiliate, so you may be less competitive if participation in your program costs money. Structure your compensation plan fairly so that the affiliate benefits from your sales success. Typically, companies offer affiliates anywhere from 5 to 15% of the selling price of a product or service. Some programs may offer as high as 20 to 30%, but these higher amounts are usually doled out as special incentives or bonuses. Although many affiliate programs are based on flat commissions, there is some evidence that sliding scale commissions

are being adopted by merchants with products of varying value. A sliding scale may be appropriate if you want to reward affiliates for selling higher-priced products, and it could also differentiate your affiliate program from others. Remember, affiliates are really resellers who can contribute significant incremental sales at little cost to you, so make it worth their while to participate.

Some companies have entered the b-to-b affiliate market with collaboration products and services designed to help you create and run in-house affiliate and partnering programs. iChannel from iMediation (www.imediation.com) is a software platform that helps companies support multiple sales models while accelerating business partner recruitment. This collaborative sales solution is in use by more than 70 companies, including the American Management Association, Hewlett-Packard, and Philips. WebCollage (www.webcollage.com) offers interactive Web service syndication, which allows e-businesses to syndicate complete, interactive Web applications and share them directly through partner sites.

Work Out All the Details

There are numerous operational details you will need to think about. For example, you could offer an affiliate program that has branding options. You may feel strongly about maintaining your identity on the affiliate program (as does Amazon.com), or you may want to allow affiliates the flexibility to co-brand or private-label your program. Under the private-label scenario, an affiliate could basically take your program and put its name on it. You could decide to implement a graduated revenue-sharing arrangement, whereby affiliates who sell more get a higher share of revenue. You need to determine what kinds of linking to your site you will allow, provide artwork and instructions, and set up a system that tracks affiliate activity. These are the kinds of details you will need to work out in advance, and each detail will have technical implications behind it.

Protect Yourself with a Legal Agreement

One of the advantages of affiliate programs is that you can grow a network of affiliates very rapidly via the Internet. If hundreds or thousands

of Web site owners become your affiliates, it is unlikely you will be able to screen them all and get to know them individually. That is why a legal agreement is absolutely essential. Before you accept affiliates, they should be required to accept the terms of your agreement. The agreement should include, among other things, a discussion of the business relationship you are establishing, your stand on ethics, terms of payment, and conditions of cancellation. You will probably want some language in the agreement that protects you and your site against fraud, unethical practices, and use of your program in association with any illegal or objectionable business activity.

Service Your Affiliates

After your program is up and running, keep your affiliates informed via e-mail and by posting information on a special affiliates' page on your Web site. Report activity to affiliates on a regular basis, and be sure to issue payments *promptly*. Ask your affiliates for feedback on how you can make your program better and what you can do to improve service. Affiliates are not only a valuable source of revenue, they can also refer other affiliates to you and help you keep your finger on the pulse of Internet buyers.

Make a Long-term Commitment to Affiliate Marketing

After you are in the affiliate marketing business, look at it as a *business*, not just a marketing program. As a major distribution channel for your product or service, your affiliates are as important a channel as distributors, resellers, retailers, or a direct sales force. Do not underestimate the care and attention affiliates will require. You will need to consider an ongoing program of affiliate acquisition and retention, just as you would with prospects and customers. You will need to police your network as best you can to make sure that affiliates are legitimate and that they are playing by the rules. You will want to work out the details of building and maintaining relationships with your affiliate community. Of course, you will also need to have a solid structure for standard affiliate reporting (both internal and reports to affiliates) and affiliate compensation.

Examples of B-to-B Affiliate Programs

Visit the two sites mentioned earlier, Associate-It and Refer-It, for an updated listing of affiliate programs. Here are some examples of b-to-b affiliate programs.

BuyTELCO.com (www.buytelco.com)

BuyTELCO is a clearing house for companies to purchase telephone services, selling everything from Internet access and frame relay circuits to long distance and DSL. BuyTELCO has an affiliate program that lets affiliates decide what's best for their sites. They can link directly to the BuyTELCO home page, with access to the entire site, or only to those sections of the site that are of most interest to their customers. Affiliates create their own BuyTELCO store and earn commissions on the items they stock there. BuyTELCO also offers PartnerPlace, a program that allows system integrators and VARs to set up a telecom back office, or private extranet, that can be offered to customers.

GE Express (www.geexpress.com)

GE Express is a service that provides a single source for spare and replacement parts for major manufacturers' computers and related equipment. The company maintains a large inventory of quality parts and also provides a parts identification and hard-to-find sourcing service. Affiliates can earn a 3% commission on all orders placed from an affiliate site. GE Express pays commission as long as the purchase transaction is completed within 45 days of the referral.

HP Garage Affiliate Network (www.hp.com/solutions1/garage/affiliates/index.html)

This is not an affiliate marketing program in the true sense, but it is included because of its unique attributes. Basically, the HP Garage Affiliate Network puts small startups who use HP products in touch with companies who can offer them business services and expertise. Service categories include customer support, human resources, IT facility services, market research, mobile solutions, and public relations.

Enews (www.eneews.com)

Enews (Figure 9.1) offers online subscriptions to over 100,000 magazines, newsletters, and newspapers. Enews sponsors Newsstand Net-

The screenshot shows the Newsstand Network website with the enews.com logo. The navigation menu includes Overview, FAQs, Agreement, Sign Up / Application, Links & Reports, Fundraising, and Contact Us. The main content area is titled 'Introduction to enews.com and Newsstand Network ----- a success story.' and describes the company's history and affiliate program. A sidebar on the left features a grid of magazine covers with the text 'With 1000 titles to choose from' and 'you're always a winner.' Below this are 'Join Now' and 'Tell Me More' buttons. The main content area lists three steps: 1. enroll, 2. link, and 3. earn, each with a brief description of the process.

enews.com Newsstand NetworkSM
Your One-Stop Magazine Store Online.

- Overview
- FAQs
- Agreement
- Sign Up / Application
- Links & Reports
- Fundraising
- Contact Us

Introduction to enews.com and Newsstand Network ----- a success story.

Established in 1993, enews.com is one of the Internet's most innovative and successful Web retailers. We helped pioneer and develop the industry of online retailing, and in 1997, we established one of the Web's first affiliate programs, the award winning Newsstand Network (SM). Today, Newsstand Network is well over 85,000 affiliate sites strong. The Newsstand Network team of sales and marketing professionals are here to help you sell magazines on your Web site, so...let's get started !

With 1000 titles to choose from

you're always a winner.

Join Now
Tell Me More

It's easy as 1,2,3...

1. enroll

Read our [AGREEMENT](#) and complete our easy online [APPLICATION](#). Once you've been accepted, we'll then send you an email with instructions on how to create your links to offer the magazines you want.

2. link

Choose from a variety of **banners, links and graphics** - and the code is automatically created. Copy the code into your site's HTML source file, upload, and the link appears on your site. You don't need to be an HTML expert -- creating links is simple!

3. earn

Every time a visitor to your Web site clicks through the links and makes a purchase, you earn 15% of each sale! You can log on and **CHECK YOUR SALES** any time with the secure username and password you select!

We fulfill orders, ship the product, handle customer inquiries, track your sales, and mail you commission checks. It's simple, and there's no limit to what you can earn.

Figure 9.1. Enews.com does an admirable job of making it easy to become an affiliate. As a result, any b-to-b marketer can use its Web site to sell magazines.

work, an organization of over 85,000 affiliates who make 15% commission on every sale. The service includes magazine search engines, special interest area racks, and round-the-clock sales reporting.

iGo (www.igo.com)

iGo is an online mobile technology store that sells cellular phones, laptops, PDAs (Personal Digital Assistants), digital cameras, voice recorders, and more. iGo's program offers affiliates a 7% commission on gross revenue for customers who purchase from iGo through an affiliate's site.

PromiseMark (*www.promisemark.com*)

PromiseMark provides an interesting service called the Virus Service Plan, which protects individual computer users from the increased costs and frustration associated with destructive computer virus infections. The company offers a Virus Repair Guarantee and has alliances with Symantec, Aon, and Virginia Surety Company. Affiliates get a 15% commission on each plan sold.

QSpace (*www.qspace.com*)

This useful service delivers reasonably priced credit reports in seconds over the Web through its affiliates, which include Yahoo!, Autoweb.com, and Realtor.com. Qspace.com pays up to 20% commission on all credit report sales generated through an affiliate.

Sundial.com (*www.sundial.com*)

Sundial.com retails wireless products and services online. Sundial.com partners with such well-known providers as AT&T, Omnipoint, Cellular One, US Cellular, AllTel, GTE, and SkyTel to offer wireless plans, phones, pagers, and even satellite TV systems. Affiliates earn 10% commission on all wireless products and services, and a \$20 commission on each satellite TV system sold.

VeriSign (*www.verisign.com*) and Network Solutions
(*www.networksolutions.com*)

VeriSign is a leader in security products used to authenticate sites to visitors. The VeriSign affiliate program is targeted to Internet Service Providers and Web hosting companies, allowing them to integrate digital certificates into their service offerings. Verisign's subsidiary, Network Solutions, operates an affiliate program that has nearly 65,000 affiliates worldwide. Affiliates can earn 20% revenue share on Web address and bundled services, 20% on Search/Submit, and flat fees on ImageCafe Web sites.

Using the Internet to Support Channel Partners

Although the affiliate program is the prevalent partner model on the Internet, there is another kind of partnership that the Internet can

impact—channel partnering. Companies using retail or reseller channels know that these forms of product distribution make it difficult if not impossible to capture the end user customer. Customer end users are sometimes held at arm's length—unintentionally or purposely—by distributors, dealers, resellers, or retailers. Even worse, these customers become vulnerable to a company's competition because the reseller or retailer often does not have an exclusive relationship with the company and can therefore market competitive products to these customers.

As a result the originating company misses out on the opportunity to communicate first-hand with a vast customer segment. These customers are no less important to the originating company, but they are “co-customers” of the channel partner. Marketing to this specialized customer base and building relationships with them becomes a complex and difficult challenge.

Just as important, the originating company needs to build an ongoing relationship with the partner organization itself. Large, global companies in particular could have a loose network of partners all over the world, some more loyal than others. How can a large company keep all of these various types of partners informed? And how can that company truly service their needs?

The Internet may help to solve this chronic business-to-business marketing problem; the Internet can help you know who your customers are when you rely on indirect sales channels; and the Internet makes it relatively easy for you to collaborate with resellers and other partners, sharing resources and cooperating on electronic marketing initiatives that could result in a substantial payback for a modest investment on the part of all partners. If you are the originating company, you can go a step further and enlist the assistance of partner organizations in reaching out to the Internet's extended customer family.

Reaching channel customers could be just the beginning of a deepening Internet relationship between companies and their partners. It therefore makes sense to fully explore the potential of sharing information on each other's Web sites, cross-linking, and extending electronic marketing activities.

As you might expect, there are Internet-focused companies in existence who are capitalizing on the channel partner challenge. For example, Asera (www.asera.com) offers an e-business solution it refers to as “demand chain management”—Web-based software that users configure to meet the needs of each channel. The solution addresses product lines,

pricing, marketing, sales, and online order management, and is sold on a pay-for-use basis.

Building an Internet-based Channel Partner Program

There is little doubt that b-to-b companies will increasingly rely on the Internet to help them maintain partner relationships and service channel partners. Of course, these business relationships are far more involved than the previously discussed affiliate programs. For the most part, the affiliate program concept relies on large numbers to succeed. The affiliate concept chains hundreds or thousands of other Web site owners together, working on the basis of exponentially increasing the sales of the originator. Although the originator “touches” the affiliates occasionally, the business relationship is more distant than with traditional partners. In most cases, the originator never meets or even speaks with the affiliate; the relationship is conducted via e-mail.

Here, on the other hand, it is likely that a business partner relationship has already been established, typically with a select group of companies. The partners are far more important in their relationships with the originating company. They were in place before the Internet was even considered as a marketing channel.

When it comes to partnering, b-to-b companies must employ the Internet with care because a company’s Web presence can create the ultimate in channel conflict. An IT case in point came to light in “Avoiding Channel Conflict,” a story that appeared in the March 2001 issue of *Line 56* magazine (www.line56.com). It was reported that Hewlett-Packard walks a fine line between selling directly and via its 40,000 North American resellers. HP tries to avoid undercutting its resellers in pricing. In addition, HP funnels leads via the Web directly to about 8,000 North American certified resellers. Resellers are required to report on the disposition of each lead.

For Internet “pure play” companies, the affiliate program may, in fact, represent the sole partner channel, but for traditional b-to-b marketers rapidly transitioning to Internet marketing, the affiliate program is merely a nice bonus in terms of incremental revenue. For the traditional b-to-b company, channel partners are more integral to the success of that company’s entire selling model. In some cases, as with companies distributing products through distributors or master resellers, channel selling could be largely responsible for the company’s profit or loss.

For these companies, then, the Internet is being used to facilitate communication and interaction between the company and the partner. In fact, this application of the Internet is probably even more significant than affiliate programs in the long run.

It is important to realize that the Internet itself will not compensate for a channel partner program that is unstable or poorly run in the first place. However, if your channel partner program is on solid ground to begin with, then using the Internet can have a major positive impact on channel partner programs.

There are several ways you can combine the traditional principles of partnering with the benefits of new media marketing.

1. *“Web-ize” the partner relationship.* Whether you are the company with partners or the partner, you can quickly begin to make the Internet an integral part of your business relationship by collaborating on the Web. Encourage partners either to link to your site or to pick up and incorporate entire pages of information from your site into their sites. Provide partners with information from your Web site that you have repackaged for their use or offer to customize Web content for their sites. Give partners a graphic button or small banner that they can use on their sites to link to your site. If you are the originating company, offer partners a place on your site where they can post their information, perhaps in a partner showcase section of your Web site. Provide partners with their own unique order page to facilitate e-commerce.
2. *Link your communications electronically.* Encourage e-mail communications between your organization’s employees and your partners’ employees. With major business partners, you may want to agree on using portions of each other’s networks selectively to facilitate communications.
3. *Promote your partners in a special area of your Web site.* B-to-b marketers with significant partner relationships may want to promote these relationships on their corporate Web sites. The most common way to do this is by creating a special area on the Web site. This section typically describes the company’s partner program (so the company can potentially acquire new partners), highlights new partner participants, features news about partners, and provides links to partners’ sites.

4. *Establish a partner service extranet.* A partner extranet is a Web site that you establish especially for the use of one or more partners. There are two possibilities: You can create a private access area of your company's Web site just for partners, or you can establish a private extranet that uses a separate URL to hide it from public view. In both cases, the primary objective is the same: to provide a site that services your partners. This site can be as simple or as sophisticated as you wish. You can start by using it as a central repository of all partner information—program details, agreements, promotions, and so on.

Ultimately, however, the greatest value of a partner extranet is *service*. You can use the partner extranet to offer a full range of promotional and marketing services to your partners. By establishing an order, delivery, and monitoring process up front, you will be able to offer partners a complete, one-stop resource for support.

You can also use the extranet to service the partner relationship by transferring paper-based systems to the Internet. For example, consider moving program and product ordering, lead distribution, results tracking, program monitoring, invoicing, receivables, and inventory tracking to the Internet over time. Create a self-service center where partners can resolve their own problems to cut down on telephone and face-to-face support. In other words, use the Internet to conduct business with your partners, not just as a marketing support medium.

Examples of Internet Partner Programs

Since Information Technology companies lead the market in using partners and the channel to distribute their products, they tend to have the most mature Web-based partner programs. Here are some examples.

Cisco (www.cisco.com)

Nearly 90% of Cisco's revenue goes through the channel, so you would expect Cisco to have a large, active partner and reseller program. Cisco introduced a new Channel Partner Program in mid-2001 that focuses, in part, on aggressively leveraging e-business. Cisco's established Internet presence will play a significant role in making the program a success.

IBM (*www.ibm.com/partnerworld*)

Take a good look at IBM's PartnerWorld and you'll get a real appreciation for just how comprehensive partner programs can be. PartnerWorld is a complete resource for IBM Business Partners that includes marketing and sales, education and certification, technical support, financing, and more, all in one central location. The marketing and sales area is particularly impressive: It offers an entire comarketing program of campaigns, events and seminars, a marketing materials center with an eLiterature Rack and image library, and numerous sales tools, such as lead management and an "e-business value knowledgebase."

Intel (*channel.intel.com*)

The maker of the Pentium processor has an entire subsite off its corporate site just for the channel. Click on "Contents" and you'll see the depth of the site, from a new visitor's center to general resources, including product and technical information, training, sales tools, global membership programs, and more. Intel's e-Business Network provides a centralized mechanism for serving partners with certification, training, and business support. It includes a Business Market Place, where channel partners can locate and link up with one another.

Microsoft (*www.microsoft.com*)

Microsoft for Partners is itself a customer site that is accessible from the Microsoft.com home page. The Partners site links to four different areas: Microsoft Certified Partners, the Internet Services Network for ISPs and communications companies, Microsoft Direct Access for companies that sell technology and services, and the System Builder Program for OEMs.

MicroStrategy (*www.microstrategy.com*)

MicroStrategy (Figure 9.2), a business intelligence and CRM solutions company, has a well-designed partner program that effectively leverages the power of the Internet. Partners are categorized as associates, consultants, solutions providers, or OEMs. Each partner can make use of a variety of Web-based services. In the MicroStrategy Store, partners can obtain free evaluation software and purchase discounted software for resale. The store automatically calculates reseller discounts after the standardized discounts for both user- and CPU-based configurations. Partners can also sign up for access to the MicroStrategy Partner Portal. Here, partners can submit and receive professional services and license



Figure 9.2. MicroStrategy's well-designed partner program features numerous types of partner relationships as well as a Partner Portal extranet.

leads, access MicroStrategy sales and marketing campaigns, receive partner news, and manage partner tasks.

Novell (*partnerweb.novell.com*)

Networking software company Novell's PartnerWeb is interesting because it demonstrates how the Internet can be used to address a specific geographic area's partner base. This comprehensive site services the company's partners in Europe, the Middle East, and Africa. In addition to standard links, the site allows partners to find information based on their functional areas: marketing, business management, sales, and technical.

Oracle (*www.oracle.com/partners/*)

Oracle has a large network of partners—including hardware vendors, independent software vendors, and systems integrators—who deliver applications and services based on Oracle's database. Oracle makes heavy usage of the Internet in servicing these partners. In addition, the company provides a solutions finder (*solutions.oracle.com*) that allows users to search on a combination of any word, company name, product name, industry, geography, business function, and operating system to locate the appropriate solution and partner.

Partnering, Internet Style: What the Future Holds

In March 1999, Amazon.com and Dell affiliated in an unusual Internet business relationship that could be a forerunner of future Internet partnering. Each company agreed to link its sites to the other at the point of purchase pages. In effect, the companies are “advertising each others’ products at their on-line checkouts,” reports Reuters. Dell customers are being given the option of purchasing a book from Amazon.com, and Amazon.com offers its customers Dell PCs on the way out of its electronic store. As these two online giants share customers, the results of their efforts could lead the entire e-commerce world into collaborative ventures.

The business reason for this partnership is simple—each company is gaining access to the other’s customer base. In so doing, both companies share the potential to rapidly expand their businesses and attract new Internet buyers. The key word is “Internet” because, as Amazon.com and Dell realize, the old direct marketing adage applies even to electronic audiences: Buyers tend to repeat their purchases *using the buying channel with which they are most comfortable*. Since Internet buying is a relatively new and growing phenomenon, reaching a large base of new potential *Internet buyers* at a reasonable cost, in association with another premier Internet brand, is like striking a vein of gold in cyberspace.

Dell was involved in another partnership formed in October 1999 with the goal of helping a chemical company move aggressively into e-business. Eastman Chemical has begun a partnership with Dell to offer its customers an opportunity to purchase discounted Dell computers. Eastman at the same time announced a partnership with UUNET (www.uu.net), the leading business Internet Service Provider. Eastman customers can sign up for UUNET’s Internet service through Eastman and get a credit on their purchase.

America Online (www.aol.com) aggressively pursues Internet partnerships as a way of growing and solidifying its 30-million-member subscriber base. In June 2001, for example, America Online announced a major alliance with AT&T Wireless in which the companies will develop a new AOL/AT&T Wireless mobile service, integrating AOL desktop features and functionality into a wireless handset. The agreement will include the marketing of AT&T Wireless products and services on AOL Time Warner online and offline brands.

W.W. Grainger (www.grainger.com) is a classic story of a traditional, industrial b-to-b company that reinvented itself as an Internet

leader. Grainger is a \$5 billion b-to-b distributor with a 220,000-item online catalog. Sales processed through the company's Internet businesses were \$100 million for the first quarter of 2001, up more than 60% from the \$62 million achieved in the first quarter of 2000. Grainger's Internet businesses include Grainger.com, LabSafety.com, and FindMRO.com.

Grainger has been an innovator in Internet partnering, as demonstrated by FindMRO.com. Created in 1999, FindMRO.com now has relationships with more than 14,000 industrial suppliers and, as a result, offers access to 100,000 brands and over 5 million products. FindMRO.com offers product search and sourcing, supplier management, and order processing and fulfillment.

Grainger further extended its Web partnering activity in 1999 with the launch of OrderZone. OrderZone targeted small and medium-sized industrial companies with a Web site that consolidated more than 400,000 items, from office supplies to cleaning products to laboratory safety equipment. OrderZone featured consolidated buying across six companies' product lines with a single point of registration, a single purchase order, and a single invoice.

In June 2000 OrderZone was merged with a small business purchasing site, Works.com (*www.works.com*). Grainger took a 40% stake in Works.com, but the focus of the site changed in 2001 as hard times hit dot-coms. Now Works.com is a provider of procurement solutions for midsize businesses instead of a purchasing site.

Perhaps the best forerunner of future Internet partnering, however, is the business exchange model, discussed in Chapter 8. Exchanges such as Covisint, a consortium of automotive manufacturers, Converge and e2open, each founded by groups of competitive IT companies, and Orbitz, a travel site founded by five major airlines, are leading examples of this unique Internet collaboration. Although some exchanges, such as Covisint, are designed to improve business processes and centralize purchasing for an industry, others, such as Orbitz, are looking for a way to gain market share for the participating companies by working together. These types of exchanges could just as easily have been included in this chapter because they, too, are primary examples of Internet partnerships at work.

You can expect to see many more of these partnerships, strategic alliances, and affiliations spring up, all facilitated by the Internet. It is too large a business opportunity to ignore, even for companies who compete with one another.

This phenomenon itself has far-reaching implications for b-to-b companies who may be suppliers and buyers alike. Suppliers can participate in a consortium that spreads the Internet infrastructure costs across non-competing partners, achieves economies of scale by offering more and more products at little or no increase in promotional costs, and reaches a wider audience of prospective buyers than could be reached independently. Buyers gain the tremendous convenience of a single point of contact for locating and evaluating products, issuing purchase orders, procuring items, receiving invoices, making payments, and tracking orders. It is likely that, with the proliferation of such consolidated buying sites, suppliers can ultimately reduce their costs and buyers can get better deals. In theory, at least, everyone wins.

As a b-to-b marketer on the Internet, you have a whole new opportunity to extend the reach of your company through this type of Internet partnering. It might be as simple as linking your Web site to other partner sellers or as serious as participating in a sellers' consortium. Whatever form of business venture you pursue, partnering could mean a new source of profits.

This is not the only form of partnering that will exist as the Internet economy matures. Licensing brands and information is a rapidly growing business on the Internet. Co-branding and sponsorships are spreading. These are opportunities that should be explored.

Chances are that, if you are not already, you will also be partnering with your customers in a very real sense. As numerous books on the Internet's future point out, customers will drive companies to build entire marketing and business strategies around them. Models for the most successful companies doing business on the Internet are already built, and, no surprise, they are all customer driven. These new-age companies treat their customers as if they are strategic partners, encouraging them to play an integral part in molding the company's business.

