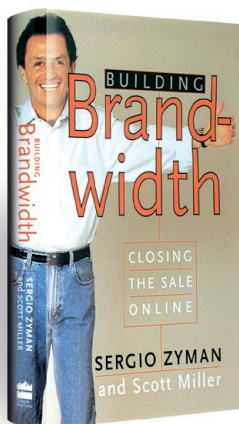


SOUNDVIEW Executive Book Summaries®



By Sergio Zyman and
Scott Miller

CONTENTS

Purchase Intent and the First Internet Super Bowl

Page 2

What Is Bandwidth?

Pages 2,3

What Is e-Marketing?

Pages 3, 4

How Do You Build Bandwidth?

Pages 4, 5, 6

Marketing at Warp Speed

Pages 6, 7

Bandwidth and Public Relations

Pages 7, 8

The Return of the Merchant

Page 8

Obsolete Yourself Before Someone Does It to You

Page 8

Closing the Sale Online

BUILDING BANDWIDTH

THE SUMMARY IN BRIEF

The fallout from last spring's NASDAQ plunge is still being felt today in the dot-com business community, as investors flee Internet shares in droves, looking for that quality so many dot-coms find elusive — profit. The reasons these companies have found it so difficult to make money are many (no business plan, no real BUSINESS to speak of, etc.), but even those that have a good concept and good people have a problem because they simply don't know how to market and sell their products and services.

Enter Sergio Zyman, whose research into the practices of e-business powerhouses has yielded a not-so-surprising finding: the hip, irreverent marketing of many upstart businesses lacks the fundamentals (the discipline, sweat and smarts) to do what marketing exists to do — sell stuff. Zyman introduces the concept of building “bandwidth” — creating a structure of brand meaning and power through constantly adding value to the relationship your brand and business have with each of your customers, a relationship that evolves gradually, with each contact, each usage.

In this summary, Zyman guides you through the challenges of building bandwidth. Specifically you will learn:

- **The three phases of e-Marketing.** Zyman notes that the third phase — the one that focuses on actually generating revenues for a company and its financial backers — may be the most crucial of all.

- **The need to differentiate between getting hits on a site and generating sales,** and how the gap between the two must be closed with bandwidth and the old-fashioned brand principles that underpin it: presence, relevance, differentiation, credibility and imagery.

- **The secrets of speed in e-Marketing,** and how getting to market first with a concept or product is only part of the story.

- **The “Return of the Merchant” and the personalized “merchenting” all customers used to receive as a matter of course.**

One final note: the hard work of building bandwidth is not merely the province of dot-coms. The concepts Zyman covers apply to businesses of every stripe — including yours.



BUILDING BRANDWIDTH

by Sergio Zyman and Scott Miller

— THE COMPLETE SUMMARY

Prologue: Purchase Intent and the First Internet Super Bowl

Authors Sergio Zyman and Scott Miller fielded a comprehensive research study to measure the impact and effectiveness of every advertising spot aired nationally during the 2000 Super Bowl — the first Super Bowl in which Internet companies played a significant role in the most expensive and exclusive arena for television advertising. The goal of the study was to measure purchase intent for the product or service being advertised — the most reliable predictor of actual consumer purchase behavior when all other factors (pricing, availability, etc.) are held equal. Purchase intent also measures the role of advertising in stimulating consumer desire for a product or service.

Other organizations conducted similar studies, most notably the newspaper *USA Today*, which used “likability rankings” to judge the winners and losers of the advertisers. While the paper insisted the Internet advertisers had been beaten soundly by traditional offline advertisers, the authors’ findings yielded an altogether different story:

- **Ad likability is a poor predictor of purchase intent.** When you look at the data, it is clear that ad likability had little to do with increasing consumer desire to purchase a product or service. Only four of *USA Today*’s top ten ads delivered significant increases in purchase intent; the rest delivered only marginal increases or decreases in intent.

- **Some of the least likeable ads on the Super Bowl were the most effective.** The ad *USA Today* ranked dead last in likability — an Oldsmobile ad — delivered a whopping 67 percent increase in purchase intent among viewers. While this was not the case with all the least-likeable ads, the figures were significant enough to call likability into question as a good metric of intent.

