

### **Learning Objectives (PPT 13-2)**

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- ❖ Define integrated marketing communication (IMC) and explain the importance of hierarchy of effects models.
- ❖ Discuss how marketers use the internet for advertising, marketing public relations, sales promotions, direct marketing, and personal selling.
- ❖ Identify several emerging IMC tools.
- ❖ Describe the most effective online IMC tactics.

### **E-Marketing Communication**

Internet marketing is a powerful way to start and strengthen relationships with customers. Marketing communication (MarCom) tools that use technology to provide convenience are important keys to capturing attention and winning long-term customer relationships

#### *Integrated Marketing Communication (IMC)*

IMC is a cross-functional process for planning, executing, and monitoring brand communications designed to profitably acquire, retain, and grow customers. IMC strategy starts with a thorough understanding of the target stakeholders, the brand, its competition, and many other internal and external factors

#### *Marketing Communication Tools*

Marcom consists of both planned and unplanned messages between firms and customers, as well as those among customers. Important technologies include text and multimedia messages carried via Web pages and e-mail; databases to store information; new Web development, browsing, and e-mail software to facilitate Internet communication; and a plethora of digital receiving devices from PCs to cell phone for viewing multimedia messages.

#### *IMC Goals and Strategies*

Marketers create marketing communication objectives based on overall marketing goals and the desired effects within selected target markets. Understanding the desired effects in each target market is the first step to building an effective IMC plan and establishing benchmarks for applying performance metrics to measure the plan's success.

#### *Marketing Communication Media*

Several types of media are used to carry marketing messages: TV, the Internet, radio, newspapers, magazines, outdoor ads, and postal mail. The medium is different that the appliance that receives the message.

#### *Branding Versus Direct Response*

Marketing communication can be used to build brand equity or to elicit a direct response in the form of a transaction or some other behavior. Brand advertising wants to put the brand name and product benefits in front of users. Direct-response advertising wants to motivate action.

### **Internet Advertising**

All paid space on a Web site or in an e-mail is considered advertising. Internet advertising parallels traditional media advertising, in which companies create content and then sell space to outside advertisers.

#### *Trends in Internet Advertising*

Internet advertising started on [www.hotwired.com](http://www.hotwired.com) on October 27, 1994. This ad had an impressive 30% click through. Internet ads today have an average click through rate of just 0.15%. Online advertising revenues have been declining since 2001.

#### *Internet Advertising Formats*

E-mail, wireless content sponsorship, and Web sites are the three major vehicles for Internet advertising. As of 2004, the banner ad is officially on its death bed. The newest technique is in keyword search. Classified are also gaining popularity and sponsorships as well. E-mail advertising is the least expensive type of online advertising.

*Display Ads* – Due to pop-up blocking software, this format may soon be ending. Display ads may include rectangles, pop-ups, banners, buttons, and skyscrapers, and all ads are interactive offering at least click-through capabilities.

*Rich Media Ads* – All ads are interactive offering at least a click through. Categories might include: banner ad, interstitial ads, floating ads, expanding ads, polite ads, wallpaper ads, trick banners, pop-ups, pop-under's, video ads, map ads or mobile ads.

*Transition and Floater Ads* -- Interstitials are Java-based ads that appear while the publisher's content is loading. Superstitials feature video-like ads timed to appear when a user moves the mouse from one part of a Web site to another. A screen interrupt (or Shoshkele) is a five-to-eight second Flash animation that runs through a Web page to capture user attention.

*E-mail Advertising* – E-mail advertising is generally just a few sentences of text embedded in another firm's content.

*Sponsorships* – Sponsorships integrate editorial content and advertising. Sponsorships are well suited for the Web because the commercial side of the Web consists of a series of firms bidding for the same target markets.

*Mobile Advertising* – Mobile phones and PDA's are quickly becoming. Although much is yet unknown, experts agree that this vehicle shows great promise.

*Emerging Formats* – Yahoo, videoegg.com and Google have all announced video and gadget ads that may revolutionize advertising in the near future.

## **Marketing Public Relations (MPR)**

Marketing Public Relations includes brand-related activities and non-paid, third-party media coverage to positively influence target markets. MRP is the portion of PR directed to the firm's customer and prospects in order to build awareness and positive attitudes about its brands.

*Web Site* – A web site serves as an electronic brochure for companies. Organizations may include product or service information, press releases, company information, career opportunities and investor relations information.

*Online Events* – Online fashion shows, seminars, workshops and talk shows are a few of the online special events that have been held in the recent past with great success.