Finally, as business and consumer users increasingly rely on the Internet as a primary source of information, they will turn to a new kind of partner—the "infomediary." As described by Hagel and Singer in their book *Net Worth*, the infomediary, or information intermediary "...will become the catalyst for people to begin demanding value in exchange for data about themselves. ...By connecting information supply with information demand, and by helping both parties determine the value of that information, infomediaries will build a new kind of information supply chain."¹

Hagel and Singer's infomediary of the Internet future could be the portal, community, exchange, or information network of today. Wherever the infomediary comes from, b-to-b Internet marketers will need to factor this new partner into the mix.

In some cases, the infomediary will become a true facilitator of buying decisions. Respond.com (*www.respond.com*) is an interesting example of the potential for matching buyers with sellers. Respond.com describes itself as a "request-driven lead generation solution provider" that matches up businesses with purchase-ready buyers. This Internet matching service, the first of its kind, puts prospective buyers in touch with sellers anonymously. The twist is that Respond.com lists product categories connected to forms that the prospect completes and sends. The prospect indicates interest in a particular product. Respond.com *removes the personal information about the prospect* from the form and forwards it to participating sellers via e-mail. The sellers then respond to the e-mail with information, which goes through Respond.com back to the prospect. In addition to its own branded matching service, Respond private-labels its MatchSource solution so that portals, search engines, directories, and other online communities can offer its business matching service.

One way or the other, a significant success factor for b-to-b Internet marketers is likely to be based on choosing the right partners. It is a strategy that should not be underestimated.

Note

1. John Hagel III and Marc Singer, *Net Worth*, McKinsey & Company, Inc., 1999, Harvard Business School Press, Boston, MA.

Selling on the Internet

Selling on the Internet is, of course, the holy grail of Internet marketing. That is why it is the last, but certainly not the least, of the Internet marketing strategies discussed in this book. For b-to-b marketers, e-commerce is the culmination of every online marketing effort, the ultimate goal of every marketing activity. Although not all products and services are appropriate for selling on the Internet, almost every b-to-b Internet marketer can find a way to sell something.

Despite the rapid rate of e-commerce growth, selling online has claimed its casualties. The Internet landscape has recently been littered with unsuccessful dot-coms whose online sales failed to meet their lofty expectations. However, many of these failures have been the result of poor business plans or overreliance on the Internet as an exclusive sales channel.

Now there is a new attitude toward selling on the Internet, not necessarily negative, but cautious and calculated. This is likely to be a good thing, because companies are more closely evaluating the risks as well as the rewards. Taking a lesson from the pure play dot-com failures, it is the “click and mortars” who are now finding that the best way to sell online is to integrate it with selling offline. E-commerce thus becomes one vitally important sales strategy, but not the only one.

This chapter looks at some of the ways you can take advantage of e-commerce and helps guide you toward avoiding the pitfalls and turning a profit online.

Putting B-to-B E-commerce into Perspective

Early interest in the Internet went beyond a better way to communicate or a more effective way to generate, qualify, and fulfill leads. The real power of the Internet, according to early adopter visionaries, was in its as yet untapped potential to be a major sales channel for marketers. E-commerce—generating revenue directly from electronic storefronts—was touted as the killer application.

With all the optimism, there were some early significant issues surrounding electronic commerce that needed to be addressed...and still linger as issues today:

1. **Security and Privacy.** Despite the attractiveness of online buying, considerable concern about the security of Internet-based transactions existed on the part of the prospective e-buyer. With the growing success of high-profile Internet merchants who use secure servers and the increasing number of security solutions now available, this issue has begun to diminish in importance. No less prominent, however, is the issue of privacy—not just privacy of credit card data, but the individual purchaser's privacy. It quickly became clear that organizations were capturing and accumulating personal data on prospective customers and buyers, and that in some cases, that data was being traded or sold. This issue continues to be one that could hamper e-commerce if it is not resolved.
2. **Infrastructure Cost.** Internet marketers quickly realized that taking orders electronically required a whole different information infrastructure. Initially, e-commerce solutions were prohibitively expensive for all but the largest of companies. Many early e-commerce leaders designed their own systems from the ground up, but this was not a viable option for mass implementation. The market reacted as a number of vendors introduced lower-cost e-commerce solutions beginning in 1997. Now, many off-the-shelf solutions are available, even to small businesses. A whole new breed of solutions began popping up in late 1999: free e-commerce stores that basically use others' Web sites to sell-through products and services. E-commerce was further fueled by the widespread popularity of auctions and, in the b-to-b space, business exchanges, discussed in Chapter 8.

3. **Regulatory Environment.** Internet marketers were legitimately wary of regulatory controls that apply to commerce, such as the FTC's 30-day rule, and possible tax implications of doing business electronically. It was clear, however, that online sellers were able to achieve considerable e-commerce success despite these controls. By 1998, Internet commerce was fueled even further by a federal moratorium on taxes, although taxing online sales continues to be hotly debated by state and federal governments alike.

Actual business conducted online, as well as numerous predictions for future e-commerce sales, supports the fact that the global economy will increasingly depend upon the Internet as a leading commerce channel for goods and services. E-commerce has spread to worldwide markets as the Internet's penetration continued to grow exponentially. Here are just some of the validating statistics:

- A report released by Forrester Research (*www.forrester.com*) in March 2001 predicted that b-to-b e-commerce in North America alone would exceed \$2.7 trillion by 2004. Gartner Group Inc. (*www.gartner.com*) reported that b-to-b e-commerce reached over \$430 billion by the end of 2000, rising to almost \$920 billion in 2001, a 112% increase. In September 2001, Jupiter Media Metrix (*jmm.com*) projected b-to-b e-commerce will reach \$5.4 trillion by 2006.
- Research firm IDC (*www.idc.com*) says e-commerce will have a \$5.3 trillion impact on the worldwide economy by 2005. IDC believes that 80% of business will be conducted online by 2003, and that \$2 million per minute will change hands globally via the Internet by that same year. IDC's U.S. Small Business Survey, released in April 2000, predicted that over 70% of small businesses (fewer than 100 employees) would access the Internet by 2003, up from 52% in 1999. IDC says that 2.9 million small businesses, nearly half of them, will be selling online by 2003, up from 850,000 at the close of 1999.
- The lower cost structure of e-commerce is starting to pay off as well. IDC's U.S. eRetail Customer Acquisition Costs Forecast for 2000–2005 shows that the average online customer acquisition cost will level off to just under \$120 in 2004 and 2005. (The customer

acquisition cost, according to IDC, is the total sales and marketing expenses divided by new customer accounts.) For companies buying via the Internet, savings are just as significant. In a March 2001 study, Aberdeen Group (www.aberdeen.com) found that using the Internet to buy goods and services could save companies over 70% in purchasing time and costs. That translates into potentially \$2 million saved annually for an average midsized company.

- A study released in July 2001 by Forrester Research (www.forrester.com) for the National Association of Purchasing Management indicated that about 54% of b-to-b buyers use the Internet for purchasing direct materials. This is an increase of 8% over the previous quarter, so the trend toward Internet-based buying is up. Additionally, more than 20% of those businesses surveyed said they buy products or services via auctions on the Internet.

Who is the largest U.S.-based Internet seller? It may surprise you to learn that it is not Amazon.com...it is actually the U.S. government. According to a study released in May 2001 by *Federal Computer Week* (www.fcw.com), online sales by the U.S. Government exceeded \$3.6 billion in 2000. In fact, there are 164 sites operated or supported by the government that sell something.

- Which companies are fueling the growth of e-commerce? The predominant players are IT vendors, and most of them are b-to-b companies. Researcher Jupiter Media Metrix (www.jmm.com) says that, by 2001, online sales of PC hardware grew to more than \$5 billion from about \$3 billion in 1999. Online sales of PC software grew to about \$1.5 billion in 2001 from about \$500 million in 1999.

Even more telling is *InteractiveWeek's* Interactive 500 list (www.interactiveweek.com), which ranks the New Economy's leading companies. In total, the Interactive 500 was responsible for over \$183 billion in online sales during 2000, \$100 billion more than in 1999. The December 2000 listing, ranked on the basis of online revenue during 2000, gives eight of the top ten spots to IT companies. Leading the list is Intel, with almost \$24 billion in online sales out of about \$32 billion in total revenue. Rounding out the top five are IBM (\$17 billion), Cisco Systems (\$15 billion), Nortel Networks (\$15 billion), and Dell Computer (\$13.5 billion).

The Interactive 500 reveals something else about e-commerce. Although plenty of IT companies are peppered throughout the list, *InteractiveWeek* makes the point that less than 30 of the top 100 companies started out as dot-coms. Just as significant, numerous brick-and-mortar companies made the 2000 list, proving that traditional companies are indeed claiming their place in cyberspace.

If one IT company has typified the movement to e-business, it is IBM. It has not only embraced the Internet but made it an integral part of its long-term business strategy. IBM was the subject of a December 1999 *BusinessWeek* cover story that reported that 25% of its revenue—about \$20 billion—is driven by e-business demand. The story indicated that “about 75% of IBM’s e-business revenue comes from sales of Net technology, software, and services...and not the old mainframe computers for which IBM is so well known.”

The company adopted the term “e-business” and launched a massive advertising campaign in 1997. The campaign, which industry sources estimated to be in excess of \$200 million, deluged virtually every media channel available (including television).

IBM was not just promoting e-business for others. The company aggressively began to practice what it preached. The company started the IBM Institute for Advanced Commerce, staffing it with over 50 scientists. In late 1999, IBM Global Services launched e-business innovation centers in four U.S. cities, with plans to open more in the United States and Europe. These physical locations give e-business customers access to IBM business strategists, marketing specialists, application developers, integration specialists, and interactive designers in one place. This is but one example of IBM’s continuing foray into all things e-business.

There is plenty of room for e-commerce opportunity, according to the May 2001 study, “The State of Online Retailing 4.0,” conducted by the Boston Consulting Group and released by Shop.org (www.shop.org). This fourth annual study of online retailing in North America projected 45% growth to \$65 billion in 2001, with over \$8 billion in computer hardware and software alone. As a percentage of total retail sales, online sales would represent about 2½% in 2001. Primary beneficiaries of online selling are the catalogers, according to the report. Companies who depend on catalogs found that about 40% of their online customers are new to the company and 72% of online catalogers were profitable, versus 27% of Web-based retailers.

Dell: An E-commerce Success Story

Dell (*www.dell.com*) is primarily a b-to-b direct marketer...and one whose transition to Internet marketing has been so successful that it is worthy of study. Dell Computer ranked first in computer systems global market share as of mid-2001. With annual revenues of \$32 billion, the company ranks 48th on the *Fortune 500* and number 10 on *Fortune*'s "most admired" list of companies. Dell reports that more than 50% of its total revenue is Internet enabled, reaching \$50 million daily of online sales in 2000.

Dell was not a dot-com, but rather a traditional direct marketer. In fact, it was Dell's direct business model that allowed it to differentiate itself from competitors. The company's business strategy from the beginning was selling and servicing direct to the customer. There are no retailers or other resellers. As a result, everything Dell offers touches the customer without a middleman.

From Dell's perspective, this business model offers several unique advantages:

- **Price for Performance.** By eliminating resellers, retailers, and other intermediaries, Dell feels it can offer more powerful, more richly configured systems for less money than its competitors. Dell assures this with an efficient procurement, manufacturing, and distribution process.
- **Customization.** Every Dell system is built to order. Customers get exactly, and only, what they want. Dell extended the build-to-order strategy to the Internet and pioneered online mass customization. Customized computer systems can be specified online and will typically be delivered in 30 days or less.
- **Service and Support.** Dell uses knowledge gained from direct contact before and after the sale to provide superior, tailored customer service.
- **Latest Technology.** Dell's model means the latest relevant technology can be introduced into its product lines much more quickly than through indirect distribution channels. Inventory is turned over every ten or fewer days, on average.

- **Superior Shareholder Value.** Despite Dell's outstanding earnings in the past, the stock did get battered in the technology downturn of 2001.

It was almost as if the Internet was invented for Dell to make its business model even better. Current Dell initiatives include moving even greater volumes of product, sales, service, and support to the Internet, and further expanding an already broad range of value-added services. The company says the Internet provides greater convenience and efficiency to customers and, in turn, to Dell. Today about 50% of its technical support activities and about 76% of Dell's order-status transactions occur online.

At the core of Dell's Internet business is, of course, its Web site, Dell.com. The site was launched in 1994 and added e-commerce capability in 1996. It is today one of the highest-volume Internet commerce sites in the world, receiving 40 million visits per quarter at 78 country-specific sites.

Dell's Web site has become a way to promote efficiencies throughout the company's business, including procurement, customer support, and relationship management. At Dell.com, customers may review, configure, and price systems within Dell's entire product line; order systems online; and track orders from manufacturing through shipping. At *valuechain.dell.com*, Dell shares information on a range of topics, including product quality and inventory, with its suppliers. Dell also uses the Internet to deliver industry-leading customer services such as E-Support-Direct from Dell, which offers advanced online customer support; Dell Talk, an online discussion forum; and Ask Dudley, Dell's natural language technical support tool.

Following are brief descriptions of some of Dell's major e-commerce initiatives.

Dell Premier Web Pages

More than 58,000 business and institutional customers worldwide use Dell's Premier Dell.com Web pages to do business with the company online. Premier Dell.com is a series of customized electronic storefronts/information portals for large customers. Premier Dell.com allows users to configure their systems in real time, with up-to-date pricing for each organization. Connecting this information resource to the customer's purchasing system is relatively straightforward if all the elements are in place.

The ultimate purpose of Premier Dell.com is electronic b-to-b integration. It starts with e-procurement, where the customer pulls information directly from the supplier's server into its purchasing system, creating an electronic requisition. After the requisition is approved, an electronic purchase order is created and sent via the Internet to the supplier. This hands-free process has the potential to dramatically reduce the cost of procurement and reduce errors and cycle times in the purchasing process. Dell has implemented the solution in alliance with customers, choosing companies who are ready to invest the time and resources to strive to improve the way they do business.

One customer example of Premier Dell.com is LSI Logic Corporation, a manufacturer of communications chip solutions. According to Dell, LSI designated Dell as one of its standard suppliers for computer equipment. Employees began using Premier Dell.com to gather information, configure systems, and track orders. When direct ordering capability was added, efficiency really took off.

In June 2000, the company's procurement system was connected with their custom Premier Dell.com catalog. Now ordering direct from Dell with a paperless process is a way of life at LSI Logic's U.S. operations. Employees no longer use time to research PC solutions for themselves. Instead, they are choosing to order directly from Dell. With standardized, preapproved options readily accessible on their custom Dell catalog at Premier Dell.com, they simply configure the system they need and initiate a purchase requisition. The electronic approval process allows them to track their requisition through the LSI Logic system. Once the order is electronically sent, they can monitor their purchase at Dell.com to find out when and how it will be shipped and when to expect delivery. The system can also be used to access technical data and track warranty status, part orders, and service calls.

The result from e-orders is flexibility, speed, efficiency, improved customer service, and asset management. Quoting and order processing are faster because a single configuration record can be carried from beginning to end without reentry. Electronic order entry reduces order processing time. The records in the order management system have the Dell configuration files attached indicating support, limited warranty, and asset tracking.

DellHost

Leveraging its success in the server market, Dell turned to the Web site hosting business and introduced DellHost (*www.dellhost.com*) to help

its customers get online. Through DellHost, Dell becomes a company's Internet Presence Provider, offering space for Web pages and site support. DellHost is a comprehensive service that provides servers, setup, service, and support. As with Dell.com, Dellhost.com is a direct-to-customer site. DellHost even guarantees next-business-day setup on all dedicated hosting solutions.

In April 2001, DellHost received an award from *The Web Host Industry Review* for its e-commerce packages and was voted a Top Ten Host by *HostIndex*.

Dell Software and Accessories

Dell launched a separate site to sell software and accessories called Gigabuy in 1999, but in 2001 folded it back into Dell.com (*accessories.us.dell.com*). At the new Dell Software & Accessories site, customer can buy printers, scanners, software, accessories, multimedia, data storage, monitors, projectors, networking products, and even office products.

Dell Exchange

The Dell Exchange (*www.dellexchange.com*) is a three-part site: TradeUps allows customers to trade in an old system for a new Dell system; Dell Auction (*www.dellauction.com*) is a technology exchange that offers a way to buy and sell used and refurbished computers, peripherals and accessories of any brand; Donation leads visitors to the National Cristina Foundation (*www.cristina.org*), which helps disabled and economically disadvantaged children and adults obtain donated computers.

Dell Learning Center

The Dell Learning Center includes an online learning service called EducateU (*www.educateu.com*), offered in collaboration with SmartForce. EducateU is an online learning community that combines different learning elements with peer-to-peer and peer-to-mentor interaction to create an educational experience tailored to each individual student's needs. EducateU includes courses, a library of resources including articles and white papers, live and archived online seminars, chat rooms, and threaded discussion groups, and 24-hour-a-day live help. A 1,200-course catalog covering topics ranging from home technology to IT certification is available online.

How E-commerce Works with Your Selling Model

Dell's selling model is 100% direct, but that isn't every company's selling model. Before you launch a serious e-commerce effort, consider how you sell now, and how the Internet works with your existing selling model. Next we briefly examine the impact of electronic commerce on several common b-to-b selling models.

The Retail or Mail Order Model

At its roots, Dell is a direct retailer. The retail model is basically one in which the customer makes a direct purchase from a location—a store. The customer must physically come in to make the purchase. If the store has the item in stock, the customer can purchase it immediately; otherwise, the item needs to be ordered and the customer needs to return to get it, or have it delivered when available.

The mail order model is a variation on the retail store model. It simply uses a different distribution channel to complete the transaction. Here, the customer does not physically come to a place to purchase but rather orders an item via phone, mail, fax, e-mail, or the Web. Representative of mail order, probably more than anything else, is the catalog. It is no accident that many retailers have mail order catalogs and many mail order companies have opened retail stores. Why? Because the products are the same, only the distribution channel is different—so the basic underlying business process can be retained and applied to both selling models.

In many respects, Dell is both a store and a catalog. It is an electronic storefront with millions of items, which are classified and cross-referenced so that each product can be individually purchased by any number of criteria. Every product has its own description, its own order number, and its own price.

The Internet difference is that you can visit the catalog. You do not actually drive there, open physical doors, walk down the aisles, look at physical products, pay at the cash register, and leave with your purchase. You can say it differs from a traditional bricks-and-mortar store in that there is a loss of personal contact, the tactile browsing experience, and the immediacy of getting your merchandise on the spot, but consider the other benefits of the electronic store. You do

not have to get in your car, drive there, and park. You can browse limitless “shelves” and visit whenever you want (even in your pajamas). You can find every product imaginable in stock, and never wait in line to make a purchase.

Other major b-to-b retailers (those with stores and mail order catalogs alike) have followed the lead of Dell and other successful online sellers by opening storefronts on the Web. If you sell your products through stores or other direct-to-the-end-user locations, or through catalogs and mail order, you can quickly see how to apply this retail or mail order model to your own brand of Internet-based order generation.

It is not surprising that on the b-to-b side, the first electronic merchants to succeed with Web stores were technology-based catalogers—sellers of multiple computer software, hardware, and networking products and services. Software merchants have even been able to fulfill the promise of instant product delivery by allowing customers to unlock and download live products upon purchase, but the marketplace has quickly extended far beyond that niche, and now virtually everything is, or will be, available for sale on the Internet.

A variant of the retail model on the Internet is the *virtual mall*. As with a traditional mall, a virtual mall is a collection of storefronts. Most malls are established primarily to sell to consumers, but an increasing number of malls feature business-oriented categories.

If you are considering participation in a virtual mall, be prepared to ask the mall manager a lot of detailed questions:

- How much *business* traffic does the mall generate?
- How many business-to-business advertisers are in the mall?
- Which categories are available, and do they appeal to business buyers?
- How is the mall promoted?
- How does the mall assist advertisers with Internet commerce in terms of technical support, activity tracking and reporting, and secure electronic commerce transactions?
- What costs are associated with being a mall participant?

Yet another Internet-based retail model is the *auction*. Auction sites are springing up on the Web to facilitate bidding on new and used products, services, and more. There are variations to auctions such as price comparison sites and “name your lowest bid” sites. In fact, auctions and these related sites are one of the hottest growth areas on the Internet.

Auctions are clearly designed to generate revenue for the sponsoring sites, but there is a key characteristic they share that differentiates them from other e-commerce applications: Many auctions are also Internet-based *communities*. That is because the auction encourages ongoing interaction between buyer and seller, and often between seller and seller, via bulletin boards, newsletters, and community activities.

The Reseller Model

Many b-to-b marketers rely heavily on distributors, resellers, retailers, or partners to generate revenue. This is very common in the high-technology sector, especially in a global economy where selling products might be more efficiently done through indirect channels.

Depending on the type of product or service you offer, the reseller channel may enhance or even dramatically change the item you sell. For example, a computer manufacturer’s business systems are often bundled with a distributor’s, reseller’s, or partner’s own products or services to create a total package or solution sale. The reseller adds value to the sale (hence the term “Value-Added Reseller,” or VAR). The reseller channel may just as easily become an extension of the company’s direct sales force (which, if it is not handled properly, can create channel conflict situations—harmful to prospects and customers alike).

Sony caused a furor in February 2000 when it launched SonyStyle.com (*www.sonystyle.com*) to sell consumer products online in Japan, effectively competing with its national dealer networks. Since Sony already owns 2,000 Sony shops throughout Japan, the move could potentially cannibalize dealer sales.

How do you apply the reseller model to Internet-based order generation? Part of the answer depends on the type of relationship you have with your resellers and how they sell and deliver your products or services to the end user. Consider the concept of populating your resellers’ Web sites with information you supply if resellers will allow it. Also consider the possibility of funding e-commerce initiatives with the goal of obtaining site prominence on resellers’ sites for your products.

If appropriate, you could use the affiliate marketing model to offer resellers the ability to generate revenue by becoming an electronic conduit to your order generation system. For example, Amazon.com's Associates program passes through the orders from an associate's site via a link to the company's central order processing. The link identifies the associate with a code and the book ordered, connecting the two so that the associate can be credited for the sale.

You could provide each reseller associate with a unique order page on the Web, reflecting the special arrangement you have with that reseller. This can be done by setting up a basic Web page, modifying it for each reseller, and then linking the appropriate page through each reseller's site. Alternatively, you could authorize your resellers to use special pricing and part numbers on their sites so that the orders automatically pass through to your Web site and order fulfillment system.

Another possibility is to explore partnership opportunities that link your organization together with key resellers. Joint e-mail campaigns, combination banner ads, cooperative lead and order generation Web sites, and Web communities or super-sites benefiting several noncompetitive organizations are just a few of the possibilities. Review Chapter 9, "Developing Internet Partnerships" for more about this selling model.

The Sales Force Model

If your company relies on your own telemarketers and/or a direct sales force to sell products, you are accustomed to the ongoing need to feed them qualified leads. In previous chapters, we discussed how the Internet can be used to generate and qualify leads, attract qualified prospects through Internet events, and instantly provide information to prospects and customers through electronic fulfillment.

Although the sales force model is likely to survive, it is undergoing dramatic change as b-to-b companies feel the pressure to cut selling expenses and improve sales efficiency. Sales force selling will always have its place in consultative and complex selling situations. It is difficult to replace a live sales call when it comes to selling highly technical or high-end products and services, yet the Internet holds real promise as a tool for enhancing the sales process and for continuing the sales cycle in the absence of the salesperson.

Internet telephony offers one intriguing way to take advantage of sales force selling. Technologies that integrate telephony with the Web make it possible for telesales representatives to intercede during a prospect's Web session and assist the prospect by answering questions immediately. The technology is still in its early stage, but more and more sites are incorporating Call Me buttons and other forms of Internet telephony. As a result, it may not be long before online ordering is enhanced with live voice support.

The Internet-enhanced sales force selling model can also facilitate the traditional sales call. A salesperson could walk into a prospect's office and make a sales presentation that was absolutely guaranteed to be consistently the same, anywhere in the world, regardless of that salesperson's personal knowledge base. That could happen by adapting a Web-based presentation, such as an online seminar, for the specific selling situation.