- **Super Bowl ads that rank high in *USA Today* have a poor record of business results.** The *USA Today* ad meter has been around for years, but has a questionable track record in actually picking companies that have sales success. For example, Pepsi-Cola’s Super Bowl ads topped the *USA Today* rankings from 1996 through 1998, yet their volume growth lagged behind Coca-Cola Classic’s in the first quarters of 1996 and 1997, and actually declined in 1998. ■

What Is Bandwidth?

If the Internet doesn’t start selling more stuff more often to more people — in other words, if it doesn’t start taking marketing seriously — a lot of those nifty Internet startups are going to be Internet belly-ups. It’s already happening — the downturn of the NASDAQ is ugly proof — and will continue to happen if the companies of the “new economy” don’t start paying more attention to ringing in sales than they do to totaling up hits. e-Marketing isn’t just about building awareness or likability or purchase intent — it’s about moving the consumer to the sale.

As the Web casualties pile up, you can see that the law of marketing gravity has indeed been proven again — if you don’t sell stuff, you crash to earth. Many Internet companies did just that in the spring and summer of 2000, and now, like it or not, the smaller companies among them must answer the nagging questions marketing experts have been asking them all along: “What is it you actually *do*? And how are you going to make money?” Sites might have a lot of traffic, but if there are no revenues to speak of, the end will almost certainly come. Iaminvincible.com becomes Ijustranoutofcash.com.

In a crowded environment like the Internet, creating awareness simply isn’t enough; the secret to survival is in providing lasting value to customers. “Value,” to many new businesses, used to be just the first two syllables in the really important word “valuation.” What companies are starting to realize is that building value is the only way to create lasting valuation — value to users comes first; valuation by NASDAQ analysts

(continued on page 3)

The authors: Sergio Zyman, the former chief marketing officer of The Coca-Cola Company, is founder and CEO of Z Marketing. Scott Miller founded the Sawyer-Miller Group, the world’s largest political consultancy.

Copyright© 2000 by Sergio Zyman and Scott Miller. Summarized by permission of the publisher, HarperCollins Publishers, 10 E. 53rd Street, New York, NY 10020. 239 pages. \$27. 0-06-662060-0.

To subscribe: Send your name and address to the address listed below or call us at 1-800-521-1227. (Outside the U.S. and Canada, 1-610-558-9495.)

To subscribe to the audio edition: Soundview now offers summaries in audio format. Call or write for details.

To buy multiple copies of this summary: Soundview offers discounts for quantity purchases of its summaries. Call or write for details.

Published by Soundview Executive Book Summaries (ISSN 0747-2196), 10 LaCru Avenue, Concordville, PA 19331 USA, a division of Concentrated Knowledge Corporation. Publisher, George Y. Clement. Publications Director, Maureen L. Solon. Editor-in-Chief, Christopher G. Murray. Published monthly. Subscription, \$89.50 per year in the United States and Canada; and, by airmail, \$95 in Mexico, \$139 to all other countries. Periodicals postage paid at Concordville, PA and additional offices.

POSTMASTER: Send address changes to **Soundview, 10 LaCru Avenue, Concordville, PA 19331**. Copyright © 2001 by Soundview Executive Book Summaries.

What Is Brandwidth?

(continued from page 2)

comes much, much later.

Just as the old and new economies are merging into the transformed economy, the old and new rules of brand building are converging on a new point, called building brandwidth. This means a lot more than just building brand awareness — it also means building brand meaning and brand power in breadth and depth, constantly adding value to customers. It requires building brand relationships one customer at a time, one usage occasion at a time. The lessons learned by e-marketers on the way to building brandwidth are much the same as those that most traditional marketers already knew:

- **Presence in the marketplace must be activated by visible usage and word-of-mouth testimonials in the marketplace.**
- **Customer relevance must be established and constantly replenished.**
- **Marketplace differentiation must be established, then constantly adjusted for new competitors and new claims.**
- **Brand credibility must be established in the interplay of promise and delivery; it, too, is a constant building process.**
- **Brand imagery must be defined and then added, repeatedly.**

Building brandwidth means developing a strong foundation of meaning — it's about relevance, not awareness. ■

What Is e-Marketing?

e-Marketing is marketing online, with the same purpose as offline marketing — to sell stuff. It is, however, marketing at a much faster speed, with higher consequences, because Internet companies are finding increasingly that they are expected to do what ALL companies must eventually do — to produce revenues and profits, and to convince people to come back more often and be willing to pay more.

