Capturing and Keeping an Audience

In this chapter you will learn about:

- ◎ Why it is so important to keep visitors coming back to a site

- ◎ The methods that Web sites utilize to increase customer retention

Imagine you own a restaurant. You take out loans with numerous banks and max out your credit cards in order to rent a building, construct a state-of-the-art kitchen, and get the place up and running. It takes a tremendous amount of work. You carefully select everything from the silverware and plate designs to the furniture and restaurant decor. You make connections with all of the necessary food vendors and establish a line of credit with them. Night after night you practically live in the kitchen, perfecting recipes and setting the menu. You issue a press release to the local paper, which announces the impending opening prominently. You advertise. In the days before opening night, you invite friends and family to a pre-opening party, where they rave about your food, pat you on the back, and wish you the best of luck. And then they spread the word to others.

Finally, opening night comes. It's been a lot of work, and a lot of money, but you did it. And from the looks of things—you are bound to be a huge success! The place is packed to capacity, and reservations have the place booked solid for a month out. Your investment of time and money is going to pay off after all.

Or is it? As the first month winds down, it's no longer that difficult to make a reservation. In fact, even weekends, when you should be your busiest, seem to have slowed. Slowly, you start to realize that you haven't seen many of the same faces twice—there just don't seem to be a lot of repeat customers. As the second month winds down and the restaurant is virtually empty, you come to the frightening conclusion: the business simply cannot survive without repeat customers.

Keeping Visitors Interested, Engaged, and Coming Back

The preceding analogy underscores one of the primary reasons why many Web sites struggle to survive: while external marketing can bring new people to a site, bringing those visitors back to the site is the lifeline that will determine how successful a site becomes—and how expensive the site is to run. According to many studies, the cost of acquiring new customers can be six to eight times the cost of keeping an existing customer. In other words, once a Web user has visited the site, it is far less expensive to encourage that visitor to come back than it is to get new users to visit. This can be a make-or-break statistic for marketers, as the costs associated with providing a continual supply of new customers can be an overwhelming expense that reduces or even eliminates profits.

As competition for viewers increases, marketers are increasingly cognizant of their **churn rate**, which refers to the proportion of customers that discontinue a service or their association with a brand during a given time period. According to a 2008 report by the Chief Marketing Officer (CMO) Counsel, nearly a third of all companies have a churn rate over 10%—an alarmingly high number that can potentially destabilize a brand and negatively impact it through:

- Revenue loss

- Reduced profitability

- Higher marketing costs for customer re-acquisition[1]

Of course, the restaurant analogy detailed earlier in this chapter is not exactly an apples-to-apples comparison. The customers in the restaurant example made the decision to spend money there as soon as they walked through the door. Many visitors coming to an e-commerce site or a standard B2B site may come to browse, not necessarily to shop and spend money. So, is there any value in a site visitor who returns multiple times if he or she is not generating revenue for the site? The answer, of course, is yes. Repeat site visits will help to build consumer confidence and trust and will ultimately lead to increased sales. This is true both for B2B sites, which usually require human contact in order to initiate a sale, and for B2C e-commerce sites. Marketers for these types of sites, in tracking visitor usage (discussed in greater detail in Chapter 13), often concentrate on two key measurements as an average of all users over time:

- **Days to purchase**: The number of days that pass from the day a user first comes to the site to when he or she finally makes a purchase.

- **Visits to purchase**: The number of visits a user makes to a site before he or she makes a purchase.

Every site will rely on different measurements depending on the target market and the products being sold. A customer making a decision to purchase a DVD player will likely require fewer site visits than a customer looking to buy a car. Younger consumers, who are more comfortable with online shopping, are likely to require fewer site visits than older consumers, who approach online shopping with more hesitancy.

Once an initial purchase has been made, future site visits will encourage future sales, with little outside marketing expense on the part of the marketer. Assume, for example, that the average cost per new customer acquisition by an online bookstore is $12. In other

words, the total marketing dollars spent divided by the number of new customers that marketing has yielded, equals $12 per customer. Let's further suppose that the average gross sale on the site is $20 per customer, with a net profit (after cost of goods sold, inventory expense and shipping) of $7. In this scenario, the site will have suffered a loss of $5 for every new customer. However, the steps needed to get those users to return again in the future are far less costly—let's say an average of $2 per customer. Now, every future sale by a returning visitor (at an average profit of $7) yields a net gain of $5. As paying customers come back regularly, marketers are able to achieve larger profits from continued sales.

INTERVIEW WITH...
Julie Mathews, Internet Marketing Manager, Hershey's

Hershey's has over 40 different brands, including Reese's, Kisses, and KitKat. Each of those brands needs to utilize the Web differently, and brand managers throughout the company turn to Julie Mathews to help them develop online marketing strategies. Over the years, Julie has helped grow a small Internet marketing department into a centralized command center responsible for all of Hershey's Internet efforts in the United States and around the world.

Julie is extremely knowledgeable and passionate about the subject of Internet marketing, and I was very happy to have the opportunity to sit down with her to discuss her work.

Jason: Hershey's is made up of a number of different brands, each with its own marketing strategy. What's the initial protocol when a brand wants to do something on the Web?

Julie: Practically every brand manager would like to have some sort of Web presence or online strategy to enhance their marketing efforts. When they do, they contact me to discuss it—often times they won't know exactly what they want, just that they need some type of Web presence. The first thing I do is sit down with them and determine what their offline strategy is so that we can determine what the online strategy should be, to complement offline programs and drive sales or increase brand exposure. Then we'll determine which outside vender should manage the project, and set up and design the Web site, based on our needs compared to the vendors' capabilities.

