



Profitable Return On Investment (ROI) Website Marketing

Executive Summary

WiseMoney.com and Strategic-i have just been endorsed by the Chartered Institute of Marketing (CIM)- the world's largest professional marketing organisation, for conducting the biggest research project anywhere to gauge the most profitable methodology for marketing websites. Simon Dye-WiseMoney.com Ltd's Founder and Chairman presented this research to the CIM's Financial Services group in the City of London in April 2002.

Overall Conclusions

Online companies are achieving cost effective marketing results up to two/ thirds better than "traditional" companies. However lack of basic business and marketing management skills including researching online users' wants and needs, and overall web site functionality are highly likely to result in ROI failure.

This survey highlights the significantly differing results that are being achieved between companies that understand the Internet as a marketing and business channel and those that are just occupying a "corporate" space within the online market.

Simon Dye says "On the one hand you see very successful online financial service companies which are generating a significant proportion of sales and profits through their online businesses, but on the other hand it's a huge shame that so many are wasting their time and money by not developing their online businesses profitably or properly."

Mr Dye continues "Senior management must take responsibility for their company's website. Not only is the internet a new marketing channel, it should also be an extension of the company's existing processes because of it's ability to communicate with the company's stakeholders be they staff, customers, suppliers and even investors."

The research results demonstrate-

- ◆ Huge wasted potential for business and profits
- ◆ Lack of basic understanding of the medium
- ◆ Lack of basic business common sense
- ◆ Usage of a multi- channel approach to maximise awareness
- ◆ Search Engines, Affiliates, PR and Keyword Banners are the most cost effective elements of the Marketing Mix.

Methodology

There is very little basic market research in the public domain in the UK and US as to how to achieve profitable ROI from marketing websites. Additional online research failed to find any other pertinent data elsewhere.

Exclusive primary research was undertaken through WiseMoney.com and Strategic-i Ltd, a leading online strategic marketing development consultancy.

207 websites were researched, all of which are UK based financial services websites, 42% were with large companies and 48% were Small & Medium Enterprises; 42% were "Bricks"- existing companies with a website, 31% "Bricks & Clicks"- those offline companies that are actively using their websites and 27% "Clicks"- pure online companies. Telephone surveys were conducted with the relevant Marketing/ Website Marketing Managers using a combination of Structured Interviews and also data capturing qualitative responses. The surveys were conducted in April 2002.

Do you use on and offline advertising and promotions for your actual website?

Online	Yes	84%
	No	16%
Offline	Yes	88%
	No	12%
Both		80%

Demonstrating a lack of understanding of Internet marketing a common response about online traffic generation was referred to the technical and design side. Responses included "The site is currently under redevelopment, the old one had been up for years, but wasn't working."

Conclusions- 16% of the websites were not even being marketed online- the very medium from which they were hoping to attract business. The vast majority- 80% felt that a combination of on and offline activities were required to maximise website traffic generation.

This also highlighted not only the waste of effort in building what were in many cases just basic static corporate brochures, but also the ignorance of many company directors to address the potential that the internet has to build sales and profits as well as to achieve huge cost savings for companies.

Do you use on and offline advertising and promotions for your services?

Online	Yes	96%
	No	4%
Offline	Yes	85%
	No	15%
Both		85%

Responses included "We have plans in place for an email marketing campaign, but we don't use banners as we found them to be useless."

Conclusions- another 4% are not using their website to attract business- despite going to the effort and expense of building one in the first place. Again the majority- 85% felt that a combination of online and offline marketing activities were required to maximise online traffic.

Do your online promotions have a stronger influence than online advertising?

