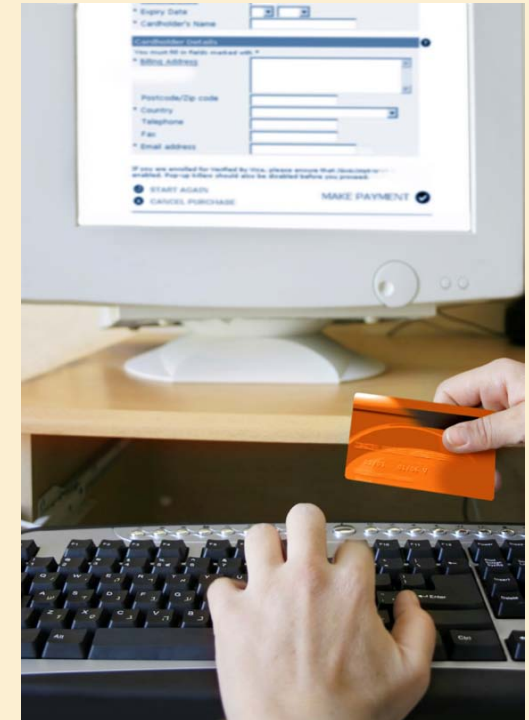




virtual  
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## An Introduction to e-marketing

## CONTENTS:

Introduction

What is e-marketing?

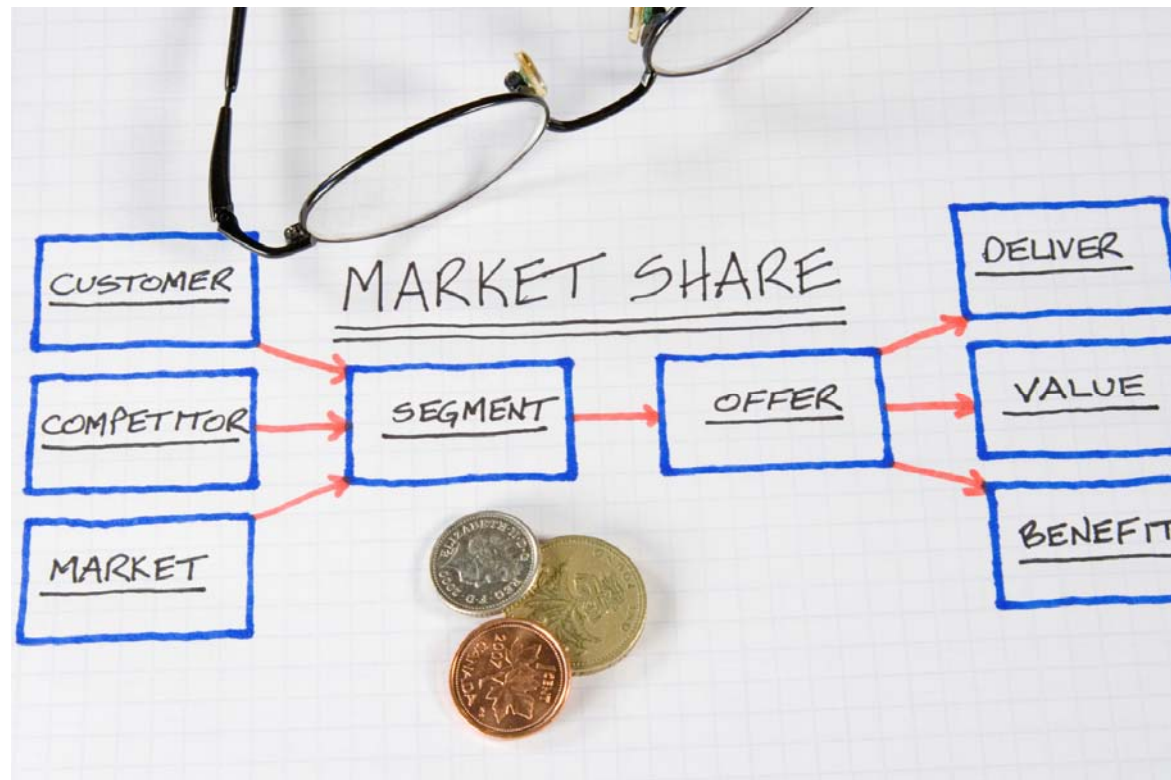
The benefits

Options

Promoting your website

Getting it right –  
marketing regulations

Implementation  
checklist



E-mail, websites and other new technologies are giving businesses better and more flexible ways to market their goods and services to customers. This guide explains exactly what e-marketing is and how it could be a valuable part of your marketing efforts. It also sets out some of the existing and new data protection rules governing e-marketing, and explains how best to make sure you comply.