Jason: How important do you think it is for Web programmers to understand marketing and what the marketers are trying to accomplish?

JULIE: It's crucial. I believe that it's very important for the Web design company to understand where the brand is coming from. They should be able to understand what that brand is trying to achieve with that particular product. For example, the project managers will likely take different actions and recommend different options if they understand that at this point, that we want to get the word out about a new product to a target audience of females age 18 to 34. I need the vendor then to be thinking for us—that if our audience is 18 to 34, and female, they're probably on MySpace or they're on iVillage—and present to us different ways to tailor any new site to meet our needs. A vendor is less desirable if their solutions are always the same, and they just keep recommending Web sites with downloadable screensavers and wallpapers, and all the basic things a site usually comes with.

JASON: What is it about Web marketing that excites you?

JULIE: I think the thing about it that excites me the most is that it's a growing field. I mean, we have mothers that are switching from TV to computer. They are on the Internet. The TV may be on, but they're not watching it. They're on the computer. The changes that are happening are only the beginning.

As far as Internet marketing, I love the challenge of finding a niche in a growing audience. The Internet is just such a powerful tool to sell your products, and can engage consumers in so many different ways. Couponing is a great example—an offline coupon will typically get one or two percent redemption. An online coupon, though, can get anywhere from 10 to 20 percent redemption based on the offer. There's so much power in online marketing, and if you effectively integrate offline and online methods, you can potentially double or even triple your market.

JASON: Once you draw people to a site, what are some of the methods that you've taken to encourage users to stay on the site, search around, and come back on a regular basis?

JULIE: That's a huge challenge for CPG (consumer products goods) firms, because typically consumers are going to CPG Web sites for product information or information in general. With the introduction of social media, it's important to have interactive elements that keep people engaged, like a customizable blog or a loyalty program. Coke does a great job of keeping people engaged with their rewards program. Their site grew phenomenally from 2006 to 2007, mostly from repeat visitors. About 35 percent of their audience keeps coming back, which is unheard of for a CPG firm. It's because of increased use of online interactivity and 360-degree marketing that

utilizes offline and online media to tell the same story. It can be very powerful.

JASON: Have there been any examples where you've integrated the offline and the online efforts for brands, where you have seen a particularly positive result?

JULIE: We did a program a few years ago with Carrie Underwood after she had won American Idol. It was a little Web site, not very big, where users could download music clips of Carrie Underwood singing some of the classic Hershey jingles, like "Give me a Break" for the KitKat brand (we had run a TV commercial of her singing the songs to help drive audiences to the site). We didn't expect the program to be significant, but we got so much traffic that we couldn't keep up with the demand. The t-shirt sales from the site alone blew all of our expectations out of the water. It was amazing—we couldn't have asked for more exposure. The traffic to the promotional site was way beyond what we had hoped for, and, I think, a great example of how offline efforts like TV and the publicity generated from the popularity of American Idol can combine with the interactive power of the Web to create a marketing phenomenon.

JASON: What are some of the specific challenges that you face in trying to get an Internet-based program off the ground?

JULIE: I think the biggest challenge that consumer companies face is the 360-degree marketing program, because many times the outside agencies develop programs and the internal brand managers develop programs. The Internet strategy is the last thought. So everyone is developing a marketing program, but not really paying attention to expanding the program online. This potentially ends up creating a disjointed 360-degree program. What should happen is that all marketing strategies should be developed together, but that's often easier said than done.

JASON: Have you seen your work and ideas change as social media has grown in popularity?

JULIE: We've been able to introduce a lot more interactivity into our Web sites, which we are hoping will keep people coming back. Also, in a social media environment, consumers want brands to interact with them. They want to be asked their opinions. They want to be in on the ground floor when marketers are deciding things.

JASON: How do you see the Web evolving from here?

JULIE: I can only speak from the CPG side. Social media will allow companies to collect more information on consumers' online

behavior so they can deliver results that are important to them. Brands become more successful the more we get to know our customers, and the Web will increasingly allow us to know all of our visitors as individuals, and tailor our messaging to each person on a one-to-one basis.

Popular Web Retention Techniques

There are many methods that marketers can utilize to decrease churn rates and encourage visitors to return often. Each of these methods requires advanced planning, and often involves numerous people including writers, designers, and programmers.

It is important to remember, however, that some sites are visited by a wide variety of people, and it is impossible to please everyone who comes to a site. This is why it is especially important for marketers to understand who their audience is. Marketers need to make sure that the retention techniques they put in place speak directly to their core demographic to ensure that the most possible people within their target market come back regularly.

Although there are a number of tools and techniques that marketers use to bring people back to a site regularly, the keys to increasing brand loyalty on the Web are the same online as they are offline: striking the best balance of quality customer service, value, and product selection. In fact, the features that contribute to saving the customer time and money and improving the overall shopping experience rank highest among shoppers in terms of heightening site loyalty (see Table 12-1).

Feature	% of Shoppers
Saving money	63%
Saving time	25%
Free shipping	25%
Inventory/selection	18%
Brands	16%
Customer service	15%
Past experience	11%
Rewards programs	11%
Ease of shopping	9%

Table 12-1 The features of a Web site that impact loyalty. SOURCE: "Consumer Loyalty Survey." DoubleClick Performics, 24 May 2007.