After an online seminar is created, it can be captured and modified for any salesperson to use. Loaded onto a notebook computer and called up locally through a Web browser, the seminar becomes an interactive sales presentation. The salesperson has instant access to it, without the need for an Internet connection. The salesperson can lead a prospect through a personalized one-to-one presentation, and the company has the assurance that the selling message is uniform and consistent. By connecting the notebook computer to a projection device, the salesperson can make the interactive presentation to many individuals at a single prospect or customer location.

Similarly, while in a prospect's office, the salesperson could access the company Web site or a private intranet or extranet to inform and educate the prospect and facilitate the sales process. If the prospect is ready to buy, contracts and product ordering information could be available to the salesperson over the Web. The salesperson could even place an order and receive an instant electronic acknowledgment from the company—all while sitting right in the prospect's office.

Regardless of the selling model, Internet-enhanced order generation can have a dramatic beneficial impact on your sales process. You can either augment the way you sell products and services with the Internet or transition to the Internet and eventually replace your existing selling model with an Internet selling model.

The way you approach it is up to you, but whatever you decide, generating orders through the Internet is already offering significant

business benefits and productivity gains to b-to-b direct marketers. They are achieving increased reach into new markets, better support of customers, accelerated speed of order taking and order fulfillment, and reduced selling costs.

A New Twist to E-commerce: The Shopping Bot

Enabled by powerful search-and-compare engines, the shopping bot brings a twist to e-commerce that has far-reaching implications for b-to-b and all e-sellers. The shopping bot is an agent that basically searches the Web for products you want and then can not only bring back the results but compare features and prices for you. As these bots continue to improve in quality and increase in popularity, they could ultimately change the very nature of e-commerce, putting the buyer in total control of the transaction.

These are a few examples of bots:

www.mysimon.com

mySimon was selected by *Time Digital* as the best bot on the Web and was ranked by Nielsen NetRatings as the leading shopping bot during the 1999 holiday season. Over 70% of all mySimon shoppers went through to merchants listed by the shopping service. By the end of 1999, mySimon could analyze specifications and prices of products from over 2,000 online merchants. You can compare prices by using model numbers or product names and, even better, you can get helpful tutorials on a product category, pick the features you want, and then compare available products and their prices, side by side. mySimon will even scour some online auctions as part of its service. In January 2000, CNet announced it would acquire mySimon in a \$700 million stock deal.

www.rusure.com

R U Sure, released in a beta version in December 1999, is a shopping agent that actually resides on your Windows desktop. On the downside, you have to download it and you may consider it intrusive. On the upside, if you are a serious e-shopper, you might like having a permanently available comparison shopping tool right there, all the time, that turns on when you visit a supported site.

www.dash.com

Dash is about cash. The approach of this shopping bot is to give you cash back, up to 25%, every time you shop online, along with special coupons and savings opportunities. Dash uses a dashBar, which sits at the bottom of your Web browser and combines the typical comparison shopping with coupon alerts, local weather and news, Web search, and other handy features.

www.respond.com

Respond.com is not so much a shopping bot as a new breed of shopping service. By January 2000, Respond.com had 45,000 participating merchants, which pay varying fees for leads. The novel twist here is that a prospective buyer tells Respond.com what he or she is looking for and at what price. Respond.com acts as the middleman, e-mailing the appropriate merchants with the request. The prospective buyer then receives offers from those merchants who want the business, kind of like a reverse auction. Respond.com already has relationships with America Online and Excite.

How to Get an E-commerce Order Generation System Up and Running

The bottom line for b-to-b marketers who want to sell over the Internet is that, one way or the other, they will need to have an e-commerce order generation system available to them. Many b-to-b companies may choose to outsource the entire system or use someone else's system (such as a virtual mall, an exchange, or a service that creates an online store), but others may wish to make a long-term commitment to e-commerce by establishing their own system. To address this need, look at it from two different perspectives—modifying your existing order generation system versus creating a new order generation system.

Transitioning from an Existing Order Generation System

Transitioning to the Internet from an existing order generation system is no less challenging than building a system from scratch. You should

conduct an audit of the existing system's order information and processing capabilities, as well as its technical infrastructure, to determine exactly what needs to be modified or added.

Of course, any order generation system, traditional or Internet based, should be comprehensive from the start. You will need a closed-loop system that offers you the ability to

- Easily enter and maintain prospect and customer data,
- Manage merchandise planning and product inventory,
- Pick and process orders quickly and efficiently,
- Provide responsive customer service,
- Monitor order shipments,
- Handle returns, and
- Invoice and reconcile payments and credits.

It is important that the basic system be grounded in a solid database that retains both customer data and a history of customer transactions. You should be able to use this information to continuously update customer records and segment customers by key product and Recency-Frequency-Monetary (RFM) criteria: which products are purchased when, how often, and for how much money.

The underlying technology is not insignificant. You will need to evaluate existing database software and systems to be sure that they can be Internet enabled. You may need to overlay new software tools onto parts of your system and replace other parts with new software. Equally important are the software and hardware servers and networking systems you will need to handle the anticipated e-commerce activity.

Although most b-to-b direct marketers conceptually understand that generating orders through the Internet is essentially the same body in electronic clothing, there are aspects of e-commerce that are decidedly different. Making a commitment to e-commerce will require a marketer to focus on these major areas at a minimum:

1. **The “Store” or Electronic Catalog.** The storefront or electronic catalog is the place you establish to let the visitor browse, learn

about products and, potentially, purchase them. The most common customer purchase model is a store with products that can be put into a “shopping cart.” A visitor adds products to or deletes them from his or her shopping cart—typically an electronic inventory list of product names, numbers, and prices. When the visitor is finished shopping, he or she checks out—the point at which payment is authorized and the order is placed.

2. **The System Behind the Store.** Behind the store is the electronic infrastructure the marketer needs to have in place to run the store. This is the system that processes the order, verifies the credit card payment, picks the items for order fulfillment, triggers the shipping order, tracks the order, and updates the customer record. This system is also responsible for, or tied into, an inventory management system so that products can be replenished as necessary.
3. **The Customer Service Component Integrated with the Store.** A customer service component that creates a sense of confidence and responsiveness is important to e-commerce success. There is a need for almost instantaneous response, because the Internet compresses everything into real time. Customers who order through the Internet will demand feedback at once. From their perspective, they are enabling the order process and facilitating product delivery by being on the Net in the first place.

More than anything else, successful e-commerce marketers convey the perception that they are truly on top of customer service. Organizations such as Federal Express (www.fedex.com) and UPS (www.ups.com) have gone beyond the boundaries of simple Internet order generation. They allow their customers to play a role in the order generation and fulfillment process. In fact, in many respects, it is the customers who actually drive the process. Try it for yourself: You can write your own shipping orders and track your own packages over the Internet.

Both FedEx and UPS are Internet innovators in their own right. FedEx pioneered online tracking and brought that capability to the Internet early on. In 2001, FedEx introduced the FedEx e-commerce Builder (www.mybiz.mainstreet-stores.com), a comprehensive service to help small and midsize businesses build and manage online stores. UPS OnLine Tools can be incorporated into e-commerce vendors' Web sites so that customers can calculate shipping costs, select and compare services, and

track packages from order through delivery. UPS offers integrated end-to-end fulfillment and supply-chain management services through UPS e-Logistics.

The Internet shipping business was further enhanced with the introduction of iShip, a service that offers online buyers and sellers a one-stop package shipping and tracking solution. Online merchants can use iShip to ship packages cost-effectively and manage shipments. Online buyers can choose carriers and track deliveries through iShip. iShip is a service of Stamps.com (*www.stamps.com*), a provider of Internet-based postage and shipping services with over 300,000 customers. In April 2001, Stamps.com acquired competitor E-Stamp's patents and name.

What distinguishes outstanding Internet b-to-b direct marketers is their ability to personalize the business transaction. Behind the friendliness of sites such as Dell is a marketing database strategy that clearly puts the customer first. Information must be available on a real-time basis so that pages, such as the personalized instant recommendations area, can be updated on the fly. Amazon.com and other sites use something called collaborative filtering to accomplish this, and it appears that collaborative filtering is, in part, responsible for turning e-browsers into e-buyers. In October 1999, research from Nielsen's NetRatings suggested that online merchants with personalized sites were converting browsers to buyers at a significantly higher rate, sometimes more than double those with nonpersonalized sites.

In fact, as database marketing becomes a driving force on the Internet, e-commerce is likely to become a whole new ball game: Instituting database marketing on the Web will be like making the leap from playing checkers to playing multilevel niches.... The high level of segmentation granularity that can be achieved with interactive direct marketing is virtually unlimited.... Direct marketers can determine not only what products to display to a particular customer or customer segment and what products to group together to improve cross-selling opportunities, they can even determine finite levels such as which color product to feature based on a customer's purchase history.¹

Starting a New Order Generation System on the Internet

What if your company is brand new to order generation? Then the Internet is a good place to start—perhaps the only place you will really need.

Most early Internet order generation systems were home grown out of necessity, but now packaged systems are available that can get any business-to-business marketer up and running quickly and cost-effectively.

E-commerce has now expanded so dramatically that there are a wide variety of packaged solutions offered by numerous vendors, priced from hundreds to hundreds of thousands of dollars. Some of these solutions are even being offered free, as long as the user agrees to utilize the seller's online e-commerce services.

One interesting example is Electrom.com (www.electrom.com), which claims to be the world's largest business-to-business e-commerce portal. Electrom.com uses SitePlugs that work with Web design tools, such as Microsoft FrontPage 2000, to enable merchants to plug e-commerce into their Web sites. Then the merchants can publish their site and Electrom will manage it from start to finish for up to 250 products, free of charge.

Even with the availability of off-the-shelf products and all-in-one resources, however, the implications of e-commerce on an organization's existing systems should not be minimized. Legacy systems, such as financial and accounting, and possibly the entire order processing and fulfillment system, will need to be tied together with Internet-based operations. Ultimately, any e-commerce initiative will need to be integrated into a company's operations to gain maximum efficiencies. This fact has never been more obvious than in the experience of traditional retailers transitioning to the Internet. Some have yet to effectively meet the challenge of e-enabled inventory management and order fulfillment.

The cost of a fully enabled e-commerce system should not be underestimated. Even in 1999, Gartner Group (www.gartner.com) found that building an e-commerce Web site from scratch cost an average of \$1 million, with 79% of the cost being labor related.

Another major issue that should be addressed early on is whether or not you want to commit internal staff and resources to a major e-commerce effort. Maintaining an electronic store or catalog is no small feat. Products need to be photographed, scanned, and uploaded. Copy needs to be written and published. Order numbers and prices need to be continuously reviewed and updated.

That is just the creative side. An e-commerce operation requires serious site management on an ongoing basis. Maintaining pages and links and ensuring that all processes are in proper working order can be a laborious responsibility. At the very least, running an effective

e-commerce operation will require a Web server that has the capabilities to facilitate online ordering and transaction processing.

Consider the following in evaluating Web servers:

- Languages and development tools,
- HTML editors, search indexes, virtual servers, and other administration tools,
- Security capabilities: protocols, authentication, and access control, and
- E-commerce features, such as credit card processing.

Should You Use a Web Hosting Service for E-commerce?

Web hosting by an outside resource is an option that may make sense for some companies. If you choose to have your e-commerce site hosted by an outside service, you will want to review the full capabilities of the hosting Internet Service Provider (ISP). Do not assume that every ISP can provide e-commerce hosting. ISPs typically offer the hardware, software, communications access, and service to host Web sites, but not all ISPs have experience with e-commerce b-to-b applications.

Here are some of the key questions you should ask of potential Web hosting services:

- How many b-to-b customers do you have? How many of them are involved in e-commerce?
- What do you provide in the way of security? (firewalls, encryption, authentication, etc.)
- How do you handle secure transactions? (SSL, CyberCash, etc.)
- What other e-commerce services can you provide? (packaged solutions, back-end connections, analysis of site traffic, etc.)
- What support do you provide in the following areas?

- Online store software and services
- Database connectivity
- Server disk space
- CGI scripting
- Java and JavaScript
- Authoring tools, such as FrontPage
- Support for multiple languages
- E-mail standards
- E-mail virus scanning
- What are your technical and service capabilities?
 - Guaranteed uptime
 - Technical support availability (days and hours)
 - Number of Web servers and number of sites per server
 - Access capabilities (Dial-up, 56K, 128K, T-1, T-3, ISDN, DSL)
 - Data backup
 - Site management
- What are your fees?
 - Setup
 - Monthly: based on which usage criteria
 - Other fees

Taking Orders Electronically

You do not necessarily have to transform your entire operation into an Internet-based business to take orders electronically. Today, scores of b-to-b direct marketers straddle traditional and Internet order generation by supplementing their printed catalogs and mail order marketing materials with the Internet.

The easiest way to start is to add the Internet as a response path to traditional order generation campaigns. If you generate orders via direct marketing, then you already have an established process to handle mail, phone, and fax orders. You could add an e-mail address, but that does not really facilitate the ordering process. Instead, consider adding a Web address that leads to a Web order form. Tell customers to refer to their printed catalog for complete product information while ordering on the Web. Set up a simple open-ended order form that pretty much mirrors one of your catalog order forms.

Even with this first small step toward full-fledged Internet order generation, you will have to establish security procedures so that the privacy of your customers' ordering and credit card information is protected.

Secure transactions are essential across the Internet, and this aspect of e-commerce cannot be a weak link. There were initial concerns about online ordering, but they are quickly vanishing with technological advances from companies such as CyberCash (www.cybercash.com). CyberCash pioneered major electronic commerce payment advances on the Internet. CyberCash enables merchants worldwide to accept multiple forms of payment including Secure Payment/SET, CyberCoin, and PayNow electronic check. In early 1999, CyberCash unveiled Instabuy.com (www.instabuy.com), a one-click shopping service Web site, allowing consumers to sign up and make purchases from more than 85 online merchants. The consumer establishes an InstaBuy "wallet," which can be used to consolidate purchase information so that it does not need to be re-entered each time the consumer buys with a participating merchant.

Numerous other electronic wallet services have been introduced with the hope of increasing consumer and merchant interest in this nascent technology. Microsoft's Passport (www.passport.com) allows e-buyers to input, edit, and send such purchase information as credit card numbers and shipping addresses to multiple merchants from a single place. Others, including American Express (www.americanexpress.com), Gator

(www.gator.com), InfoGate (www.infogate.com), and NextCard (www.nextcard.com), are vying for top spots in this arena.

Anxious to purchase online from physical locations other than your computer? You can do it on ATMs with eStation (www.estation.com). eStation's technology turns ATMs into virtual commerce terminals. This new technology is now in use in Canada by the food retailer Sobey's and by Canada Post.

mCommerce, or mobile commerce, is also just around the corner. According to Cap Gemini Ernst & Young (www.cgey.com), mobile data application users will increase by an average of 200% per year through 2005. More hand-held devices than PCs will access the Internet within three years, according to analysts' predictions. This provides an even greater future opportunity for b-to-b companies to capitalize on electronic commerce.

Innovative technologies and new avenues will continue to fuel the explosive growth of e-commerce. There is even a growing movement toward a standardized method of online payment using a new technology called ECML (Electronic Commerce Modeling Language). Several leading companies, including America Online, IBM, Microsoft, MasterCard, and Visa, are working together in an effort to standardize and simplify the online purchasing process.

Several forms of security promise to make online ordering safer than ever. An especially hot technology area is the digital certificate. A digital certificate is a way of identifying the sender of a message or transaction, protecting that message, and then verifying that the original sender sent the message.

Here is how it works. You want to send a secure message. An intermediary verifies your identity via traditional mail, by telephone, or in person. You then receive a digital certificate with a private key and a public key that will be used by the party who is receiving your message. You encrypt the data to be sent. The party receiving the data decrypts it with a private key and your public key. As a result, the receiving party knows it is really you who sent the message.

It may sound complicated, but standards already exist that are supported by both Netscape Communicator and Microsoft Internet Explorer (versions 4.0 and higher for each). The use of digital certificates is already growing rapidly among financial institutions.

Want to avoid taxes on those Internet orders? It is a complicated issue, but to date, the Federal government continues to support a moratorium when it comes to taxing goods sold over the Internet. States are

rushing to include the Internet in mail order tax legislation, but it is unlikely to slow down the growth of e-commerce.

Driving Traffic from the Internet to a Traditional Order Generation Channel

Another way to implement e-commerce is to use the Internet to provide incentives to prospective customers to go to a traditional store to purchase your product. You can accomplish this with Internet couponing.

Internet couponing promises to be a future growth area. According to research conducted by NPD (www.npd.com), 87% of online coupon users say they plan to use them again in the future, yet only half of Internet users know about online coupons. It is notable that over half of the online coupon users in the study were considered upscale, with household incomes above \$45,000. One third had incomes above \$75,000.

Internet couponing is already available in the consumer market. SuperMarkets Online (www.supermarkets.com) offers a ValuPage to consumers who come to the site and enter their zip code. Then, if there is a supermarket chain nearby, the consumer can print out a special ValuPage of items for which there are special discounts and take it to the store. At check-out, the ValuPage is presented to the cashier, who scans it and in return gives the consumer WebBucks, which offer the consumer money off on any items purchased during the consumer's next shopping trip. (That helps to prevent fraudulent use, according to SuperMarkets.) SuperMarkets Online says it has signed up more than a million ValuPage subscribers.

With minor adaptation, b-to-b marketers could apply this model to their own selling situations. For example, you could offer a prospective customer an Internet coupon that is redeemable through any of your traditional order generation channels—a printed mail order catalog, a reseller, or a retail store. The coupon could be generated on the fly, based on answers to qualification questions. It could be accompanied by specific redemption instructions that include the catalog's 800-phone number, a reseller's local phone number, or the local address of a retail store.

In fact, in July 2000, Coupons.com (www.coupons.com) introduced a b-to-b print-at-home couponing solution called Bricks. Bricks places a coded coupon link on a partner's Web page. When activated, Bricks securely transfers offer data directly to the consumer's printer. The consumer can print coupons either online or offline, and only a zip code is

required. Coupons.com launched the program with partners Quaker Oats and Veryfine Products as the industry's first Internet-based, decentralized, coupon distribution channel.

The Business of Order Fulfillment

As part of even the most basic e-commerce operation, you will need a way to implement online order entry and fulfillment. Ideally, it will be an automated process so that the orders received over the Internet can be seamlessly handled through your existing order entry system.

It may actually make more sense for you to outsource the entire order generation process to an Internet order fulfillment firm. Outsourcing allows you to test the viability of e-commerce without committing internal resources to the operation, but it is generally a short-term strategy for any business that is serious about generating orders through the Internet.

This strategy is supported by a report released in February 2001 by Jupiter Media Metrix (www.jmm.com). The research firm found that 33% of online retailers would outsource their online shipping to outside firms in the next year to end the headaches of online order fulfillment. The report finds that 44% of online retailers lose money on shipping and handling. Jupiter analysts believe these companies can save up to 25% in labor costs by fulfillment nets, a type of private trading network, to automate drop shipping processes.

It is likely that you will want to provide customers with everything in one place on the Web—product descriptions, special promotions, pricing information, online ordering, perhaps even interactive customer service. Ultimately, that requires an investment that goes beyond a one-time trial or a simple Web order form.

The extent to which you provide online ordering is really up to you. The variations are as unlimited as the potential. Insight Direct (www.insight.com), a business-to-business IT marketer of over 130,000 computer-related brand-name products, is a case in point. With a customer base primarily in the United States, Canada, the United Kingdom, and Germany, the company has been doing business on the Web since 1995, which has helped fuel its growth. Insight had 2000 sales exceeding \$2 billion with annual sales growth of 34%. As early as 1997, Insight transitioned to a true one-to-one marketing approach, offering customized pages to key customers:

Despite the amount of purchasing data the company has on its customer base, Insight is only giving custom Web pages to those customers who are recommended by one of its 60 account managers.

Insight.com offers product listings, descriptions, specifications, and real-time pricing, including volume discounts for eligible customers. It also features “landing pads” from corporate intranets that allow multiple users to order from the site, special equipment configuration forms, and Internet auction pages with bargain-priced items. In 1999, Insight innovated again by moving from customized landing pages for customers to fully customer-customized eCatalogs.²

Given the almost continuous flow of innovations in Internet technology, you can expect that generating orders through the Internet will change shape before your eyes. In early 1998, for example, a new kind of Web banner ad was introduced to the market that essentially enables banner-generated e-commerce:

Typically, online merchants place banner ads on other heavily trafficked sites like search engines in the hope that users will click on them and visit their sites....banner ads with Enliven technology allow people to click on them and make a secure purchase without leaving the site they're currently visiting.

Now ordering products from within banners and within e-mails is increasingly common. This intriguing development means that online advertising and e-mail can lead directly to secure online order forms, thus eliminating a lengthy sales process. Although such a concept would be most appropriate for impulse purchases or items that require minimal description, e-commerce banners and e-mail promise to shorten the sales cycle and turn clicks into cash.³

Examples of Leading B-to-B e-commerce Web Sites

Here is just a small sampling of some b-to-b sites that do a great job at selling on the Internet.

Amazon.com (*www.amazon.com*)

Amazon.com is, of course, one of the leading consumer e-commerce sites on the Internet, with some 32 million customers and over \$2 billion annually in sales, but the site is garnering an increasing percentage of its sales from business customers. In mid-2001, for example, Amazon.com launched a software licensing center to offer small, mid-size, and home businesses an opportunity to save money on software products for multiple users. Instead of purchasing several copies of software packages, organizations can purchase a license for each individual user. The software license gives the user the legal right to use a particular software application. Designed to reduce the expense and overhead costs associated with acquiring, upgrading, storing, maintaining, and managing media, packaging, and documents, Amazon.com's software licensing center lets customers save up to 20% off full retail pricing. Customers will also be able to easily customize the quantity of products they need and tailor their purchasing levels to best fit the organization, whether they need software for 5 computers or more than 1,000. In addition, the software licensing center will help insulate customers against the cost of software upgrades by offering upgrade advantage options.

Biztravel (*www.biztravel.com*)

Biztravel (Figure 10.1) had the formidable task of carving out the business travel market for itself on the Web. Faced with competition from such heavy-duty competitors as Expedia (*www.expedia.com*) and Travelocity (*www.travelocity.com*), not to mention the airlines themselves, Biztravel took a bold, breakthrough step in May 2000. That is when the site began offering refunds for late or canceled flights on five of the largest airlines. According to *The Wall Street Journal*, this high-risk move resulted in a fivefold increase in member registration and a 50% increase in ticket sales. Biztravel still differentiates itself by offering this guarantee.

Boeing (*www.boeing.com/assocproducts/bpart/partpage/*)

Wait a minute...Boeing? They're not selling airplanes online, are they? No, but Boeing has become known as a leader in b-to-b e-commerce through its successful Boeing PART Page. Launched in late 1996, this specialized Web site has grown by more than 100% each year in transaction volume, and it supports nearly 75% of the world's jet transport fleet in spares-related business. The Boeing PART (Part Analysis and Requirements Tracking) Page provides airlines and maintenance firms

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Figure 10.1. Biztravel.com successfully competes in the business travel marketplace by offering a flight delay guarantee.

with a direct link to half a million different types of spare parts stored in seven distribution centers worldwide.

Cisco Systems (www.cisco.com)

One of the first networking companies to take the e-commerce plunge, Cisco has reaped the dividends. Cisco had FY2000 sales of close to \$19 billion. Early on, Cisco figured out that its networking customers would prefer to purchase networking products and services via the Internet

(not a great surprise), so it migrated customers to the Cisco Connection Online. Now customers have online access to the same knowledge base used by its technical support specialists, so Cisco not only sells more, it also provides better service. By 1999, the company was already logging \$21 million a day of online sales. Now 85% of Cisco's orders, and more than 80% of customer inquiries, are transacted over the Web. Cisco has also embraced the e-business concept wholeheartedly. According to CEO John Chambers, all of Cisco's operations, from supply-chain management to employee communications, are Internet based. Cisco also utilizes virtual manufacturing to seamlessly manage 37 global plants as one and executes a virtual close on the financial side, says Chambers. Down from 15 days only four years ago, the company can now close its books within a day.

