

## ISBM Web Consortium Insights

# Top-Line Summary ISBM Business Marketing Web Consortium August 27, 1998 meeting Rochester, New York

This is a brief, "first impressions" summary of participant discussion and formal presentations at the meeting.

Presenters on the agenda:

- Keith J. Kuehn, Manager Internet & Branding Strategies, Xerox Corporation.
- Robert G. Wagner, Marketing Communications Manager, Production Systems Group, Xerox Corporation.
- Sunil Gupta, Executive Vice President, Acorn Information Services, and manager of the 4-year-old HERMES Project tracking commercial use of the Internet.
- Steven Bell, Analyst—Business, Trade & Technology Strategies, Forrester Research, Inc.
- Marti Washburn Giunto, Senior Account Executive, PR Newswire.

For more detail, please see our forthcoming report on the meeting—"ISBM Web Insights" vol. 2, no. 2—available to ISBM members.

**Key Issues & Comment:** Meeting participants discuss problems and solutions they are encountering managing their business-to-business marketing Web sites. Occasional "show of hands" polls indicate how many participants share certain concerns.

### Who controls the site?

- Marketing communications, IT, individual business units?
- IT might have launched sites, but now marketing on the Web is a balanced team endeavor.
- A question of defining brand marketing latitude: A brand manager in our company couldn't buy a Super Bowl spot on his own, but he can easily put up a Web site.
- It's hard for our centralized marketing staff to get updated information from business units.
- The question is related to overall questions of centralized vs. decentralized marketing operations.
- Because the Web is global, country business units cannot create their own Web sites, the way they can do their own print media.
- Public affairs originated our site, and it is still difficult getting marketing information to the site, past PR guidelines restricting the distribution of company information.
- IT control is a problem, because they think Y2K is a bigger problem.

### PARTICIPANT POLL:

- *How many sites have an ownership problem? Answer: 7 of 17 sites represented at the meeting.*
- *How many sites are owned by a corporate function? 14*
- *How many are owned by decentralized departments or business units? 3*
- *How many sites are controlled by marketing? 16*
- *How many sites are controlled by the IT function? 1*
- *How many are controlled by a separate internet marketing function? 5*
- *How many sites have full-time staff? <10*

Visitor registration and customer service:

- Provide online chat service linking visitors and customer service representatives.
- Privacy concerns: Customers want service, but do not want to register.
- When you've got useful information, customers will give you information. But then you have to service them with customized material.
- What is the implicit "contract"? How far can you go requesting information from site visitors?
- "As a user, I would leave a site that tried to profile me. I also hang up on telemarketers. I want to enter a relationship with a Web site owner on my terms."

#### **Brands on the corporate site:**

- How to present separate brands for different products on the parent corporate Web site? What should be the common elements?
- Should we have a centralized function to ensure consistent brand imagery and presentation on the Web?
- One solution: create a corporate navigation structure that all divisions/business units must use.

#### **Site development and revision:**

- "Our management no longer sees the Web as a sandbox; it's no longer a toy. We've developed metrics."

#### *PARTICIPANT POLL:*

- *How many sites are "first generation"? 6*

*"second generation"? 9*

*"third generation"? 5*

*"fourth generation"? 1*

*five or more generations? 0*

(Responses total more than 17 because some sites have sections at different development stages.)

#### **Selling product directly on the Web:**

- One chemical company, that sells only ancillary products on the Web, finds the volume of Web sales "trivial, but they provide substantial customer value-add."
- The challenge of creating the internal competencies to make the Web a true distribution channel.
- A chemical company sells in large transactions to a small number of major customer via an extranet framework featuring secure transactions, and a standard menu of business services customizable to the individual customer.

#### *PARTICIPANT POLL:*

- *How many sites are selling product/service directly on the Web? 6*

#### *Global marketing on the Web:*

- How to achieve a global consensus about site content?
- Multi-language questions: e.g., how do you spell "colour"?
- The issue is not managing "multilingual" sites, but "multicultural" country-to-country differences.
- To address local community issues, you must use the local language.
- In our company, country units create their own sites, but must follow corporate standards.

#### *PARTICIPANT POLL:*

- *How many of your sites are truly multilingual? 4*
- *How many are planning multilingual sites? 7*
- *How many sites are single language only? 6*

#### *Navigation through a site designed for disparate audiences:*

- Linking to subsites.

- Related issue: communicating to different organizations and customers in the value chain.
- Rather than design your site to appeal to business unit managers, design from the viewpoint of the end-user customers of those different businesses.

*PARTICIPANT POLL: How many sites are organized by audience? 6*

*Customizing pages for registered visitors to the site:*

- Link visitors to customer database and create page views dynamically.
- How to get beyond the hype and genuinely collaborate with customers, "collaborative filtering," making complex purchases?
- The appropriate degree of customization depends on the user's personal preferences.