Marketing, in general, has always been slow (even resistant) to change; the basics really haven't changed since David Ogilvy's landmark book *Ogilvy on Advertising*, which was published in 1952. Since 1995, however, Internet marketing has gone through two phases and has now moved into the third and most important phase.

First Phase: What Marketing?

The first phase of e-Marketing was essentially no marketing at all. With so few commercial sites vying for

Getting Busy with e-Marketing

The period of exploration and experimentation in e-commerce is over — reinventing marketing failed, and it's time to get down to the brass tacks of marketing and branding, more specifically, of e-Marketing and building brandwidth. It's the end of "set it and forget it" marketing plans. It's time to make something happen, by doing the following:

- ✓ **Get the basics FIRST, instead of getting back to basics.** The "basics" are selling and making money — is anything more basic than that? — which means you've got to close the sale online.
- ✓ **Take the gloves off.** It's bare knuckles from the time you come out of the corner.
- ✓ **Don't talk about what your products or services can do.** It wastes time and effort. Focus instead on defining the benefit these things have on the customer, and addressing those things to Mr. or Ms. Net Shopper.
- ✓ **Drive differentiation.** Develop your strategic differentiation into your brand architecture, into the naming of your brands, and into the ways you link together the brands in your family.
- ✓ **Let no customers slip through your fingers for lack of support or customized, personalized brand relationships.**
- ✓ **Drive your basic brand story into every communication from your company and any of its brands.**
- ✓ **Do all of the above at the same time you're racking up frequent flyer miles, moving around the country to sell the entire enterprise to even the most skeptical audiences.**

Consumers are getting smarter; thus, you must market smarter. Competitors are getting tougher; thus, you must market tougher. Everyone has the same opportunities on the Web; everyone has the same basic set of tools. The question is, what will you do with them?

consumer attention (Yahoo, AOL and an early Amazon), differentiation was created by the simple lack of competition in the space at that time. Communications were almost 100 percent viral — passed from person to person — establishing a word-of-mouth advertising that helped the early Internet grow. It was marketing in its most basic form; the Internet may never have such strong marketing again.

(continued on page 4)

What Is e-Marketing?

(continued from page 3)

Second Phase: Branding and the Mass Market

The second phase of e-Marketing, focused on building awareness, began when AOL adopted the mission of making its service as ubiquitous as the telephone, but more useful. To convince customers — in the early days of the Internet — that they had to use AOL, however, the company had to sell both the category of online usage as well as the brand's relevance and differentiation in that category. AOL sent out AOL starter diskettes and CDs, employing a “pulse strategy” of marketing — if you didn't receive one, you probably didn't have a pulse. This strategy borrowed from tried-and-true marketing methods to gain penetration — and penetration it got.

Priceline.com was the first major Internet player to establish its brand on the basis of fairly traditional marketing principles, using problem/solution advertising (and the brilliant choice of William Shatner as a spokesperson) to carry its message beyond the target audience of current Internet users. Priceline.com used the most powerful concept related to the Internet — inevitability (“This is the way it's going to be” and “This is where you will be”). It defined the future in its terms, in a compelling fashion.

This phase of e-Marketing isn't really over yet — companies continue to recognize the fact that they must quickly tell people what they're all about and what they're going to do for them.

Third Phase: Here, Now and Tomorrow

We are now entering the third and most important phase of e-Marketing — the one that focuses on actually generating revenues for a company and its financial backers. Those backers are now insisting on seeing business and marketing plans, on knowing how fledgling Web businesses are actually going to generate business.