*Podcasts* – A digital media file that is distributed over the internet using syndication modeling to maximize exposure. Online video and video podcasting are very similar.

*Build a Buzz Online* – Online viewers are more plentiful, but less loyal. Social networking sites offers instant exposure to millions of potential customers.

## **Sales Promotion Offers**

Sales promotions are short-term incentives of gifts or money that facilitate the movement of products from producer to end user. Sales promotions may include coupons, rebates, product sampling, and contests/sweepstakes are widely used on the Internet. Experts predict that by the end of 2004, marketers will spend over \$119 billion in online sales promotions

### *Sampling*

Software companies may offer a free download of a demo version of their software that usually expires in 30 to 60 days. After the demo expires, the customer then has the option to either purchase the software or remove it from their system. Some online music companies offer sample 30-second clips of music before ordering the CD.

### *Contests, Sweepstakes, and Games*

Many sites hold contests and sweepstakes to draw traffic and keep users returning. Contests generally require skill (like trivia questions) while sweepstakes usually involve a drawing of pure chance.

**Advergaming** are a combination of online advertising and gaming, where the user sees products and services in the game itself.

#### *Sales Promotion Metrics*

Marketers need to know how their sales promotions contribute to the overall communication goals. By measuring how customers use and link from their promotions, e-marketers can gauge what is working most efficiently.

### **Direct Marketing**

Direct Marketing is any direct communication to a consumer or business recipient that is designed to generate a response in the form of an order (direct order), a request for further information (lead generation), and/or a visit to a store or other place of business for purchase of specific product or service (traffic generation). Direct marketing may include telemarketing, outgoing e-mail, and postal mail.

#### *E-Mail*

The typical online user spend one-third of their time managing e-mail. E-mail has several advantages and disadvantages compared to postal mail, which will be detailed in the outline section.

#### *Permission Marketing: Opt-In, Opt-out*

Opt-in (permission marketing) means that users have voluntarily given permission to receive commercial e-mail about topics of interest to them. Opt-out is when users have to uncheck the box on a Web page to prevent being put on the e-mail list.

#### *Rules for Successful E-Mail Marketing*

Use opt-in to build trust, check ISP filters to ensure e-mail reputation, use professional email addresses, make it easy to unsubscribe, use microsegmentation, give receipts and use metrics to track success

#### *Viral Marketing*

Viral marketing occurs when individuals forward e-mail to friends, co-workers, family, and others on their e-mail lists, using what is called *word of mouse*.

#### *Text Messaging*

Messaging may include SMS (short messaging services) or IM (instant messaging). Some experts estimate that over 200 billion short text messages are sent a month.

#### *Location-Based Marketing*

Location-based marketing is promotions that are pushed to mobile devices and customized based on the user's physical location. This type of promotion needs the assistance of a global positioning system (GPS) in a handheld or automotive device.

#### *Direct Marketing Metrics*

The most appropriate metric for any direct marketing campaign is the response rate to that campaign. Many firms use this information to devise tactics to build databases and measure success in terms of record growth. This information can lead e-marketers to determine what messages bring the best response rates, and even what is the best time to send e-mail for maximum response.

#### *Spam*

No online users like to receive unsolicited email. Sending spam is now illegal thanks to the CanSpam Act, but it has done little to discourage the sending of spam. Spammers routinely harvest e-mail addresses from newsgroup postings and then spam all the newsgroup members, or can be generated from public directories such as those provided by many universities and colleges.

#### *Privacy*

To achieve success in e-mail marketing, firms must collect personal information, both online and offline and using that information send e-mail, customized Web pages, banner ads, and more. However, e-marketers

also understand that consumer will give information to firms that use it to provide value and do not share it with others unless given permission.

## **Personal Selling**

Personal selling involves real-time, face-to-face or technology based conversation between a sales representative and a customer. The internet can offer technology to complete the sales transaction, or to simply provide sales leads.

## **IMC Metrics**

Savvy marketers set specific objectives for their IMC campaigns and then track progress toward those goals by monitoring appropriate metrics. The most important metrics are number and dollar amount of sales, and all the rest help improve those numbers in either the short or long term.

### *Effectiveness Evidence*

According to research, when display ads are viewed as a branding medium, they increase brand awareness and message association, so they are more likely to be viewed as favorable.