## What is e-marketing?

E-marketing means using digital technologies to help promote and sell your goods or services. It is not just about selling goods over the web. These technologies, like e-mail and websites, are a valuable complement to traditional marketing methods whatever the size of your company or your business model.

The basics of marketing remain the same – creating a strategy to deliver the right messages to the right people. What has changed is the number of options you have. Today the buzz words are “multi channel integration” yet only 6% of business are taking advantage of all of the channels available to them. The 4 main channels today are retail, ecommerce, mail order / telephone order (MOTO) and marketplaces like BT Tradespace, ebay etc. Simply put, e-marketing gives you lots of new ways to reach your customers, many of them cheaper and more effective than traditional channels.

Two-thirds of UK shoppers spent more online this Christmas, bringing the total online sales total for December 2008 to £4.67 billion. That's up 14.2% on December 2007.<sup>1</sup>

Obviously these figures don't tell the whole story – not all sales made online are the result of e-marketing and not every business has benefited equally. What is certain though, is that many businesses are producing great results with e-marketing and its flexible and cost-effective nature make it particularly suitable for small and medium sized businesses.

<sup>1</sup> IMRG, January 2009

## The benefits

It is no exaggeration to describe e-marketing as a revolution for the marketing industry. For the first time, it gives businesses of any size access to the mass market at an affordable price and, unlike TV or print advertising, it allows truly personalised marketing. Specific benefits of e-marketing include:

global reach

a level playing field

lower cost

Personalisation

trackable, measurable results

one-to-one marketing

24-hour marketing

more interesting campaigns

shorter lead times

better conversion rate



## **GLOBAL REACH**

If you build a website you can reach anyone, anywhere in the world, provided they have internet access. This allows you to tap new markets and compete globally with only a small investment. This can be particularly useful for niche providers, companies whose products can be posted easily, or businesses who are looking to expand geographically but cannot afford to invest in new offices or businesses.

## **LOWER COST**

A properly planned and effectively targeted e-marketing campaign can reach the right customers at a much lower cost than traditional marketing methods. Some suppliers allow you to build an e-commerce website for free and the costs of running an e-mail marketing campaign will be insignificant unless you have tens of thousands of contacts.

## **TRACKABLE, MEASURABLE RESULTS**

Marketing by e-mail or banner advertising makes it easier to establish how effective your campaign has been. If someone clicks on a banner advert, or a link in an e-mail or on a website, you can see how they arrived at your website. This detailed information about customers' responses to your advertising allows you to assess the effectiveness of different campaigns.

## **24-HOUR MARKETING**

With a website your customers can find out about your products even if your shop or office is closed.

## **SHORTER LEAD TIMES**

If you have a website or an e-mail template, you can react to events much more quickly – giving your marketing a much more contemporary feel. If one of your products is in the news or something important happens in your industry, you can capitalise on it without having to print or post anything.

## **A LEVEL PLAYING FIELD**

With a well-designed website, you can show yourself to be as professional and credible as your larger competitors.

## **PERSONALISATION**

If your customer database is linked to your website, then whenever someone visits the site, you can greet them with targeted offers. The more they buy from you, the more you can refine your customer profile and market effectively to them. A great example of this is Amazon's website which suggests products based on your and other people's previous purchases.

## **ONE-TO-ONE MARKETING**

E-marketing lets you reach people who want to know about your products and services instantly – you don't have to wait until they come home from work and switch on the TV or open their mail. People have a different, more personal relationship with most new technologies. For example, many people take mobile phones and PDAs wherever they go, and a surprising number feel lost without their e-mail. Combine this with the personalised aspect of e-marketing, and you can create very powerful and targeted campaigns

## **MORE INTERESTING CAMPAIGNS**

E-marketing lets you create interactive campaigns using music, graphics and videos. You could send your customers a game or a quiz – whatever you think will interest them. One of the great successes of e-marketing has been film companies letting people download trailers for forthcoming movies. Other small companies have picked up this idea – a radio controlled car company sends customers designs or photos of new products in development while clothing companies send out sneak previews of the new season's range.