While features affecting the site's functionality are integral to building loyalty, internal tools and policies can also contribute to high customer loyalty (see Table 12-2).

Feature	% of Shoppers
Free or flat shipping	92%
Order tracking	88%
Privacy policies	83%
Rebates and coupons	76%
Online outlet	75%
Customer reviews	74%
Comparison capabilities	73%
Price and product alerts	63%
Live help	58%
In-store returns	58%
Express checkout	52%
How to guides	51%
Internet-only specials	50%
Exclusives	49%
Wish lists	48%
Recently viewed items	46%
In-store pickup	37%

Table 12-2   Tools and policies that encourage return visits. SOURCE: "Consumer Loyalty Survey." DoubleClick Performics, 24 May 2007.

Figure 12-1 highlights many of the features that encourage customers to return to the Nordstrom e-commerce site.
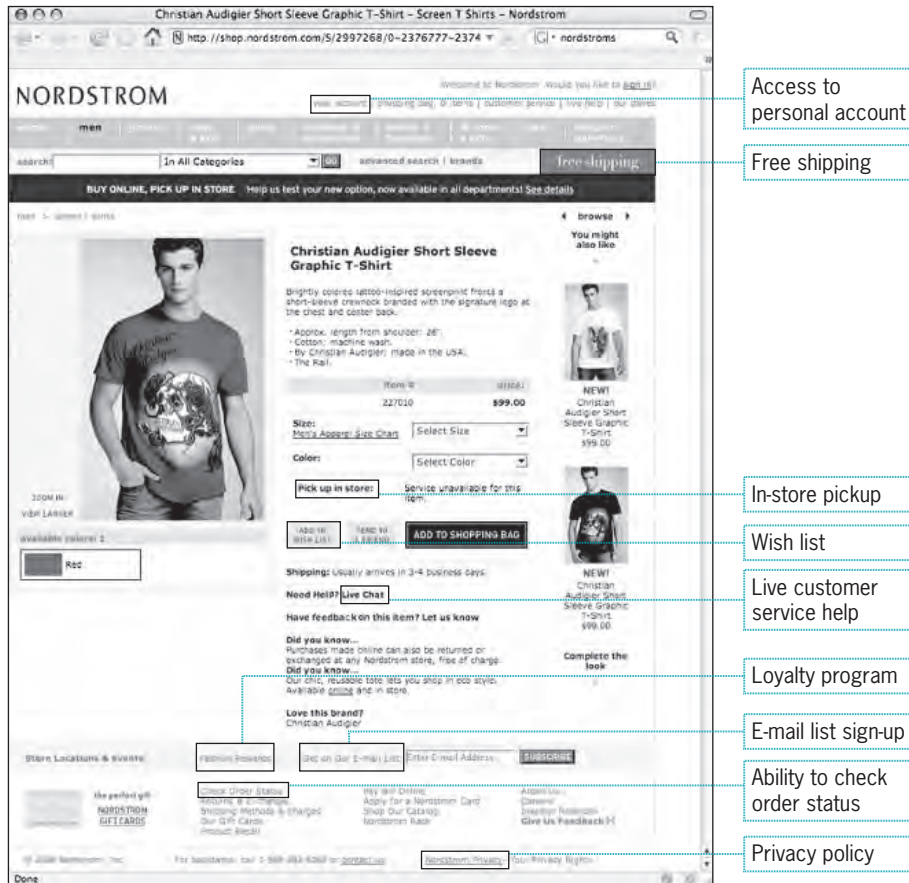
412

Access to personal account

Free shipping

In-store pickup

Wish list

Live customer service help

Loyalty program

E-mail list sign-up

Ability to check order status

Privacy policy

Figure 12-1 The Nordstrom e-commerce site incorporates many of the features that help bring consumers back for future visits.

General Design and Organization

Encouraging a visitor to return to a site begins with the design and organization of the site. Attractive design gives users a sense that the site is established and professional, and that a solid, legitimate company is behind it. At the same time, quality design specifically geared toward the target audience will help to establish the brand personality through images, color, and general layout. Quality design can also be used to emphasize specific messages and products that the marketer wants to highlight. Poorly designed sites do not do much to give customers an understanding of the brand or instill the sense of security that an established corporate entity is behind the site. Consumers do not want to spend money on a site if they do not feel comfortable it will be there the next day.

Similarly, the organization of the site plays a key role in bringing consumers back. Poor navigation or content that is difficult to find can quickly become frustrating—not an emotion that is going to keep users clamoring for more. It is essential that marketers take the time before the site is developed to map out the site, segment the content into categories that make sense, and consider how the navigation elements will lead visitors to find what they are looking for.

Regularly Updated Content and Design

Users have limited attention spans, but long memories. Once they visit a site, users expect to see new content upon the next visit. New content is important to a site for a number of reasons:

- It tells site visitors that new things are happening, and that the brand is in constant evolution, rather than growing stagnant.

- It piques users' curiosity and encourages them to come back often to see new changes.

- It gives the marketer a chance to send new messages regularly to repeat visitors.

The frequency with which a site updates its content depends on two primary variables:

- The ability of the site's marketers to create new content quickly. Content can be difficult, time-consuming, and potentially expensive to create. It can require talented writers and proofreaders for copy and professional photographers and graphic designers for product, application, or brand-oriented lifestyle and marketing shots.