*PARTICIPANT POLL:*

- *How many sites link to specific customer databases, to customize pages? 4*
- *How many sites link to telemarketing operations? 2*
- *How many sites use collaborative technologies? 5*

*Extranets vs. disintermediation:*

- Channel partners now want more exposure, and transaction capability, on our site. They want more than just an information bulletin board.
- To avoid channel conflict on our site, our online store only sells specialties, reconditioned items, and bundled promotions not normally available at retail.
- Our end users complain that they don't get value from our channels. We have to listen to our end users.
- Disintermediation on the Web usually becomes a disaster, when the spurned channels sell your competitors' products and not yours. It can take four to five years to recover the lost sales.
- Most companies rely on distributors to service customers. they cannot disintermediate.
- Major customers demand to order directly on the Web

**Distributing required legal paperwork online:**

- Chemical companies posting current Material Safety Data Sheets on the Web site.

*PARTICIPANT POLL:*

- *How many sites post Material Data Safety Sheets? 6*

**Keeping the site current with a minimal staff.**

- Difficulties updating the links on a site of thousands of pages.

**Linking sales force automation with the Web.**

***Presentation:* Keith J. Kuehn, Manager Internet & Branding Strategies, Xerox Corporation.**

Current Xerox initiatives:

- Integrating paper- and electronic-based systems with "network digital documents" (NDD).
- "Docuworld" takes the NDD story to a half-million prospects globally.
- "Digipath" uses the Internet to distribute documents to printers electronically.
- "Docucolor" takes black & white document customization printing into the high-quality color world.

Xerox targets three markets:

- SOHO
- ODPG (Office Document Products Group)
- PSG (Production Systems Group)

Despite the talk in the 1970s about "paperless offices," we now use six times more paper.

Companies spend 6-10 percent of revenue on document management.

About 41 percent of business documents now produced and stored are discarded eventually.

**Presentation:** Robert G. Wagner, Marketing Communications Manager, Production Systems Group, Xerox Corporation.

The Production Systems Group:

- A \$5.5 billion business.
- Targets commercial printers, and their customers.
- We have made live presentations to 120,000 buying influences worldwide, to position Xerox and its strategic partners, such as Adobe and Sun.
- We use the Web to distribute information, including 20-30 case histories and document downloads.

*PARTICIPANT POLL:*

- *How many have built a communications campaign around the Web? 4*

**Presentation:** Sunil Gupta, Executive Vice President, Acorn Information Services, and manager of the 4-year-old HERMES Project tracking commercial use of the Internet.

- HERMES project information is based on more than 20,000 user responses and business and consumer markets.
- User expectations are set by what any vendor does on line, not just what is done in your industry alone.
- User perceptions: Online vendors score *above* average, compared to vendors using other media, for:
  - ease of ordering.
  - lowest price
  - information quality.
  - delivery time.
  - ease of contact.
    - ease of payment.
- User perceptions: Online vendors score *below* average, compared to vendors using other media, for:
  - security.
  - vendor reliability.
  - ease of cancellation.
  - after-sales service.
- ease getting refunds.
- Online vendors have a good opportunity to outshine competitors by concentrating on the below-average perception factors.
- People will buy online if they see advantages to it and are willing to give their credit card numbers.
- Repeat buyers spend twice as much as first-time online buyers. The key to win repeat business is meeting buyer expectations.
- Quality of execution and service creates online marketing success, not navigation and aesthetics. Develop site quality before being concerned about personalization.

**Presentation:** Steven Bell, Analyst—Business, Trade & Technology Strategies, Forrester Research, Inc.

- U.S. business-to-business commerce on the Web (not including EDI) will total \$105 billion in 2003, compared to \$12 billion in consumer retail sales on the Web.
- Business-to-business relationships are where the real Internet commercial activity is taking place.
- Extranets, representing the shared efforts of partners, decrease business process costs, shorten business cycle times, and increase customer and partner satisfaction.

- Extranet deployments can create 5 percent cost reductions and 10 percent market share gains, estimates based on the 1 percent profit improvement observed in some extranets.
- The majority of future business transactions will be on extranets rather than the public Internet. Online ordering is the application driving 32 percent of surveyed extranet owners, the largest single reason cited.
- Extranets come in three flavors:
  - supplier extranets.
  - distributor extranets.
  - peer extranets.
- Security concerns are fading fast, and the public Internet is expected to carry 88 percent of extranet traffic in 2003, compared to 76 percent today and 40 percent a year ago.
- About 42 percent of early extranet adopters say they are not measuring extranet performance. They should, to lay the groundwork for future development.

***Presentation:*** Marti Washburn Giunto, Senior Account Executive, PR Newswire.

- "Cybercasting" uses the Internet as a forum for business meetings, presentations, or announcements, by distributing graphics, audio, and optional video. E-mail provides the return path for interactivity.
- Cybercasting an event such as a virtual trade show requires substantial server capacity (which PR Newswire can make available) and video and audio software (also available from PR Newswire).
- Events can be password protected for security, or to charge fees to the audience.