## **BETTER CONVERSION RATE**

If you have got a website, then your customers are only ever a few clicks away from completing a purchase. Unlike other media which require people to get up and make a phone call, post a letter or go to a shop, e-marketing is seamless. The change from reading an e-mail to buying on a website is negligible – no special effort is required, meaning that your call to action can be much more direct. Together, all of these aspects of e-marketing add up to one thing: more sales. Read on for more details of the different types of e-marketing technology.

# Options

There are a wide variety of e-marketing options available, each with their own particular strengths and weaknesses. Here are some of the most common options.

## WEBSITES

A website is a collection of 'pages' of information that can be viewed by anyone with internet access. You can use it for anything from promoting your business to making sales and exchanging information with customers and suppliers.



## PROS

A good website, with the right design and features can attract passing trade from anywhere in the world.

You can use text, photos, music and video to sell your goods or services – far more information than you could include in any other marketing medium.

You can allow people to personalise your website so that they are taken straight to the things that interest them.

The entire marketing and buying process can take place without the need for any staff to be present.

It is easy for people to pass on website addresses (or URLs) to generate word of mouth publicity.

## CONS

There are millions of other websites available – so yours needs to be built, marketed and improved carefully to appeal to your audience.

It's easy to leave a website and head for another. Web users have high expectations so you need to be able to answer queries quickly and help people find what they want as simply and as straightforwardly as possible.

## COSTS

The good news is that planning is more important than money – a surprising number of expensive corporate websites make the most basic mistakes.

In fact, for only a few hundred pounds you can build and run your own basic website. For a few thousand you can get a very professional site with lots of the features described in this brochure.

Read on for more on how to promote a website.

## E-MAIL

Well over half of the UK population has an e-mail address that allows them to receive documents or other files electronically. It is a fast, flexible and effective way of getting marketing messages through.

But you do need to give some thought to what you send out and how frequently you send it. There is no point in annoying your customer to the point that they decide it is just “junk” email and it just goes straight in the bin before they even see it.

## PROS

Flexible – you can send plain text, graphics or attach files – whichever suits your message best.

Easy for people to forward on to others, building your reputation by word of mouth.

People can click on links and follow your call to action immediately.

Less intrusive than telephone marketing.

## CONS

Files need to be small enough to download quickly.

Unsolicited commercial e-mail (or ‘spam’) is a real problem and irritates consumers. You need to make sure that your e-mail marketing complies with privacy and data protection rules, and that it is properly targeted on people who want to receive it. If you do this properly, you can build a strong reputation as a best practice marketer.

## COSTS

If you already have an e-mail system, you can send e-mail at virtually no cost. If you want to send a bulk mailing or you want someone else to handle the responses, you can use an e-mail marketing agency. Even then the cost can be as low as a few pence per message. If you don't have e-mail access, read our [e-guide, E-mail](#), for advice.



## TEXT MESSAGING (OR SMS)

Text messaging or SMS (Short Messaging Service) are the brief messages that people send from their mobile phones.

As there are more mobile phones in the UK than people this may be an effective way for you to reach your target audience. But you do need to think carefully about the demographics of your customers. There really is a huge generational gap between accepted usage of this technology. For many people a mobile phone is still a mobile phone, but for others—well they could not live without it!

## PROS

Over 70% of the population have mobile phones, making them a very powerful way of reaching people.

Most people take them everywhere – meaning they can be great for time sensitive messages: for example, a reminder that an offer finishes on a certain date.

People tend to read virtually every text they get – unlike junk mail, spam or adverts which can be ignored.

## CONS

Your message can be up to 160 characters – which does not give you much space to get your message over.