## **Topic Summary**

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Integrated marketing communication (IMC) is a cross-functional process for planning, executing, and monitoring brand communications designed to profitably acquire, retain, and grow customers. Marketers use specific MarCom tools (advertising, sales promotions, marketing public relations, direct marketing, and personal selling) to achieve their communication objectives. After implementation, they measure effectiveness, make any adjustments, and evaluate results. Marketers' use of the Net for MarCom can be understood in light of the AIDA (awareness, interest, desire, and action) model or "think, feel, do" hierarchy of effects model. These models suggest that the consumers first become aware of and learn about a new product (think), develop a positive or negative attitude about it (feel), and then move to purchasing it (do). Each online tool is more or less effective at particular levels of these models.

Advertising is nonpersonal communication of information through various media, usually persuasive in nature about products and usually paid for by an identified sponsor. Display ads (rectangles, banners, buttons, pop-ups, and skyscrapers), rich media ads, e-mail advertising, sponsorships (integrating editorial content and advertising), and mobile advertising are the major vehicles for internet advertising. The least expensive type of online advertising is e-mail ads. Content sponsored advertising for mobile devices is the wireless version of display and other ads that sponsor Web content, similar to commercials that typically support broadcast television programming.

Marketing public relations (MPR) includes brand-related activities and nonpaid, third-party media coverage to positively influence target markets. MPR activities using Internet technology include Web site content, blogs, online community building, and online events. Sales promotion activities include coupons, rebates, product sampling, contests, sweepstakes, and premiums. Coupons, sampling, and contests/sweepstakes are among the most widely used sales promotion activities on the Internet. Direct marketing online covers techniques such as outgoing e-mail and messaging, as well as targeted display ads and other forms of advertising and sales promotions that solicit a direct response.

Outgoing e-mail is a highly efficient and customizable form of Internet direct marketing with potential for maintaining a dialogue with targeted customers. Its disadvantages include the negative image of spam (unsolicited e-mail) and the difficulty in finding appropriate e-mail lists. Internet users dislike spam and, as a result, some measures are being enacted to limit it – such as the CanSpam Act. Marketers using outgoing e-mail should search for address lists that are guaranteed to be 100% opt-in. Opt-in techniques are part of a strategy called permission marketing, which offers consumers incentives to willingly accept information in e-mail messages.

Individuals who forward e-mail to other people are using word of mouse, also known as viral marketing. Marketers are starting to use permission marketing to send short text messages (SMS) over the Net to cell phones and PDAs. Another emerging technique is location-based marketing, promotional offers that are pushed to mobile devices and customized depending on the user's physical location.

Marketers can apply numerous metrics for measuring IMC campaign effectiveness.

## Topic Outline

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### Opening Vignette: Will it Blend? (PPT 13-3)

*Will it blend is the perfect example of how viral marketing can greatly enhance the exposure of a new product. The sales of commercial blenders increased 500 percent in the first year after videos began. Visit the website [www.willitblend.com](http://www.willitblend.com) and discuss how other companies are using viral marketing to increase their brand recognition and sales revenues.*

## I. E-Marketing Communication

*Internet marketing is a powerful way to start and strengthen relationships with customers, but e-marketers must be increasingly clever to design and deliver brand messages that capture and hold audience attention.*

- A. Users are in control
  - 1. Can delete unwanted incoming e-mail
  - 2. Can impatiently click away when Web site don't quickly deliver
- B. Marketing communication
  - 1. MarCom (Marketing Communication)
  - 2. Provide keys to capturing attention
- C. Integrated Marketing Communication (PPT 13-4)

*Integrated marketing communication (IMC) is a cross-functional process for planning, executing, and monitoring brand communications designed to profitably acquire, retain, and grow customer.*

- D. Marketing Communication Tools (PPT 13-5)
  - 1. Also known as MarCom
  - 2. Planned
    - a. Word of mouth
    - b. Publicity
  - 3. Unplanned
    - a. Difficult to manage
    - b. Unplanned e-mail has spawned rapid growth
  - 4. The Internet can successfully generate leads for salespeople
    - a. Advertising
    - b. Sales promotions
    - c. Marketing public relations
    - d. Direct marketing
    - e. Personal selling

- E. IMC Goals and Strategies (PPT 13-6)
  - 1. To create communication objectives based on overall marketing goals and the desired effects in a specific target market
  - 2. AIDA model
    - a. Awareness
    - b. Interest
    - c. Desire
    - d. Action
  - 3. Hierarchy of effects (PPT 13-7)
    - a. Think
    - b. Feel
    - c. do

- F. Branding Versus Direct Response
  - 1. Brand Advertising
    - a. Put the brand name and product benefits in front of users
    - b. MPR aims to build brands