GE (www.GE.com)

This b-to-c and b-to-b giant was selected in 2000 as the leading e-business in the general manufacturing category of the InternetWeek 100. GE has gotten up to speed quickly across all its many business divisions. Visit GEApliances.com if you want to schedule appliance service online. Go to GESmallBusiness.com (Figure 10.2) and you can get a credit card, industrial equipment lease, or vehicle lease. Visit GE.com/industry/ and you can buy select GE products, such as adhesives and silicones, online. Go to GEGXS.com and you'll learn about GE Global eXchange Services, a division that supplies Internet-based supply-chain solutions for b-to-b use. GEPolymerland.com sells some \$3 billion annually of plastics and resins products. Who says an old-line company can't learn a few new e-tricks?

iPrint (www.iprint.com)

Can you run a traditional print shop online? That's what iPrint does. Founded in 1996 and now a public company, this award-winning Web site has taken the lead in online printing, targeting small businesses with its easy-to-use ordering process. iPrint's pushbutton visual interface makes professional printing as easy as entering text, importing graphics, and choosing colors. The self-service site allows visitors to quickly and easily create, proof, and order customized business and stationery products, promotional items, and custom-printed corporate gifts at prices that are up to 50% less than typical print shop rates. The company also private-labels its print services technology for the business market and offers the iPrint e-Print Center to companies that want to streamline the



Figure 10.2. GE has become a major user of e-commerce in both the consumer and business markets. Small businesses can open and manage accounts and get loans online at GESmallBusiness.com.

process for ordering and printing customized corporate stationery and other products. In mid-2001, iPrint merged with Wood Associates, a leading supplier of custom imprinted promotional items. The new company, continuing to operate as iPrint, will have combined revenue of over \$200 million for 2002.

Marshall Industries (www.marshall.com)

Marshall Industries is among the largest global distributors of industrial electronic components and production supplies, serving 40,000 customers. Their major products include semiconductors, connectors, passive components, computer systems and peripherals, production supplies, tool kits, test equipment, and workstations.

Marshall was an early player in e-commerce and has consistently rated as one of the top e-commerce Web sites for years. Among its many innovations, Marshall offers QuoteCart, a quick quoting service for a long list of parts or a Bill of Materials, and Help@Once, a 24-hour-a-day chat service that offers online support from a Marshall Technical Support Engineer.

Office Max (www.officemax.com)

The b-to-b market for office supplies is red hot, and every major supplier is on the Internet. What's more, an increasing number of business marketplaces and service sites are offering office supplies. OfficeMax.com is a competitor of OfficeDepot.com and Staples.com, among others. This site does an admirable job of not only selling office products but also providing buying guides, business information, and business services. For example, the site offers MaxMailbox, a messaging service that integrates e-mail, voice mail, faxing, and paging into a single Web-based Inbox.

PC Connection (www.pcconnection.com)

The personal computer systems and accessories market is highly competitive, but there are some who stand out, and one of them is PC Connection, a direct marketing cataloger who has successfully migrated to Internet selling. During Q1 2001, online sales increased by 13% to \$28.4 million, or 9.4% of net sales. The PC Connection Web site has won recognition from numerous industry publications for its easy navigation, wealth of product information, simple ordering, and excellent customer service. The site lists more than 100,000 brand-name products and is supported by a staff of technically trained outbound sales account managers and catalog telesales representatives. The company delivers custom-configured computer systems overnight through its full-service Distribution and Custom-Configuration Center. In June 2001, PC Connection announced that it would merge with Cyberian Outpost, a leading provider of consumer technology and e-business services.

Note

1. Michael Rowsom, "Bridging the Gap from Traditional Marketing to Electronic Commerce," *DIRECT MARKETING*, January 1998, © 1998, Hoke Communications, Inc.
2. Larry Riggs, "Made to Order: Insight Offers Business Clients Customized E-Catalog Pages," *DIRECT*, January 1998, © 1998, Cowles Media.
3. Ken Magill, "Banners Say 'Buy' in E-Shift as Bauer Loads New Tech," *DM NEWS*, February 9, 1998, © 1998, DM NEWS, Mill Hollow Corporation.

Integrating Online and Offline Marketing

This last chapter of this book demonstrates how you can put all of the strategies previously discussed to work. It has another important goal, however: to prove that online and offline b-to-b marketing can and should be integrated. No b-to-b marketer should be under the impression that the time has come to completely abandon traditional marketing in favor of Internet marketing. Despite the growing dominance of Internet marketing, other marketing channels such as advertising, public relations, and direct mail/telemarketing will likely continue to be essential components of the marketing mix. What will change, however, is the mix itself. It is not difficult to imagine, for example, that the time will soon come when all other marketing media support the Internet, rather than the other way around. The wise b-to-b marketer will start preparing for this now.

As important today is the economic argument for Internet marketing. There is much evidence cited in this book that makes a case for marketing electronically because of the cost-benefit ratio and the speed-to-market advantage. Although e-marketing is not a panacea, it presents very compelling reasons for using e-mail, e-fulfillment, Web-based customer service, and other Internet-based marketing, if not exclusively, then as major components of comprehensive marketing programs.

Thus this chapter begins with the premise that online and offline marketing must be integrated—and that the best principles of traditional marketing must be applied to Internet marketing as the b-to-b world migrates to the Internet. We also consider how Internet marketing will fundamentally change the way b-to-b companies market their products and services, and how you can prepare to take full strategic advantage of Internet marketing.

Online and Offline: The Reality of a Changing Marketing World

A little more than five years after the first commercial Web browser came to market, the Internet became ubiquitous in business world-wide. It has been so widely adopted and is so pervasive that the press routinely refers to “the Internet economy.” Nowhere has the impact of the Internet been more apparent than on the nation’s stock markets, as Internet IPOs almost single-handedly fueled the market’s record-breaking rise in 1999 and 2000. The Internet has been the software industry’s second coming, as its rise has already spawned a slew of under-40 billionaires (that is “b,” not “m”). A whole new breed of Internet-only companies have become a breeding ground for countless innovations.

Just as quickly, however, did Internet business and economic conditions turn around in late 2000 and early 2001. There was trouble in paradise; dot-coms started bleeding red ink. Some went bust. Venture capitalists and the market looked for profits instead of promises.

It is thus reassuring to know that direct marketing itself continues to outpace overall sales growth in the United States by 54%, according to the Direct Marketing Association’s (DMA’s) May 2001 report, *2000 Economic Impact: U.S. Direct & Interactive Marketing Today*. The DMA (www.the-dma.org) says direct marketing revenue reached \$1.73 trillion in 2000, with direct marketing sales growth expected to be about 9.6% annually through 2005. B-to-b direct marketing sales in 2000 grew to almost \$793 billion, an over 12% increase from 1999.

The DMA report also indicated that U.S. consumers and businesses spent \$24.2 billion on goods and services as a result of direct marketers’ online media expenditures in 2000, representing a 75% increase over

1999. Direct marketing companies spent \$2.8 billion on interactive media marketing in 2000, an increase of about 70% over 1999.

The DMA's fourth annual *State of the Interactive/E-Commerce Marketing Industry* for 2000 indicates that almost seven out of ten companies say that interactive media is meeting or exceeding their expectations. The percentage of profitability achieved by companies who conduct Web transactions online rose to 69% in 2000 from 49% the year before. Nevertheless, only 57% of consumer companies and 35% of b-to-b companies utilize their Web sites for online transactions.

When you open up the electronic black box and look inside, Internet marketing is basically *electronic direct marketing*. It is not all that different from what direct marketers have been working toward all along, even though it has uniquely different qualities and requirements. As a proof point, Aberdeen Group (www.aberdeen.com) compared selected promotional media alternatives in a 2001 report on e-mail marketing. The report found that direct mail and e-mail marketing were closely aligned in richness of medium, interactivity, one-to-one targeting, measurability, and ROI.

The migration to Internet marketing implies many things for all of us in marketing, not the least of which is a fairly dramatic shift in the way marketing dollars will be allocated in the future. Internet marketing could turn marketing budgets upside down and even lead you to rethink how a marketing organization should be staffed. These are not insignificant issues for b-to-b marketers.

The experience of the successfully launched dot-coms proves that offline is as important as online marketing. Those that have survived have done so in part because they used offline marketing to build awareness for their brands. Without offline marketing, how many of these brands would have been noticed by the clicking public?

Heed this as an important lesson. The Internet is a grand and powerful marketplace, a medium that now reaches over 130 million people in the United States alone, but it is also an emerging marketplace, a very fragmented medium with millions of places people can go. Standing alone, it is not yet as effective as it can be in combination with other media.

Most b-to-b marketers know better than to use a single marketing medium to launch any new product. They know that trade magazines, for example, will accomplish one kind of objective, and direct mail and telemarketing will accomplish another. The most successful marketing programs still *combine and integrate* media to increase effi-

ciency and maximize results. That's why, despite the turmoil caused by changing fortunes and a weakening economy, b-to-b marketers have not run away from the Internet, rather they have run toward online and offline integration.

No lesser a world-class IT marketer than IBM is proving the point. IBM combined TV, print advertising, direct mail, and online media to support its Global Business Intelligence Solutions Group in a major worldwide integrated campaign with a \$30 million budget, reported *Advertising Age* in September 1999. Advertising in business magazines and newspapers was carefully woven together with direct response television, radio, and banner ads on select Web sites, supported by a 250,000-piece mail drop. In 2001, according to *The Wall Street Journal*, IBM increased its ad budget by 17% to support its software products. A new IBM campaign launched in March 2001 spent 15% or more in online advertising, double the norm, says *The Journal*.

If you consider the Internet to be *one* of your arsenal of marketing weapons, rather than the sole weapon, your chances of success will be that much greater. It is likely that, someday, the Internet will become the most powerful weapon available to you, but not many b-to-b marketers would be ready to risk abandoning every other form of marketing just yet. How, then, can you most effectively integrate online and offline marketing today?

Your Market and Your Audiences Will Determine How You Integrate Online and Offline Marketing

As this book points out, Internet marketing is emerging as an inevitable way of doing business for b-to-b marketers. Yet, if you have ever done targeted marketing, you know that *audiences* drive the effectiveness of direct marketing activities. That is why it is essential to understand where your market is today, and how accepting your audiences are of Internet marketing.

First consider the market you are in. How actively do your competitors utilize Internet marketing? (You will find out a lot about that, just by visiting their Web sites.) How do they speak to their audiences?

Would you classify *your target audience* as early adopters of Internet technology or laggards? How your various target audiences and con-

stituencies respond to Internet marketing is a key consideration. You are probably familiar with the technology adoption curve, popularized by Geoffrey Moore (www.chasmgroup.com) in his landmark technology marketing books *Crossing the Chasm* and *Inside the Tornado*. The curve basically defines the stages of acceptance of a technology product. Every product has a group of people who are its early adopters—individuals who will try the product before anyone else and, potentially, lead the market in the product's initial usage and ultimate acceptance. There is also a segment of the product's potential audience that will be far more conservative in adoption, lagging behind and, in some cases, never using it.

Although the Internet itself is now in a stage of mass adoption, you need to apply the technology adoption curve to your target audiences. Which audiences will be very accepting of Internet marketing—the early adopters? Which audiences will be less receptive or even resistant to Internet marketing?

Information technology professionals—software developers and programmers, for example—will obviously be early adopters, but what about other business audiences? Where do sales and marketing people fit in your target industries? Financial managers and purchasing agents? Human resources managers? CEOs? *Which industries* are more likely to accept Internet marketing? *Which size* companies? The fact is, no one can be absolutely certain, because Internet marketing is still relatively new.

That means you may need to do some solid research to determine how *your* audiences will react to Internet marketing. Closely follow the practices of your competitors and your industry. Watch where they are focusing their efforts. Also, keep a close eye on the traditional media that target your prospect and customer audiences. Are they reporting about the Internet and the Web more frequently? Do they have companion Web sites that serve your audiences? Are there other Web-based information providers beyond your competitors who target your audiences? Are Internet marketing conferences springing up in your target industries? These are all strong signals that Internet marketing is, if not already accepted by your target audiences, rapidly gaining acceptance.

It will just be a matter of time before Internet marketing is commonplace, but you may have an opportunity right now to decide whether you will lead or follow with Internet marketing in your specialized area. Which will it be?

How To Integrate Online and Offline Media in the Internet Marketing Era

A second key factor to consider is how you will integrate the Internet with other media. Your media strategy—the way you use media and the mix of media you use—may change radically in the future. Begin the transition to Internet marketing *now*—by making the Internet a more prominent and integral part of your media mix.

Here we examine how media integration will shift from the use of traditional media to the increasing use of electronic media. Figure 11.1 is a classic example of media integration dominated by offline media. Note the following:

1. **Lead Generation.** Direct mail and print advertising are the primary media utilized to generate leads.

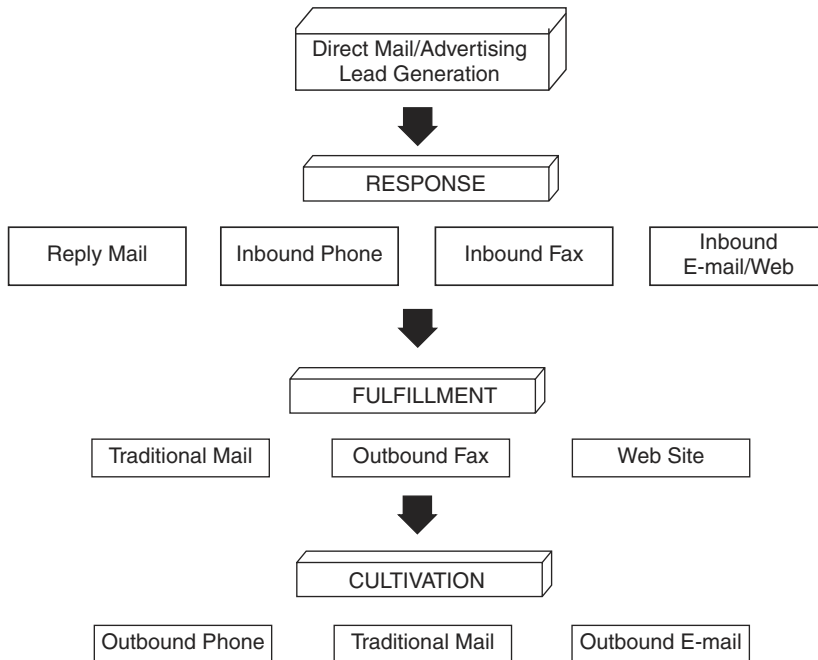


Figure 11.1. Media integration chart with traditional media.

2. **Response.** Responses come in via reply mail, inbound phone calls to an 800 number, faxes of the reply device, inbound e-mail inquiries, or inbound over the Web via a Web response form.
3. **Fulfillment.** Fulfillment takes place using traditional direct mail or outbound fax. In some cases, the respondent can be fulfilled instantly by receiving information and/or an offer at the Web site.
4. **Cultivation.** The respondent's name, address, phone number, e-mail address, and answers to qualifying questions are collected at the response stage and used to initiate a cultivation process. This process uses outbound telemarketing, traditional mail, and outbound e-mail to periodically contact and requalify the prospect.

Next we examine media integration in the era of the Internet. Figure 11.2 is an updated version of the media integration chart with an emphasis on e-marketing. Note the following:

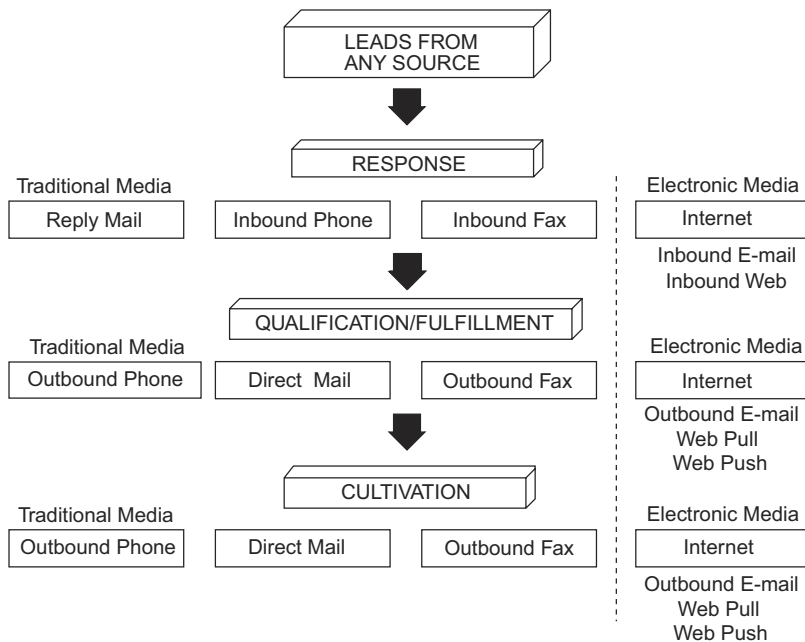


Figure 11.2. Media integration chart emphasizing electronic media.

1. **Lead Generation.** Leads are generated from any source. In the future, e-mail and the Web may very well outpull other media as the primary lead source, so electronic lead generation will become more essential as time goes on.
2. **Response.** Responses come in via reply mail, inbound phone calls to an 800 number, faxes of the reply device, inbound e-mail inquiries, or inbound Web, as before. It is likely, however, that the Web will become the primary response path in the future because it will be so much easier for the respondent. Web responses arrive via a designated, campaign-specific URL that leads to a Web response area with a Web response form that collects not only basic contact information but answers to qualification questions. Prepare for Web responses to be the predominant form of inquiry and, eventually, order.
3. **Qualification and Fulfillment.** Notice that the e-marketing future calls for a single-step qualification and fulfillment process. Today, traditional media are still being used to qualify and fulfill leads in a two-step process, but soon, the process will be more heavily weighted to the Internet, which will combine qualification and fulfillment. This transition is already taking place.

With the online lead qualification process happening in real time, marketers will be able to instantly deliver individualized fulfillment content to all types of prospects based on their interest and qualification level. This content could be delivered via outbound e-mail or, more likely, through individualized Web pages targeted to the prospect's specific interests and needs. Standard text-only e-mail will suffice for fast acknowledgments and instant response, but eventually, e-mail will routinely include graphics and embedded Web site links, enhancing the e-mail fulfillment process. Fulfillment on the Web will occur via a routine Web response area process, as well as at Web sites. Fulfillment will also be pushed via the Web to a prospect's desktop if appropriate.

The cost-saving implications of electronic fulfillment to marketers, and the ease of use to respondents, are so extraordinary that you should anticipate this type of fulfillment becoming the norm rather than the exception.

4. **Cultivation.** The cultivation process will be easier and more automatic with electronic media. Marketers will routinely use outbound

e-mail for promotional purposes to communicate periodically, relying on e-mail newsletters, which will be sent to qualified prospects and customers who have consented to e-mail use. E-mail will routinely embed Web page links, which go to surveys, forms, and specialized Web pages. Prospects and customers will be pulled to Web sites and extranets via ongoing informational programs, which may include special promotions and content. Web content will also be pushed to the desktops of interested prospects and customers on a regular basis. As part of the cultivation process, Internet-based customer service will rule the relationship.

An Example of How To Execute Online–Offline Marketing

You can apply the principles of online–offline marketing today to reduce the overall cost and increase the overall efficiency of your marketing efforts even if you are still at the beginning of the Internet marketing curve. Here is an example.

Suppose you are organizing a traditional in-person marketing seminar targeted to a particular audience. It is a free half-day event to be held in five key cities. You need to make sure the seminar is well attended by the right prospects. What is the best way to promote it? If you were to use offline marketing alone, as you’ve probably done in the past, here is what you would do:

1. Establish the dates and locations, select list sources (including any in-house lists), and target the appropriate audience within 50 miles of each city.
2. Create and mail a direct mail invitation including a full agenda, dates and locations, and all other pertinent details. Include the traditional phone, mail-in, and fax-back response paths.
3. Follow up to non-registrants with a direct mail postcard to encourage them to reconsider. Follow up with fax and telephone confirmations to individuals who registered and said they would attend.
4. Cross-promote the seminar with traditional advertising and public relations activities.

Now what happens if you add the Internet *as an integral part* of the promotional plan? Here is how your original plan would be modified:

1. Establish the dates and locations, select list sources (including any in-house lists), and target the appropriate audience within 50 miles of each city. During the audience selection process, research additional opt-in e-mail lists that may be available. Also compile an in-house list of e-mail addresses for use in the promotion.
2. Create and mail an oversized postcard, which is considerably less expensive than the direct mail invitation referred to earlier, that promotes the seminar. Instead of including all the details, provide a toll-free phone number for more information, but strongly encourage the prospect to visit a special Web page that fully describes the seminar. Let the Web page act as an electronic invitation that provides.
 - A more detailed agenda and description of the seminar, along with speaker photographs and biographies if appropriate.
 - Directions, including printable maps, for each seminar location.
 - Information about other events of potential interest to the prospect, including a list of Internet-based events for those prospects who are not in the five-city area or cannot attend the live seminars but want more information about your company's product.
 - An interactive registration form—perhaps with a special offer to encourage registering—so that prospects can register online and receive an instant acknowledgment. Collect an e-mail address here and you can use it to remind the registrant of the seminar several times before the event. Use a Web-based database tool and you can capture the marketing information you obtain from the prospect one time instead of rekeying the information. Use it for future promotions and to track the prospect's activity.
3. Follow up to non-registrants with an e-mail, if you have their e-mail addresses, or if necessary with a direct mail postcard to encourage them to reconsider. Follow up with e-mail at least twice

to individuals who registered, said they would attend, and provided their e-mail addresses. Use fax and telephone confirmations only when e-mail addresses are not available.

4. Cross-promote the seminar using online advertising and public relations targeted to your audience rather than traditional advertising. Appropriate media might include mentions and sponsorships in e-mail newsletters, promotions on pertinent community sites, and banners/interstitials placed on targeted Web sites.

Notice in this example that there was a true interrelationship of online and offline marketing. You did not completely eliminate offline marketing, instead you used it to push prospects to the Internet. By using online and offline marketing in this way, you are likely to have a significant impact on your marketing ROI as you take advantage of the growing dependence on, and preference for, the Internet. The bottom line is this:

1. You *reduce the cost of your direct mail seminar invitation* by making it less elaborate and driving response to the Web—where prospects get full seminar details. You provide additional helpful service to prospects by acknowledging their registrations instantly online and by offering exact seminar locations with maps.
2. *Overall response to the promotion could increase* because you have facilitated response by adding a Web response path. This will probably become the preferred method of response in the future for most b-to-b audiences. On the Web, they can get more information about the seminar without the need to speak to anyone, and they can easily register online.
3. *Online registrants will likely be higher-quality prospects* because they take the time to visit the URL, review detailed information, and complete the registration form.
4. Using a series of e-mail confirmations and reminders, which you send prior to the event, *could significantly reduce your “no-show” rate* (which is typically 50 to 60% for live seminars). E-mail is much less expensive than telephone calls and even faxes. It goes directly to the recipient and is likely to be read.

5. Even if prospects visit the seminar Web page and do not come to the seminar, *they have been made aware* of your company, your seminar series, and other events you sponsor that may interest them.
6. Individuals who are outside seminar cities could visit the seminar Web pages to learn more about your company and products and, as a result, *become new prospects for you, even if they cannot attend the live event.*

The incremental cost to your seminar promotion to achieve these potential benefits should be very low. In fact, you are replacing the cost of a direct mail invitation and potentially direct mail and telephone follow-ups with the much less expensive use of a modest direct mail piece, Web pages, and e-mail. If you have a Web site, the seminar Web page could hang off of it. Creating the seminar response area is not a complicated task—it can be done by your in-house Web staff or outsourced to an interactive resource. If you need comprehensive response management support, there are firms that handle online seminar registration and confirmation along with maintaining your marketing database.