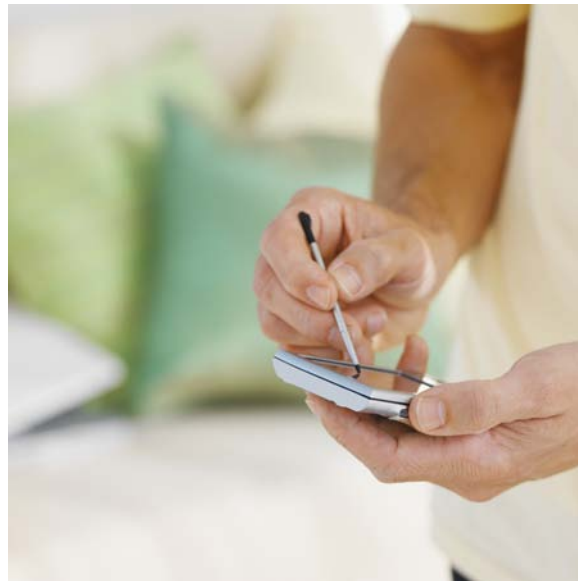
Because phones are such a personal thing, people will respond negatively if they receive unwanted texts. Make sure you have their permission to send them texts and that your SMS marketing complies with privacy and data protection rules.

Because there has been a rise in fraudsters using text messaging to get people to call expensive phone numbers, people are less likely to respond to teaser messages. It's good practice to make it clear who the message is from.

## COSTS

Because it's not practical to send out text messages one at a time, you will need to employ a mobile phone agency to send out the texts for you.

The development of 3G and smartphones, which have larger screens and can play music and video clips, has made MMS (Multimedia Messaging Service) possible. In future, companies will be able to send much richer, more interesting messages to these phone. Since the technology is new, it isn't yet being widely used. However, the same agencies that manage SMS campaigns will offer it soon.



## Promoting your web site

There are three main ways that people arrive at web-sites: direct navigation, web referrals and search engines.

### DIRECT NAVIGATION

The best way of generating web traffic is also the cheapest to implement – simply make sure you include your web address on all printed material: business cards, letters, flyers, newsletters posters etc.

If you have chosen a simple URL, it will also make it easier for people to remember.

If you operate exclusively in the UK, choose a .co.uk address. If you trade abroad, you might want to consider some of the alternatives available as well. To make it easy for someone to find your website, try to avoid hyphens or other punctuation in your web address.



### WEB REFERRALS

Over a fifth of web visits come from web referrals. There are number of ways you can generate these:

Include your web address as a standard part of all e-mail footers.

E-mail marketing – targeted electronic newsletters and offers to customers can be very effective. If the offer is interesting, it is also very easy for people to pass the e-mail on to friends and colleagues.

Online advertising – the use of banner and pop-up adverts on other websites to drive people to yours is a contentious issue. Response rates tend to be very low. However, the amount of money spent on them continues to increase. If you are considering paying for online advertising, it's essential to have a clear idea of your objectives and to take advice from an agency on the best way to reach your audience.

Reciprocal marketing – this involves finding sites with complementary content and agreeing to have links or banners to each other's sites. A good example of this would be your Trade Association.

Forums – there are discussion forums devoted to every conceivable topic. It is perfectly acceptable to monitor these, join in discussion and point people towards your website. However, it is essential you do this only as a direct answer to people's queries – it's considered bad form to promote your products overtly or to conceal the fact that you represent the company you are recommending. Some companies with a high profile in a given industry host their own forums, which can be a good way of positioning yourself as a 'voice of the industry'.

## SEARCH ENGINES

While search engines are far outstripped by direct referrals, they can still prove useful for attracting customers if you are in a very price sensitive market or you provide a niche product.

Over 90% of all referrals to e-commerce sites come from the four largest search engines: Google, Yahoo, MSN and AOL. Competition for a high ranking on these sites is intense because only 10% of web users look beyond the second page of results.

If you are expecting your website to generate significant commercial returns it may well be worth spending the extra to engage the services of a professional search engine placement agency. If you are a small company with a limited budget, and your website is just one of several channels to market, you may be better off with a DIY approach. If things go well you can always revisit your search engine placement strategy at a later date.

Different search engines rank websites in different ways – some by a site's popularity, some by relevance and some by quality. Many also offer the option of paying for a place on the first page.

### Setting a budget

If you are going to use Pay per click it is important to understand what words people actually use and when they use them. You can set a monthly, daily, or weekly budget to ensure that your costs remain under control.

