

Marketing

MAY 2005
\$7.95
NZ\$8.95

Women: the spender gender

Corporate sponsorship post tsunami

THE BRAND SCAM OF THE CENTURY

WEB INTEGRATION: THE NEW MARKETING

A close-up photograph of a Manchester United football jersey, focusing on the club's crest. The crest is red and yellow, featuring a shield with a ship, a book, and a cross, surrounded by a banner that reads 'MANCHESTER UNITED'. The jersey is red with yellow accents.

Manchester United

The devil you know



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Gems from Marketing circa May 1995

THEN MARKETING 1995: ONLINE MAY BE THE HOTTEST TOPIC IN MARKETING OVERSEAS. BUT HOW MUCH OF IT IS HOT AIR?

For all the hype, selling to net surfers is not the road to riches. Companies making a profit online are the exception. *The Economist* reports a survey of 150 internet merchants listed in the Internal Mall found that, on average, each merchant makes one sale a day with annual revenue of \$25,000.

Analysts believe that total sales of goods on all online services so far have reached only \$50 million to \$75 million each year, or around \$15 per subscriber.

One problem with selling on the internet is payment. Sending credit card numbers by email is a risky business as hackers are always prowling. As well, transactions for low cost items – such as small amounts of information – aren't worth the transaction costs via credit cards. The time it takes to download pictures also works against the internet as a browsing medium. Home shopping channels have discovered that viewers are willing to buy goods they cannot touch, but they must be able to see them. For now, marketing online is still in its infancy.

Believe very few of the blue sky projections that usually gild the lily with new media. But be prepared to jump when the time is right.

NOW TODAY'S VIEW: MALCOLM AULD, PRINCIPAL OF MAD

It's interesting to reflect on this part of the great dot.com, because online shopping was one of the internet forecasts that failed miserably. The situation hasn't really changed, although some business categories are making money selling their goods and services online.

The author was right to suggest that security would be an issue for consumers with online shopping, as would the delays to download images. Security is still an issue for many consumers. Although as most people use the boss's internet connection for the majority of their online access and broadband is growing in homes, the download delay problems are disappearing.

The fact is, while some industries are having success with online shopping services, the majority of internet use is for research and sending email. Of the top 20 sites accessed each month, the most popular sites visited are for free email and search engines.

The businesses that have really profited with online sales are those that deliver their services digitally, such as ticketing, banking, software, music, travel, news, research, introduction agencies and such. This is because the delivery channel – the internet – has cut the cost of distribution and is more convenient for the customer.

Another group making money is the traditional direct marketing businesses – books, music, DVDs, videos and mail order traders. Their customers have simply migrated to ordering online.

Other businesses that are gradually making money from their online marketing are those that have existing infrastructure of warehousing and delivery systems, like grocery and wine marketers.

In the business-to-business category, the internet is being used successfully for reordering and some wholesaling industries/portals only allow online ordering.

The mistake most marketers make is to assume the internet is an advertising medium. This is complete folly. The internet is a marketing channel. People don't need advertisements as part of their online content – they have search engines to find what they want. Advertisements are just an irritant to their online experience.

And aren't search engines being used in huge numbers? Just ask yourself why is Google valued so highly? Why is search engine optimisation the hottest internet marketing topic? Why are click-through rates on banners so low?

Yet there are still some media pundits that hide behind the false prophecy that internet advertising is all about reach and eyeballs. They either don't have the intellect or don't have the guts to see the truth.

Online shopping will continue to evolve, but we certainly aren't going to see retail stores and shopping malls close as a result.

TOP 30

SEARCH TERMS USED
BY AUSTRALIAN
INTERNET USERS
BEFORE VISITING
'SHOPPING AND
CLASSIFIEDS'
RELATED WEBSITES

ebay
trading post
www.ebay.com.au
ebay.com.au
harvey norman
ebay australia
amazon
www.tradingpost.com.au
tradingpost
dick smith
big w
woolworths
e bay
target
emailcash
kmart
officeworks
amazon.com
myer
barbie
dymocks
sanity
bunnings
e-bay
dell
ikea
bratz
david jones
ebay.com
video ezy

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