

## **THERE ARE NO CUSTOMERS → ONLY PROSPECTS!** **Step 5 = Yielding to Facts and Moving On-Line**

More than 42% of the consumers in 2003 said that they have "no preference" on where they shop. This is a doubling over the 2002 figure. So if things like "customer loyalty" and "vendor relationships" are forgotten in a mouse click, what are you to do? If competitive products are viewed as being the same and all of your customers are now prospects again – how do you move forward?

You must extend the sales environment to your web site.

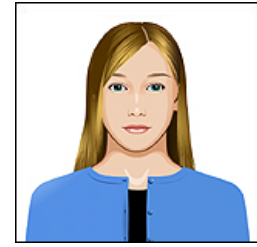
- **"A" = Awareness** – Abby can quickly raise people's awareness of products and services through conversation.
- **"B" = Balance** – Because Abby has the ability to listen as well as speak, this creates for better information delivery, or balance.
- **"B" = Behavior** – A conversation from Abby can quickly change people's response and behavior.
- **"Y" = Yield** – Since Abby is digital and scalable, she creates higher yields at lower costs.

These elements are called **'ABBY'** – and we will discuss the **"Yielding to facts"** with this article.

**Bottom Line:** Using the "Abby" technology for internet advertising turns visitors into prospects, saves customers, and delivers value for money.

### **Factually, What happened?**

- In the fourth quarter of 2003, we saw a 25% increase in e-commerce purchases over the fourth quarter of 2002 - while overall retail sales gained a much smaller 6.2%.
- Toyota, already the biggest automobile, on-line advertiser purchased exclusive sponsorship on special eBay Motors pages.
- With the rising cost of TV commercials and the declining TV audience, online ad spending surged 20% last year to \$7.2B, according to the Interactive Advertising Bureau. Automotive marketers contributed to the rise, upping their ad impressions on the Web in 2003 over the year before by 75%.
- 75% of the Interactive Advertising Bureau's respondents said they planned to increase their digital marketing budgets in 2004. Nearly 40% of those said that they would spend more than 20% of their total marketing budget on digital marketing.



- Over 70% of the same group said brand awareness and recognition is a key use of digital marketing. 85% of those surveyed noted new customer lead generation as the key reason why digital marketing is used.
- JupiterResearch announced that spending on e-mail marketing in the U.S. will rise from \$2.1 billion in 2003 to \$6.1 billion in 2008. The report sites the dramatic cost reduction achieved from e-mail marketing as the critical factor driving the market. The report finds customer retention e-mail campaigns accounting for the greatest share of non-spam e-mail marketing spending. Strong spending on retention is driven by the dramatic cost effectiveness of e-mail as compared to postal direct mail."

### **Factually, Why are we using Digital Marketing?**

In a DoubleClick survey, it was found that digital marketing has:

- Low implementation cost.
- Instantaneous speed of delivery and measurable customer response.
- Easily measurable return on investment.
- More bang for the buck: the ratio of the amount of time spent on television to home computing is continuing to narrow (below a 4:1 ratio), while the ratio of internet advertising costs are between 100:1 and 10:1 less expensive than television, thereby giving web advertising a tremendous value for money advantage.
- Home computer users spend twice as much time on the Internet than reading newspapers, and it's much cheaper (and more effective) to advertise on the web.
- More Internet, Less TV: UCLA is about to publish a report stating that Internet users watch 28% less TV than non-Internet users. Internet users spend about 11.8 hours online per week. More than half this time has been taken away from television.

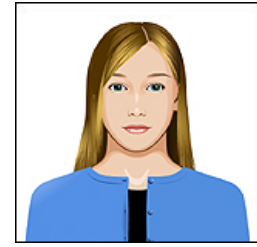
### **Factually, What kinds of ads are people producing?**

- There was a more than 200% increase during 2003 in use of rich media advertisements. Ads using animation, audio, video accounted for 17% of online ads in 2003.
- Nearly 40% of all ads served in Q4 of 2003 were rich media / animation.
- Average rich media click-through rates are more than four times higher than those for non-rich media (1.24% as compared to 0.27%).
- In 2003, permission-based, contextually relevant email emerged as an increasingly important player in driving commerce, customer service and the overall relationship between marketers and their customers.