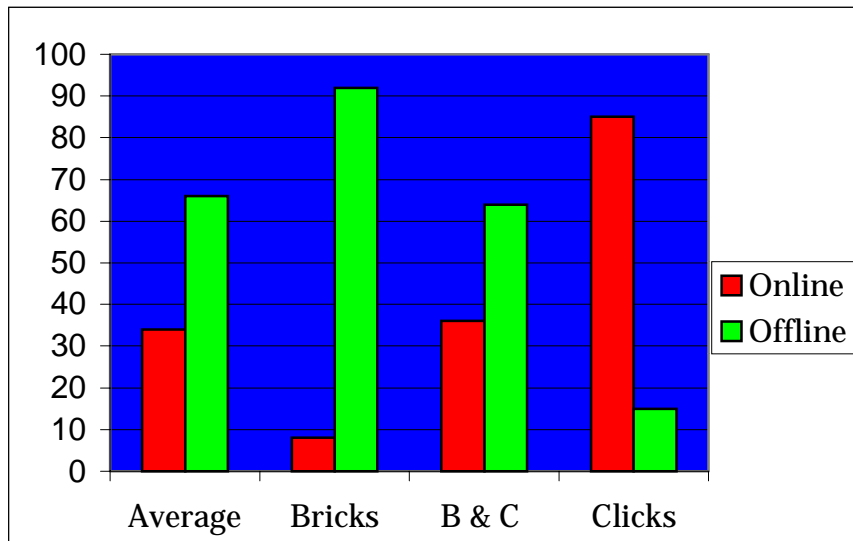
Yes	27%
No	8%
Unsure	65%

Online measurement was being achieved in very broad and basic terms. Overall use of quality customer tracking techniques, site trends and site generated data was poor. Responses included "Unsure as we find it very difficult to track information." "There is a problem at the moment as we do not collect our customers' email addresses." "Not really sure. Feedback is limited and tracking is hard."

Conclusions- It is very worrying that virtually two thirds of the companies Marketing Managers are not tracking website responses- the medium naturally leads itself to direct response tracking and monitoring. Without this basic monitoring cost effective business development is very difficult.

How much of your marketing spend goes online and how much goes on offline marketing?

Online	34%
Offline	66%



Responses included “We want to get the site right before taking any steps to promote it online.” “Looking to increase this spend in the future. It takes time to change and get used to the new technology.”

Conclusions- the three business types were separated into groupings to compare overall approaches to website marketing activities. Profoundly differing sets of marketing activities were prevalent depending on the companies’ traditional and historical backgrounds and expertise and “mind sets”- i.e. online “pure- plays” spend nearly all of the budgets online and offline established companies spend most of their money offline; with the “Bricks and Clicks” companies ranging somewhere in between.

Do you manage your website development in-house or do you outsource to external companies?

Outsource	Yes	46%
	No	54%
	Both	42%

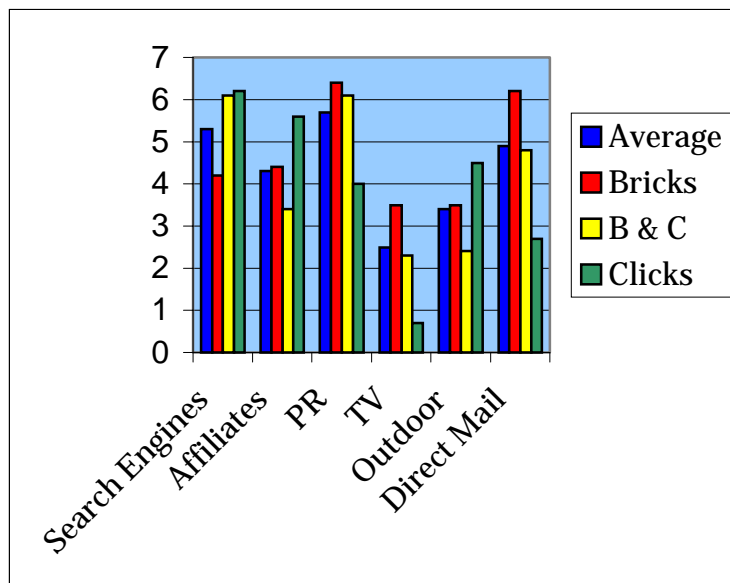
Responses included “Only do a small percentage in-house of online. We also outsource all offline media buying and marketing.”