The Impact of Internet Marketing on B-to-B Marketing Organizations

Most b-to-b marketers are familiar with their role as a change agent in their companies. In recent years, database and direct marketing have catapulted the marketing organization to prominence, as an increasing emphasis on measurable results has struck a responsive chord with senior management.

B-to-b marketing managers are now as likely to be held accountable for generating and qualifying leads as sales managers are for closing them. Senior marketing strategists are no less important to a company's inner management circle than are operating officers. The title Chief Marketing Officer is emerging among larger companies as marketing gains prominence. It is only a matter of time before the word "Internet" is added to it.

The rise of the Internet can enhance the position of marketing executives, managers, and the entire marketing organization within your company. Most senior business executives already acknowledge that

the Internet will fundamentally change the way their company does business. They are also likely to acknowledge that it is the marketing organization in the company that is on the leading edge of that change. In a recent Direct Marketing Association survey, 47% of the respondents said the electronic media function in their company reports to the marketing area.

The vast majority of Web sites are, first and foremost, marketing and sales sites. That reality has already resulted in many b-to-b companies gaining a leadership position in Internet lead generation and electronic commerce. In fact, more companies today are moving rapidly toward becoming e-businesses. It is therefore unlikely that you will meet with much resistance from a company's senior management *outside* the marketing organization when publicizing the notion that Internet marketing is necessary and desirable. After all, these same senior managers are in the midst of developing strategic business plans that will leverage the Internet as a means of business process improvement.

Information technology executives are aggressively lobbying their companies for Internet-related dollars on a regular basis so that they can implement intranets and extranets. Corporate Web sites are reaching a level of importance well beyond the marketing area, especially for public companies. The Web site is becoming an enterprise information portal: the repository for all corporate information and the conduit to get that information out to every one of the company's audiences—not just prospects and customers, but investors, analysts, the press, business partners, suppliers, employees, and prospective employees. Even more so, the rush to e-commerce will put the Internet front and center as the primary sales channel for an increasing number of companies.

Ironically, the most skepticism or resistance to Internet marketing may actually come from *within* the marketing and sales organizations. Why? Because of the FUD factor: fear, uncertainty, and doubt. These are likely to accompany any fundamental change to business as usual—and the change will be dramatic and all-encompassing with Internet marketing.

The Impact on Marketing

The company's marketing organization will likely face the challenge of reexamining marketing objectives, priorities, strategies, and tactics. Marketing managers may need to recast their programs, reshuffle their

media mix, reorient their staffs—and perhaps even replace some staff with interactive media specialists.

The entire marketing organization will need to learn, and to teach the company, new ways of information delivery and response management. Marketing databases and database marketing programs will revolve around the Internet. Fulfillment priorities will change as instant response and electronic fulfillment become the norm. E-mail is becoming an accepted form of external marketing communication. The U.S. Postal Service and others will get into the fray as they provide certification of e-mail delivery.

Advertising, direct mail, and telemarketing usage could shift dramatically as these media begin to play a more subordinate role to the Internet and the Web. Chances are traditional media will not disappear, but they will follow behind the Internet, relinquishing their former leadership position. Media convergence already exists. Web site addresses are everywhere, and the Web is fast becoming a primary response path for b-to-b marketers. Direct mail or direct response advertising is even now being aggressively used to lead a prospect to a Web response form, an Internet event, or a corporate Web site. Integration will take on a whole new meaning as the Internet emerges as the core of a company's marketing programs, with all other media revolving around it and playing a supporting role.

With it all, some difficult budgeting and staffing decisions will need to be made. Internet marketing will require the marketing manager to accommodate entirely new budget line items (e.g., e-mail delivery, development of virtual events, online advertising campaigns, participation in communities, management of affiliate programs, creation of Web pages, maintenance of Web sites, electronic fulfillment and response management, Web server expenses, etc.). Decisions will not always be clear-cut as marketing melds with information technology and budgets become the shared responsibility of more than one department.

On the staffing and resources side, Internet marketing could cause a massive shift in hiring or training the types of individuals who work in a marketing organization and the kinds of outside services that need to be procured.

Internal resources may very well be skewed toward the Internet. Instead of the typical advertising and media personnel, marketing communications project supervisors, marketing service managers, or even direct marketing specialists, a marketing organization may need a cadre of Internet marketing experts. This could be a team of Internet marketing strategists, interactive producers, new media specialists, Web writ-

ers, and interactive designers—but it also may need to include a new addition to marketing: a “marketologist.” The marketologist is part marketer, part Webmaster—someone who understands the unique combination of marketing and technology that Internet marketing demands.

The Impact on the Marketing/IT Departments

The Internet has spawned some unholy alliances, not the least of which is between IT and marketing departments. In larger companies, these two contrasting functional organizations already find that they must work hand in hand to deliver Web content over the Internet, and the need will soon go beyond Web sites alone.

The IT department could be a potential internal barrier to an Internet marketing initiative—not because IT managers want to derail marketing, but rather because they legitimately need to control network traffic and user needs. That is a major part of their responsibility. As Marketing “messes around” with e-mail and the Web, some IT managers may get more than nervous. IT’s support of corporate intranets is a given—but Web sites, virtual events, or extranets that utilize heavy-duty marketing database engines, include online transaction processing, incorporate voice over IP (Internet Protocol), and require the implementation of electronic commerce are something else again. This is the kind of stuff that could choke bandwidth, melt servers, and bring a corporate network to its knees.

That is why the “marketologist” will be a key person in the marketing organization. It is the marketologist who will need to speak IT’s language, work the relationship, and make sure that the needs of Internet marketing can be accommodated by the corporate IT group. It is the marketologist who will need to understand what the internal IT organization can and cannot provide, and help make the decision, if necessary, to outsource Internet marketing to the appropriate Internet service providers.

The Impact on Sales

For the sales organization in any b-to-b company, the transition to Internet marketing will be no less dramatic and potentially more trau-

matic. The lead generation and qualification process may not fundamentally change, even though the requirements for information input and dissemination may be drastically different. However, Internet-enabled partnering and electronic commerce initiatives could turn a company's entire sales process upside down.

As electronic commerce becomes easier and more cost-effective to implement, b-to-b companies are now shifting some if not all of the traditional telephone or face-to-face selling to Internet-based selling. Call Me buttons and live text chat on Web sites will become the norm. Telesales may very well become Internet based as telephony and the Internet converge. Sending voice over IP is already technically feasible. As demand for these applications grows, prospects or customers will go to the Web instead of the telephone to ask for information, solve their own problems, and, when necessary, engage in a sales or service dialog on demand. In short, customers will drive the interaction process.

Banks of telemarketers may actually find their work shifting from inbound telephone calls to inbound e-mail and Web inquiries. Telesales specialists will be retrained to watch a visitor navigate a Web site, be available when the visitor clicks a Call Me button, and intercede when that visitor needs more information—pushing Web pages to the visitor if necessary. In fact, now coming into the marketplace are Web Centers that fully integrate e-mail, Web sites, chat, call-me, and all customer-facing communications through a central Internet-enabled customer service center.

The direct sales force in a b-to-b company is likely to change in complexion as well. In-person sales calls may still occur, but they will increasingly be enhanced or sometimes replaced by Internet conferencing. It may begin with just a telephone call that is enhanced with Web support. The salesperson will conduct a phone conversation but will suggest to the prospect that he or she go to the Web to view some information.

The salesperson of the future might arrange a virtual meeting over the Web with a prospect, perhaps including live videoconferencing. The prospect, of course, could be anywhere in the world. At this virtual meeting, the salesperson will make eye contact and walk the prospect through a visual presentation on the Web, leading him or her along with live voice. The salesperson will be able to stop at any point and take questions. The salesperson could show the prospect video clips of customer testimonials

and success stories, or maybe invite the prospect to view and interact with a real-time product demonstration, right then and there.

If a face-to-face meeting is warranted, the salesperson will undoubtedly bring along a notebook computer that has presentations and demonstrations preloaded. He or she might connect to the Internet while in the prospect's office and guide the prospect through an online presentation, seminar, or demonstration on the Web. This might be an opportunity to have the prospect access an online calculator or analyzer to see the ROI benefits of the company's proposed solution.

Presenting the Case for Internet Marketing

In your role as a marketer, you will now become responsible for obtaining full management support and educating the entire organization about the inevitability of Internet marketing. You know the politics of your company—who the movers and shakers are, where the influence is, who calls the shots. You will have to use this intelligence wisely to elicit broad-based support for dramatic change.

You will, in effect, need to establish your own internal public relations program for Internet marketing. Plan it carefully and execute it wisely, for it will help shape the future of your marketing organization and your job. Your ally in all of this? The Internet itself. As you have seen in this book, the Internet is a business phenomenon of unprecedented proportion. B-to-b marketing success stories are being written daily, and all of them can be found on the Internet.

In presenting the case for Internet marketing to your organization's management, use the Internet and its vast resources for credibility and validation. Rely on the major search engines and other information search sources, along with industry-specific sites, to get the ammunition you need. Use industry data and reports from the traditional press to enhance credibility.

Start with some of the gateway sites, which provide countless links to the relevant sites you will need to find. One such gateway is the excellent site *www.ceoexpress.com*. This launching pad for managers opens a wide door to all kinds of information and research about business in general. It is well organized, it is easy to use, and it offers plenty of links to sources that will be useful to you. Other valuable resources

are listed in Appendix A of this book and linked on the book's companion Web site.

Focus on the Quantifiable Business Benefits of Internet Marketing

Selling the concept of Internet marketing to senior management and to the various groups, departments, or divisions within your company should be supported with facts. There is plenty of evidence, much of it presented in this book, to support the accelerated movement toward Internet marketing. To make your argument all the more effective, focus on the *quantifiable business benefits* of Internet direct marketing¹:

1. The most successful Web marketers are integrating the Web with other media.
2. Internet direct marketing is 60 to 65% cheaper than traditional direct mail marketing.
3. Internet direct marketing campaigns can be changed in real time.
4. The Internet provides unlimited “shelf space” for products.
5. The Internet provides worldwide reach for your company.
6. The Internet makes one-to-one marketing a reality, if it is executed properly.

Now we consider each of these benefits individually:

1. *The most successful Web marketers are integrating the Web with other media.* Internet and Web marketing should not occur in a vacuum. Market forces suggest that Internet marketing will eventually be the predominant form of marketing, but it will not replace the effectiveness of combining and integrating electronic and traditional media.

Use the right combination of media to most effectively reach your target audience. Print advertising may continue to generate awareness for your company, your products, and your services, and direct mail may continue to generate and qualify leads. Do

not abandon these media prematurely, but in every case, integrate the Internet into your media plans and escalate your use of Internet marketing.

Whenever possible, establish a campaign-specific URL that leads to a Web response area designed to capture and qualify a lead. Ask prospects and customers to provide e-mail addresses, and request permission to communicate with them via e-mail. Use direct mail and advertising to drive people to Web response forms and your Web site. Support your Web activities by leveraging the messaging and offers from other media and making everything work together.

2. *Internet direct marketing is 60 to 65% cheaper than traditional direct mail marketing.* Research by The Yankee Group (www.yankeegroup.com) indicates that Internet direct marketing represents a threefold cost saving for direct marketing. Moreover, The Yankee Group says that Internet direct marketing can bring up to ten times the return of a traditional direct marketing campaign, when considering original and follow-up campaigns applied to the same product. The areas in which you will achieve the largest savings are likely to be fulfillment, delivery, medium used, and analysis. The economics of Internet marketing make a compelling case for gradually moving promotional dollars from other media to Internet forms of promotion. Cost alone should not drive marketing decisions, but cost-effectiveness and media efficiency are powerful motivators for choosing one medium over another.

Electronic media turn traditional media cost structures upside down. With Internet marketing, there is nothing to print and mail, there are no advertising materials to reproduce, no telemarketing calls to handle. Web sites can reach one, a hundred, a thousand, or a million prospects or customers for about the same cost. With the proper in-house tools, e-mail can be widely distributed without unit cost implications, as with direct mail, and, at least so far, the Internet is a tax-free commerce zone.

The Internet is just as significant a cost-saving medium in product distribution. According to the Organisation for Economic Cooperation and Development (www.oecd.org), it costs \$1.00 to distribute an airline ticket electronically versus \$8.00 traditionally. It costs just \$0.50 to distribute a software product electronically versus \$15.00 traditionally.

Use the growth of Internet marketing as a springboard for evaluating your media investments and product marketing and distribution costs on a dollar-for-dollar basis. Compare and contrast the total marketing costs for a direct response advertising, direct mail, or telemarketing campaign versus an Internet-based campaign. If it is feasible, establish head-to-head tests of one medium against the other. Keep audience criteria, the offer, and the basic creative approach the same. Evaluate which medium produces the

- highest response rates,
- highest-quality leads,
- best conversion of responses to leads,
- best conversion of leads to sales, and
- shortest response-to-lead-to-sale time frame.

3. *Internet direct marketing campaigns can be changed in real time.* One of the Internet's major strategic advantages as a marketing medium is the campaign time to market. Advertising campaigns depend on publication close dates; monthly publications generally require materials 30 to 45 days prior to an issue date. Typical direct mail campaigns take from 6 to 10 weeks to execute. Even telemarketing campaigns may take several weeks to organize and execute.

The time frames associated with Internet marketing are considerably shorter than traditional media time frames. For e-mail, copy can be written and distributed almost instantly, once e-mail addresses are obtained. The majority of responses to e-mail campaigns are typically received in 48 hours. Web pages can be quickly written, designed, and published to the Web using commonly available tools on almost any computer. Web pages and Web banner ads can literally be changed overnight if need be. Entirely new banner ad campaigns can be created and uploaded within days, making it possible to shift marketing gears quickly based on audience reaction and response.

Electronic media today have no time constraints associated with their availability. Information can be available instantly on

the Web or distributed instantly via e-mail, regardless of the audience size. Electronic fulfillment is available for instant unlock or immediate download. Real-time marketing becomes a reality under this scenario. Although it can be both a blessing and a curse, it can lead to new opportunities for instant evaluation and on-the-spot campaign reengineering.

4. *The Internet provides unlimited “shelf space” for products.* Amazon.com migrated from millions of books to tens of millions of books, videos, CDs, electronics, household items, and countless other products more rapidly than any bricks and mortar operation could ever conceive of doing. Companies who sell on the Internet can challenge convention by making limitless numbers of products available in an electronic store because, if the product is appropriately described and marketed, the buyer does not need to see and touch it.

The vastness of cyberspace is a marketing benefit like no other. Only the Internet can act as a virtual warehouse, extending your inventory and presenting any number of products at any time to customers and prospects anywhere.

5. *The Internet provides worldwide reach for your company.* A company of virtually any size can reach out to the world with its message, products, and services. There are countless stories of tiny organizations, even one-person operations, marketing and selling products and services over the Internet. No other medium provides the low-cost coverage of the Internet, no other form of communication the worldwide penetration of the Web. Small organizations can appear to be large, and, more important, they can gain the same marketing advantage on the Internet as do corporate giants.

With no time zones and no meeting protocol, electronic business can be conducted 24 hours a day, 7 days a week, in every corner of the world—and the Internet marketer need never leave his or her office. This factor alone fuels the growth of the Internet as a medium of unlimited potential on a worldwide scale.

6. *The Internet makes one-to-one marketing a reality, if it is executed properly.* One-to-one marketing is, at its heart, the simple notion of building a relationship that extends from one party to

another. If the individualization of the Internet is maximized, one-to-one marketing can be a powerful and lasting way of doing business. More than that, Internet marketing could create a one-to-one standard for doing business worldwide, and with that will come the availability of mass market tools that will ensure its continued existence.

As with most information technologies, early products are introduced to the marketplace at premium prices. After competitors enter the market and the product category becomes both accepted and desirable, prices begin to moderate. Often, “light” versions of products enter the market to serve the low end.

Already, we have seen the migration toward lower-cost e-mail and Web tools. In many cases, e-mail software and Web browsers are now bundled in free with ISP Internet access services. The same is becoming true of Internet database marketing tools and e-commerce applications. High-end comprehensive solutions will always be available at premium prices, but lower-cost products with limited functionality will suffice for a large part of the market. That means that one-to-one marketing, e-commerce, real-time collaboration, and other Internet advances could reach well beyond a small percentage of Internet marketers. In fact, Internet marketers can purchase e-commerce services on a subscription or service bureau basis, avoiding the internal cost of establishing such an operation.

In the final analysis, you will not only need to convey the specific benefits of Internet marketing—you will also need to spread the word throughout your company that it will be a profitable venture. There are certainly up-front and continuing costs related to Internet marketing, but a thorough analysis should show that Internet marketing compares very favorably to the use of traditional media and marketing methods.

The Internet Marketing Audit

An audit is a first step in analyzing your existing use of Internet marketing and moving forward with wide-scale implementation. Use the audit checklist shown in Figure 11.3 to help assess your Internet marketing readiness—to define and answer questions and determine needs. This will help you as you begin to formulate a comprehensive action plan.

The Internet Marketing Action Plan

By completing the Internet Marketing Audit Checklist, you have taken a first important step in assessing your overall readiness for the transition to Internet marketing. Soon, you will see how to use the checklist to help develop a specific action plan for implementing Internet market-

Does your organization currently have, or do you plan to add within 12 months:	YES	NO
A corporate network (LAN and/or WAN)	☐	☐
Communication via e-mail <i>outside</i> your organization	☐	☐
A corporate Web site	☐	☐
In-house	☐	☐
Outsourced	☐	☐
An intranet	☐	☐
In-house	☐	☐
Outsourced	☐	☐
An extranet	☐	☐
In-house	☐	☐
Outsourced	☐	☐
A Webmaster, or someone primarily responsible for corporate Internet usage	☐	☐
Do you currently use, or do you plan to use within 12 months:		
Direct mail and other traditional media to drive traffic to your Web site	☐	☐
The Web as a response path in direct marketing campaigns	☐	☐
Campaign-specific URLs to track response by campaign	☐	☐
Web response forms to capture leads	☐	☐
Outbound e-mail as a promotional response, fulfillment, follow-up or continuity medium	☐	☐
Links to other Web sites	☐	☐
Online advertising such as banner ads, interstitials, or e-mail newsletter sponsorships as appropriate	☐	☐
Online events or seminars	☐	☐
Online informational fulfillment	☐	☐
Online demos and trials, if appropriate	☐	☐
Distribution of live products over the Internet, if appropriate	☐	☐

Figure 11.3. Internet marketing audit checklist. (*continued on next page*)

Do you currently use, or do you plan to use within 12 months:

Participation in Web communities	☐	☐
A Web community of your own	☐	☐
Participation in affiliate programs	☐	☐
An affiliate program of your own	☐	☐

Does your Web site or extranet currently have, or do you plan to add within 12 months:

Web response pages or response forms	☐	☐
An Internet-integrated database component for capturing/tracking visitor data	☐	☐
Web database capability to dynamically generate personalized pages on-the-fly	☐	☐
Automated e-mail response capability	☐	☐
Cookie technology for visitor tracking	☐	☐
Electronic (online) fulfillment	☐	☐
Electronic solutions center: matching products/services to customer or prospect needs	☐	☐
Internet-enhanced customer marketing: private access customer areas or extranets	☐	☐
Electronic commerce: order entry, processing, tracking	☐	☐
Support of partners via the Internet, if appropriate	☐	☐

Figure 11.3. Internet marketing audit checklist. (*continued from previous page*)

ing, but first, we need to address two important factors that will have an impact on your plan.

Developing the Action Plan

Although each Internet Marketing Action Plan will be unique to a marketing organization's specific needs, these are the basic steps to follow in developing your own action plan.

1. *Assess your Internet marketing readiness.* Now is the time to evaluate your organization's Internet marketing capabilities. You need to be ready to transition to Internet-based marketing now. Use the Internet Marketing Audit Checklist to assess your readiness.

Do not let the assessment process deter you. The fact is that most of the business-to-business marketing world is just begin-

ning to apply Internet marketing in a disciplined, integrated way. The important thing is to understand your current state of readiness and recognize where you are today—and where you will need to be.

2. *Prepare your management for the Internet-dominated future.* The Internet has already captured top-of-mind awareness amongst senior management at many companies. You should have little resistance to the adoption of Internet marketing, but you will need to be an advocate. Make sure your management understands the value of Internet marketing and recognizes its inevitability. Share Internet marketing information from authoritative sources with your management. Make sure they know what their competitors are doing. Use the resources in Appendix A for your research.

If you are in a position to do so, serve on or chair a committee in your organization that is charged with developing a strategic plan for using the Internet as a business, not just a marketing tool. Chances are, management is already on a course to use the Internet strategically as part of the company's overall business plan—so you can take advantage of that business condition to benefit your own marketing program.

With senior management already aware of and planning for the ascension of the Internet, you have a rare opportunity to position Internet marketing and electronic commerce as a logical subset of your organization's entire Internet business plan. By riding the plan's coattails, you can push Internet marketing a lot further, a lot faster. Organizational acceptance and support of Internet marketing will be your ultimate reward.

3. *Develop the action plan.* Some organizations are more technologically ready than others are, and some marketers may be further ahead than you are. Although business-to-business marketers are leading the charge, different companies are in different stages of readiness or implementation. After all, Internet marketing that is measurable is, for many, a new concept. As with any good marketing plan, your Internet marketing action plan should include
 - Objectives: general and specific,
 - Products and services to be promoted,

- The competitive environment,
- Market opportunities,
- Marketing program strategy,
- Audience characteristics and selection criteria,
- Media usage and integration,
- Offer development,
- Creative execution,
- Lead qualification, lead fulfillment, and response management,
- Lead and sales tracking,
- Response and results analysis,
- Measurement criteria,
- Technical requirements for implementation,
- Staffing and organizational needs, and
- Program budgets and schedules.

Implementing the Action Plan

The action plan should allow for a transitional stage, a period of time during which you consciously move your marketing programs more and more toward Internet marketing. Recognize that your plan should be flexible and may need to undergo continuous refinement and modification as conditions in your market change.

Refer to the Internet Marketing Audit Checklist and work toward turning the “no” answers into “yes” answers over time. Be sure your company is in a position to support current and future Internet marketing initiatives. If possible, help your company develop criteria for the acquisition of technology that will be required to implement Internet marketing on a broad scale. Lobby for assistance from outside resources

and outsourcing of Internet services if needed to support Internet marketing initiatives.

Use the media integration plan outlined earlier to capitalize on the Internet trajectory. Start to integrate the Internet with your use of traditional media if you have not already done so. Test the effectiveness of the Internet as a lead generation and qualification medium. Compare and contrast Internet marketing campaigns with traditional media campaigns. Closely monitor Internet usage and evaluate results.

Increase your reliance on the Internet as time progresses, especially if prospects and customers seem receptive to Internet marketing. Let your audiences drive your use of the Internet—ask them how they wish to receive information and if the Internet is the medium they most prefer. Ask them for permission to use e-mail to communicate with them, and determine if they have an interest in having Web pages delivered directly to their desktops. Survey your customers regularly on their acceptance of Internet marketing.

Establish promotional guidelines that require consideration of the Internet in every marketing program. Do not execute any marketing program that does not have an Internet marketing component, and always take the time to spread the news internally (and externally if appropriate) of your Internet marketing successes.

In-House or Outside?

As part of your Internet marketing action plan, you will want to decide whether or not you will be in a position to implement programs in-house or with the assistance of outside resources. To help you make that decision, it is probably a good idea to identify the deliverables and analyze each in relation to your in-house capabilities. Figure 11.4 is just one example of such an analysis. You will note that some deliverables are handled with a combination of in-house and outside resources. It is likely that your situation will change and that at times you may have to outsource only part of the responsibility for some Internet marketing deliverables.