### Key words

You can improve your ranking on search engines that work by key words or metadata (information that describes a web page, but isn't visible on the pages) by using the right combination of descriptive words when you build your website.

### Link analysis

Other engines measure a site's popularity by the number of websites that have a link to it. You can boost your ranking on these search engines by getting reciprocal links with trade associations and consumer forums.

### Pay for inclusion

This means paying a search engine to include your web pages. Although most web pages will be found by a search engine and included eventually, paying for inclusion can mean your website will appear nearer the top of the search list.

### Pay per click (PPC)

This allows websites to pay for the position they occupy in a search engine's listings.

The highest bidder for a particular keyword or phrase appears first, with the second highest appearing second, and so on. You can often specify how much you are willing to pay per click – anywhere from about 15 to 35 pence per click. How much you pay, and how many click-throughs you receive, determines your position in the search engine's ranking.

## Repeat visitors are more likely to make a purchase online than new visitors

**When it comes to making a purchase online, repeat visitors are more likely to click the order button than new visitors<sup>1</sup>.**

While it has long been known that repeat visitors make better customers than new visitors, there is now lots of data available by industry types showing exactly how much better. For marketers of e-commerce web sites, this data underlines the importance of building customer loyalty online.

Customer loyalty is particularly important in the computers and electronics category, where repeat visitors were nearly 16 times more likely to make a purchase than new visitors with conversion rates of 23.12 percent and 1.49 percent respectively.

By comparison, visitor loyalty was less important for shoppers at apparel sites, where the conversion rate for repeat visitors (7.56 percent) outranked the conversion rate for new visitors (1.37 percent) by less than 6 times.

Whilst most companies that provide hosting services for your web site can provide you with statistics showing pages visited etc, with an e-commerce site you really need more information.

If people visiting your web site can log in as returning customers for special offers then your CRM system will be able to track them. That way you will get much more meaningful information about what your clients want, what interests them and encourages them to buy.

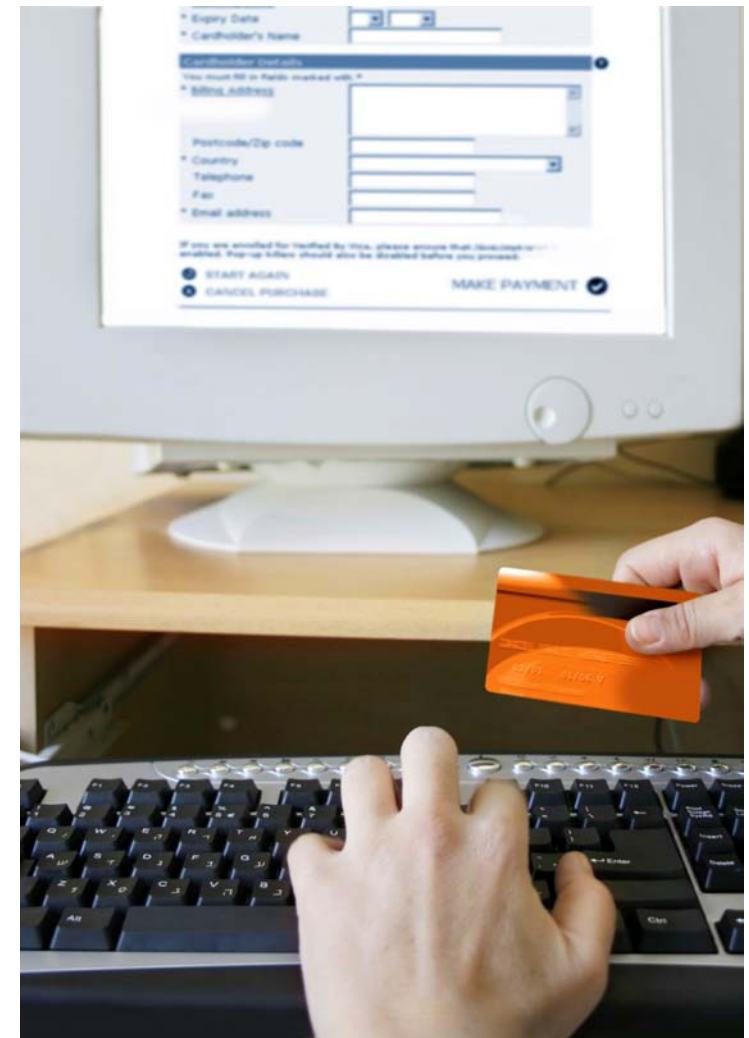
## Personalise the experience

Many customers can find shopping on the web very impersonal so try to interact with your customers whenever you can.