- The type of site in question. While updated information is a key method of bringing visitors back and increasing the frequency of visits, it would be unnecessary and cost prohibitive for all sites to maintain an aggressive content update schedule. Table 12-3 shows a rundown of various site types, how often they should be updating and providing new content, and what type of content they need to update. These determinations are made based on general expectations on the part of the audience. For example, consumers would expect media and information sites to be updated with new content daily as news happens. Most online stores can be updated a little less frequently, depending on their size. This is fairly reflective of real life: consumers expect most newspapers to give them new information each day, but don't expect the window displays, sales, or general selection to be updated as frequently.

Type of Site	Minimum Update Frequency
Media/Informational Site	Daily
E-Commerce Site (large selection)	Daily or Weekly
E-Commerce Site (small selection)	Weekly or Monthly
B2B Site (large company)	Monthly
B2B Site (small company)	Quarterly
Entertainment Site	Daily or Weekly

Table 12-3 Guidelines for the minimum frequency of updates based on type of site.

Regardless of the frequency with which new content is added to a site, it is vital for marketers to maintain a regular schedule of updates, so that, over time, visitors will have a clear understanding of when new content will be posted. Uploading new information randomly can cause confusion, make the site and the site owners seem disorganized, and ultimately discourage repeat site visits. To ensure that new content is posted regularly, marketers will often create content well in advance and maintain an ongoing library of content to draw from, sometimes weeks or months in advance.

Updating a site does not mean that an entire site needs to change. Small updates are sometimes enough to get the point across that something new is going on. In order to make content updates work to a site's advantage, the updates should be relevant to the sites purpose and brand message, and should be highly visible to the user—with prominent placement on the Home page. Updates that are irrelevant, such as daily stock quotes on a site that sells tea cups, or that are buried on an interior page do not tell visitors that the site has something new to offer.

Media and e-commerce sites have the most work to do to keep their sites updated. B2B sites can be updated more easily by simply adding a new press release to the cyber newsroom and promoting it on the home page, adding a new blog entry, or simply changing a prominent image on the Home page. It is important to let users know that the site is being taken care of, taken seriously, and that the company behind the site is active and growing.

As sites add new content, they also need to delete old content. Information that is out-of-date or no longer relevant can deter users from returning to a site. Leaving outdated content on a site can cast the same negative shadow as not posting new content—does out-of-date information mean that the site and company behind it are out of touch or disorganized? Is that the kind of company the consumer wants to do business with? These thoughts may not be that literal

or conscious in the minds of visitors, but the doubts created in the minds of potential customers can have subtle, and potentially disastrous, impacts for a Web site trying to generate revenue.

Finally, content is not the only part of a site that needs to be updated. Like fashions and home furnishings, graphic design and artistic style evolve over time; sites need to reflect these changes. For most people, it is fairly easy to look at a hairstyle, for example, and know whether it is from the 1980s, 1970s, or even 1950s. Site design is much the same way. As styles and new tools emerge, marketers must update their sites to stay current. Often this means that a site needs to be completely redeveloped every few years.

Blogging

Blogs are meant to be an ongoing stream of thought by a single publisher or organization. Therefore, visitors expect that when a blog is included on a site, new posts will be loaded consistently. As with general content, marketers need to make a commitment to updating a blog regularly.

Maintaining a strict schedule of blogs can be a daunting task, however, because along with writing new posts that are relevant to the brand and interesting to consumers, there also needs to be a certain amount of transparency. Unlike other site content, which usually written by professional copy writers, blogs are meant to be personal. The background of the person writing the blog plays a part in generating interest among readers. This means that, for example, if the CEO of XYZ Inc. maintains a public blog on his or her company's Web site, then he or she must be the one to write each blog post. Users—both consumers and visiting media—will eventually see through the blog if the posts are actually being written by a representative or an outside agency. Ultimately, this will reflect negatively on the brand, because the blog will no longer be seen as an expression of honest opinions but rather as a blatant attempt at marketing. While blogs can keep visitors engaged, higher-level executives may find it difficult to maintain a regular schedule of writing and posting new blog entries.

Ideally, the subject matter of each blog post should reflect issues and current events within the company. For example, a B2B company that is introducing a new product at a national trade show should be posting blog entries that reflect issues surrounding the new product or the show itself. Crafting blog entries that maintain their relevance with respect to current events as well as a parallel path with other brand messaging is more likely to encourage return visits.

Voting, Polls, and Surveys

Voting, polls, and surveys also give users the opportunity to partici-
pate in a site and have their voices heard. These tools help stimulate
future visits by heightening user curiosity as to the results, as well as
drawing them closer to the brand by providing a means of interaction:

- **Voting**: Voting can be done by asking users to cast their choice
  for their favorite among two or more distinct items, files, or ideas.
  Social networking sites, such as MyYearbook.com, pit two member
  profiles against each other in a series of categories including "Big-
  gest Nerd" and "Best Smile" and ask users to vote to determine the
  winner. Voting is typically not open-ended, but rather has a pre-set
  time limit after which a winner is declared. In most cases, voting
  results are made public even while voting is still taking place.

- **Polls**: Polls are usually single questions, asked in multiple-choice
  style. Web sites that establish polls typically ask questions that
  directly relate to a specific topic covered on the Web site, such as
  the AOL poll shown in Figure 12-2, or that somehow relates to
  the general topic of the Web site. A site that sells gardening tools
  might have a poll about the best way to make keep weeds under
  control. Polls are usually not limited to a specific time frame (they
  are often just deleted from the site when they are old and no longer
  of interest). Polls do not determine a winner, and they allow users
  to see cumulative results throughout the life of the poll.