The poster child for this phase is CNET.com — a great company with a great site and a great business concept and plan, but lousy marketing. At one point, the company spent the bulk of its revenues on an unfortunate ad campaign — including one spot in which a proctologist offered computer advice — that failed to convince users to use CNET.com. The campaign may have been the catalytic moment of this newest phase of e-Marketing. The most recent campaign features people wearing T-shirts with the designations “you,” “CNET” and “the right computer” — as simple and straightforward as you can get. The result? CNET.com is one of the few business-to-consumer sites that has taken a licking and kept ticking.

The patience with living off investment dollars is

over; people expect you to close the sale online. You must develop revenues; if you're not doing that, you're not practicing e-Marketing. And you probably won't be around very long. ■

How Do You Build Brandwidth?

Your most important job is to build brandwidth — your brand is the most valuable asset you ever build in your company. Brandwidth is not simply a cute name; in e-Marketing, brands must be constructed in layers of meaning, every layer connecting with a specific audience, in an ever-deepening connection. Many companies have a pipeline of distribution in place — it's the brandwidth that turns it on, allowing you to grow your business and generate revenue.

Branding is not simply another passing business fad or fashion; it is a fact of life in the information age, a necessity born of the competitive noise and increasing clutter in every market environment. Those early consumer-driven sites like Yahoo and Amazon have been joined by thousands of others; the business influence and viral marketing of those early pioneers are now diminished. Many are adding offline promotion to their branding mix, in order to bring in consumers; the dot-com companies that advertised on the 2000 Super Bowl spent \$1.5 million per 30-second spot, in order to reach fewer than ten percent of U.S. households.

But with consumer attention spans decreasing on the Web, the key issue at the point of purchase decision-making is stickiness — a concept that is easy to identify but hard to deliver. What will keep customers around longer, in order to get more usage, more satisfaction, more sales and the likelihood of more brand loyalty? The gap between getting hits on a site and actually closing transactions must be closed with brandwidth and the old-fashioned brand principles that underpin it: presence, relevance, differentiation, credibility and imagery.

Presence

Presence in the marketplace is the way any brand gains the awareness and acceptance of consumers. Brands extend their presence with advertising, merchandising, promotions, PR and sponsorships, creating a basic brand awareness and driving other brand attributes — because awareness alone does not necessarily translate into purchase intent or purchase. Internet brands have tried to increase their presence through a number of different means, from linking to or advertising on other sites, to using mainstream, offline media to drive traffic and sales online.

(continued on page 5)

How Do You Build Brandwidth?

(continued from page 4)

Viral marketing still plays an important part in building brand presence as well, as does visible usage. The former is a tried-and-true method, extending back to the Internet's earliest days. Visible usage has grown into an even more powerful component; in order to get more people to use your product or service, you must get people to use your product or service. While this sounds like a circular argument, it really isn't; visible sales and usage of your product in the marketplace will motivate others to try it.

How do you get those initial users to try out your product? By any means possible:

- **Offering at least some portion of your wares for free.** Many sites, while providing free service or free trial use of a product, ask consumers to register and provide information about themselves; this information is a valuable asset in the world of online sales and marketing. The trick, however, is to eventually convince customers that it's worth paying a premium for your offerings.
- **Creating a personal experience.** The more personal the experience consumers have online, the more likely they are to return to your site and (in theory) to pay more.
- **Fighting “virtual consumption.”** Virtual consumption occurs when people prefer your brand but are quite willing to consume another — they don't perceive or care about the difference. You should also fight “unconscious consumption,” whereby people use your product without knowing they're using it; often it's just a habit. In either case, your branding needs to be strong enough to make your differences make a difference — and to connect those differences with your brand, in order to build an association with consumers that brings them back to you repeatedly.

The primary focus of developing presence should be in distinguishing your “squeaky wheel” customers from your quiet supporters, and in developing ways to move both groups to more productive usage.

Relevance

Brand relevance is the way your brand fits into your customers' lives and how it meets their needs and desires — in other words, how important your brand is to your customers. It's also about personalization — the more it addresses the needs and wants of its users, the more bandwidth will develop. Personalization is “sticky,” and customization rules. The most successful Internet companies fixate on customers, not on products

or competition.

