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Attracting and Keeping the Customer

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For your site to be successful, people need to visit it. Generating traffic on the Internet is not a simple task because of the numerous choices available to consumers. You can use the Internet to put a new spin on traditional marketing techniques or use innovative approaches like permission marketing, search engines, and virtual malls. Just as important as attracting customers is keeping them. Many e-commerce experts argue that customer service is more important on the Internet than in physical stores. Although the world of e-business is impersonal, the process of data mining makes your customer more than a mere number.

Marketing

There are numerous methods to market your online store, and new ways to use the Internet to do so are popping up all the time. The most common and effective methods are: offline advertising, referrals, e-mail, viral marketing, search engines, virtual malls, and banner advertisements.

Your Retail Store and Gift Certificates

Physical retail stores and online stores should work in harmony. By using a brick-and-mortar retail presence to promote online stores, customers will not be encouraged to go online and buy products from competitors. To promote your new site, include the address on your receipts, invoices, shopping bags, print advertisements, and other sales literature. Another way to promote your new web site is to send electronic gift certificates to existing offline customers. The next step is to allow your customers to send the e-gift certificates to family and friends, thereby increasing referrals.

E-mail Marketing

Strictly speaking, any marketing message sent by e-mail is e-mail marketing. With a spectrum that stretches from one-to-one marketing to bulk messages, you can devise an e-mail marketing strategy that suits your company. For businesses serious about advertising online, e-mail is one of the most successful ways to target a specific audience.

Businesses should avoid the use of bulk e-mails sent without permission, also known as spam. Spam e-mail imposes costs and burdens on recipients by taking away access

time and memory without permission. In high volumes, spam has been shown to clog networks and slow down communications between legitimate users.
A marketing strategy using spam will do serious damage to a business's credibility. The most effective way to identify a target market is to obtain the customer's permission to send more information.

Permission Marketing

Permission marketing builds on the current practice of sending marketing material to interested customers. The Internet adds a new dimension because it allows consumers to volunteer. By taking only volunteers, permission marketing guarantees that the consumers who receive it are paying greater attention to the message. It also allows you to tell your story without being interrupted by competitors. Often customers participate because they are rewarded with coupons and special discounts. By allowing customers to opt into marketing, you are making a personal connection.

To opt in, customers check a box or give their e-mail address. The more specifically the recipients are told what they are opting into, the more valuable the list. An opt-out strategy assumes the reader wants to get e-mail but offers a chance to remove his or her address from the list.[i] Most experts agree that the choice is less clear to newer Internet users and therefore the information is less valuable.[ii]

Affiliate Programs and Viral Marketing

Affiliate programs and viral marketing strategies are relatively new and rely on referrals. In the affiliate program, networks of web sites place banners or links on other web sites that promote each other's brand names and products. Customers are referred to one another in exchange for a sales commission.

Viral marketing describes the pattern where information about Internet companies spreads via referrals. Customers pass information about services to those close to them, including friends, neighbours and co-workers. Those people then pass the service onto their own friends, neighbours and co-workers, and so on.

Search Engines and Search Directories

A search engine is a program that searches Internet sites for specified keywords and returns a list of sites where the keywords are located. Acting as funnels for the

enormous amount of information on the Internet, search engines are important in advertising your business. In comparison, a search directory does not search web sites but searches a directory of keywords that have been registered with each web site.

Submitting to search engines is easy because you only have to submit your web site address and e-mail address. The process for submitting to a directory is much stricter than a search engine, and submission does not guarantee registration.

Directories require more specific information during registration, and a human editor will review your site to decide whether to include you in the directory. An example of a directory is Yahoo!. To add your site to a search engine or directory is as easy as going to the search engine's web site and clicking on a link that says "Add your web site." Registration can take as short as a few weeks or as long as a few months. The ideal situation is to have your web site included in both the search engine's directory and its full-text index of web pages.

Because there are a number of popular search engines, you should register with more than one. Currently, the most popular search engines include Yahoo!, Altavista, Lycos, Excite, Infoseek, Hotbot, and Canada.com. If there are Canadian and American versions, like Yahoo.ca and Yahoo.com, registration with the Canadian version will include registration with the American version. Because there are so many search engines, software has been developed that allows you to submit information once and then it registers you with several search engines. Submit IT! (www.submitit.com) is popular and costs around $60 US per year.[iii]

Clickz Top 4 Directory Databases	Clickz Top 4 Search Engines
- Open Directory - Snap - Yahoo! Directory - Looksmart	- HotBot - Google - Excite - Altavista

Source: P.J. Bruemmer, "The Engines and Directories That Count," May 10, 2000, online: www.clickz.com/cgi-bin/gt/cz/html?article=87

Site optimization

As search engines actually read your pages, it is important to provide search engine friendly pages. Many marketers submit their sites to the search engines carefully, only to find they did not get listed in this search engine or that one. The solution to this problem is site optimization—making your site search engine friendly.[iv] It is a good idea to have someone evaluate the HTML (HyperText Markup Language) that your web site is built on to ensure that search engines can find everything they require.

Virtual Malls and Portals

Physical stores open in shopping malls because they are guaranteed a share of the traffic that walks through the mall. For online stores, the Internet offers virtual malls and the associated benefits. When considering whether to join a virtual mall, you should decide whether you are getting the national and international exposure you require for the price. Often, virtual malls ask for a percentage of sales in return for listing you in their directories. The largest and most visited Canadian virtual malls are located at Canoe (www.canoe.ca/shop/home), Yahoo! (www.ca.shopping.yahoo.com), and Canadashop (www.canadashop.com).

