



SALES & MARKETING

A QUARTERLY EBULLETIN FROM THE PEOPLE WHO BRING YOU
THE MARKETING WORLD AND SALES NOW EXECUTIVE MINDXCHANGES

The Five Ps of eMarketing

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For more than 40 years, businesses and marketers have developed marketing plans based on four performance attributes referred to as “the Four Ps.” The Four P’s are: Product, Pricing, Placement and Promotion.

- Product refers to the actual products, goods or services a company sells.
- Pricing involves the process of setting a price along with terms and conditions of sale.
- Placement refers to how the product gets to be, or is, distributed the customer.
- Promotion includes promotional advertising, education, publicity (PR) and personal selling.

With the advent of the Internet and eMarketing, marketers must now consider additional, new performance attributes. I have identified them as “the 5 Ps of eMarketing”:

- Privacy
- Permission
- Personalization
- Peer-to-Peer
- Performance

These 5 Ps are important for marketers, yes. However, there are potentially serious legal and company reputation issues if these Ps are not understood and executed well.

Privacy

In many parts of the world, people have the right against unsanctioned invasion of privacy by the government, corporations and individuals. This is important for marketers to understand given that the Internet is global. Yet, the Internet has introduced a number of potential privacy risks that continue to impact individuals. E-mail lists are stolen and phishing practices are used to steal individual’s user names, passwords and credit card information. Photos are taken and posted on Flickr without prior consent. Browsing histories are captured.

As a result, many governments are getting more involved in regulating online practices that infringe on individual’s privacy. Many countries have privacy laws that protect individuals’ personal information stored in customer relationship management (CRM), online stores and e-mail marketing databases. In August 2009, Facebook accepted responsibility to change some of its privacy policies in response to criticism from the Canadian federal privacy commissioner over how much personal information it was keeping on file and sharing with third-party application developers.



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It is in the best interest of marketers to develop a good privacy policy along with its implementation through procedures and governance that affords protections to their customers, prospects and Web site visitors. Increasingly, people will not engage with a company that does not protect their private information and is not clear how they will use the information they are provided.

Permission

E-mail spam was probably the key catalyst for creating demand by the public for policies governing online opt-in or permission-based marketing. As spam became more onerous, governments in all regions of the world have enacted laws that tightened the requirements for e-mail marketing, requiring either an explicit opt-in or opt-out from the marketer. In some countries, spammers can face criminal penalties and civil fines for violating e-mail spam law.

Beyond the legal requirements for opt-in or opt-out, the public has grown increasingly insistent on marketers getting their permission to market to them rather than interrupting their lives with intrusive advertising. Look at the success of the Do Not Call Registry in the U.S. The registry was designed to limit the number of telemarketing phone calls consumers receive. As of 2007, 72% of Americans had registered their phone numbers and 91% had noticed a reduction in telemarketing calls they received.

Beyond the growing consumer interest in filtering advertising messages, it is more efficient for marketers to engage with and nurture smaller but highly interested audiences rather than to send advertising messages to large numbers of unqualified audience impressions.

Personalization

Segmentation and targeting have long been the goal of marketers. Good segmentation allows the use of targeted messaging that is relevant to groups of people or even individuals. E-mail can be personalized with individual's contact information. Personalized Web site content can be served to an individual based on their browsing history and profile. Data capture forms filled out by registrants of social media Web sites create databases that enable segmentation of individuals across a host of attributes useful to marketers for personalizing their communications.

Of course, marketers who engage in collecting data of Web site visitors or community members need to be aware of, and strictly compliant with, privacy laws. The U.S. Federal Trade Commission, along with state and federal legislators, has shown interest in recent years in behavioral advertising and how it impacts consumers' privacy. In 2009, the FTC appeared to signal its intent to pursue complaints about marketers who fail to pay sufficient attention to disclosure when capturing behavioral information for advertising purposes.

Peer-to-Peer

Creating word of mouth or buzz about a brand or product is increasingly the objective of marketers. This is particularly important to marketers since peer-to-peer referrals are viewed by many people as their most trusted source when selecting a product or service.



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According to adweek.com, companies are projected to increase their word of mouth marketing spend 10% this year over last year with increases of 14.5% annual averages until 2013. This increase is in the face of reductions of budgets for other, more traditional media. Over two thirds of consumers and B2B decision makers rely on peer-to-peer referrals when making a purchase. Even a trade association for word of mouth and social media marketing was created in 2005, the Word of Mouth Marketing Association (WOMMA), to help marketers successfully navigate the sometimes-troubled waters of buzz marketing.

Transparency is a key success criterion for word of mouth or social media marketing. In the United States and the United Kingdom, new government laws now make stealth marketing practices illegal. For example, in August, the U.S. Federal Trade Commission issued its guideline on disclosure rules for bloggers who provide endorsements and testimonials on behalf of marketers.

Apart from the legal aspects, company reputations can be harmed if marketers go into social media without the proper transparency, honesty and disclosures. WOMMA's Code of Ethics is a marketer's best resource for guidance in this area (www.womma.org/ethics). The creation and use of internal company social networks, outward facing company social networks to customers and third-party social networks carry a variety of legal risks. It is in your company's interests to have a social networking policy and an accountable organization within your company to implement and police policy compliance.

Performance

Performance is all about measuring success. Web metrics and analytics continue to be a challenge for eMarketers. Because eMarketing is so measurable, marketing management now expects everything "e" be measured. There are clicks, opens, bounces and tweets — and so much more. Oftentimes, eMarketing initiatives are held to higher standard for measuring success than traditional Marketing Communications where print impressions still count. With eMarketing, CMOs now ask, "What is the ROI? How much sales were generated from that banner? How many orders came from that search ad?" The trick is to acknowledge and accept this reality and to proactively create a set of metrics that tie to some value-adding behavior inside the marketing and sales funnels.

Recap: 5 P Fundamentals

- Make sure your company has a privacy policy, that it is linked to your website and that there is a governance process for compliance. This includes ongoing employee communications and training.
- Develop a social networking policy and governance for compliance. There are many example company policies available for reference.
- Open a dialog with corporate communications and company legal/compliance officers.
- Adopt permission marketing principles. Opt-in is stronger than opt-out. Confirmed opt-in is the strongest. However, requiring an opt-in where legally not required could result in a competitive disadvantage. Become knowledgeable of governing laws by region or country. Be familiar with the CAN-SPAM Act in the United States.



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- Create content on your websites that is targeted to your chosen markets. Personalize the content by segment and business role (e.g., consumer, distributor). Personalize business correspondence with the recipient's name. However, when capturing data of individuals to use in personalization, abide by relevant privacy law.
- Make sure you are knowledgeable of WOMMA's Code of Ethics if you are considering word of mouth and social media marketing. Select an agency that also understands and accepts WOMMA's Code. Integrate your Word of Mouth and Social Media practices into governance, communications and training.
- Pick some relevant metrics, create a report or dashboard and share broadly within your organization. Look for improvement opportunities. Test concepts online for short periods of time. Measure, socialize across the business and institutionalize.