

Front Lines

Make on-line Marketing measurable

10/3/2005

By Ron Mc Arthur

Special to Globe and Mail Update

Front Lines is a guest viewpoint section offering perspectives on current issues and events from people working on the front lines of Canada's technology industry. Ron McArthur is President of [WSI](#), a global [Internet consulting](#) firm headquartered in Toronto, Canada.

A Web page, a secure payment system and some training and technical support — there was a time when many assumed this was all one needed for a successful on-line business strategy. The need to quantify results and the task of actually measuring outcomes was ignored by Web technology providers. For customers, this meant accepting marketing on the Internet as a good business investment on faith, rather than proof.

Today, the situation is different and the focus is shifting. Internet Marketing is moving in the items on a company's balance sheet from 'Expense' to 'Investment.'

Needless to say, the next item to get added on is Return on Investment (RoI). As the popular saying goes: "If you can't measure it, you can't manage it." An IDC report last year showed that 50 per cent of chief marketing officers (CMOs) are under an organizational mandate to provide their marketing departments with better, scientific metrics and measurement tools. The irony is that according to a CMO Council report in October 2004, fewer than 20 per cent of them actually have a metrics or framework that allows them to achieve this mandate.

In those early days of Internet marketing, the measurement/management problem was never far from the minds of skeptical chief financial officers, accountants and other leaders of small and medium-size companies. While most of them probably accepted the idea that their Internet marketing initiatives would allow them to reach many customers at a reduced cost, they had lingering worries. They wondered — understandably so — how effective such initiatives would be if they could not be benchmarked, measured and evaluated against alternative marketing options, such as direct mail.

People at much larger corporations may also have held similar doubts. Thanks to their larger war chests, however, they could take a risk on the new marketing tools. So while big business rushed to embrace Internet marketing, many smaller firms held back despite the Internet's strength as a potential "great equalizer" for small and medium-size businesses.

E-business credibility as an equalizer has grown as it has become easier for small and medium-size companies to measure the effectiveness of their on-line marketing efforts. This means looking at how much they are spending on their e-business and measuring how much business this expenditure creates. In short, tracking their RoII (return on Internet investment).

Let's look at how the demand for measurement interacts with the rise of emerging e-marketing strategies and innovations such as video email.

Plain-text or HTML-friendly e-mail, while convenient, lack the human touch (tone, body language, etc.) conveyed by video messages recorded with webcams.

Video e-mail systems have become simplified enough that creating, sending or receiving video e-mails is just as easy as sending regular e-mail. Video e-mail offers a real breakthrough — the ability to make and distribute entertaining, personalized filmed messages at low cost. Video e-mail can be used to boost sales strategies, post-convention or trade show networking, training of employees at remote sites, and so on.

As exciting as video e-mail is, if a (hypothetical) marketing head working at a medium-size company can't go back to her CFO or accountant and explain how much business it created, we run right back into the measurement/management problem.

Video e-mail providers will need to let customers track how many people actually read and open the video emails they send (and how many people they sent the e-mail on to). This is parallel with how companies monitor and analyze traffic to their websites in order to make decisions on how to optimize their e-business strategy.

If our hypothetical marketer can show how the extra traffic created by video e-mail is leading to more sales and customers, and can say "this new e-business effort is making us money," then she can leap over what might have previously been nearly insurmountable skepticism.

After digesting the relevant measurements, our hypothetical marketing head can also speed up her decision-making cycle. She can use measurement data to profile repeat customers and find ways to build more links with them using other e-business innovations.

Let's say her company sells designer sweaters and, after some data mining, determines it has a large number of repeat customers living in Japan. Using what is called "geotargeting," the company could ensure all customers located in Japan are greeted by a Japanese-language welcome page when they visit the company's website.

Several major Web engines are using geotargeting strategies to ensure users access content relevant to their geographic location when performing web searches. This would not be possible if they did not have solid measurements of the make-up of their user base.

By making marketing measurable, Internet marketing experts can win over more skeptics, especially among small and medium-size businesses. With this in mind, let's amend the saying I cited at the start: If we can measure it, we can manage it - and improve it.

About WSI

[WSI](#) ICE is the world's largest network of [Internet Consultants](#) with offices serving over 1000 local markets worldwide. Ranked the #1 Internet Services Business by industry-leading Entrepreneur magazine, our proven systems are used to deliver thousands of economical e-Business solutions to small and medium-sized businesses annually.