- c. May seek to solicit a direct response
- 2. Direct-response Advertising
  - a. Seeks to motivate action
  - b. Works at the behavioral level

## II. Internet Advertising (PPT 13-8)

*All paid space on a Web site or in an e-mail is considered advertising. Internet advertising parallels traditional media advertising, in which companies create content and then sell space to outside advertisers.*

### A. Trends in Internet Advertising

- 1. First began in 1994 on [www.hotwired.com](http://www.hotwired.com)
- 2. Had a 30% click through rate
- 3. Today's click through rates are 0.15%
- 4. Online advertising has grown from \$1 billion in 1998 to \$8.2 billion in 2000. Since 2000 has experienced a decline. (PPT 13-9)
- 5. Internet advertising only accounted for 3% of advertising dollars in 2003.

### B. Internet Advertising Formats – E-mail, wireless content sponsorship, and Web sites are the three major vehicles for Internet advertising. (PPT 13-10)

- 1. Display Ads
  - a. Banner ads are no longer recorded due to the rapid decline
  - b. Replaced by “display ads”
    - i. Banners
    - ii. Skyscrapers
    - iii. Medium Rectangles
    - iv. Pop-ups
- 2. Rich Media Ads – all are interactive (PPT 13-12)
  - a. Examples:
    - i. Banner ad
    - ii. Interstitial ad
    - iii. Floating ad
    - iv. Expanding ad
    - v. Polite ad
    - vi. Wallpaper ad
    - vii. Trick banner
    - viii. Pop-up
    - ix. Pop-under
    - x. Video ad
    - xi. Map ad
  - b. Disadvantages
    - i. Require high bandwidth
    - ii. Smaller ads are harder to read
    - iii. Hyperlinks are often required
- 3. Transition and Floater Ads (PPT 13-13)
  - a. Interstitials
    - i. Java based ads
    - ii. Appear while content is loading
  - b. Superstitials
    - i. Look like mini videos
    - ii. Using Flash technology and Java
    - iii. Loads behind the scenes and appears when it is done loading
  - c. Screen Interrupt (Shoshkele)
    - i. Five-to-eight second flash animations
    - ii. Used to capture user attention
- 4. Email Advertising (PPT 13-14)
  - a. Least expensive
  - b. Purchase emails sponsored by others (hotmail)
  - c. Text based is preferred for faster downloads
- 5. Sponsorships (PPT 13-15)

- a. Integrate editorial content and advertising
- b. Traditional media separate content from advertising
- c. Online advertisers build synergistic partnerships to include products in the text of the Web page
- 6. Mobile Advertising
  - a. Mobile ad (PPT 13-16)
  - b. Also called SEM (search engine marketing)
  - c. Key word advertising (contextual advertising)
    - i. Refers to search word buys at search engine sites
    - ii. Advertisements will appear when users search for a word
    - iii. Successful search marketing campaigns include steps from research to implementation and measurement and optimization
  - d. Search Engine Optimization (SEO)
    - i. Altering a Web site so it performs in the organic, crawler-based listings
    - ii. Search engine robots are used
    - iii. Spidering may be used
- 7. Emerging Formats
  - a. Downloadable widget ads
    - i. Kraft
    - ii. Yahoo
    - iii. Amazon
  - b. Video Splash ads
  - c. Semi-transparent video overlay
  - d. Gadget ads
    - i. Google
    - ii. Honda

### III. Marketing Public Relations (MPR) (PPT 13-17)

*Marketing Public Relations includes brand-related activities and non-paid, third-party media coverage to positively influence target markets. MRP is the portion of PR directed to the firm's customer and prospects in order to build awareness and positive attitudes about its brands.*

- A. Web Site
  - 1. Web sites serve as electronic brochures
  - 2. May include
    - a. Investor relation information
    - b. Employment opportunities
    - c. Company mission statements
    - d. Press releases
    - e. Product and service information
    - f. Order status
- B. Online Events
  - 1. Designed to generate user interest
  - 2. Draws traffic to the Web site
  - 3. Can include
    - a. Seminars
    - b. Workshops
    - c. Discussions online
- C. Podcasts
  - 1. Digital file distributed over the internet using syndication
  - 2. Being replaced by online video
  - 3. Still used by
    - Eastman Kodak
    - ESPN
    - Comedy Central
    - New York Time
- D. Build a Buzz Online
  - 1. Online websites drive much more traffic than circulated newspapers

2. Social networking sites account for much news transfers
3. Suggestions
  - Provide engaging and fresh content
  - Offer RSS feeds
  - Use online newswires
  - Use social media press releases
  - Find influential bloggers to assist you