Figure 12-2 AOL asks poll questions about most stories that it features.

- **Surveys**: Online surveys typically ask users a series of questions about themselves, their opinions on a specific topic, or even their feelings about the Web site itself. Very often, surveys are used by marketers to improve a site or gain an understanding of new features and content that should be added. Survey results are aggregated offline for the benefit of the marketer and are usually not posted online.

Although polls and surveys on a Web site are hardly scientific (typically there are few controls over how often people can vote, for example), they do provide a glimpse into the mindset of an audience. They also offer further insight into the type of visitors who frequent a site (which can later be considered as the site and its contents evolve) while creating a strong connection between the user and the brand.

Contests

As discussed in Chapter 11, contests can be a strong tool for bringing new users to a site, luring them in with the possibility of winning cash or prizes. At the same time, contests can entice people to come back and visit the site to see if winners have been posted, or, in the event that the contest requires public postings of video, pictures, or other files, to see how they are stacking up to their competition.

Because they require a winner to be named, contests exist only for a finite period of time (although they may remain posted online indefinitely, to allow people to view the content and see the results). Because there is a limited amount of time to build an audience, marketers will often use the contest registration information to send e-mails and other announcements to entrants throughout the duration of the contest to maintain the participants' interest and draw them back onto the site.

Figure 12-3 shows the home page of the Blue Nile Web site, which is designed so that a contest offer pops up when a user first visits the site.
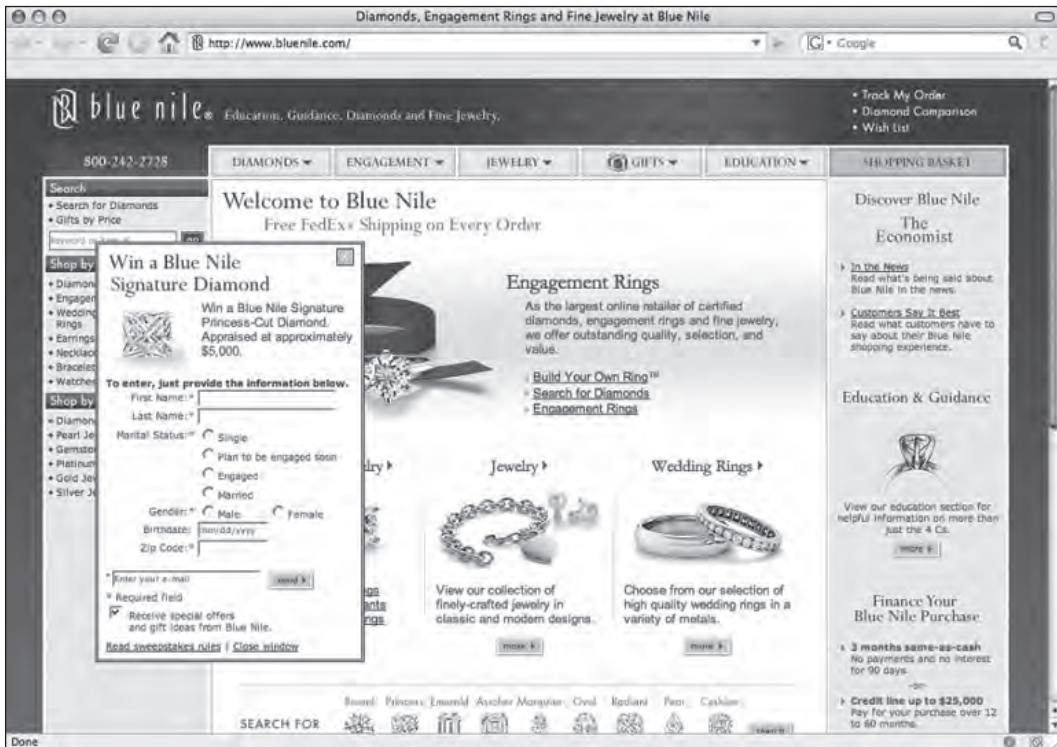
Figure 12-3   The Blue Nile site entices users to enter a contest with a pop-up window as soon as visitors come to the site.

Loyalty Programs

Loyalty programs provide ongoing incentives for visitors to return to a site often and engage in certain activities (usually that means making online purchases). Although there are a variety of mechanisms for running these types of programs, the most popular tend to be points-based systems, which award a designated number of points to consumers with each purchase, usually based on the total purchase amount.

With these programs, sites maintain a database to track user accounts and cumulative points. Consumers can log into their accounts and review the number of points that they have acquired. Consumers can often earn more by making additional purchases or taking part in limited-time promotions, such as applying for a company-run credit card. As point totals increase, users can "cash in" their points and redeem them for rewards, such as free merchandise, discounts off future purchases, free travel, gift certificates, etc. The theory behind these programs is that once enrolled and earning points, consumers will be motivated to make future purchases from the same site in

order to continue building their point totals. In addition, consumers may even increase their pace of purchases in the pursuit of reaching a points-based benchmark, whether consciously or subconsciously.

Points-based programs are widespread and highly popular. According to the report by DoubleClick referenced earlier, 70% of all frequent online shoppers (defined as those shoppers that spend at least $500 online annually) belong to two or more points-based loyalty programs.[2] In addition, while prices are an important factor for online shoppers, those consumers who belong to two or more loyalty programs are less concerned about price, and are less likely to comparison shop, choosing instead to shop at the online stores in which they are earning points.