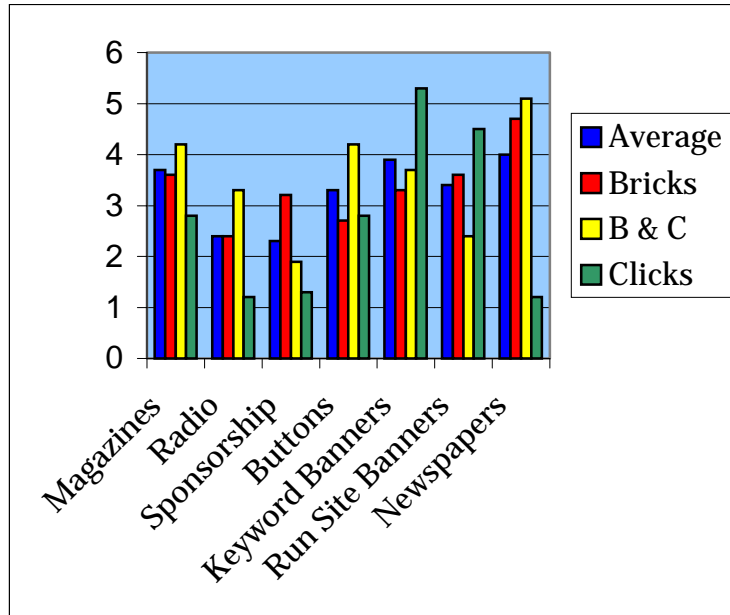
Conclusions- it is worrying that nearly half of the companies are dependant on external agencies to supply their online expertise. This not only means that there is a basic lack of IT development understanding and of online users’ wants and needs, but also the most appropriate media usage. All of which leads to greater costs and inefficiencies- further reducing the websites’ profitability.

Listings and Grading of Elements of the Marketing Mix

In 2000 WWAV Rapp Collins Media ranked the effectiveness of various elements of the Marketing Mix for website marketing as follows: Search Engines, Affiliate Programmes, PR, TV, Outdoor, Direct Mail, Magazines, Radio, Sponsorship, Buttons, Keyword Banners, Run of Site Banners and Newspapers.

We asked all of the interviewees to rank the effectiveness of the different marketing elements and gauge the current cost efficiencies of the differing media ranging from 10 as being “most effective” to 1 as representing “no impact”.





Responses included “All of these elements work well if you ensure that you’re targeting the right markets with them.” “This works well in directing calls to our call centre.” TV- “Drives sales enquiries but not profits.” Affiliate Programmes- “Fantastic.” Mail- “Depends if targeted or not.” Additionally, our researchers added that many of the respondents had difficulties in recognising various basic terms, even though they were in charge of e- marketing for their firm.

Conclusions

Online elements- if used properly confirmed their cost effectiveness. This was particularly true for online companies- who are amassing considerable expertise in these areas. There were also significantly differing views as to the cost effectiveness of some offline media with TV in particularly being rated badly- possibly because less than half the population is still not yet online.

Iestyn Foster commented “targeted tactical online promotions if rigorously tracked can drive not only significant number of visitors but also profits for the educated, committed online marketing professionals.”

It was apparent that many financial organisations and institutions, whilst investing in the Internet as a marketing and sales channel, have lacked serious strategic internet marketing planning and many are failing to recognise the importance of effective tactical implementation.

Background Information

Simon Dye is a Chartered Marketer, an elected Board Member of the *Chartered Institute of Marketing's* South West of England and South Wales's Regional Board of Trustees and is Honorary Chairman of the *Chartered Institute of Marketing's* Gloucestershire Branch, he is also a Member of the *American Marketing Association*.

WiseMoney.com Ltd was founded in 1998 by Simon Dye and has achieved a number of firsts- including being the first website to meet the *Consumers' Association Which? WebTrader's* guidelines for marketing loans and mortgages and becoming the first e-commerce organisation to be recognised as meeting "*Investors In People*" standards. WiseMoney.com offers online personal loans, residential and commercial mortgages from over 250 lenders; personal and commercial insurances from over 350 insurers and currency exchange.

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Iestyn Foster is Chairman of the *Chartered Institute of Marketing's* South West of England and South Wales's Regional Board of Trustees and Vice Chairman of the *Chartered Institute of Marketing's* South Wales Branch.

Strategic-i.co.uk was launched by Iestyn Foster in 2000 and specialises in Strategic Internet Marketing Consultancy and project management. The company works with a range of online as well as bricks and mortar companies and virtual business incubators to achieve effective return on investment through new media channels. The company provides new media & Internet training for marketing managers and IT professionals. They are based in the emerging new media and creative industries cluster of Cardiff Bay, in South Wales.

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