#### IV. Sales Promotion Offers (PPT 13-18)

*Sales promotions are short-term incentives of gifts or money that facilitate the movement of products from producer to end user. Sales promotions may include coupons, rebates, product sampling, and contests/sweepstakes are widely used on the Internet. Experts predict that by the end of 2004, marketers will spend over \$119 billion in online sales promotions*

##### A. Sampling

1. Sample digital products prior to purchase
2. Software companies allow for free demo versions
3. Music companies allow for free 30 second samples of songs
4. The Internet is more efficient for firms to order from each other

##### C. Contests, Sweepstakes, and Games

1. Contests
  - a. Require skill like trivia questions
  - b. Can dramatically increase Web traffic
2. Sweepstakes
  - a. Pure chance drawing
  - b. As of 2001, 36% of the most successful new Web sites are sweepstakes sites
3. Games
  - a. Advergaming are a combination of online advertising and gaming
  - b. [www.candystand.com](http://www.candystand.com) is an example

##### D. Sales Promotion Metrics

1. Marketers need to know how sales promotions contribute to the overall communication goals
2. Selected metrics depend on campaign goals
3. Must plan to collect information prior to starting the sales promotion

#### VI. Direct Marketing (PPT 13-19)

*Direct Marketing is any direct communication to a consumer or business recipient that is designed to generate a response in the form of an order (direct order), a request for further information (lead generation), and/or a visit to a store or other place of business for purchase of specific product or service (traffic generation). Direct marketing may include telemarketing, outgoing e-mail, and postal mail.*

##### A. E-mail (PPT 13-20)

1. Advantages
  - a. No postage or printing charges
  - b. Average cost is \$.01
  - c. Offers immediate and convenient avenue for response
  - d. Can be automatically individualized
2. Disadvantages
  - a. Spam
  - b. Addresses can be blocked
  - c. E-mail lists are hard to obtain
  - d. Difficult to match e-mail and postal mailing addresses
3. A new technique is through e-mail newsletters. Benefits are
  - a. Regularly and legitimately promoting the company name to clients
  - b. Personalizing the communication with tailored content
  - c. Positioning the company as an expert in a subject

- d. Pointing recipients back to the company Web site
  - e. Being easy for clients to pass long to others
  - f. Paying for themselves by carrying small advertisements
- B. Permission Marketing: Opt-in, Opt-Out (**PPT** 13-22)
  - 1. Opt-in marketing means that users have voluntarily given their e-mail addresses to receive e-mails about topics of interest to them
  - 2. Opt-out marketing is when users are automatically included in commercial e-mails unless they specifically request not to receive the information
- C. Rules for Successful E-mail Marketing Campaigns
  - 1. Use opt-in
    - a. Reputation is at risk
    - b. More customer oriented
  - 2. Check reputation through ISP filters
    - a. Blacklists
    - b. Return path sender score reputation manager
  - 3. Use a professional email address
    - a. Not Yahoo Gmail or Hotmail
    - b. Company based email
  - 4. Make it easy to unsubscribe
  - 5. Use microsegmentation
    - a. Smaller lists of relevant customers
    - b. Personalize email
  - 6. Use creative layouts
  - 7. Offer various opportunities to interact with offer
  - 8. Use metrics to track success rates
- D. Viral Marketing – also known as word of mouse. (**PPT** 13-23)
  - 1. Occurs when users forward e-mails containing commercial information
  - 2. The online equivalent of word of mouth
  - 3. Success stories include
    - a. Hotmail.com
    - b. Dall.com
    - c. Jibjab.com
    - d. Blair Witch Project
    - e. American Psycho
- E. Text Messaging (**PPT** 13-24)
  - 1. SMS (short message services)
    - a. Text messaging
    - b. Usually with PDA or cell phone
  - 2. Instant Messaging
    - a. Short messages sent to and from online users
    - b. Not commonly used for PDA or handheld customers
- F. Location-Based Marketing
  - 1. Promotional offers depending on geographic location
  - 2. Must be used in conjunction with a GPS system
  - 3. Successful in Boston and New York City taxi cabs
- G. Direct Marketing Metrics (**PPT** 13-25)
  - 1. Response rate is the most appropriate metric to measure
  - 2. Offers explanations on when to send e-mails for greatest response
  - 3. How to achieve the best click through rates
- H. Spam (**PPT** 13-26)
  - 1. Is now illegal due to the CanSpam Act
  - 2. Has not slowed the sending of Spam mail
  - 3. Spam can cause Viral marketing to work for the negative
- I. Privacy