Of course, simply offering a points-based loyalty program is not enough to encourage a user to return. For a program of this nature to succeed, it needs to have the following:

- **Ease of use**: Points-based programs are notoriously difficult to understand, and they often have fine-print which severely limits how users spend their points. The more difficult a program is to understand and use, the less likely users will be to participate. The most successful and well-known loyalty programs simplify the process by awarding one point per something that is easily measurable. Examples of successful programs include the American Express loyalty program that awards one point for every dollar spent and Continental's OnePass frequent flier program, which gives travelers one point for every mile that they fly.

- **Realism**: Earning points needs to be an obtainable endeavor. Stringent programs that do not award points until the fifth purchase or that have points that expire after a short period of a time create resentment in shoppers and are unlikely to encourage further purchases.

- **Value**: Before enrolling in any points-based loyalty program, a consumer wants to know what rewards are available and how many points they will need to accumulate before being able to redeem them for something of value. With Continental's OnePass program, travelers earn a free round trip ticket to anyplace in the continental United State after they have earned 25,000 points (traveled 25,000 miles). In addition, OnePass allows consumers to earn additional miles when they shop online at partner sites (see Figure 12-4). This has proven to be of tremendous value, especially for business travelers who fly frequently. Conversely, if a consumer signs up for a points-based loyalty program at a furniture retailer and needs to spend the equivalent of a house full of furniture just to earn enough points for a coaster set, the value of the reward will not likely prove worthwhile to many people.
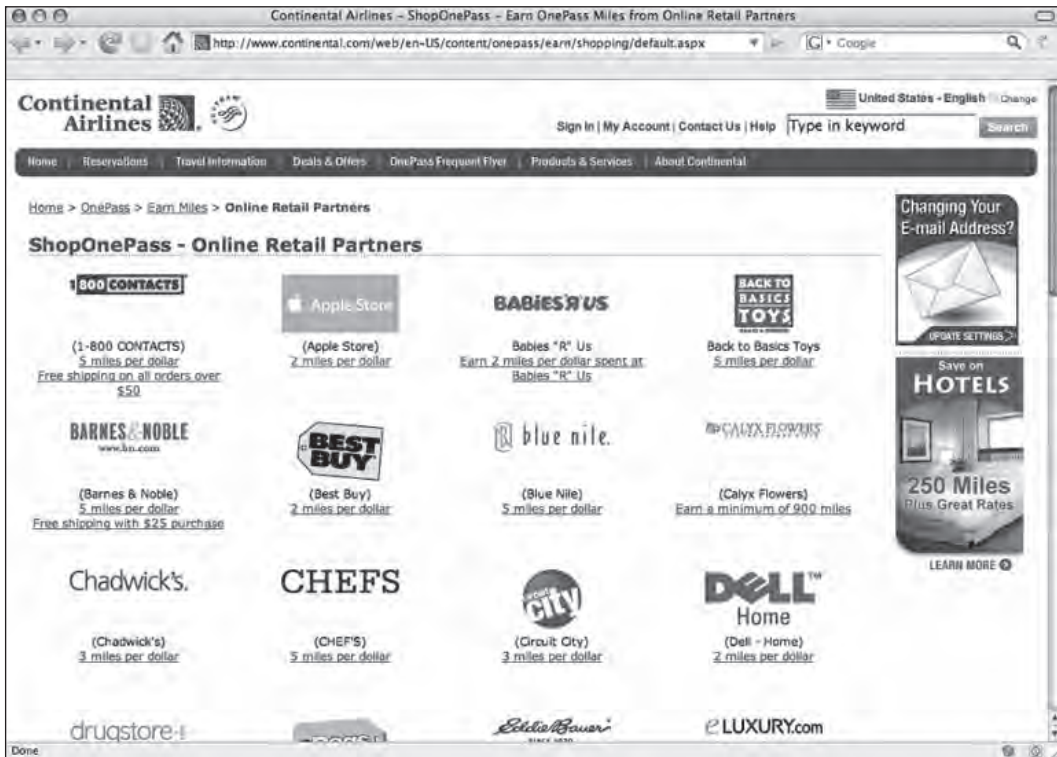
Figure 12-4 The One Pass points-based loyalty program also allows consumers to earn points when they shop at certain partner sites.

INTERVIEW WITH...

Jack Benrubi, Vice President Business Development, Advertising Checking Bureau

Advertising Checking Bureau is one of the powerhouses of trade marketing, specializing in consumer rebate, incentive, and consumer loyalty programs, servicing over 40% of all Fortune 500 companies.

I recently sat down with Jack Benrubi, the Vice President Business Development of ACB, and an industry veteran of 30 years. Jack provided some important insight into the value of loyalty programs.

Jason: How would you define a loyalty program? Are all loyalty programs based on points, or are there other types as well?

Jack: A loyalty program is an incentive to a retailer, consumer, or store salesperson or a combination of all three.

A points program is only one type of program. Another very popular program includes the distribution of reloadable debit cards. These offer an advantage to the marketer as their logo would be on the card

with a possible theme and illustration of the product. Gift cards from select retailers are also popular with loyalty programs as they can be used to purchase anything at a given specialty retailer. These debit and gift cards can usually be spent on merchandise in traditional retail outlets or online.

Loyalty programs don't just happen between the brand and the consumer. Very often, a loyalty program will encourage loyalty from the retailer, in an effort to increase sales that way. A "spiff" program is an incentive to the retail salesperson for products sold. The more they sell, the more cash they receive or the more dollars that are loaded on an existing debit card; or the salesperson can choose a gift card from their favorite retail outlet.