To understand the benefit customers derive from your products or services, you must enter into a conversation with them, to do the following:

- **Learn relevance on the most personal terms.**
- **Learn about opportunities to sell customers more stuff more often, whenever and however your customers might want.**
- **Learn about your competition from your customer's perspective — who they think are good alternatives to you.**
- **Learn what's keeping your customers from greater brand commitment, then determine whether those terms are acceptable to you.**

Remember, there's no such thing as developing too much relevance — you must make it a point to become more and more a part of your customers' lives.

Differentiation

If you want to create a positive return on investment, there's one sure way to do it — own the position of relevant differentiation in your marketplace. You must have meaning in your customers' lives and you must be perceived as different from all competitors.

Differentiation is where value is created on the Internet (or anywhere else, for that matter). If you succumb to “me too-ism,” you too often run the risk of being a follower, when it is the market leaders that typically identify and sustain differentiating factors and, consequently, their market leadership.

Consider the following:

- **It may be necessary to “see” a market leader, but forming up around the leader's definition of strategic differentiation only reinforces its lead.** It is differentiation that encourages trial of a new concept, that changes the market dialogue and takes it away from the leader.
- **You must design differences in your product and marketing, and drive relevant differences into every aspect of your marketing communications.** It is your best customers — those who visit you most often — who will notice differentiating details most surely.
- **You must streamline your marketing communications around the issues that will make a difference to your customers.** Don't clutter your messages with irrelevant or undifferentiated babble.
- **When you feel you have a market advantage, communicate it loudly and clearly.** Abandon subtlety and refrain from willfully obscuring the point.

(continued on page 6)

How Do You Build Brandwidth?

(continued from page 5)

There's no such thing as being "too obvious," regardless of what your ad agency tells you.

Credibility

Every brand is a promise, carrying with it a set of expectations defined by both your marketing claims and your users' experiences. Brand credibility is increased by delivering on that promise. You can't deliver, however, without clearly defining the customer benefit in advance.

Southwest Airlines is, year in and year out, the number one brand in air travel for customer satisfaction. They accomplish this without delivering first-class seating, or even assigned seating. They don't deliver gourmet meals or fine wines. They do, however, deliver on their promises — inexpensive, frequent flights between business destinations, with no frills. Their service personnel can then over-deliver on their promise of service because they are not wasting time or energy in arguments about seat assignments or missed upgrades at the boarding gate.

Consider their competition — American, United Delta, and others. How do these airlines position themselves? With handsome travelers in first-class seats, relaxed, the seat next to them empty, accepting a glass of champagne from an attractive flight attendant. When was the last time your airline delivered on those kinds of promises?

Don't make promises you can't keep. If you don't increase your brand's credibility with customers' every use of your product and with your every interaction with customers, you will lose those customers.

Imagery

All brands have imagery associated with them — some of it good and some of it not-so-good. Good brands have shaped that imagery into meaning and differentiation. There are four kinds of imagery in which you must be successful when building brandwidth:

- **User imagery.** What kind of people use your product? The ideal answer from your audience is, "people just like me, people I would like to be like."
- **Usage imagery.** What does it feel like to use your product and be associated with your brand? In e-Marketing, you want to employ usage imagery that makes the consumer feel intelligent, as in, "I feel really smart for using this service or product."
- **Product imagery.** What is the direct image of the product, and of the product in use? Think of the Volkswagen Beetle or Apple iMac's sleek, con-

toured designs and colors, and of the feelings users express in their advertisements when using those products.

- **Associative imagery.** What are the brands, individuals, institutions and events most closely identified with your brand? Think of the associations that Microsoft and NBC (or Buick and PGA golf) maintain and the images each use to ingrain those associations in the minds of consumers.

Remember: Your brand is defined in your customers' perceptions and those perceptions form your reality as a marketer. You must understand and constantly show that you respect their perspectives and attitudes. ■

Marketing at Warp Speed

In the first quarter of the year 2000, an average of seven Internet companies were being launched each week, at an average cost of \$10 million each. That's Internet speed. And with the constant competition for notice, money, buzz and revenues that exist on the Internet, speed wins. e-Marketing's job is to add value; these days, velocity is value.

Thus, the faster you move, the more likely you are to deliver that value to customers whose expectations drive the need for speed. To properly set up the expectations for that value via e-Marketing, you must be sure to do several key things.