1. Users will give information if that information is not likely to be shared
2. Users don't mind their tendencies and behaviors being tracked if they are for specific purposes

## **VII. Personal Selling (PPT 13-27)**

*Personal Selling involves real time conversation between a sales-person and customer, either face-to-face or with some technology mediator, such as the telephone or computer. It is not used much online since telephone and or visitation is much more effective.*

## **VII. IMC Metrics (PPT 13-28)**

*Savvy marketers set specific objectives for their IMC campaigns and then track progress toward those goals by monitoring appropriate metrics. The most important metrics are number and dollar amount of sales, and all the rest help improve those numbers in either the short or long term.*

### **A. Effectiveness Evidence**

1. Banner ads are generally ineffective
2. Click through results vary greatly
3. Display ads can be successful at increasing brand awareness
4. Online and offline advertising work well together

## Questions for Review

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### 1. What is integrated marketing communication and why is it important?

**Integrated marketing communication (IMC)** is a cross-functional process for planning, executing, and monitoring brand communications designed to profitably acquire, retain and grow customers. IMC is cross-functional because every contact that a customer has with a firm or its agents helps to form brand images.

### 2. What is the hierarchy of effects model and how does it apply to high- and low-involvement product decisions?

The traditional **AIDA model** (awareness, interest, desire, and action) or the “think, feel, do” **hierarchy of effects** model guides marketers’ selection and evaluation of MarCom tools for use on the Internet. Both the AIDA and hierarchy of effects models suggest that consumers first become aware of and learn about a new product (think), then develop a positive or negative attitude about it (feel), and ultimately move to purchasing it (do). The thinking, or cognitive, steps are awareness and knowledge. The feeling, or attitude, steps are liking and preference. Consequently, e-marketers must select the appropriate IMC tools—which may vary from one stage to the other, depending on the desired results.

The think, feel, do model is well accepted for high-involvement product decisions (those that are perceived as being high financial, emotional, or social risk). This is so because consumers spend some amount of time gathering information and considering alternatives prior to buying such products. Conversely, for low-involvement decisions, consumers often just hear about a product, give it a try, and then decide if they like it.

### 3. What is the difference between brand advertising and direct-response advertising?

**Brand advertising** online is to put the brand name and product benefits in front of users. “Brand advertising creates a distinct favorable image that customers associate with a product at the moment they make buying decisions”

**Direct-response advertising** seeks to motivate action. Brand communication works at the awareness and attitude levels of the hierarchy of effects model (heads and hearts), while direct response communication primarily works at the behavioral level (do something).

### 4. What are the three main vehicles for advertising on the Internet?

E-mail, wireless content sponsorship, and Web sites are the three major vehicles for Internet advertising. E-mail and wireless advertising are most often text-based, tagging along on a consumer’s incoming content from a third party. Conversely, Web advertising usually includes multimedia content. Still, Web site advertising can be as small as a line of text with an embedded hyperlink to the advertiser’s site, and e-mail advertising can include graphics. However, based on the definition of advertising, note that HTML and multimedia e-mail messages sent from a firm directly to Internet users are direct marketing, not advertising.

### 5. What are the advantages and disadvantages of using the advertising formats of display ads, buttons, skyscrapers, interstitials, and superstititals?

**Display ads, buttons, skyscrapers**, and other interactive formats occupy designated space for rent on Web pages. This is similar to the print advertising model used by magazines and newspapers, except on the Net there are video and audio capabilities in that few square inches of space. Note that “Display ads” has been adopted by the Interactive Advertising Bureau as the overall category for all ads of this type, replacing the term “banner ads.” Buttons are square or round and other display ads are rectangular. Some observers thought that the industry would eventually standardize online ad sizes, as in traditional media, to smooth the way for Web sites selling space and agencies designing ads.

**Interstitials** are Java-based ads that appear while the publisher’s content is loading. They represent only 3% of all Web advertising expenditures. Interstitials held great promise when they first introduced, but their number has not increased for the last few years. One reason is that they are hard to execute properly; another is that they give the impression of lengthening user waiting time, which is not good.

The next iteration of interstitials is called superstititals. Created by Unicast, these feature videolike ads timed to appear when a user moves her mouse from one part of a Web site to another ([www.unicast.com](http://www.unicast.com)). Superstititals

look like mini videos, using Flash technology and Java to make them entertaining and fast. The advantage of superstitials over interstitials is that the former loads behind the scenes and doesn't appear until it is fully loaded on the user's computer. Thus, a superstitial doesn't slow page download time, nor does the user have the impression that it does.