One retailer, not only acknowledges the order when it is received but also sends out a picking / packing notice a few hours later.

This notice lets you know who is handling your order and a link on the email goes off to their website so that you can see a picture and a short biography of who is handling your order.

A nice personal touch that actually costs virtually nothing.



# Getting it right – marketing regulations

## E-MAIL AND SMS MARKETING THE NEW RULES

In December 2003 new rules came into force covering marketing e-mails and SMS messages to individuals.

The Privacy and Electronic Communications Regulations introduced an opt-in consent procedure for commercial e-mails – which means you can only target people who have agreed to be contacted. This is a change from the previous rules, which only required that customers be given the opportunity to opt out of being marketed to.

To save having to contact all your existing customers to get consent, the rules apply only to new customers. You can continue marketing to your current customers provided they can opt-out of future messages and the messages cover similar products and services.

The other main point is that you must clearly mark your e-mails with your contact details and include a valid return e-mail address.

## USING 'COOKIES'

Cookies are small pieces of software which websites store on users' computers. They have a very wide variety of uses, but an important one is to 'track' the movements of visitors to websites, counting clicks, establishing how people arrived at the site and how they navigate around it. In short, cookies can be a very useful marketing tool.

Under the new Privacy and Electronic Communications Regulations, businesses have to inform their customers that they use cookies, and provide an opt-out facility for those who do not wish to accept them. In practice this will mean providing the user with a 'privacy' or 'cookies' statement which explains how they are being used and how they can be switched off.

The Interactive Advertising Bureau (IAB) has set up a specialist team to develop a practical approach to the rules on cookies.

## DON'T OVERDO IT

Done right, e-mail and other forms of e-marketing can be extremely effective.

Done wrong, however, and they can be extremely intrusive and annoying – almost more so than any form of marketing.

It's essential that you contact customers in a measured, planned and targeted way with offers that they will appreciate. Nothing will turn your customers against you like relentless unsolicited e-mail (known as 'spam') or SMS messages.

By sending unsolicited commercial communications you may also be breaching the new privacy rules set out in this brochure. It is very important that you take these fully into account when planning campaigns and ensure that you comply with them. Failure to do so could result in fines – and a lot of negative publicity.

**E-marketing has huge potential but, like any new technology, there are also pitfalls.**

## **APPROPRIATENESS**

Make sure the technology you choose is right not only for the message but for your customers. The set-up and performance of people's computers varies tremendously. Some office computers don't have soundcards, which means music or video files won't be any use. Firewalls, which protect networks, are also common these days. Often they will limit the size or type of file that customers can receive. One solution to these problems is to host large files on your website and simply send an e-mail with a link.

Another important consideration is the connection speed. Do most of your customers access e-mail at work with a fast connection or do they use a modem at home? If it's the latter, then large attachments or images will make the e-mail frustratingly slow to download.

Finally, there's an issue of compatibility. Different programmes will display e-mail differently. An e-mail with images or an HTML component could look messy on a different set-up, or even cause the programme to crash.

The solution is to profile your customers and understand what the best format for them is. Some may like e-marketing with whistles and bells, others might just like a plain text e-mail.

## **DATA PRIVACY**

Technology gives you the opportunity to collect lots of information on your customers. This doesn't mean you should use it carelessly though. It is very important to ensure that any data you collect about your customers is handled carefully, and in line with the principles of the Data Protection Act. You must also keep it up to date and not needlessly reveal information about customers.



## **FULFILMENT**

Word of mouth on the web can be incredibly powerful. E-mail and web discussion forums make it easy to recommend your business or pass on details of special offers very quickly. Sometimes the buzz around a business can be so intense that the company becomes deluged by web visits, phone calls or orders. To avoid becoming a victim of your own success, you need to have a solid fulfilment process in place to handle queries or to dispatch and deliver goods or services in a reasonable time. This means that, while you should plan for a realistic response rate, you also need to know what the limits of your systems are and have a plan to cope with a peak in demand. Web metrics tools, that monitor the volume of traffic your site is attracting, are available free from many websites.

