

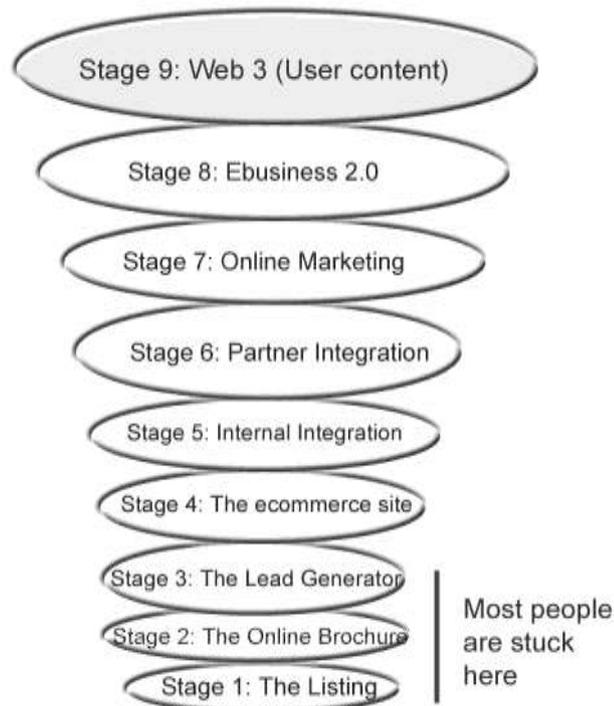
The Nine stages of emarketing evolution

Not everybody needs or wants to be an Amazon.com. In fact, although Amazon.com is normally seen to be the epitome of personalised ecommerce, its model of customer interaction is rapidly becoming old-fashioned. On the web, what was leading-edge five minutes ago is, well, so five minutes ago. Businesses are now scrambling to find ways to exploit the messaging synergies inherent to online communities, something which Amazon.com has yet to do. Amazon's focus is both mass-market and individual. It has arguably the most sophisticated tools in the world to personalise the user experience. It uses product-focused community features such as reader reviews, information about what others bought, and shared wish lists.

Amazon.com's model of customer interaction is rapidly becoming old-fashioned.

But while Amazon has very granular information about each individual shopper, it has yet to combine those individuals into communities of shared interest at a higher, more mutually interactive level. There are no John Grisham discussion forums, no blues-music fan groups and no Italian-cookery-enthusiast communities. Amazon's focus remains retailing: it engages with each consumer to promote relevant, sharply defined products, pulling in insights about the behavior of other shoppers as sales collateral. Amazon has not yet become a catalyst that uses its consumers as a marketing medium in their own right. But that can change overnight, and probably will.

Online businesses tend to move through a number of stages of emarketing evolution before they get even close to the sophistication of Amazon.com, eBay, cb2.com or Dove. Let's look more closely at each of the eight stages of emarketing evolution, as shown in the diagram.



Stage 1: The listing

The most elementary level at which a company can have a web presence is a listing in one or more online business directories or portals. Think of this as an online business card or a web-based Yellow Pages entry. This is fast and inexpensive to do and does not require a website or even an email address. The directory simply lists your company name, specialisation, physical address and contact details. There are dozens of directories, some mass-market (for example, Ananzi.com) and some niched (for example, Where2Stay.co.za).

A directory with a niche focus, such as accommodation or restaurants, is referred to as a portal. Portals tend to proliferate in the early days of ecommerce, since they offer what small businesses perceive as a quick and easy web presence. They are inexpensive to set up and generate fast subscription revenues. Those portals that reinvest in their sites and work hard at keeping them high profile, well branded and well trafficked can survive for a long time. But most portals are set up as get-rich-quick cash-cows, and accordingly have limited lives. Subscribers quickly learn that they get little real benefit from being an undifferentiated name buried in a long list of their competitors. They abandon their commoditised listings and move on to a more customised web presence.

Stage 2: The online brochure

When most businesses, even large corporations, put together their first website, it is nothing more than a basic brochure. Small businesses are product-centric, and 'our website' is nearly always 'all about us'. Large corporations follow the same focus; their first sites are often no more than an abbreviated annual report. None of this is remotely interesting to online consumers, whose primary interest lies in solving their own problems. If someone is looking for a little black dress for the company cocktail party, do they really care about your share price or who your chairman is? If they want to find the best plasma television for their budget, how useful is a list of the brands you stock in stores with no model numbers, technical specifications, prices or reviews?