### **Factually, Which markets are best represented?**

DoubleClick data showed on-line, advertising volume was up 49%.

- Business and Consumer Services (including credit cards) devoted more advertising to online than to newspaper, magazines or radio.



- Retail click-through rates for promotional emails reached a high for the year of 8.6%.
- Consumer Packaged Goods achieved click-through rates of 12.4% in 4Q with a strong on-line holiday shopping season.
- Automotive click-through rates for editorial email campaigns reached 20.7%, driven by targeted, model-specific e-newsletters, with click-through rates as high as 27%.
- Media click-through rates for editorial campaigns increased from 10.3% to 13.1%.
- Financial Services click-through rates remained strong overall at 10.2%, while delivery rates increased to a record high of 90%.

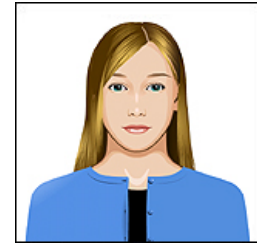
### Factually, Who reads the ads?

- **Mega-Users** comprise 29% of all Internet users. They use the Internet several times a week or more. They are 70% male; 40% are aged 18-to-34; and 60% are 35-to-54. 53% say they rely on web sites for information; 67% say the sites are easier to use than their offline counterparts. When both the Web site and offline property are available, **82% say that they prefer to use the Web site.**
- **Multi-Channelers** are split nearly evenly between males and females. 57% of them say they rely on web sites for information. When both the Web site and offline property are available, **46% say that they prefer to use the Web site.**
- **Dabblers** surf several times a month or less. 65% of them are aged 35 to 54. Only 19% of dabblers feel they rely on a site, but when both the web site and offline property are available, **68% say that they prefer to use the web site.**
- **Off-liners** are predominantly female. 70% are aged 35 to 54. Perceived as not being not web-savvy, but they actually spend an average of 17 hours per week on the web, and **57% enjoy spending time poring over web sites.**

While we all know that the shortest and simplest path to purchase represents a tactic that moves product, we also should know by now that all consumers aren't necessarily ready to buy when they interact with an on-line ad. This is where parallel information structures can help.

If I am a consumer that is in the market to buy, and I see an online banner and click it – I typically find myself in an order form. Since all I see is the order form, I find myself asking questions that need to be answered prior to purchase:

- “How do I know that I’m not going to be ripped off?”
- “Does this product come with attachments?”
- “How do I get the product repaired if it breaks?”



These are all questions that smart consumers might ask themselves before purchasing. But if all they're presented with is an order form, they'll probably hit their browser's back button and leave. Which is where interactive marketing comes in.

The smart advertiser will present a method of overcoming these sales stalls and objections while the purchase mentality is still present. This is accomplished by providing information such as specifications, company information, service policies, warranties and options for other product lines.

To succeed in the new on-line world you need to YIELD TO FACTS:

- Customers need to perceive you as being different / and understanding better their needs than the "next guy."
- Customers require fast and persistent follow-up.
- In a world where products and services are perceived equal between brands, it's customer knowledge that's gained in the web site experience that will pre-qualify that prospect and allow you to move more decisively than the competition. And it will give your customer the peace of mind that you really understand his problems and issues.

Heck over 72% of the web sites out there do not even acknowledge the existence of the prospect, let alone whether that prospect visited previously, what they had examined, or their concerns.

To these businesses, the web is a newspaper ad. And treating a complete delivery channel like a static advertisement is only using less than 10% of the delivery channel's capability.

**Bottom Line:** Companies everywhere are adopting the "Abby" philosophy and technology a part of their Internet marketing plans. After all, the only way to prevent all of your customers from being prospects again is to make sure that "Abby" is working for you. The "Abby" technology as an advertising vehicle turns visitors into prospects, saves customers, and delivers value for money.

Thank you for listening.

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