## 6. In what ways do companies use the Internet for marketing public relations, sales promotion, and direct marketing?

**Public relations** consists of activities that influence public opinion and create goodwill for an organization. **Marketing public relations (MPR)** includes brand-related activities and non-paid, third-party media coverage to positively influence target markets. Activities using Internet technology include the Web site content itself, online community building, and online events.

**Sales promotions** are short-term incentives of gifts or money that facilitate the movement of products from producer to end user. Whereas most offline sales promotion tactics are directed to businesses in the distribution channel, online tactics are directed primarily to consumers. As with offline consumer sales promotions, many are used in combination with advertising. Sales promotions are popular display ad content and are also good for drawing users to a Web site, enticing them to stay, and compelling them to return. Online sales promotion tactics can build brands, build databases, and support increased online or offline sales.

According to the Direct Marketing Association, **direct marketing** is "any direct communication to a consumer or business recipient that is designed to generate a response in the form of an order (*direct order*), a request for further information (*lead generation*), and/or a visit to a store or other place of business for purchase of specific a product(s) or service(s) (*traffic generation*). Targeted display ads and other forms of advertising and sales promotions that solicit a direct response are also considered direct marketing. Email and short message services are the main online versions of direct marketing.

## 7. How does permission marketing differ from viral marketing?

Opt-in techniques are part of a bigger traditional marketing strategy called **permission marketing**. According to Seth Godin (1999), permission marketing is about turning strangers into customers. How to do this? Ask people what they are interested in, ask permission to send them information, and then do it in an entertaining, educational, or interesting manner. We expect opt-in techniques to evolve and grow considerably over the next few years.

Viral marketing is a bad name for a great technique. When individuals forward e-mail to friends, co-workers, family, and others on their e-mail lists, they are using what we like to call *word of mouse*. More commonly known as **viral marketing**, this is the online equivalent of word of mouth. Viral marketing works and it's free.

## 8. Name five rules for effective e-mail marketing.

Answers will vary but defined within the following:

- Use opt-in to build your lists because your reputation for being customer oriented is more important than having a large list.
- Check your e-mail reputation to see if it will make it through ISP filters. Check e-mail blacklists and use a service such as Return Path's Sender Score Reputation Manager, that screens for 60 reputation variables.
- Use an e-mail address that is professional. Senders from Yahoo, Hotmail, and even GMail are more likely to be blocked than company or education e-mail addresses.
- For example, the best e-mail address is [Firstname.Lastname@companyname.com](mailto:Firstname.Lastname@companyname.com) or [Firstname.Lastname@university.edu](mailto:Firstname.Lastname@university.edu).
- Make it easy for users to unsubscribe. This builds trust. • Use microsegmentation, sending offers to smaller lists of relevant customers and personalize them. The Expedia e-mail just mentioned is a perfect example, as are automated shipping confirmation e-mails.
- A small improvement in creative layout and multimedia use in e-mail can raise response rates up to 75 percent, according to MailerMailer.com. Test HTML e-mail approaches to see which pulls best for various offers.

- Give recipients plenty of opportunities to engage with the e-mail and act on the offer. High performing e-mails offer an average of 27 links per message, according to the Peppers and Rogers Group ([www.1to1.com](http://www.1to1.com)).
- Use metrics to track the open rates, response rates, and ROI. Also, consider the cost of non-responses which may contribute to lower brand equity if your mail is perceived as spam (and narrow the list afterward).

## 9. How can a company build a buzz online?

Answers may vary according to the personal preference of each student, but should be related to the following:

- Provide engaging, fresh content on Web sites to draw traffic and repeat visits.
- Offer RSS feeds so that both traditional and social media journalists can monitor content.
- Use online news wires to disseminate press releases online (such as Business Wire, PR Newswire and PRWeb).
- Consider using the new social media press release that improves on the traditional format because it offers easy links, images, quotes, and more (available at Shift Communications: [www.shiftcomm.com](http://www.shiftcomm.com)).
- Find influential bloggers in the appropriate industry, such as Seth Godin in the marketing profession. Comment on their blogs when they write about things in your area of expertise.