Suppose you decide to run a virtual seminar, for example. If that event includes streaming sound or video, you may want to use an outside resource—a Web hosting service that has the server capacity and capability of handling streaming media. This may be a more desirable solution than burdening your in-house Web server. Also keep in mind that it may take more than one outside resource to meet your needs at any given time. A Web hosting service would be a good resource for the technical imple-

Plan Deliverable	In-house	Handling: Outside
Technology		
Internet access		X
<i>E-mail capabilities</i>		
Marketing e-mail address for inquiries	X	
Broadcast capabilities for e-mail promotions and e-mail newsletters		X
<i>Web capabilities</i>		
Corporate Web site hosting	X	
Web response areas and forms	X	
Marketing database integration	X	X
E-commerce applications		X
Maintenance and Back-office		
Web site on-going maintenance		X
Electronic response and lead management		X
Marketing database management	X	X
Managing Web site links	X	
Managing e-mail newsletter programs	X	
Managing customer extranet	X	
Managing partner extranet	X	
Creation and Execution		
E-mail	X	
Updating Web site pages	X	X
Web response areas and forms	X	
Banner ad campaigns		X
Virtual events		X
Order generation		X
Electronic fulfillment materials	X	
Web community activity	X	X
Participation in others' affiliate programs	X	
Management of own affiliate program		X

Figure 11.4. Analysis of Internet marketing action plan deliverables.

mentation of a virtual seminar, but you may also need an outside interactive agency to create and execute the virtual seminar itself.

Staff Requirements for Internet Marketing

Earlier we mentioned the fact that you might have to retrain existing staff or even replace them with interactive marketing specialists. As

Internet marketing continues to grow in importance for your organization, it would be prudent to analyze marketing staff requirements and make adjustments in the future.

In some cases, you may be better off contracting outside freelance resources or working with interactive agencies on a project or program basis. Very often, outside resources have a level of expertise and a team of skilled professionals already working in a cohesive group. You might not be able to match this expertise with existing in-house staff, and personnel situations or budgets may prevent you from recruiting the necessary personnel.

Whether you are evaluating outside resources or planning to add in-house staff, the following job descriptions might be helpful to you. These are generally the types of positions that should be considered in staffing an Internet marketing function. All of these individuals should have a demonstrated comfort level with Internet technology, and all should at least be familiar with basic e-mail and Web tools.

Internet Marketing Manager

- Manages programs, personnel, and budgets
- Motivates, leads, and supports the Internet marketing group
- Is responsible for training of group personnel
- Ensures that policies and procedures are followed
- Assigns responsibilities, tasks, and schedules
- Makes hiring, promotion, and compensation recommendations
- Tailors job descriptions to personal goals of personnel
- Maintains marketing partner relationships
- Interfaces with senior management regarding Internet marketing strategies

Marketologist

- Participates in developing strategic Internet marketing program

- Maintains high level of knowledge of Internet and Web technologies
- Recommends new technologies in collaboration with IT department
- Acts as Marketing department liaison with internal IT resources and outside resources
- Manages Internet marketing media plan
- Measures and analyzes Internet marketing program results
- Acts as marketing strategist for creative execution

Internet Marketing Producer

- Facilitates the execution of Internet marketing strategies
- Works in close collaboration with Marketologist, media, and creative personnel to build interactive programs
- Develops, applies, and integrates Internet technologies and implements programs
- Publishes and maintains Web pages

Internet Marketing Media Specialist

- Researches Internet media and develops Internet media plans
- Places Internet media
- Evaluates and analyzes results of Internet marketing programs

Internet Marketing Creative Specialist: Copy

- Helps develop Internet marketing creative strategies
- Works in close collaboration with Internet marketing team

- Researches competition
- Writes copy for e-mail, online advertising, and Web forms and pages

Internet Marketing Creative Specialist: Art

- Helps develop Internet marketing creative strategies
- Works in close collaboration with Internet marketing team
- Creates graphics and graphic design for Web pages, response forms, and online advertising

The Internet Is an Integral Part of a Changing Marketing World

In the era of Internet direct marketing, leads may come into your marketing pipeline from any source, qualified or unqualified. However, the e-mail and Web response paths may turn out to be the channel through which you acquire your highest quality leads. Eventually, it may be the channel of preference for many prospects and customers.

If this is the trend in Internet-based lead generation, it bears careful watching in your company. It implies that it will be more important than ever to utilize the Internet to generate and qualify leads in the first place, because chances are they will be better-quality leads. Of course, it will be imperative to include a Web response path in your direct marketing promotions as the Web becomes the preferred method for response.

It will be increasingly common for b-to-b marketers to accept lead generation program responses via campaign-specific URLs leading to Web response forms and pages, or by establishing full-fledged response centers on their Web sites. Prospects will get what they need through electronic fulfillment on Web sites, with the availability of information unlocks or downloads providing marketers with a distinct advantage over competitors. In many cases, customers already purchase products or services online, unlock purchased software or information instantly, or subscribe to services that offer to review, cull, and deliver Internet-based information to them.

One of the strengths of Internet marketing will be its ability to facilitate prospect and customer cultivation. As e-mail becomes an accepted means of marketing communication to reach qualified prospects and customers, you will be able to use it as a promotional vehicle to update key constituents on a periodic basis. The e-mail newsletter is gaining wide acceptance as a format, as both customers and qualified prospects elect to subscribe to such publications. E-fulfillment is likely to become more popular as well, as the demand for electronically disseminated information increases. This will be a boon to b-to-b marketers, who will be able to substantially reduce the costs of traditional fulfillment and fulfill information requests ever more rapidly.

Areas of Web sites are increasingly dedicated to customers, and extranets have evolved into customer and key prospect information and service centers. Web-based communications, in the form of Web sites that customers and prospects visit or Web pages that are pushed to customer and prospect desktops, are commonplace.

You can see the implications of Internet marketing just by noting how it pervades every step of the lead generation and qualification process. At this point, the Internet components do not replace other media—all media work together in a closely coordinated effort, supporting one another. Prospects need to be able to choose the way they wish to respond and receive information. This is a key concept, because it will define the future of marketing communications:

Prospects and customers will define the way you, the marketer, communicate with them. They will drive the communication process instead of the marketer.

This fundamentally changes the relationship with a marketer's constituency forever. With the empowerment of the customer and prospect, and the rise of true permission marketing, the marketer's role will be to deliver what the customer or prospect asks for, when it is asked for, using the delivery channel of the individual's choice. With the emergence of one-to-one customer relationships, the b-to-b marketer will need to learn from customer interactions and use that data to continuously refine the customer-marketing program.

This is only the beginning. At its current rate of adoption, Internet marketing is no longer an option but a necessity. With its true cost-saving and time-saving benefits, as well as the growing demand for elec-

tronic communication by prospects and customers, the Internet will become the core medium of the entire marketing process.

In many respects, Internet marketing has now come full circle. B-to-b marketers who are moving aggressively toward it recognize that it does not work in a vacuum, that to be most effective, marketing programs need to integrate Internet advertising with traditional forms of advertising, and that traditional forms of fulfillment and customer service need to meld with e-business practices. If there was a backlash against dot-coms, it was the realization that click and mortar companies combining traditional methods with e-business initiatives had a more sustainable business model. For b-to-b marketers, there are even more lessons to be learned:

- B-to-b marketing by its very nature is longer term and programmatic. More often than not it involves complex selling situations, decisions by committee, the need for continuous follow-up and cultivation, and long sales cycles. The Internet can effectively play to all of these factors, but it must be applied strategically.
- B-to-b marketers have different promotional media needs from b-to-c marketers that influence the use of Internet media. B-to-b marketing tends to make greater use of segmentation criteria and targeted marketing strategies. Since audiences tend to be smaller than on the consumer side, marketing efficiency is more difficult to achieve. The b-to-b marketer will need to learn how to leverage Internet media, use cross-media advertising strategies for maximum impact, aggressively explore e-newsletter sponsorship opportunities, and pursue Internet-based marketing alliances.
- B-to-b marketers will likely find that a key part of their world will be private business exchanges or e-marketplaces and public information networks or e-communities. These Internet-based business models will change the way marketers view the world and affect the promotional vehicles used to promote b-to-b products and services.
- Real-time marketing initiatives will offer competitive advantages that cannot be ignored. E-initiatives will unfold very rapidly; online ads, e-mails, and Web pages will be executed on a fast track,

shortening the time-to-market for most marketing programs. Analysis will occur in real time as well, making it possible to adjust programs on the fly.

- The power of the customer will create a new emphasis on customer service and more important, on building long-term relationships. Closing the loop will become imperative as companies work to meet a customer's informational needs on a continuous one-to-one basis. Effective implementation of CRM will reduce customer attrition and increase customer loyalty.

In a report issued in 2000, Forrester Research (www.forrester.com) called the next marketing frontier “presence awareness.” Forrester defines presence awareness as “the ability to know a person's availability and status across all communication channels.” Forrester sees presence awareness as a kind of “electronic peripheral vision” that Internet-based applications will someday incorporate. This means marketers will have a more in-depth understanding of what customers and prospects want, and when they want it, regardless of how they interact with the company. With the advent of wireless communications, this concept could extend even beyond today's physical boundaries.

These are the possibilities that make the future all the more exciting for b-to-b marketers. The real way to succeed with Internet marketing is to view it as the logical extension of the marketing process in an electronic era. Only when you seamlessly integrate online and offline marketing will you be able to disregard the differences, leverage the similarities, and capitalize on the combined strength of both.

Note

1. Melissa Bane, Director of Internet Market Strategies, The Yankee Group, “Is Successful Web Marketing a Myth?” Sales and Marketing Series: Web Marketing—Myth and Reality, a presentation of the Massachusetts Software Council, Natick, Massachusetts, February 6, 1998.

A Final Word

The Internet is at the center of the technological change that is driving our world, but the free ride is over: no more smoke and mirrors, no more crazy stock prices. Now the Internet is really getting down to business. The weaker dot-coms are being weeded out by economic realities. Companies with an inadequate e-commerce infrastructure or poor Internet customer service are doomed.

Web-based publishers of free information are reevaluating their business strategies. Information is still a commodity, but the quality of information may soon have a price associated with it. The interactive edition of *The Wall Street Journal* may become a model for information sites of the future. WSJ.com (*www.wsj.com*) is the Web's largest paid-circulation site, with 574,000 online subscribers as of mid-2001. *The Journal* has succeeded where many others have failed, maintaining both print and online paid-subscriber versions of the publication.

Internet marketing is now in a phase of maturity well beyond its early experimental stage. E-commerce is in its third generation. A June 2000 E-tail Economic Study conducted by McKinsey/Salomon Smith Barney suggests that it is those e-tailers who cross the lines between stores, catalogs, and e-commerce who will survive. Pure plays, or Internet-only retailers, lose money every time they sell anything, according to the study.

Database-driven Internet personalization is now standard practice. One-to-one relationship marketing is fast becoming a necessity in e-business. eCRM (Customer Relationship Management) is one of the hottest business sectors. Already, b-to-b marketers large and small are using Internet marketing today to generate and qualify leads, hold successful Internet events, execute instant fulfillment, enhance customer relationships, and generate orders. They are joining or starting their own Web communities and participating in exchanges and e-marketplaces, sometimes even with competitors. They are using affiliate marketing, engaging in collaborative selling, and forming new kinds of Internet-based partnerships.

Convergence of the Internet and telecommunications, the connections between the Internet and cable television, the onward march of broadband, voice-based Internet access, and the emergence of a truly wireless Internet will do much to drive widespread adoption of e-business. Other trends, such as the growth of ASPs (Application Service Providers), will bring sophisticated e-commerce and e-business applica-

tions to even the smallest of companies. Backward integration of the Internet into bricks-and-mortar companies, who are now using the Internet to run their traditional businesses, is having a far-reaching effect. The June 2000 approval of a federal e-signatures bill will make digital signatures as legal as those executed on paper. Broadening demographic usage of the Internet, from teens to seniors and men to women, will continue to spread its global popularity. The reliance on e-mail by every consumer and business person will likely cause it to dominate every other form of communication, even the telephone, and we haven't even begun to explore where mCommerce will take us.

These are vast, fundamental changes. Despite the dot-com setbacks of early 2001, the Internet economy is well entrenched, and we are only at the beginning of the Age of the "e."

What of b-to-b marketing? As a b-to-b direct marketer who cut his teeth on direct mail, at first I found the swift move to Internet marketing unnerving. I am a complete convert now.

The adoption of the Internet reminds me of the desktop publishing revolution. I remember when typesetters and paste-up artists were swept away by the flood of computer technology, some doubting it would take hold. Now everything in every design department at every ad agency, publication, and marketing communications department is done on computer disk. The productivity and quality improvements have been monumental. No one looks back upon the "good old days" of typesetting and manual paste-up with fondness anymore.

It is in fact marketing that early on drove the growth of the Internet, and it is marketing that will now be one of its primary beneficiaries. Internet marketing is in reality interactive, personalized, one-to-one direct marketing.

For b-to-b marketers it is more than that: The Internet is the one marketing medium that can truly complete the selling cycle by letting prospects not only learn about a product online, but inquire about it and, when they are ready, actually buy it online...instantly. Applied correctly, Internet marketing fulfills the promise of totally accountable and cost-effective direct marketing: It is measurable, results-oriented, repeatable, and highly efficient.

Integrate Internet marketing now into your overall marketing strategy. Capitalize on the combined strength of online and offline media. Recognize that the Internet is destined to become the central core of your marketing strategy. See for yourself why e-mail, newsletter ads, online advertising, and Web sites are becoming the primary marketing

media of choice, working in conjunction with traditional direct mail and advertising to improve the marketing ROI.

The demarcation between traditional marketing and Internet marketing is blurring rapidly, and the change is not merely in marketing. The entire business world is adopting the Internet as a business platform. The Disneys of the world are buying into it, and the Procter & Gambles of the world are advertising on it. It is the Ciscos, Dells, and IBMs of the world who are leading the revolution, and it is the Amazons, eBays, and America Onlines who are reshaping business as we know it. Yes, there have been setbacks and downturns, but these are indicators of maturation and evolution, not retreat.

Internet marketing is sustainable because it is based upon the fundamental principles of direct marketing, but it goes a step beyond because of its extraordinarily compelling benefits. In the end, it is all about building better, more productive relationships with prospects and customers...the simplest of notions, but all the more challenging to achieve as b-to-b marketing becomes more sophisticated and complex. It is Internet marketing that will ensure fulfilling and rewarding marketing relationships...and ultimately, it is the one form of measurable marketing that will lead to real profits.

Appendix A: Other Resources

Web Sites Mentioned in This Book (in order of appearance; first reference only)

Chapter 1: The Age of the “e”

<i>www.emarketer.com</i>	eMarketer
<i>www.cyberatlas.internet.com</i>	CyberAtlas
<i>www.statmarket.com</i>	Internet statistics, updated daily
<i>www.angusreid.com</i>	Ipsos-Reid
<i>www.idc.com</i>	International Data Corporation
<i>www.gartner.com</i>	Gartner Inc.
<i>www.bcg.com</i>	Boston Consulting Group
<i>www.internetindicators.com</i>	University of Texas’ Center for Research in Electronic Commerce
<i>www.the-dma.org</i>	Direct Marketing Association
<i>www.forrester.com</i>	Forrester Research
<i>www.neci.nec.com</i>	NEC Research Institute
<i>www.ftc.gov</i>	Federal Trade Commission
<i>www.internetwk.com</i>	InternetWeek
<i>www.aol.com</i>	America Online
<i>www.csi.com</i>	CompuServe
<i>www.prodigy.com</i>	Prodigy
<i>www.webtv.com</i>	WebTV
<i>www.microsoft.com</i>	Microsoft
<i>www.wgate.com</i>	WorldGate Communications
<i>www.aberdeen.com</i>	Aberdeen Group
<i>www.directechemerge.com</i>	Directech eMerge
<i>www.yankeegroup.com</i>	Yankee Group
<i>www.amazon.com</i>	Amazon.com
<i>www.dell.com</i>	Dell Computer
<i>www.cisco.com</i>	Cisco Systems
<i>www.individual.com</i>	Individual.com

Chapter 2: Generating and Qualifying Leads with Your Web Site

<i>www.poynter.org/eyetrack2000/index.htm</i>	The Poynter Institute
<i>www.cyberdialogue.com</i>	CyberDialogue
<i>www.netratings.com</i>	Nielsen/NetRatings
<i>www.sun.com</i>	Sun Microsystems
<i>www.webtrends.com</i>	WebTrends
<i>www.netgen.com</i>	NetGenesis
<i>www.addme.com</i>	Addme
<i>www.goto.com</i>	GoTo.com
<i>www.jmm.com</i>	Jupiter Media Metrix
<i>www.fedex.com</i>	FedEx
<i>www.btobonline.com</i>	BToBOnline
<i>www.monsanto.com</i>	Monsanto Co.
<i>www.colehersee.com</i>	Cole Hersee Co.
<i>www.deere.com</i>	Deere & Co.
<i>www.enron.com</i>	Enron Corp.
<i>www.ml.com</i>	Merrill Lynch
<i>www.baxter.com</i>	Baxter Healthcare
<i>www.ibm.com</i>	IBM Corp.
<i>www.ge.com</i>	General Electric
<i>www.adp.com</i>	ADP
<i>www.eastman.com</i>	Eastman Chemical
<i>www.kpmg.com</i>	KPMG Intl.
<i>www.realnetworks.com</i>	RealNetworks
<i>www.att.com</i>	AT&T
<i>www.officemax.com</i>	OfficeMax

Chapter 3: Generating and Qualifying Leads with Online Advertising

<i>www.iab.net</i>	The Interactive Advertising Bureau
<i>www.adrelevance.com</i>	AdRelevance
<i>www.unicast.com</i>	Unicast
<i>www.engage.com</i>	Engage
<i>www.cmpnet.com</i>	CMPnet

<i>www.zdnet.com</i>	ZDnet
<i>www.news.com</i>	C Net's News
<i>www.clickz.com</i>	ClickZ Network
<i>www.xxist.com</i>	Xxist
<i>www.just-sites.com</i>	Just-sites.com
<i>www.asiresearch.com</i>	Ipsos-ASI
<i>www.doubleclick.net</i>	DoubleClick
<i>www.ad-venture.com</i>	adVENTURE Internet Market- ing Network
<i>www.b2bworks.net</i>	B2BWorks Network
<i>www.247media.com</i>	24/7 Media
<i>www.b2bfreenet.com</i>	B2BfreeNet
<i>www.webconnect.com</i>	Worldata's WebConnect
<i>www.adnetwork.linkexchange.com</i>	Microsoft's LinkExchange
<i>www.enliven.com</i>	Enliven
<i>www.bluestreak.com</i>	Bluestreak
<i>www.iq.com</i>	IQ Commerce
<i>www.ilor.com</i>	iLOR
<i>www.wired.com</i>	Wired Digital
<i>www.netmason.com</i>	NetMason
<i>www.b2bmarketingbiz.com</i>	B2B Marketing Biz
<i>www.adknowledge.com</i>	AdKnowledge
<i>www.juno.com</i>	Juno
<i>www.zapdata.com</i>	Zapdata
<i>www.compaq.com</i>	Compaq Computer
<i>www.coolsavings.com</i>	Coolsavings
<i>www.valuepage.com</i>	Valuepage
<i>www.freeforum.com</i>	Free Forum Network
<i>www.clickrewards.com</i>	ClickRewards (Netcentives)
<i>www.mypoints.com</i>	MyPoints
<i>www.spidertop.com</i>	Spidertop
<i>www.eyebaster.com</i>	Eyeblaster
<i>www.cybuy.com</i>	Cybuy

Chapter 4: Generating and Qualifying Leads with E-mail

<i>www.messagingonline.com</i>	Messaging Online
<i>www.optinnews.com</i>	Opt-in News
<i>www.imtstrategies.com</i>	IMT Strategies

<i>www.spamlaws.com</i>	SpamLaws.com
<i>www.21staz.com</i>	21st AZ Marketing
<i>www.directmedia.com</i>	Direct Media
<i>www.amlist.com</i>	ALC
<i>www.idglist.com</i>	IDG List Services
<i>rentals.postmasterdirect.com</i>	NetCreations' Postmaster Direct
<i>www.yesmail.com</i>	YesMail Network
<i>techweb.cmp.com</i>	CMP
<i>www.cnet.com</i>	C Net
<i>www.idg.net</i>	IDG
<i>www.imakenews.com</i>	ImakeNews
<i>www.topica.com</i>	Topica
<i>www.zoomerang.com</i>	Zoomerang.com
<i>www.keyva.com</i>	Keyva Technologies
<i>www.messagemedia.com</i>	Message Media
<i>www.digitalimpact.com</i>	Digital Impact
<i>www.responsys.com</i>	Responsys
<i>www.exactis.com</i>	Exactis.com
<i>www.m1to1.com</i>	INSIDE 1to1 (Peppers and Rogers Group)
<i>www.indimi.com</i>	Indimi
<i>www.mediasynergy.com</i>	Media Synergy's Flo Network
<i>www.britemoon.com</i>	Britemoon
<i>www.mindarrow.com</i>	MindArrow
<i>www.zaplet.com</i>	FireDrop's Zaplet
<i>www.lifefx.com</i>	LifeFX

Chapter 5: Using Internet Events for Marketing

<i>www.metagroup.com</i>	META Group
<i>www.centranow.com</i>	Centra BCN
<i>www.oracle.com/iseminars/</i>	Oracle Internet Seminars
<i>www.oracle.com/</i> <i>ebusinessnetwork</i>	Oracle eBusiness Network
<i>www.placeware.com/seminar</i>	Placeware Seminars
<i>www.bn.com</i>	Barnes & Noble
<i>www.notharvard.com</i>	notHarvard.com
<i>www.real.com</i>	Real Networks
<i>www.activate.com</i>	Activate

<i>www.fusion.yahoo.com</i>	Yahoo Events
<i>www.netseminar.com</i>	Education News and Entertainment Network's NetSeminar
<i>www.webcasts.com</i>	Webcasts
<i>www.akamai.com</i>	Akamai Technologies
<i>www.placeware.com</i>	PlaceWare
<i>www.astound.com</i>	Astound
<i>www.mshow.com</i>	Mshow
<i>www.worldstream.com</i>	WorldStream
<i>www.centra.com</i>	Centra Software
<i>www.latitude.com</i>	Latitude Communications
<i>www.inetevents.com</i>	iNetEvents
<i>www.b-there.com</i>	b-there.com
<i>www.iconvention.com</i>	iconvention.com
<i>www.allmeetings.com</i>	AllMeetings
<i>www.go-events.com</i>	Go-events
<i>www.eventweb.com</i>	EventWeb
<i>www.meetingevents.com</i>	MeetingEvents
<i>www.seminarfinder.com</i>	SeminarFinder
<i>www.seminarinformation.com</i>	Seminar Information
<i>www.seminarplanet.com</i>	SeminarPlanet
<i>www.seminarsource.com</i>	SeminarSource
<i>www.techweb.com/calendar</i>	TechCalendar
<i>www.tsnn.com</i>	TSNN
<i>www.webex.com</i>	WebEx
<i>www.earthlink.net/business</i>	Earthlink Business
<i>www.corpu.com</i>	Corporate University Xchange
<i>www.cyberstateu.com</i>	CyberstateU
<i>www.digitalthink.com</i>	Digital Think
<i>www.smartforce.com</i>	SmartForce
<i>www.smartplanet.com</i>	SmartPlanet
<i>www.lotus.com</i>	Lotus

Chapter 6: Executing E-fulfillment

<i>www.digimarc.com</i>	Digimarc
<i>www.gocode.com</i>	GoCode
<i>www.findthedot.com</i>	FindtheDOT
<i>www.mgisoft.com</i>	MGI