# Implementation checklist

This checklist will help you implement an e-marketing plan in your business. To keep track of your progress, tick off each area as you work through it.

## RESEARCH & ANALYSE

### SET TARGETS

- Set goals for e-marketing: for example, to reduce cost per sale or to expand your business into new markets.
- Agree specific, measurable objectives for what you want to achieve, such as an increase in sales, more quality leads or an increase in the average value of each sale.

### COST BENEFIT ANALYSIS

- Compare the costs of e-marketing – like setting up an e-commerce website or paying for search engine placement – with benefits like increased sales, simpler fulfilment procedures and greater productivity.

## CONSULT

### WITH CUSTOMERS

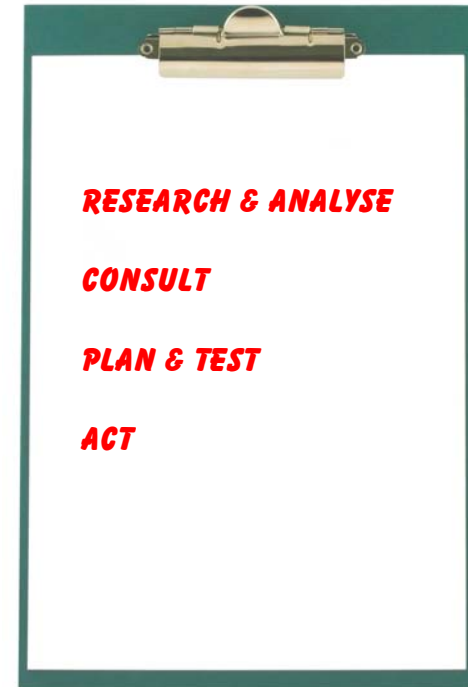
Find out what they want from a your e-marketing. Do they want:

- regular newsletters by e-mail?
- offer alerts by SMS?
- a fully-functional e-commerce website or just a showcase for products and services?

### PROFESSIONAL ADVICE

If you lack the skills in-house, contact your accountant for help on how best to:

- outline your requirements
- establish how much you can afford to pay
- scope the project
- advise on implementation
- provide training and software support



## PLAN & TEST

### EVALUATE OPTIONS

- E-mail – great for building relationships and keeping your customers up-to-date with offers, but less intrusive than telephone marketing. However, growing concerns about spam mean you need to make sure to adhere to government regulations.
- SMS – almost everyone has a mobile that they take everywhere they go. However, the personal relationships people have with their phones means marketing needs to be carefully considered.
- Websites – a hugely flexible option to meet any marketing need. However, with so many other websites, you need a strategy for getting yours noticed and used.

### PLAN THE ROLLOUT PHASE

- Look at training implications, especially of building and running a website: what will the cost be?
- Decide which staff will require training and allow time for them to adjust to the new system.
- Do you need to review your customer contacts database? Before beginning a new marketing campaign it can be a good time to clean and reorganise your data.
- If you're building a website, how are you going to promote it? Will you submit it to search engines? Is it worth paying an agency to boost your rating?

### TRY BEFORE YOU BUY

- Some websites give you the tools to build a simple e-commerce website free of charge. You can use this to test demand before investing in a more professional solution.

## ACT

### IMPLEMENT E-MARKETING

- Roll out any necessary training.
- Encourage staff involvement and feedback. This will help smooth implementation, as staff buy-in can make or break a technology project.
- Consider setting up a cross-departmental taskforce to manage the implementation process – it will help with staff buy-in and ensure that implementation works company-wide.
- Continually review your practices against e-marketing regulations.

### EVALUATE

- Monitor and review the impact on your business and against your objectives.
- Get feedback from staff and, particularly, customers. Are you marketing too often? To the right people? In the right way?
- Evaluate the impact after 6 months and 1 year. Have you achieved your objectives? Establish how you could improve things further.

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- Reduced and controlled operating costs
- Improved company focus
- Gaining access to resources that are not available internally

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