'Brochure-ware' sites such as these dominate the web. They are the quick-and-dirty solutions that most website developers offer to clients who have little understanding of emarketing. They are frequently based on pre-existing templates, require little in the way of coding or design expertise and contain only five to ten pages. Because they can be knocked together in an afternoon and can be charged for as if real time and talent went into them, they are the profitability sweet-spot of the SME web development industry. There is nothing wrong with having such a website, as long as your emarketing goals are restricted to what a brochure can do for you (which, online, is not much), and as long as the cost—benefit equation works in your favour.

Brochure-ware sites are priced across a broad spectrum, and any business that wants one should shop around, locally and internationally. You can download templates from the web that are documented well enough for people with limited computing ability to modify. You can simply cut and paste your own text and replace the images, and you can have a reasonably professional-looking site for anything from free to R1 000. At the other extreme, developers can charge you up to R200 000 for a ten-page brochure-ware website. Typically, as at mid-2008, most developers in South Africa are charging R25 000 to R50 000 for small, basic sites that have no back-end functionality. Shop the same project around online developers in the United States or India and you might be able to knock a zero off the price.

Stage 3: The lead generator

Brochure-ware sites serve a purpose as an entry-level web presence, but it is not long before their owners want to get more out of their site. The next step is to try to capture sales

prospects. Instead of being 'all about us', the site is modified to encourage visitors to provide their contact details, to contact the company, or to enquire about its products or services. In some instances, visitors may even be encouraged to make a purchase, although there is no ecommerce payment processing system in place.

It is at this stage that many companies start to run into trouble. Usually, the site uses a simple web form that the visitor fills in and submits, its content going into a database or spreadsheet, or to an email.

The technology that is used to capture visitor information should be secure, but typically it is not. Secure data is encrypted before being submitted by the visitor's computer to yours, and is decrypted at the other end. This prevents sensitive information from being intercepted in transit by the army of malicious programs or hacker-bots, called packet sniffers, who cruise around the web looking to engage in the delays for potentially useful information: passwords, names, birth dates, credit card numbers, addresses or ID numbers. Naïve web users will send this kind of information via unsecured web forms or even in emails, but the more experienced your visitors are, the more rightfully paranoid they will be. A small business such as a local bed-and-breakfast will lose many potential customers simply because its booking systems don't match the security needs of the site visitor. Security aside, successful ebusinesses exploit immediacy. Very few people are willing to engage in the delays inherent to email-based correspondence to make a simple purchase. They would rather move on to your competitor who can tell them directly what is available at what price and can take an instant payment online. This level of service requires an ecommerce engine.

Very few people are willing to engage in the delays inherent to email-based correspondence to make a simple purchase

Stage 4: The ecommerce site

Ecommerce lets your site visitors transact in real time, instead of having to undertake the turn-based communication of stage-three sites.

You simply need to provide secure ecommerce transaction abilities if you wish to take payments online. If you cannot take payments online, you can never be competitive as an online seller.

Many SMEs don't make the leap into ecommerce because of the increased cost of doing so: it requires database programming, the monthly overhead of a secure site and often unacceptably high transaction processing fees. While you can minimise many of these burdens by working with a packaged ecommerce service from a provider such as Yahoo!, such services don't help with transactions in South African rands.

Stage 5: Internal integration

You can have ecommerce without integrating your back-end systems. Many small businesses can do this because their volume of transactions is small or they find that response times are not too demanding. In fact, many SMEs don't have any back-end systems that they could integrate, and are rather set up to process everything manually.

However, if you want to grow, or if you want to stay competitive, you have to automate and integrate wherever possible. There are three reasons for this:

- Firstly, automation cuts overheads.
- Secondly, it makes your business scalable.

- Thirdly, it gives your customers instant information, which pumps up your credibility and vastly improves the online experience.

The most critical processes to integrate with your website front-end are those that touch the consumer. The consumer does not care whether you have one hundred people scurrying around in your offices pushing bits of paper from one tray to the next. What is important to the customer is that they can see online whether an item is in stock, or check the status of an order.