<i>www.nwfusion.com</i>	Network World Fusion
<i>www.entrypoint.com</i>	EntryPoint
<i>www.infogate.com</i>	Infogate
<i>www.marimba.com</i>	Marimba
<i>www.office.com</i>	Office.com
<i>www.instant-delivery.com</i>	HP's Instant Delivery
<i>www.adobe.com</i>	Adobe
<i>www.bluelight.com</i>	BlueLight.com
<i>www.about.com</i>	About.com
<i>www.screamingmedia.com</i>	Screaming Media
<i>www.yellowbrix.com</i>	Yellow Brix
<i>www.download.cnet.com</i>	Download.com
<i>www.onsale.com</i>	Onsale.com
<i>www.mcafee.com/cybermedia</i>	CyberMedia
<i>www.wsj.com</i>	<i>The Wall Street Journal</i>
<i>www.oecd.org</i>	Organisation for Economic Cooperation and Development
<i>www.biztravel.com</i>	Biztravel
<i>www.expedia.com</i>	Expedia
<i>www.travelocity.com</i>	Travelocity
<i>www.orbitz.com</i>	Orbitz
<i>www.dhlmasterclass.com</i>	DHL
<i>www.marketfirst.com</i>	MarketFirst
<i>www.marketsoft.com</i>	MarketSoft
<i>www.netquartz.com</i>	NetQuartz
<i>www.netship.com</i>	Netship
<i>www.submitorder.com</i>	SubmitOrder.com
<i>www.ups.com</i>	UPS

Chapter 7: Building Customer Relationships

<i>www.amrresearch.com</i>	AMR Research
<i>www.crmcommunity.com</i>	CRMCommunity
<i>www.crmdaily.com</i>	CRMDaily
<i>www.crmguru.com</i>	CRMGuru
<i>www.aspect.com</i>	Aspect
<i>www.beasys.com</i>	BEA
<i>www.bowstreet.com</i>	Bowstreet
<i>www.brightware.com</i>	Brightware

<i>www.broadvision.com</i>	Broadvision
<i>www.epage.com</i>	ePage
<i>www.epiphany.com</i>	E.piphany
<i>www.eshare.com</i>	eShare Technologies
<i>www.kana.com</i>	Kana Communications
<i>www.liveperson.com</i>	LivePerson
<i>www.neteffect.com</i>	Net Effect
<i>www.netperceptions.com</i>	Net Perceptions
<i>www.peoplesupport.com</i>	PeopleSupport
<i>www.revenio.com</i>	Revenio
<i>www.teradata.com</i>	Teradata CRM
<i>www.itxc.com</i>	ITXC
<i>www.landsend.com</i>	Lands' End
<i>www.worldcom.com</i>	WorldCom
<i>www.mathworks.com</i>	The Mathworks
<i>www.personalization.com</i>	Personalization.com
<i>www.1to1.com</i>	Peppers and Rogers Group
<i>www.asponline.com</i>	Association of Support Profes- sionals
<i>www.intranets.com</i>	Intranets.com

Chapter 8: Using Business Communities and Exchanges

<i>www.dc.com</i>	Deloitte Consulting
<i>www.netscape.com</i>	Netscape
<i>www.msn.com</i>	Microsoft's MSN
<i>www.att.net</i>	AT&T WorldNet Service
<i>www.earthlink.net</i>	EarthLink
<i>www.altavista.com</i>	AltaVista
<i>www.ask.com</i>	Ask Jeeves
<i>www.directhit.com</i>	Direct Hit
<i>www.excite.com</i>	Excite
<i>www.webcrawler.com</i>	WebCrawler
<i>www.go.com</i>	Go.com
<i>www.google.com</i>	Google
<i>www.hotbot.com</i>	Hot Bot
<i>www.lycos.com</i>	Lycos
<i>www.northernlight.com</i>	Northern Light
<i>www.yahoo.com</i>	Yahoo

<i>www.ebay.com</i>	eBay
<i>www.dovebid.com</i>	DoveBid
<i>www.fairmarket.com</i>	FairMarket
<i>www.freemarkets.com</i>	FreeMarkets
<i>www.onlineassetexchange.com</i>	Online Asset Exchange
<i>www.priceline.com</i>	Priceline
<i>www.techweb.com</i>	TechWeb
<i>www.channelweb.com</i>	Ch@nnelWEB
<i>www.edtn.com</i>	EDTN Network
<i>www.planetit.com</i>	TechWeb's PlanetIT
<i>www.techrepublic.com</i>	TechRepublic
<i>www.itworld.com</i>	ITWorld
<i>www.internet.com</i>	Internet.com
<i>www.techtarget.com</i>	TechTarget
<i>www.bizprolink.com</i>	BizProLink
<i>www.buyusa.com</i>	BuyUSA.com
<i>www.chematch.com</i>	CheMatch.com
<i>www.communityb2b.com</i>	Community B2B
<i>www.covisint.com</i>	Covisint
<i>www.concertglobalmarket.net</i>	ConcertGlobalMarket
<i>www.converge.com</i>	Converge
<i>www.e2open.com</i>	e2open.com
<i>www.exportall.com</i>	Exportall
<i>www.gepolymerland.com</i>	GE Polymerland
<i>www.manufacturing.net</i>	Manufacturing.net
<i>www.oracle.com</i>	Oracle
<i>www.peoplesoftmarketplace.com</i>	PeopleSoft Marketplace
<i>www.transora.com</i>	Transora
<i>www.verticalnet.com</i>	VerticalNet
<i>industrymarketplaces.yahoo.com</i>	Yahoo Industry Marketplaces
<i>www.bmcsoftware.com</i>	BMC Software
<i>www.agilebrain.com</i>	AgileBrain
<i>www.dbazine.com</i>	DBAzone
<i>www.nextslm.org</i>	NextSLM
<i>www.qualityofexperience.org</i>	QualityofExperience
<i>www.ariba.com</i>	Ariba
<i>www.comercis.com</i>	Comercis
<i>www.commerceone.com</i>	Commerce One
<i>www.delphi.com</i>	Delphi Forums
<i>www.involv.net</i>	Involv

<i>www.participate.com</i>	Participate.com
<i>www.purchasepro.com</i>	PurchasePro

Chapter 9: Developing Internet Partnerships

<i>www.linkshare.com</i>	LinkShare
<i>www.iconomy.com</i>	Iconomy
<i>www.escalate.com</i>	Escalate
<i>www.associate-it.com</i>	Associate-It
<i>www.refer-it.com</i>	Refer-It
<i>www.cashpile.com</i>	CashPile
<i>www.befree.com</i>	BeFree
<i>www.clicktrade.com</i>	ClickTrade
<i>www.cj.com</i>	Commission Junction
<i>www.performics.com</i>	Performics
<i>www.imediation.com</i>	iMediation
<i>www.webcollage.com</i>	WebCollage
<i>www.buytelco.com</i>	BuyTELCO
<i>www.geexpress.com</i>	GE Express
<i>www.hp.com/solutions1/garage/affiliates/index.html</i>	HP Garage Affiliate Network
<i>www.eneews.com</i>	Enews
<i>www.igo.com</i>	iGo
<i>www.promisemark.com</i>	PromiseMark
<i>www.qspace.com</i>	QSpace
<i>www.sundial.com</i>	Sundial
<i>www.verisign.com</i>	Verisign
<i>www.networksolutions.com</i>	Network Solutions
<i>www.asera.com</i>	Asera
<i>www.line56.com</i>	Line 56 Magazine
<i>www.ibm.com/partnerworld</i>	IBM's PartnerWorld
<i>channel.intel.com</i>	Intel Channel Partners
<i>www.microsoft.com/directaccess/partnering/microsoft</i>	Microsoft for Partners
<i>www.microstrategy.com</i>	MicroStrategy
<i>partnerweb.novell.com</i>	Novell's PartnerWeb
<i>www.oracle.com/partners</i>	Oracle Partners
<i>solutions.oracle.com</i>	Oracle Solutions Finder
<i>www.worldcom.com</i>	UUNET (WorldCom)

www.grainger.com
www.works.com
www.respond.com

W. W. Grainger
 Works.com
 Respond.com

Chapter 10: Selling on the Internet

<i>www.fcw.com</i>	Federal Computer Week
<i>www.shop.org</i>	Shop.org
<i>www.dellhost.com</i>	DellHost
<i>www.accessories.us.dell.com</i>	Dell Accessories
<i>www.dellexchange.com</i>	Dell Exchange
<i>www.dellauction.com</i>	Dell Auction
<i>www.cristina.org</i>	National Cristina Foundation
<i>www.educateu.com</i>	EducateU
<i>www.sonystyle.com</i>	SonyStyle.com
<i>www.mysimon.com</i>	mySimon
<i>www.rusure.com</i>	R U Sure
<i>www.dash.com</i>	Dash
<i>www.mybiz.mainstreet-stores.com</i>	FedEx e-Commerce Builder
<i>www.stamps.com</i>	Stamps.com
<i>www.electrom.com</i>	Electrom.com
<i>www.cybercash.com</i>	CyberCash
<i>www.instabuy.com</i>	InstaBuy
<i>www.passport.com</i>	Microsoft's Passport
<i>www.americanexpress.com</i>	American Express
<i>www.gator.com</i>	Gator
<i>www.nextcard.com</i>	NextCard
<i>www.estation.com</i>	eStation
<i>www.cgey.com</i>	Cap Gemini Ernst & Young
<i>www.npd.com</i>	NPD Group
<i>www.supermarkets.com</i>	SuperMarkets Online
<i>www.coupons.com</i>	Coupons.com
<i>www.insight.com</i>	Insight Direct
<i>www.boeing.com/assocproducts/ bpart/partpage/Boeing</i>	Boeing
<i>www.iprint.com</i>	iPrint
<i>www.marshall.com</i>	Marshall Industries
<i>www.pccconnection.com</i>	PC Connection

Chapter 11: Integrating Online and Offline Marketing

www.chasmgroup.com

Chasm Group

www.ceoexpress.com

CEO Express

Web Sites of Interest to the B-to-B Marketer

There are potentially hundreds of Web sites that might be of interest to an Internet marketer. The best way to find them is to use the major Web search engines, entering combinations of appropriate keywords. After you find a site of value to you, be sure to add it to your browser as a bookmark.

In an effort to reduce your search time, I have compiled and categorized a list of sites, along with a brief description of each, that I think you might find especially useful. All of these sites are linked on the book's companion Web site. Unfortunately, Web sites are disappearing on a frequent basis, so it pays to use the companion Web site to access the most current links.

All of these URLs start with *http://*, which most browsers recognize, so I have not listed it. URLs typically are not case sensitive, but it is best to enter addresses in all lowercase.

Barry's Favorite E-mail Newsletters about Marketing (subscribe free at the following sites)

*www.1to1.com*Peppers and Rogers—Marketing
1to1*www.b2bmarketingbiz.com*

B2B Marketing Biz

www.btobonline.com

B2B Alert

www.channelseven.com

Channel Seven

www.clickz.com

ClickZ Today

www.cyberatlas.internet.com

CyberAtlas

www.digitrends.net

Digitrends and eBiz Daily

www.ecommercetimes.com

E-Commerce Times

www.emarketer.com

eMarketer

*www.wdfm.com*Larry Chase's Web Digest for
Marketers

www.webpromote.com
www.wilsonweb.com

Web Promote Weekly
 Web Marketing Today

Advertising, Direct Marketing, Marketing, and Sales

www.1to1.com
www.adage.com/interactive

Peppers and Rogers Group
 Advertising Age Interactive
 Daily

www.admedia.org

The Internet Advertising Resource Guide

www.adresource.internet.com
www.ana.net

Ad Resource from Internet.com
 Association of National Advertisers

www.brandchannel.com
www.btobonline.com
www.builder.cnet.com
www.clickz.com

All about brands
BtoB magazine
 How to build better Web sites
 Internet.com's ClickZ Internet
 Marketing Network

www.colloquy.com
www.dbmarketing.com
www.digitrends.net
www.directechemerge.com

Loyalty marketing
 Database Marketing Institute
 Digitrends
 Information for business-to-business and IT direct marketers

www.dmnews.com
www.dmplaza.com
www.ecommercetimes.com
www.emarketer.com
www.emarketingmag.com
www.freepromote.com
www.imarketingnews.com
www.directmag.com
www.justsell.com
www.linkpopularity.com
www.marketing.org
www.marketingcentral.com
www.marketingclick.com
www.mediadirector.com

DM News
 Direct marketing resource site
 e-Commerce Times
 eMarketer news and statistics
eMarketing magazine
 Free Web site promotion
 iMarketing News
 DIRECT magazine
 Sales portal
 Web page rankings
 Business Marketing Association
 MarketingCentral portal
 MarketingClick community
 High-tech media

<i>www.mediafinder.com</i>	Media information
<i>www.myprospects.com</i>	My Prospects (create lists)
<i>www.optinnews.com</i>	Opt-in News
<i>www.professionalcity.com</i>	Resource center with a Marketing subsite
<i>www.promotingyoursite.com</i>	Profit Zone
<i>www.publist.com</i>	PubList, Internet directory of publications
<i>www.shop.org</i>	An association of Internet retailers
<i>www.smei.org</i>	Sales and Marketing Executives International
<i>www.srds.com</i>	SRDS—list information online
<i>www.targetonline.com</i>	<i>Target Marketing</i> magazine
<i>www.technologymarketing.com</i>	<i>Technology Marketing</i> magazine
<i>www.the-dma.org</i>	Direct Marketing Association
<i>www.usps.gov</i>	U.S. Postal Service, Internet Branch
<i>www.wdfm.com</i>	Web Digest for Marketers
<i>www.webpromote.com</i>	WebPromote e-mail marketing information
<i>www.whosmailingwhat.com</i>	Source of direct mail samples
<i>www.wilsonweb.com</i>	Wilsonweb's Web marketing information

Internet Advertising Networks and Placement

<i>www.247media.com</i>	24/7 Media
<i>www.ad-venture.com</i>	ad-VENTURE Internet Marketing Network
<i>www.b2bworks.net</i>	B2BWorks Network
<i>www.doubleclick.net</i>	DoubleClick
<i>www.webconnect.com</i>	Worldata's WebConnect

Affiliate Marketing Directories

<i>www.associate-it.com</i>	Associate-It
<i>www.cashpile.com</i>	Cash Pile
<i>www.refer-it.com</i>	Refer-It

Business Information

<i>www.all-biz.com</i>	The “all business network”
<i>www.bannerstake.com</i>	Keyword competitive research
<i>www.bpubs.com</i>	Business publications search engine
<i>www.business2.com</i>	<i>Business 2.0</i> magazine
<i>www.ceoexchange.com</i>	Online topics and discussion for CEOs
<i>www.companysleuth.com</i>	Competitive intelligence
<i>www.countrywatch.com</i>	Country-by-country news
<i>www.emarketer.com</i>	eMarketer news and statistics
<i>www.fastcompany.com</i>	<i>FAST COMPANY</i> magazine
<i>www.firstgov.gov</i>	U.S. federal government search site
<i>www.forbes.com</i>	<i>Forbes</i> magazine
<i>www.fortune.com</i>	<i>Fortune</i> magazine
<i>www.gomez.com</i>	Gomez Web site ratings
<i>www.hoovers.com</i>	Company information
<i>www.ideacafe.com</i>	A nifty site for small businesses
<i>www.inc.com</i>	Small/medium-sized business Web site
<i>www.infousa.com</i>	Information for small business
<i>www.localbusiness.com</i>	Local business news Web site
<i>www.netlibrary.com</i>	Net Library
<i>www.nyt.com</i>	<i>The New York Times</i>
<i>www.thomasregister.com</i>	Thomas Register of American Manufacturers
<i>www.uspto.gov</i>	U.S. Patent and Trademark Office
<i>www.wsj.com</i>	<i>The Wall Street Journal</i>
<i>www.your-nation.com</i>	Compare country-to country demographic data

E-mail/E-marketing List Vendors, Services, and Technologies

<i>www.21staz.com</i>	21st AZ Marketing
<i>www.amlist.com</i>	American List
<i>www.cmgdirect.com</i>	CMG Direct
<i>www.digitalimpact.com</i>	Digital Impact

<i>www.easymailinteractive</i>	EasyMail
<i>www.e-dialog.com</i>	e-Dialog
<i>www.exactis.com</i>	Exactis
<i>www.imakenews.com</i>	iMakeNews
<i>www.indimi.com</i>	Indimi
<i>www.marketfirst.com</i>	Market First
<i>www.marketsoft.com</i>	MarketSoft
<i>www.mediasynergy.com</i>	Media Synergy
<i>www.messagemedia.com</i>	Message Media
<i>www.netcreations.com</i>	Net Creations
<i>www.radicalmail.com</i>	Radical Communications
<i>www.responsys.com</i>	Responsys
<i>www.topica.com</i>	Topica
<i>www.worlddata.com</i>	Worldata
<i>www.yesmail.com</i>	Yes Mail

Internet and Internet News

<i>www.businesstech.com</i>	Internet technology for business
<i>www.businessweek.com/ebiz/</i>	BusinessWeek's "e.biz"
<i>www.cio.com</i>	CIO magazine
<i>www.commerce.net</i>	Industry consortium for Internet commerce
<i>www.darwinmag.com</i>	<i>Darwin</i> magazine
<i>www.hot100.com</i>	The hottest Internet sites, and more
<i>www.internet.com</i>	All things Internet
<i>www.internetworld.com</i>	Internet World
<i>www.news.com</i>	C Net's news site
<i>www.onmagazine.com</i>	Time's <i>On</i> magazine
<i>www.thestandard.com</i>	<i>The Industry Standard</i> magazine
<i>www.wired.com</i>	Wired News

Internet Research

<i>www.aberdeen.com</i>	Aberdeen Group
<i>www.activmedia.com</i>	ActivMedia
<i>www.computereconomics.com</i>	Computer Economics

<i>www.commerce.net/research</i>	Commerce.net and Nielsen
<i>www.cyberatlas.internet.com</i>	Media Research
<i>www.cyberdialogue.com</i>	CyberAtlas
<i>www.ecommerce.gov</i>	Online research
<i>www.emarketer.com</i>	U.S. Department of Commerce
<i>www.forrester.com</i>	e-commerce site
<i>www.gartner.com</i>	Comprehensive statistics
<i>www.greenfieldonline.com</i>	Forrester Research
<i>www.iab.net</i>	Gartner, Inc.
<i>www.idc.com</i>	Greenfield Online
<i>www.jmm.com</i>	Internet Advertising Bureau
<i>www.npd.com</i>	IDC
<i>www.netratings.com</i>	Jupiter Media Metrix
<i>www.statmarket.com</i>	NPD Group
<i>www.webcriteria.com</i>	Nielsen/Net Ratings
<i>www.webreference.com</i>	Daily Internet statistics
<i>www.websnapshot.</i> <i>mycomputer.com</i>	Web Criteria
<i>www.webtrends.com</i>	Web reference site for
<i>www.yankeegroup.com</i>	Webmasters
	Web data and trends
	Web Trends
	Yankee Group

Launching Pads, Time Savers, and Cool Things

<i>www.555-1212.com</i>	Telephone lookup
<i>www.biztravel.com</i>	Business travel
<i>www.ceoexpress.com</i>	Information starting point
<i>www.corporateinformation.com</i>	Corporate information
<i>www.dictionary.com</i>	Word definitions
<i>www.download.com</i>	Software downloads
<i>www.freewebtools.com</i>	Free Web tools
<i>www.hightechgateway.com</i>	Launching pad for high tech
<i>www.jumbo.com</i>	Free and shared software down-
	loads
<i>www.learn2.com</i>	Learn about anything

<i>www.mapquest.com</i>	The Internet's premier mapping service
<i>www.productnews.com</i>	Thousands of products in one place
<i>www.smartship.com</i>	Consolidated shipping information
<i>www.spyonit.com</i>	Spy On It Web search service
<i>www.stpt.com</i>	My Starting Point
<i>www.technewsworld.com</i>	Real-time tech news
<i>www.techsavvy.com</i>	Tech Savvy
<i>www.traffick.com</i>	Portal for portals
<i>www.weather.com</i>	Check the weather anywhere
<i>whatis.techtarget.com</i>	Plain-English definitions for tech terms

Leading Information Technology Super-sites

<i>www.cmpnet.com</i>	CMPNet
<i>www.cnet.com</i>	CNet
<i>www.idg.net</i>	IDG Net
<i>www.internet.com</i>	Internet.com
<i>www.techrepublic.com</i>	Tech Republic
<i>www.techtarget.com</i>	TechTarget
<i>www.zdnet.com</i>	ZDnet

Web Portals and Search Engines

<i>www.about.com</i>	About
<i>www.allonesearch.com</i>	All One Search
<i>www.altavista.com</i>	Alta Vista
<i>www.ask.com</i>	Ask Jeeves
<i>www.go.com</i>	Go
<i>www.google.com</i>	Google
<i>www.excite.com</i>	Excite
<i>www.hotbot.com</i>	HotBot
<i>www.lycos.com</i>	Lycos
<i>www.msn.com</i>	MSN

www.netscape.com
www.northernlight.com
www.webcrawler.com
www.yahoo.com

Netscape
Northern Light
WebCrawler
Yahoo!

Direct Marketing and Internet Marketing Books Selected for the IT Marketer

These books can be purchased through this book's companion Web site (an Amazon.com affiliate) or through any online or retail bookseller.

Cliff Allen, Deborah Kania, and Beth Yaeckel, *One-to-One Web Marketing*, 2nd edition.

A comprehensive guide to one-to-one marketing on the Web with lots of examples, tips, and techniques.

Rick Bruner, Leland Harden, and Bob Heyman, *Net Results. 2: Best Practices for Web Marketing*.

Textbook-style but with useful advice on brand building, direct marketing, and more.

David D'Alessandro, *Brand Warfare: 10 Rules for Building a Killer Brand*.

Brand building from the CEO of John Hancock.

George Duncan, *Streetwise Direct Marketing*.

A DM pro covers the gamut of direct marketing.

Lois Geller, *Response! The Complete Guide to Profitable Direct Marketing*.

A DM guru shares tips.

Seth Godin, *Permission Marketing*.

An e-marketing classic by an Internet visionary that gets to the heart of a key Internet marketing issue: Prospects will ultimately call the shots by giving marketers permission to send them marketing messages.

Bernie Goldberg, *How to Measure Lead Generation Programs* and *The Lead Generation Enigma: Why Salespeople Don't Like Leads and What to Do about It*.

Small books with a big message.

Denny Hatch and Donald R. Jackson, *2,239 Tested Secrets for Direct Marketing Success*.

A compendium of advice from DM pros. Encyclopedia of what to do (and what not to do), with pearls of wisdom from all corners of the direct marketing world.

Shel Holtz, *Public Relations on the Net*.

How to use the Internet for PR.

Susan Jones, *Creative Strategy in Direct Marketing*.

How the creative side of DM works.

Shannon Kinnard, *Marketing with E-mail*, 3rd edition.

A comprehensive resource for e-mail marketers.

Michael McGrath, *Product Strategy for High Technology Companies: Accelerating Your Business to Web Speed*.

More than 250 examples from high-tech companies.

Kim MacPherson, *Permission-based E-mail Marketing That Works!*

E-mail tips and techniques.

Geoffrey A. Moore, *Inside the Tornado* and *Crossing the Chasm*.

Moore studied Silicon Valley companies and wrote *Crossing the Chasm*, which became a marketing classic. In this book, he explores the technology product life cycle and shows what companies go through to achieve marketing success. This and the previous volume are must-reads for IT marketers.

Edward L. Nash, *Direct Marketing: Strategy, Planning, Execution*, 4th edition.

One of the most comprehensive overviews of direct marketing. Includes details of database marketing, infomercials, and interactive marketing. Also information on planning, mailing lists, print media, and more.

Don Peppers and Martha Rogers, *One to One B2B; Enterprise One to One: Competing in the Interactive Age*; and *The One to One Fieldbook*.

Any book by the acknowledged one-to-one experts will be worth the read.

Mary Lou Roberts and Paul Berger, *Direct Marketing Management*.

How to manage direct marketing programs.

Stevan Roberts, *Internet Direct Mail: The Complete Guide to Successful E-mail Marketing Campaigns*.

A comprehensive primer on e-mail marketing.

Ernan Roman and Anne Knudsen, *Integrated Direct Marketing*.