JASON: What is the draw that makes consumers enroll in a loyalty program?

JACK: The draw that makes consumers want to enroll is simply high amounts of cash. We have found that if the loyalty program is below $20.00 in total value, participation is normally very low, while $20 or more will generate high participation and excitement.

The communication piece or theme surrounding the loyalty program is very critical. If the program is not adequately communicated, the program will not succeed no matter how high the dollar amount. Programs are usually communicated at the retail level, via the brand's Web site, through local and national advertising campaigns in traditional advertising media, etc.

JASON: In your experience, how successful are these programs? Can they really contribute to increasing a company's revenue and profits?

JACK: The most successful loyalty programs surround themselves with a theme. For example, NASCAR may be the theme. It may be that retail salespeople are competing against each other to sell the most products at the retail level for the manufacturer. The result will be cash based on the product that they have sold or a fully branded debit card that is reloaded every time that a particular sale is made. In this way they are racing against each other with the winner receiving cash or a debit card, but also a bonus cash prize, which is then published on the Web site for all participants to view.

We've been successful in creating Web tools in which the participants register themselves on the Web tool with encrypted Social Security numbers with other pertinent data on themselves and the retailer that they sell from. This is a customized Web tool. This Web site would also include the products that are eligible to be sold in the loyalty program, including details on the program such as sales data, eligibility requirements, eligible retailers, etc. The Web site has the look and feel of the manufacturer's own Web site.

Loyalty programs have been very successful for manufacturers, especially during times of depressed economic times. During these periods, companies refuse to be status quo and see their sales further decrease. Thus, loyalty programs are created in order to help bolster sales during good and especially down economic cycles. Our incentive division has increased by over 50% over the last five years, a clear indication that companies have been successful in running these types of programs, which results in an increase in sales and revenue.

JASON: What advice would you give to a company that wanted to include a loyalty program on their site? What elements should they try to avoid that could cause a loyalty program to fail?

JACK: There are a number of keys to building and maintaining a successful loyalty program. The claiming process needs to be kept simple. The Web site needs to be easy to navigate with simplicity of data entry such as serial numbers, model #'s, sales data, etc. The Web site needs to have easy drop-down boxes with easy access to information. If a Web site is difficult to navigate and information is hard to access, then the loyalty program will be a guaranteed failure.

Wish Lists

Wish lists allow consumers who are not quite ready to make a purchase to keep track of the items and merchandise that they like and may consider purchasing in the future. These lists serve multiple purposes:

- **Encourage repeat visits**: Users are likely to return to a site where they have a wish list because the initial intent in creating the list was to purchase those items at some point in the future.

- **Ease of shopping**: Users who create wish lists have an easier time shopping because once the list is created they no longer have to search for the products in which they were interested.

- **Expand the consumer base**: Items on a wish lists are not always purchased by the individual that compiles the list. Very often, links to those lists are sent to other people such as husbands, wives, parents, friends, etc., to encourage them to buy items as gifts for holidays or just for fun.

Ongoing Marketing to Existing Customers

Keeping a customer coming back to a site may be significantly less expensive than the cost of new customer acquisition, but it is by no means free. While much of the expense of retention is in the development and maintenance of site-specific features such as live help and

or content updates, some budget must be made available for marketing to past customers as a means of encouraging return visits.

Marketing to existing customers is often different from the more general marketing done to drive new audiences to a Web site. Because existing customers are already familiar with the store and have already interacted in some way (by registering with the site, making a purchase, or otherwise providing their name and contact information), marketers can be far more specific—and direct—in their messaging. E-mail blasts are especially cost-effective and powerful for directly reaching existing customers. As described in Chapter 11, e-mail blasts can be coded in HTML and designed to reflect the brand. These efforts can be used to nudge customers into coming back simply by putting the site name back in their mind. More effective methods involve providing coupons or limited-time sale announcements to lure consumers back. Further, because databases can record what each shopper has purchased and searched for, e-mail blasts can provide customer-specific offerings with coupons or promotional pricing on products the marketer already knows that customer will be interested in. These efforts are further strengthened when discount pricing or pre-sale opportunities (such as making concert tickets or highly desirable products available before they officially go on sale) are offered only to existing clients. This helps create a sense that by being a customer, the individual is receiving a reward over and above non-customers, further endearing them to the site.

Similarly, e-mail blasts and traditional mail are often used with points-based loyalty programs to remind participants of their current point totals, what they can receive for those points, and how many more points they need to accumulate in order to reach the next plateau of rewards.

Chapter Summary

- Marketing to attract new visitors to a site can cost up to eight times more than the cost of keeping clients coming back to the site repeatedly. Increasing the number of return visits impacts not only marketing expenditures, but overall site revenue and profitability. The number of return visitors is a vital statistic that marketers keep a close eye on. Understanding when and how long it takes for a visitor to make a purchase or take a desired action is vital to keeping revenue up and marketing costs down.

- The most important consumer considerations for returning to a site multiple times relate to price, service, and their overall

experience on a given site. Other features such as free shipping, an easy return policy, and the ability to track an order also add value in the mind of the consumer. Further, marketers can encourage return visits by regularly updating site content, blogging, offering polls, surveys, contests, loyalty programs, and wish list functionality. Ongoing marketing to existing customers is another vital part of capturing and maintaining a Web site's audience.

Key Terms

churn rate—The proportion of customers that discontinue a service or their association with a brand during a given time period.