Complete integration, at web speed, of all your relevant back-end systems is a prerequisite for any professional emarketing business.

Stage 6: Partner integration

Apart from its capacity to get really close to customers, one of the appeals of online business is its efficiency. You can set up a company with limited overheads and integrate all your automated internal processes in such a way as to run a lean and cost-effective business. Once you do this, you discover that your business partners can get in the way. Very few businesses exist in isolation. They are all part of a set of intersecting systems, processes and supply chains. Any system is as inefficient as its least streamlined part, and getting the business partners on whom you depend to operate as effectively as you can become a significant strategic hurdle. If you can overcome that hurdle, you will move on to a whole new level of performance.

In an ideal world, your suppliers are linked to your systems, so that an order placed online is communicated to them instantly. At the same time, your shipping company is automatically informed of the need to pick up a package for delivery, and the details of that package and its addressee are seamlessly communicated to their systems. Any other players in your supply chain know instantly what is required of them, because their systems and your systems talk to each other in real time.

Once you and your business partners all share the same nervous system, delays and inefficiencies drop away, and you are able to provide superb service to your online customers, often at a significantly lower cost than brick-and-mortar businesses.

Once you and your business partners all share the same nervous system, delays and inefficiencies drop away.

Stage 7: Online marketing

While emarketing is something that should be inherent to everything you do, no matter what your stage of online evolution, this is sadly not the case. Typically, an online business struggles through the evolution process and gets to a stage where it has a wonderfully smooth-running set of systems and processes, and a website that can handle ecommerce. Then, having built the machine, you start to wonder how you can create more business with it.

Businesses at this stage should have a marketing strategy and a substantial budget for implementing it. They advertise online and offline, use all of the PR and social networking opportunities available to them, invest in securing the loyalty and advocacy of their customers and make extensive use of both email marketing and search engine marketing.

This is the stage at which you may begin to regret having built your current website in the way that you did. The more you look at the needs of your customers and what your site visitors are actually doing, the more you realise that the inherent structure, content and focus of your site needs to change. There are three primary drivers for change:

- First, your online advertising or PR activities should be driving customers to landing pages or

guiding visitors through conversion funnels, and your site may not be structured to accommodate the smoothest, most effective flows.

- Second, as you start trying to optimise your site for search engines, you realise that your information architecture and the themes of your pages are not really suited to getting good natural rankings.
- Third, your site has to become totally customer-centric, to make the experience of your visitors as usable, enjoyable, relevant, rewarding and remarkable as possible. Most ecommerce sites start out extremely product-centric, are built around a catalogue of items for sale, and seek to close sales. Stage-seven emarketing companies have sites that are built around customer needs and their solutions, while also seeking to provide an experience that customers want to repeat and recommend.

It is not unusual to get as far as this stage and then abandon your site and start over. You can avoid some of this waste of time and money by working with sound emarketing principles right from the outset. But you also have to accept that every serious online business must continuously upgrade its site, and every three to five years must produce an altogether renovated version.

Stage 8: Ebusiness 2.0

You don't get to the pinnacle of online business without being a marketing organisation with a sound grasp of emarketing principles and a strategy to implement them. At this stage, the online business is customer-centric and search-optimised. It is using online marketing wisely and has fully integrated real-time back-end and supply-chain processes. It also has a commitment to customer service that goes beyond lip service and exploits social networks extensively as a significant complement to its more traditional online advertising. It is search engine friendly and uses search marketing appropriately. Its marketing and customer contact processes are intimate, respectful, in tune and dynamic. The business is built and managed in such a way that it can maintain the integrity of its branding, but be flexible and fluid in the way in which it responds to rapidly changing market circumstances. Its brands are generous, sincere and engaging. Above all, it is forward-looking, willing to take risks and resourced to move quickly.

There are not many online businesses that manage to get high scores on all of these criteria. But those are the targets worth aiming for as you put together your emarketing strategy.

By Godfrey Parkin, from his book *Doing Business Digitally* (it is a highly recommended read), from page 57

Stage 9: Web 3 (User content) – watch this space in a weeks time!