Roman was writing about integration long before it reached its current hot-topic status.

Don Schultz and Philip Kitchen, *Communicating Globally: An Integrated Marketing Approach*.

Strategies for worldwide integrated marketing.

Arthur Sculley and William Woods, *B2B Exchanges: The Killer Application in the Business-to-Business Internet Revolution*.

An essential guide to exchanges.

Patricia B. Seybold, *Customers.com* and *The Customer Revolution*.

This best-seller and its follow-up book share strategies for orienting your company to customers, including in-depth examples of companies that use the Internet to do it right.

David Shepard, *The New Direct Marketing: How to Implement a Profit-Driven Database Marketing Strategy*.

The emphasis is on data.

Thomas M. Siebel, *Cyber Rules*.

Strategies for excelling at e-business by the founder of Siebel Systems.

Barry Silverstein, *Internet Marketing for Information Technology Companies*, 2nd edition.

Internet marketing strategies and tactics for software, hardware, and networking companies, by the author of this book.

Joseph Sugarman, *Marketing Secrets of a Mail Order Maverick*.

One of the true direct marketing visionaries, Joe Sugarman has done it all and is more than willing to share his war stories and strategies for success with readers.

Donna Baier Stein and Floyd Kemske, *Write on Target: The Direct Marketer's Copywriting Handbook*.

Good advice for writing direct response copy.

Bob Stone, *Successful Direct Marketing Methods*, 7th edition.

Probably the most authoritative text on direct marketing, covering every aspect in plenty of detail.

Susan Sweeney, *101 Ways to Promote Your Web Site*.

Details numerous ways to advertise, promote, and generate public relations for any organization's Web site.

Joan Throckmorton and Thomas Collins, *Winning Direct Response Advertising: From Print through Interactive Media*, 2nd edition.

Another living legend in the direct marketing business, Joan Throckmorton takes you through the whole gamut of direct marketing—advertising, mail, and interactive.

Lester Wunderman, *Being Direct: Making Advertising Pay*.

This book was authored by one of the greats of the direct marketing business. Combines autobiography with advice and wisdom—and shares Wunderman's vision of where direct marketing is headed. Entertaining and insightful.

Robbin Lee Zeff and Brad Aronson, *Advertising on the Internet*, 2nd edition.

Covers Internet advertising in depth.

Jan Zimmerman, *Marketing on the Internet*, 5th edition.

Updated fifth edition is a comprehensive guide to marketing on the Internet. Includes the ABCs of Internet marketing, how to create and distribute info-tools, how to create a Web site, multimedia, e-commerce basics, and more.

Appendix B: Glossary of Direct and Internet Marketing Terms

80/20 Rule. Also known as Pareto's Principle. States a comparison of relative weight in marketing terms, such as "20 percent of the customer base generates 80 percent of the company's sales."

Affiliate, Associate. Affiliate marketing is a form of partnering that has been popularized on the Internet. Basically, a Web marketer offers affiliates the opportunity to share in revenue by getting referral fees or sales commissions on goods and services sold via the affiliate's Web site. The affiliate (associate) is an organization or firm that participates in an affiliate marketing program.

Audience. Typically, the individuals you are trying to reach with a direct marketing campaign. In business-to-business marketing, a commonly held theory is that there is no single large audience, but rather audience segments. See also *Segmentation*.

B-to-B (B2B); B-to-C (B2C). B-to-b refers to business-to-business, which means businesses that market directly to other businesses; b-to-c is business-to-consumer, or businesses that market directly to consumers.

Bandwidth. The amount of data that can be transmitted in a fixed amount of time. For digital devices, the bandwidth is usually expressed in bits per second (bps) or bytes per second. For analog devices, the bandwidth is expressed in cycles per second, or Hertz (Hz).

Banner, banner ad. A small advertising area on a Web site.

Benefit. What an individual derives from a product or service; what a product or service really does for the prospect or customer.

Bingo cards, bingo leads. Cards or leads that are returned with little or no information to enable the market to qualify the leads; "raw" responses.

Bookmark. A Web site or page saved via the Web browser for future reference.

Broadband. A very high-speed means of transmitting data now being used by cable and telephone companies to provide Internet access.

Browser. The software that allows viewing of HTML documents or Web pages. The two leading browsers are Netscape (Navigator or Communicator) and Microsoft Internet Explorer.

Business reply. Mail that carries a business-reply permit so that it can be returned at the marketer's cost.

Cable modem. A modem that facilitates Internet access via television cable. See *Broadband*.

CGI. Common Gateway Interface. Programming used most often to enable interactive forms and counters.

Channel marketing. Marketing done to or through other channels, such as retailers, distributors, and resellers.

Chat. Generally refers to online dialog, typically conducted via e-mail.

Click, click-through. The advertising version of a "hit"—when the viewer of a banner ad clicks on it; or clicking on an area of a Web page to open a link.

Closed-loop system. Generally refers to a lead generation and fulfillment process in which the lead goes from an inbound response through qualification, fulfillment, follow-up, and conversion to sale, with tracking and feedback mechanisms established along the way.

Community. A Web site, newsgroup, or discussion group that shares common characteristics. Web-based communities share information and provide services to community members.

Compiled list. A list that is composed of names and addresses, telephone numbers, and/or e-mail addresses from nonresponse sources, such as directories or phone books.

Cookie. A piece of data sent by a Web server to the visitor's computer to identify that visitor's computer when it connects again with the Web page.

CPM. Cost per thousand. Applies to purchasing media, usually print advertising, mailing lists, and broadcast; also for banner ads.

Cross-functional direct marketing. Marketing to multiple individuals or decision makers in different functional areas within a company.

Customer. An individual who does business with a company; typical classifications are former, dormant, active, or current. Customers can also be ranked based on purchase criteria. See also *RFM*.

Cyberspace. The imaginary location of the Internet.

Database, database marketing. A computerized file of information about individuals, which includes basic contact information, response and/or purchase history, and other historic, transactional sales and

marketing data. Database marketing is the practice of using databases to improve the marketing process.

DHTML. Dynamic HTML. Provides additional interactive capabilities beyond HTML. See also *HTML*.

Dimensional. Any mailing that is odd sized or three dimensional in nature, such as a tube or box.

Direct marketing, direct response. The discipline of results-driven, response-oriented marketing. Direct marketing includes any medium used responsively, including direct response advertising, direct mail, telemarketing, direct response television, direct response radio, and interactive media.

DNS. Domain Name System (or Service). An Internet service that translates domain names into IP addresses. Because domain names are alphabetic, they're easier to remember. The Internet, however, is really based on IP addresses. Every time you use a domain name, a DNS service must translate the name into the corresponding IP address. For example, the domain name *www.example.com* might translate to 198.105.232.4. The DNS system is, in fact, its own network. If one DNS server doesn't know how to translate a particular domain name, it asks another one, and so on, until the correct IP address is returned.

Download. The process of copying a file from one place to another, usually from a Web server to a computer.

DSL. Digital Subscriber Line. A technology that uses basic telephone lines to provide Internet access at very high speed.

E-business. The general term, popularized by IBM, for conducting business electronically.

ECML. Electronic Commerce Modeling Language. An emerging standard for universal acceptance of online payments.

E-commerce. The general term for selling online.

E-mail. Any electronic message sent over a network.

E-mail newsletter. A periodic news publication, sent in the form of an e-mail.

Exposures. See *Impressions*.

eXtensible Markup Language (XML). An emerging standard for Web page creation that may someday replace HTML.

Extranet. An Internet-enabled network designed primarily for a company's internal use, but that allows select outsiders, such as customers, partners, and suppliers, in.

FAQs. Frequently Asked Questions.

Feature. What a product does; a product attribute or quality, unrelated to how it benefits an individual.

Flame. A negative response to unsolicited e-mail.

Flash. A bandwidth-friendly and browser-independent vector-graphic animation technology. As long as different browsers are equipped with the necessary plug-ins, Flash animations will look the same. With Flash, users can draw their own animations or import other vector-based images. Flash animation can only be created using the Flash animation application from Macromedia Inc. Flash was known as FutureSplash until 1997, when Macromedia Inc. bought the company that developed it.

FTP. File Transfer Protocol. The protocol used on the Internet for sending files.

Fulfillment. Generally refers to materials sent in response to an inquiry, or to the process of sending those materials.

GIF. Graphical Interchange Format. An electronic-image file format. Often used to refer to any graphic image on a Web page, other than a photograph.

Hit. An interaction or request made to a Web server. A page can be “hit” numerous times by one visitor, so hits are not a measure of the number of visitors.

Hits. The number of clicks to a Web page.

Home page. The primary page of a Web site.

Hosting. Typically provided by an Internet service provider, the process of setting up a Web server and administering a Web site.

House list, house file. A mailing list or database of prospects or customers that belongs to a company; could be maintained in-house or by an outside firm.

HTML. The HyperText Markup Language used so that browsers can view words on Web pages. Most text on Web pages is created in HTML.

HTTP. HyperText Transfer Protocol.

Hybrid list. Typically a compiled list that has been enhanced with response data or additional marketing information.

Hyperlink. A link to a Web page.

Icon. A graphic, picture, or small graphic element.

Impressions. The number of times a banner ad appears in an established period of time, typically a month.

Interactive media. Usually refers to the Internet, World Wide Web, and CD-ROMs; also means any media that encourage interaction.

Internet. A computer network of networks; the world's largest network allows computers to connect with one another.

Internet address. Any location on the Internet. A URL (Uniform Resource Locator) is one form of address that points Web browsers to a particular Web page.

Internet Explorer. Microsoft's Web browser.

Interstitial. Web advertising that appears or "pops up" between Web pages.

Intranet. An Internet-enabled network used internally by a company or organization.

IP. Internet Protocol.

ISP. Internet Service Provider.

Java; Java applets. A language developed by Sun that has become the basis for many Internet applications; scripting or applications driven by Java.

JavaScript. A scripting language developed by Netscape to enable Web authors to design interactive sites. Although it shares many of the features and structures of the full Java language, it was developed independently. JavaScript can interact with HTML source code, enabling Web authors to spice up their sites with dynamic content. JavaScript is endorsed by a number of software companies and is an open language that anyone can use without purchasing a license. It is supported by recent browsers from Netscape and Microsoft, though Internet Explorer supports only a subset, which Microsoft calls Jscript.

JPEG. Joint Photographic Experts Group. Refers to a compressed graphic image format.

Keycode. A code assigned to a list to identify it as part of a mailing. The code could also represent other criteria, such as geography, company size, industry type, job title, etc.

Lead. Generally, a prospect that has not yet been qualified.

Lead processing. The process of qualifying, fulfilling, distributing, and tracking leads.

LISTSERV. An automatic mailing list server developed by Eric Thomas for BITNET in 1986. When e-mail is addressed to a LISERV mailing list, it is automatically broadcast to everyone on the list. The result is similar to a newsgroup or forum, except that the messages are transmitted as e-mail and are therefore available only to individuals on the list. LISERV is currently a commercial product marketed by L-Soft International. Although LISERV refers to a specific mailing list server, the term is sometimes used incorrectly to

refer to any mailing list server. Another popular mailing list server is Majordomo, which is freeware.

Log in, log on. To make a computer system or network recognize you so that you can begin a computer session. Most personal computers have no log in procedure; you just turn the machine on and begin working. For larger systems and networks, however, you usually need to enter a username and password before the computer system will allow you to execute programs.

Mailbot. An automatic e-mail responder or response program.

Marketing database. See *Database*.

Marketing Pyramid. A tool that can be used to break audiences into identifiable segments.

Match code. A code used to identify a specific name and address record. Usually the match code is made up of some combination of pieces of data from the name and address and other identifiable data.

Megabyte. (a) When used to describe data storage, 1,048,576 (2 to the 20th power) bytes. Megabyte is frequently abbreviated as M or MB. (b) When used to describe data transfer rates, as in MBps, it refers to 1 million bytes.

Micro-segmentation. The process of dividing an audience into very small, identifiable segments based on defined criteria or combinations or criteria.

Modem. Acronym for modulator-demodulator. A modem is a device or program that enables a computer to transmit data over telephone lines. Computer information is stored digitally, whereas information transmitted over telephone lines is transmitted in the form of analog waves. A modem converts between these two forms.

MSA. Metropolitan Statistical Area. A geographical area encompassing a city.

Netscape. The company that pioneered the Web browser, first with Netscape Navigator.

NCOA. National Change of Address processing or program.

Nixie. Mail returned with a bad address.

OEM. Original Equipment Manufacturer.

Offer. The underlying offer is the company, its products and services, and the perception of those things by a particular audience. The direct marketing or promotional offer is the incentive offered by the advertiser/marketer to elicit a response.

Online. Usually refers to being on the Internet or on the Web; connected to a network.

Operating System, OS. The most important program that runs on a computer. Every general-purpose computer must have an OS to run other programs. Operating systems perform basic tasks, such as recognizing input from the keyboard, sending output to the display screen, keeping track of files and directories on the disk, and controlling peripheral devices such as disk drives and printers.

Package. Generally refers to a direct mail package, which typically includes an outer envelope, letter, brochure or other inserts, and a reply device.

Page. See *Web page*.

PDF. Portable Document Format. A form of publishing that retains the original document's characteristics; created by Adobe.

Perl. Short for Practical Extraction and Report Language. A programming language developed by Larry Wall, especially designed for processing text. Because of its strong text-processing abilities, Perl has become one of the most-popular languages for writing CGI scripts. Perl is an interpretive language, which makes it easy to build and test simple programs.

Permission e-mail, permission marketing. The concept of sending e-mail or marketing only to individuals who give their permission to receive the marketing messages.

Personalized. Applies to direct mail that utilizes the individual's name or other unique data that is referenced in the copy.

Plug-in. Software that "plugs in" to a Web browser to enable added functionality, such as the receipt of sound or multimedia. See also *Flash*; *Shockwave*.

POP. Point of Presence. The physical place of connection from a computer to the Internet.

Portal. A destination site on the Web; can be an outgrowth of a search engine, or a specialized destination such as a business-to-business portal.

Premium. An offer or incentive for responding.

Prospect. An individual with the potential to purchase a product or service.

Pull. Generally, interactive media that draws ("pulls") the user to it, such as a Web site.

Push. Generally, interactive media sent ("pushed") to the user, such as outbound e-mail or Web pages delivered to a user's computer.

Qualification process. The process of qualifying a prospect to determine likelihood of purchase.

Qualification questions. A set of questions designed to qualify and prioritize prospects prior to advertising.

Reader service number. Numbers assigned by publications to handle inquiries to print advertising.

RealAudio. The de facto standard for streaming audio data over the World Wide Web. RealAudio was developed by RealNetworks and supports FM-stereo-quality sound. To hear a Web page that includes a RealAudio sound file, you need a RealAudio player or plug-in, a program that is freely available from a number of places. It's included in current versions of both Netscape Navigator and Microsoft Internet Explorer.

RealVideo. A streaming technology developed by RealNetworks for transmitting live video over the Internet. RealVideo uses a variety of data-compression techniques and works with both normal IP connections and IP Multicast connections.

Relationship direct marketing. Direct marketing that is intended to build an ongoing relationship through periodic contact over time.

Reply device. A reply card, reply form, or any other response piece that the respondent returns to the marketer.

Response list. A list made up of individuals with a propensity to respond, based on the fact that they responded to something already; typically, a list of subscribers, members, buyers, donors, etc.

Response management. The process of managing responses or leads from the time they are received through conversion to sale.

Response path. Any method established to facilitate a response, such as a business reply card, inbound fax, inbound telephone, e-mail, or Web URL.

RFM. Recency/Frequency/Monetary data, which helps determine the value of a customer. Recency refers to when the customer last purchased, frequency to how often, and monetary to how much money was spent.

Rich media. The term generally applies to online advertising that incorporates multimedia, sound, motion, interactivity, or e-commerce.

Rollover. Moving the cursor over a specific area of a Web page.

Screen. Typically refers to the administrative, mailroom, or receptionist screening process of mail or phone calls in a larger company.

Search engine. A program that accesses information via a process of matching keywords; there are numerous search engines on the Web.

Segmentation. The process of dividing an audience into identifiable segments based on defined criteria or combinations of criteria.

Selection criteria. Refers to the available data used to select segments of mailing lists, such as geography, size of company, industry, job function, job title, etc. Selection criteria typically add to the CPM of a rental list.

Self-mailer. A mailing piece that is self-contained.

SET. Secure Electronic Transaction protocol for e-commerce payment transactions.

Shockwave. A technology developed by Macromedia, Inc. that enables Web pages to include multimedia objects. To create a shockwave object, you use Macromedia's multimedia authoring tool called Director, and then compress the object with a program called Afterburner. You then insert a reference to the "shocked" file in your Web page. To see a Shockwave object, you need the Shockwave plug-in, a program that integrates seamlessly with your Web browser. The plug-in is freely available from Macromedia's Web site as either a Netscape Navigator plug-in or an ActiveX control. Shockwave supports audio, animation, and video, and even processes user actions such as mouse clicks. It runs on all Windows platforms as well as the Macintosh.

SIC. Standard Industrial Classification code. A common list selection criterion. An SIC is used to represent a specific industry or an industry segment, such as Computers or Hospitals.

SOHO. Small Office Home Office. A rapidly growing business segment.

Source Code. Program instructions in their original form. The word "source" differentiates code from various other forms that it can have (for example, object code and executable code).

Spam. Unsolicited or unwanted e-mail.

SQL. Structured Query Language (pronounced either "see-kwell" or as separate letters). SQL is a standardized query language for requesting information from a database. The original version, called SEQUEL (Structured English Query Language), was designed by an IBM research center in 1974–1975. SQL was first introduced as a commercial database system in 1979 by Oracle Corporation.

SSL. Secure Sockets Layer. A protocol developed by Netscape for transmitting private documents via the Internet. SSL works by using a private key to encrypt data that's transferred over the SSL connection. Both Netscape Navigator and Internet Explorer support SSL, and many Web sites use the protocol to obtain confidential user information, such as credit card numbers. By convention, Web pages that require an SSL connection start with *https:* instead of *http:*.

Sticky sites. Web sites that use techniques to get visitors to “stick,” or stay on the site and return to the site; these techniques may include free e-mail and incentive offers.

Streaming. Generally refers to sending audio or video across the Internet. See also *RealAudio*; *RealVideo*.

Surfing. Reviewing Web sites or moving through Web pages.

Suspect. A potential prospect.

Targeting. The most common direct marketing practice; the practice of identifying an audience or audience segment, developing an offer for that audience, and promoting it through creativity that is appropriate for that audience.

TCP/IP. Transmission Control Protocol/Internet Protocol. The suite of communications protocols used to connect hosts on the Internet. TCP/IP uses several protocols, the two main ones being TCP and IP. TCP/IP is built into the UNIX operating system and is used by the Internet, making it the de facto standard for transmitting data over networks. Even network operating systems that have their own protocols, such as Netware, also support TCP/IP.

Telemarketing, telesales. Telemarketing refers to inbound or outbound prospect or customer contact via telephone with the objective of promotion or qualification. Telesales is the same process but with the objective of selling a product or service.

Universe. The total number of individuals who conceivably could be reached with a specific direct marketing campaign.

UNIX (Pronounced “yoo-niks”). A popular multi-user, multitasking operating system developed at Bell Labs in the early 1970s. Created by just a handful of programmers, UNIX was designed to be a small, flexible system used exclusively by programmers. Although it has matured considerably over the years, UNIX still betrays its origins by its cryptic command names and its general lack of user-friendliness. This is changing, however, with graphical user interfaces such as MOTIF.

Upload. The process of sending a file from a computer to a server or another computer. See also *FTP*.

URL. Uniform Resource Locator. An Internet location, most often a Web address.

Usenet. An Internet-related network that includes e-mail and newsgroups.

VAR. Value-Added Reseller.

Variable. Usually refers to a field on a database in which information changes based on the individual record. The variable can then be used in direct mail copy or a telemarketing script to build a relationship with the individual. An example might be the amount of money a customer spends with a company in a year, which would vary from customer to customer.

Versioning. Using variables to create versions of direct mail copy to personalize and appeal to specific characteristics. In business-to-business direct mail, versioning by industry or job function has generally been shown to increase response rates.

Viral marketing. Marketing that spreads rapidly via e-mail or other Internet communications. Viral marketing refers to e-marketing that encourages customers, prospects, or site visitors to recruit others, who recruit others, and so on.

Virtual event, online event, Web event. An event that occurs online, via the Web.

Visit. One user accessing one Web site at any given time.

Webmaster. Typically, an individual in an organization responsible for the organization's Web site and, sometimes, for Internet usage.

Web page. An individual document on a Web site or on the Web. A Web page can be heavily graphical and can include sound, photography, multimedia, and interactivity, based on the technologies used to create it.

Web response form. A form designed to capture visitor contact and often qualification information.

Web site. A collection of pages on the World Wide Web.

WWW, World Wide Web. The area of the Internet that contains HTML.

XML. See *eXtensible Markup Language*.

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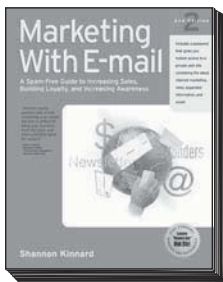
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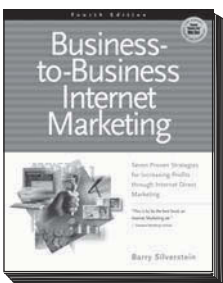
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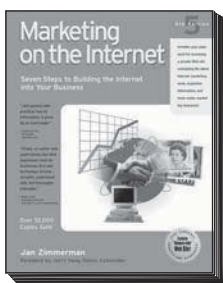
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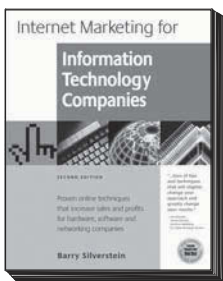
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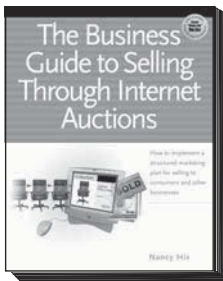
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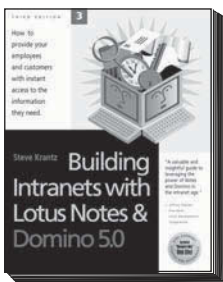
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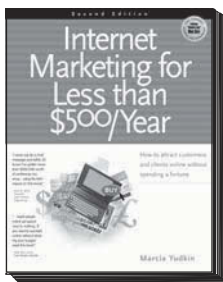
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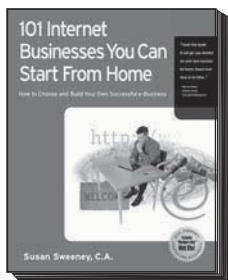


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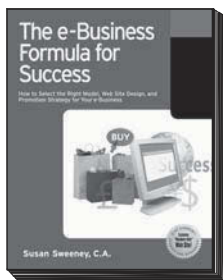
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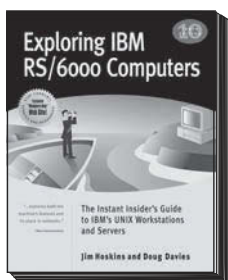
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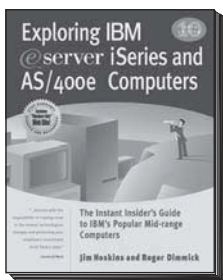
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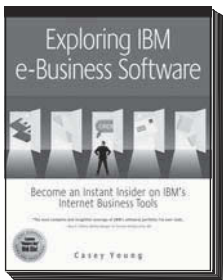
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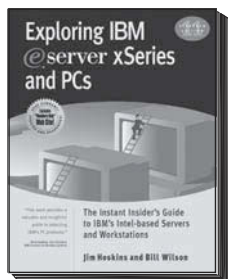
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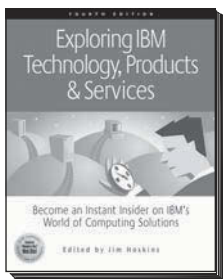
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