Get There First

Traditional marketing professionals were used to annual brand planning; now, you could make the argument for hourly pulse-checks. They were used to two-hour, two-drink luncheons; now they're lucky to get midnight pizzas at their desks. When your competition changes the market dialogue, you must react instantly. Getting to that point first has been the imperative of the Internet, the key advantage in marketing success.

What is sometimes forgotten is the need not only to get there first, but to be the first to get it *right*. Look at Microsoft — seldom has it been first to market with products; it has been beaten to the punch by Lotus 1-2-3, by IBM's OS/2, by Novell's WordPerfect. But it has almost always been the first one to market to get it right, through dogged determination, constant improvement and aggressive marketing.

Get There With the Most

The defining factor in e-Market strategies is not only getting to market with an idea first, but getting there first with the most. Belief in strategy and commitment of resources are what deliver the knockout punch in any developing market on the Internet. It is pouring commit-

(continued on page 7)

Marketing at Warp Speed

(continued from page 6)

ment into that one focused point of opportunity that wins, and wins early. To make sure you're prepared to do that, you must create e-Marketing and branding plans that set clearly defined expectations, objectives, targets, benefits, tactics and strategies that strengthen your commitment to delivering the most value to customers.

Get Buy-In

You are not the target market of your efforts, a somewhat unfortunate circumstance when you consider that one of the slowest processes in the Internet space is getting internal "buy-in" to strategic or tactical plans. A given Internet startup might only have four or five people working in the entire company, but that number represents four or five layers of opinionated bureaucratic sludge to navigate through before putting your plan into

With the importance of speed on the Internet, getting internal buy-in may be the e-Marketing manager's most important job.

action. With the importance of speed on the Internet, getting internal buy-in may be the e-Marketing manager's most important job.

To circumvent problems, keep decision makers actively involved in the process, from strategy development to tactical finish. Get buy-in in baby steps, and lots of them. Don't save big revelations for "the end" of the process (or your process is guaranteed not to end there). Put each decision in the context of a preceding decision (say, for example, "Based on the strategy we agreed on ...").

Keep No Secrets

Because of the importance of getting there first and getting there right, many companies are fanatical about secrecy. The Internet's transparency often renders secrecy impossible — you can't test-market ideas on the Web with any hope of concealing them from your competitors. About the most you can hope to do is freeze them in place momentarily while you announce a new change. Microsoft's "vaporware" is a good example of this — by releasing test products to select users, the company actually announces new initiatives early in their development process. This succeeds as a marketing strategy, because it gets competitors working around a space Microsoft has defined.

Thus, if you announce an initiative, you had better be ready to start selling it hard from that moment forward. Trying to keep a secret on the Internet is like trying to hide an elephant in the bathroom. ■

Brandwidth and Public Relations

In America, companies and brands that disappeared almost always died of unnatural causes — untimely deaths, really — smothered under an avalanche of bad news and worse timing. The impact of negative news is exacerbated by poor PR, but marketers are often too lazy to take the steps necessary to blunt that impact. Indeed, most marketers don't even consider PR to be part of their jobs as marketers.

PR is important because it creates third-party validation of your messages by the news media, helping to generate market buzz, which is considerably more convincing than advertising. Think about it — broadcast TV ads have around a 6 percent level of credibility, while word-of-mouth testimonials weigh in at around 80 percent. Those testimonials are often generated by what's seen, heard, or read in the news.

Good PR must have the discipline of focused brand communications — it must be integrated into all other communications, from Web site to advertising, in a highly targeted fashion. It should also achieve the same brand objectives as advertising or any other marketing communications — building presence, relevance, differentiation, credibility and brand imagery. The focus of the PR campaign should be on "The Three D's" — defining the brand, defining the company and defining the future.

Defining the Brand

PR tells the brand story — what is this product or service? What does it do? Where does it fit into people's lives? In defining the brand, PR follows the brand strategy, adapting tactics to its particular means and media in an effort to communicate the brand's value to users. The best way to do this is to create branding events — focal points of interest that help propel the brand story, or puzzle pieces of information that, when put together, tell the story. You must define your brand, or run the risk of a someone else defining it for you — a competitor, or another entity that does not have your organization's best interests at heart.