A portal is a web site that is intended to be an all-in-one entry to the Internet. It provides search engines, e-mail, chat rooms, free personal web pages, shopping, and guides. An example of a portal is Alberta.com (www.alberta.com), which offers local news, entertainment, and business directories for the province. Other portals include Yahoo! (www.yahoo.com) and Excite! (www.excite.com).

Banner Advertisements

Banner advertisements are the "Click here" messages you see at the top of web pages that try to tempt consumers into visiting companies' web sites. Currently costing about $30 per month, banner advertising can add up. There are two ways to get your business's banner ads online. You can buy the ad space from the site you are interested in advertising on. A less expensive option is joining a banner exchange network, like Link Exchange (www.linkexchange.com). In exchange for displaying banner advertisements on your web site for other companies, these companies agree to display your banner ads on their web sites. For the greatest return on investment, seek out complimentary sites and arrange a reciprocal banner agreement.

A new concept in banner ads is rich media e-business banners. With a built-in order area, expandable forms, and security measures to protect credit cards transactions, customers can purchase products within the banner.[v] By having the entire e-business transaction within the banner, the prospect does not have to leave the host site. These banners work best for products or services that do not require much explanation and are easy to order.

Customer Loyalty and Service

The Internet provides an infinite number of choices for consumers so the key is to build loyalty to your site. Customer loyalty is predicated on customer service, information, and value-added services.

Customer Service

Providing excellent customer service is the most important thing you can do to build customer loyalty to your online store. This includes selling high-quality and reliable products, delivering your products on time, answering e-mail messages promptly, and providing an accelerated checkout process.

Information

Almost as important as customer service is the information provided on your web site. If your site offers information on your products, customers realize that you are interested in developing a relationship. Newsletters, articles, tips, recipes, and special offers keep customers coming back.

Value-Added Services

To create loyalty, give your customers something they need but don't expect from you. For example, an e-mail newsletter can keep your customers informed about special promotions, new products, and new content on your web site. Another idea is to send your customers an e-mail reminder for those products that customers reorder on a regular basis. You can also provide online storage of customers' data such as wish lists and birthday and anniversary reminder services.

Data Mining

IBM states that, "The company that knows its customers best and uses what it knows to serve them better has a huge advantage in this one-to-one environment where competitors are only a click away."[vi] Small retail businesses rely on their knowledge of the customer to inspire loyalty. On the Internet, the process of incorporating that same knowledge is called data mining. Although you cannot put a face to a name, the information you collect on your e-business site can identify needs and remember preferences. Data mining refers to taking the raw data your customer has provided and turning it into valuable information. To mine for data, information must first be collected; secondly, the collected information is stored and organized, called data warehousing; finally, the organized data is analyzed so it can be turned into the information you need.

Because information is money, the ability to break down the information is not cheap. Hardware and software are provided companies such as Oracle, IBM, Netscape, and Microsoft. Often hosting companies already have the right combination of hardware and software. For a fee the hosting company will sort out your traffic to increase your marketing effectiveness.

Data Mining Uses

With the ability to data mine, small businesses can capture important information on transactions and customers and use it to enhance their sales and service. This information can be used to segment tables, customize products, and improve customer service.

Sales Segmentation

Experts say getting the most out of existing customers is the most cost-effective strategy in retailing on the web. Repeat customers have already purchased products on your site, therefore you know their interests and buying habits. Based on prior purchases, you can e-mail information on products they are likely to be interested in. A data mining analysis of your customer interactions can reveal those clients who represent most of your sales and those who have not bought anything for a while. These are customers you may want to e-mail for the purpose of making them profitable again. Keep in mind that approximately 80% of your business will come

from 20% of those who visit your site. Success can be achieved by targeting that 20%.

Product Customization

If your business manufactures goods, you can use the information gathered to customize your products to the specific needs of your customers. If you don't manufacture your products, then you can use the same information to alter your orders from your suppliers. Loyalty is created when customers can order customized products.

Customer Service

Data mining can also be used to provide after-sale service, ensuring customers are satisfied and become long-term loyal clients. By tracking old customer problems, businesses can anticipate the services they will have to provide to new customers.

Data and Privacy Problems

Alberta, for the most part, has left privacy issues in the hands of industry; however, the Province is involved in developing legislation that speaks to consumer rights and privacy issues. Government and industry encourage a balance between obtaining information for your business and respect for your customers. Customers need to know that their purchasing data are not going to result in unwelcome postal or e-mail solicitations, telemarketing calls, or stolen identities. Retailers who show respect for their customers' privacy will succeed.

To demonstrate trustworthiness, companies often post privacy statements on their web site. These state whether or not data are provided to third parties and whether or not the customer can choose to whom the data may be provided.

Summary

There are many methods to market your online business including traditional methods like advertising and coupons. The Internet's unique environment opens new doors to marketing by allowing you to collect information from each transaction. This information can be used to target your marketing efforts and to provide meaningful customer service. The key is to make your web site address known and give customers a reason to come back.

Internet marketing tips:

1. Tell your customers about your web initiatives
2. Offer gift certificates and coupons to those who shop online
3. Allow customers to opt into marketing campaigns where they will receive coupons and discounts
4. Register with many search engines
5. Affiliate yourself with a virtual mall or portal
6. Try using a banner exchange service, which will let you advertise your business on other sites and their businesses on your site
7. Send 30- to 60-day, post-purchase e-mails with targeted specials to ensure the return of previous customers

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