## 10. What is a microsite? How to e-marketers use it?

A microsite is a mini web site highly focused within larger web sites. It is a place where direct response traffic from your event advertising effort is directed and gives your customer detailed exciting information about your specific event! It can include streaming video of your television commercial, a video message from your General Manager or owner or a custom produced event specific video using a professional actor or actress. It can also include streaming audio of your radio commercial, specific advertised vehicles or offers, live hyperlinks to your website, your on-line credit application, inventory search and a host of other highly effective features. It is a way to add an additional dimension to your event and exposure to your message. It can also be used as a tool to generate e-mail addresses so we can help you build your e-mail address database for customers and prospects directly in your market area.

### *Discussion Questions*

#### 11. “The more successful list brokers are in selling their lists, the more they dilute the value of those lists.” Do you agree or disagree—and why?

Email lists that are successful in targeting certain customers can quickly lose value if the list is sold to too many vendors. This is because customers will tire of receiving SPAM from companies and will eventually optout or abandon the account altogether. This phenomena has become so rampant that many email accounts can be setup to “junk” email right away if not from a recognized sender. Thus brokers need to be specific to who they sell their lists to and not oversell them.

#### 12. How effective is display advertising compared with other media?

Display advertising is very effective for creating brand awareness and improving brand image. It is not so effective for clickthrough unless highly targeted. How effective is display advertising? Some say not at all, yet the advertising dollars pour in. E-marketers should measure results against the ad’s objective to determine effectiveness. Marketing messages to opt-in lists can generate response rates of up to 90%, quite good when compared to 0.05% click-through rates on display ads. When viewed as a direct response medium, display ads are generally ineffective: only 0.5% of all users clicking on them. There are notable exceptions, however. DoubleClick statistics show that rich media ads receive an average 2.4% click-through

#### 13. What danger lies in letting sponsorship blend with content? Defend your position.

Given the low clickthrough rate of display ads, its no wonder that advertisers are trying new methods to promote their products. While there are no problems with explicit sponsorship and advertisements since users can recognize the marketing intention, content mixed in with promotions are questionable. Once content and sponsorship begin to blend, consumers may mistakenly interpret an advertisement for a factual review or

consumer testimonial. No doubt that's what some e-marketers may want, but consumers may feel offended since they are looking for unbiased material. If the separation between content and sponsorship is not clear, users may develop a tendency to distrust content and perhaps look elsewhere for unbiased information. Also, blending of advertising and content is something traditional media have strictly avoided, with the exception of women's magazines, so it sets a precedent that endangers journalist integrity.

**14. If you were running an online ad campaign for Nike, how would you allocate your ad budget? Why?**

*Suggestion: all answers to this question should address target audience, cost, message, and the strengths of each medium. In addition, a new product will need mass awareness building media, such as television, whereas line extensions might not. By definition an ad budget is a fixed pool of money that needs to be allocated to most effectively reach the target audience rather than being sprayed about in a haphazard fashion.*

**15. Why would manufacturers invite consumers to search for and print coupons from the Web? Might this approach encourage customers who were prepared to pay full price to simply use the Net to lower their costs?**

Yes, in some cases printable coupons might simply encourage customers who were prepared to pay full price to use the Net to lower their costs. However, the same argument could be made about any coupon offer offline. In both cases the coupon is still encouraging brand loyalty while attracting new customers. Also, Internet technology can mass customize coupon offers, directing them to visitors who have not yet bought (via cookie files), and avoiding offering them to loyal customers.

**16. Some U.S. sites draw one-third of their visitors from overseas. Do these users dilute the value of advertising at these sites? Why or why not?**

Advertisement dilution depends on the target audience. If advertisers are seeking overseas consumers than the website is right on target. If targeted consumers are largely domestic, it's hard to say that advertising value is diluted because the cost of website visits is largely negligible no matter where they come from. Thus despite drawing a large portion of users from overseas, the value of advertising remains somewhat the same. Perhaps if e-marketers were trying to sell their site as a purely domestic pull, could they be considered diluted.

**17. "You should aim to be consultative not persuasive in the way you use the Internet for marketing communication." What does this statement mean? What is the reasoning behind it?**

Marketing communication success is about reaching the right audience with the right message at the right time. The tone and how you deliver your message can influence how people see your content. Persuasive methods can come off being less objective rather than subjective. This also brings into question the credibility of your sources. The feel of being "sold to" may cause consumers to turn away. Sometimes being persuasive can be a good, but it will often come off being biased. Also, the Internet can employ two way communication not possible via traditional media. Students might also bring in the ideas of permission marketing and opt-in here.

**18. Why do you think that text messaging is used so often among employees at work?**

Answers will vary but will revolve around the anonymity of text messaging and the ability to communicate with others without using means that are able to be tracked by the company including telephone and email.