Defining the Company

Defining the company comes after the brand has been defined, often as a result of success in defining the brand. When you define your company, you define the culture, strategy and individual contributions that create a successful brand. The company story must convince the audience that the brand could only have been created by the unique dynamics existing at this company; indeed, the brand and the company should be seen as fraternal twins, natural extensions of the same gene

(continued on page 8)

Public Relations and Brandwidth

(continued from page 7)

pool. It's the defining of the company that will make it possible to attract and retain the best employees, the best investors, and the high opinions of the most respected analysts. People want to be able to identify with a compelling story, a professed market or product vision, a cool company.

Defining the Future

Defining the future is a suitable role for CEOs and in many ways is their most important communications job. They need a basic stump speech that carries the brand story and company story, as well as a context for the brand and the company in the lives of its audience. The most interesting context is always the future:

- **What the audience's lives will be like in the future.**
- **How your brand will fit into their lives.**
- **Where other products will have evolved to and what product developments are imminent from your company.**
- **What obstacles exist to the rosy tomorrow and how your audience can help lower them.**

Simply put, defining the future projects your company as a success, creating an image toward which your people can work. An excellent example of this is Bill Gates' long-held corporate mission for Microsoft, "A computer on every desk, in every home." ■

The Return of the Merchant

As e-Marketing rapidly makes mass marketing obsolete, we see the emergence (or re-emergence after a 60-year coma) of personalized merchanting, the personalized approach our forebears enjoyed as a basic tenet of doing business. The things that all but killed off merchanting — geographic limitations, transportation and the like — have been overcome by the interactive capability of the Internet, which provides the potential to once again personalize the selling process, as well as afford businesses the opportunities for tracking customer preferences and extending real-time responses.

It has also signaled an age of organic marketing, the act of forming marketing around consumers' needs and wants. Organic marketing asks customers what they want, rather than telling customers what they absolutely must have. It's selling what you can sell based on what consumers will buy, in a high-touch fashion, enabled by advanced technology. Amazon.com uses this technology to, in essence, anticipate buyers' needs, through the suggestive selling the

company performs both on their site and through e-mail.

The lesson for e-Marketing is quite simple: Sell what your customers want to buy. Then focus on selling them more, and watch business multiply. Nothing activates organic marketing like allowing satisfied consumers to go to work as your most convincing medium of communications. It is a quiet, but profound revolution. ■

Obsolete Yourself, Before Someone Does It to You

The only way to stay competitive is to constantly refresh your e-Marketing. Constant innovation, making your customers expect the next new thing to be coming from you, is an important component of building brandwidth. We're not just talking about line extensions and new products — the next new product, after all, isn't exactly new; it's just better, and it will never finish changing.

The same goes for your brand — you must keep adding to it, refreshing it, upgrading it with new and exciting innovations. By doing so, you control the dialogue, for both your products and your competition's. Charles Schwab obsoleted the traditional full-service brokerage industry, first with discount brokerage, then with e-trading and research. Competitor Merrill Lynch assured its brokers and customers that the Internet was a passing fad. Within six months of Schwab's entry into the e-market, Merrill Lynch had no choice but to join the e-trading stampede as well, but in a much less organized fashion. It was playing catch-up, because Schwab was able to control the dialogue from the very beginning.

Through its repositioning efforts, Schwab let its customers decide for themselves how they wanted to receive brokering services, which proves another e-Marketing maxim: The only way to innovate on choice is with more personal choice. We live in a world of increasingly confident consumers who feel quite capable of making choices for themselves. More and more services on the Web are enabling customers to develop customized services and delivery for themselves.

You must constantly keep your relationships with your customers fresh and alive by refreshing your site, products, services and support. You must also constantly question the relevance and validity of your product or service, or someone else will, often ripping off your model, design or innovation and improving on it before you do. Every time you make an improvement or innovation, you create a new opportunity to win customers away from those competitors who aren't doing it. And you achieve your primary e-Marketing objective, regardless of what it is you do, make, or sell: You control the dialogue. ■