Review Questions

1. The restaurant analogy at the beginning of this chapter explains the importance of return visits, but is not a pure comparison to Web site activity because:

   a. You cannot buy food over the Web.

   b. People going into a restaurant have already decided to spend money there.

   c. Restaurants service a local audience only; Web sites can be accessed by anyone, anywhere in the world.

   d. None of the above

2. Which of the following represents the concept of churn?

   a. A newspaper losing 8% of its subscribers

   b. A credit card company having 11% of its customers cancel their accounts

   c. 7% of an online store's shoppers deciding to shop at another site

   d. All of the above

3. Which of the following is more expensive?

   a. The cost to acquire new site visitors

   b. The cost to keep visitors coming back

   c. It is impossible to measure

   d. They both cost about the same

4. Repeat visits are important for B2C, but not really for B2B sites. True or False?

5. The three most important factors to consumers in building loyalty to a Web site are:

   a. Polls, contests, and videos

   b. Polls, contests, and loyalty programs

   c. Customer service, value, and product selection

   d. E-mail marketing, free shipping, and customer reviews

6. Which of the following is not an important factor in building customer loyalty?

   a. Availability of content in multiple languages

   b. Order tracking

   c. Live help

   d. Wish lists

7. New content is important in bringing consumers back to a site because:

   a. It keeps the site new and not stagnant.

   b. It increases user curiosity.

   c. It gives marketers the opportunity to send new messages.

   d. All of the above

8. Which of the following sites need to be updated most often?

   a. Large B2B sites

   b. Small B2B sites

   c. Small B2C sites

   d. Media/Informational sites

9. One of the most important rules for updating content is:

   a. Keep all new content short

   b. Maintain a regular schedule of updates

   c. Keep new content comical—humor draws more people than serious content

   d. Use video content rather than copy whenever possible

10. A cost-effective way for B2B sites to update content is to:

    a. Post a new press release

    b. Create a whole new section of the site

    c. Redesign the navigation at least once every three months

    d. Don't bother—B2B sites don't need to be updated

11. The best person to write a blog for a business site is:

    a. The company's PR agency

    b. A freelance copywriter

    c. The company CEO

    d. The actual person who is listed as the author of the blog

12. Which of the following is most likely to have its results hidden from public view?

    a. Poll

    b. Survey

    c. Contest

    d. Voting

13. Which of the following is least likely to have a specified end date?

    e. Poll

    f. Survey

    g. Contest

    h. Voting

14. Which of the following is most likely to have more than one question associated with it?

    a. Poll

    b. Survey

    c. Contest

    d. Voting

15. Points programs are primarily used to increase:

    a. The length of time users spend on the site

    b. The potential for users to pass the word about a site on to friends and family

    c. The number of pages users see per visit

    d. Loyalty to the site and brand

16. Which of the following is not considered a key factor in running a successful points-based rewards program?

    a. The value of the rewards users can get

    b. How realistic it is to accumulate enough points before they are worth anything

    c. A catchy marketing name

    d. Making the program easy to use and understand

17. According to DoubleClick, shoppers that belong to two or more loyalty programs:

    a. Are less likely to comparison shop

    b. Would prefer to consolidate all of their points into a single program

    c. Stop visiting a given site after they have cashed their points in

    d. Are unhappy with how difficult the programs are to use and understand

18. Wish lists are meant to be seen only by the people who create them. True or False?

19. Which of the following is a cost effective way to market to existing customers?

    a. E-mail blasts

    b. Television commercials

    c. Billboards

    d. Calling them by phone

20. Giving frequent shoppers benefits such as pre-sale opportunities and coupons that the general public does not have access to tends to:

    a. Annoy the general public, and is likely to keep them from coming to the site

    b. Give the customer a sense that they are being rewarded

    c. Be impossible because of the logistics involved

    d. Be time consuming and usually not worth the effort

Projects

1. Points-based programs are an important part of building loyalty. In a one-page paper, describe what languages and tools you would use to program a points-based loyalty program.

    Research the available off-the-shelf point-based programs a company could use on a Web site. Describe one, and provide an explanation as to whether or not a site would be better off using a pre-written program or a customized one. What would be the pros and cons?

    As an extra credit project, program a simple points system, where points accumulate in a database when a user selects a specific product. Don't worry about attaching this to a shopping cart—simply accumulate points when a user selects an item and pushes a "submit" button.

2. Choose any e-commerce site. In a three-page report, describe the steps they have taken to keep users coming back.

    Which methods work? Which do you think don't work as well?

    What recommendations would you make for increasing repeat visits?

    Visit the site over the course of the next week. How many times do they visibly update content? Do you feel that it's enough?

    Do the same for a B2B site.

3. In the interview with Julie Mathews, she discussed the exceptional work done by Coke with their rewards program. Research and write a two-page paper as to how this program worked, and why it was a success.

4. Find one example each of a survey, poll, and voting mechanism on the Web. For each, describe how, if at all, they tie into the overall site messaging. What effect do you think they are likely to have in increasing repeat visits?

5. You are the lead programmer for a large e-commerce company. One of the key executives asks you for your recommendations for increasing return visits. Other than the examples described in this chapter, what recommendations would you make? Submit your suggestions in a paper no longer than two pages.

Endnotes

1. "Marketers are Flying Blind When it Comes to Leveraging Customer Data and Analytics, Reports the CMO Council." CMO Council, 14 April 2008.
2. "Consumer Loyalty Survey." DoubleClick Performics, 24 May 2007.