



## **CONSUMER MARKETING ON THE INTERNET**

Many magazine publishers are using the Internet not only to deliver editorial content, but also to complement traditional marketing efforts and to offer new services to subscribers. Publishers recognize the potential to connect readers' offline and online experiences – enhancing readers' interaction with the magazine and strengthening the bond between them. Magazine publishers are developing a portfolio of strategies and techniques that have been effective in building brand loyalty and attracting new readers to the magazines. The goal for publishers is to fully capitalize on the natural synergy between the media.

To help publishers make the best use of this medium, the Magazine Publishers of America formed an Internet Consumer Marketing Taskforce to share experiences in Internet marketing and to identify ways to optimize the use of the Internet for magazine publishers. The Taskforce consists of consumer marketing experts representing a wide variety of magazines, including both niche and large-circulation consumer periodicals.

The techniques discussed in this paper are a summary of the experiences reported by the publishers who participated in the Taskforce, not a comprehensive set of "Internet best marketing practices". As reported by the members of the Internet Taskforce, effective Internet marketing practices are constantly changing. Techniques that were effective last year--or even last month--may not work today. The suggestions and considerations presented here will continue to evolve as industry practices and experiences change. Developing a successful marketing model for the Internet is a complex task and each publisher will need to develop a unique model that responds to the needs and expectations of the publisher's readers.

### **GENERAL OBSERVATIONS**

When publishers first started to explore marketing online, there was hope that this would be a breakthrough medium for publishers, a very inexpensive way to obtain new subscribers and one that publishers thought could yield tremendous numbers of new subscribers and renewals. The actual online experience of publishers, thus far, has not measured up to those optimistic expectations. Nevertheless, a well-executed Internet strategy can yield substantial benefits. It has now become another source of subscribers and readers, not the biggest source, but a good source and one that needs to be managed just like the traditional sources it supplements.

In most cases, publishers venturing onto the Internet, as an initial strategy, fully examined their most effective offline programs and applied these known practices to Internet marketing. These publishers correctly assumed that many of the same principles that guide marketers in traditional media would also serve publishers well in an online

environment. Marketing techniques that are tried and true in the offline world may need tweaking for the online environment but are likely to be fundamentally sound in any medium.

For example, marketers taking their efforts online shouldn't lose sight of the need to properly evaluate sources. Source differentiation is just as important online as off. Modeling and source evaluation are still key components of any circulation marketing plan. In-house email suppression lists should be created and maintained just like existing direct mail suppression lists. Similarly, online marketers should always aim to work with known, reputable suppliers and vendors and should make sure contracts and agreements with marketing partners are clear and precise.

As with traditional media, publishers will want to be mindful of opportunities for cross-marketing and brand loyalty building. The Internet presents a wealth of such brand-building and cross-marketing opportunities. Offline marketing efforts, say a sweepstakes, can be used to drive consumers online. Online contests and reader surveys, for example, newsstand cover research, can drive consumers to the print magazine to see the results.

Not surprisingly, not all marketing techniques translate exactly from the offline world to online. For example, in offline marketing, an over-riding principle for making an offer is KIS – keep it simple. The actual promotion in a direct mail offer will not generally involve choices – the publishers may offer one year for \$15 – simple and direct. Online, multiple offers work better. A home page may have multiple offers in different locations. A banner in the upper right hand corner might solicit a subscription, there might be three offers stacked on the left (subscribe today, give a gift subscription, renew today). In the online world, the more choices, the stronger the response.

Publishers have been pleased to find that the Internet is an exceptional environment for quickly and easily testing various marketing and editorial concepts. Members of the Taskforce have tested a wide variety of approaches to recruiting new subscribers, market testing, renewing subscriptions, and providing customer service in a cost effective, customer friendly manner.

Testing is not a one-time event. The Internet environment changes more quickly than traditional media and successful publishers will be constantly monitoring and fine-tuning their online strategy. The key to successfully using the Internet is to adapt to the customer's changing expectation with new approaches and technology.

## **NEW BUSINESS ACQUISITIONS:**

### **AFFILIATE/ALLIANCE/PARTNERSHIP MARKETING**

Partnership marketing involves a dedicated third party with whom marketing efforts and revenues are shared for a specified period of time. Publishers work with a variety of third parties, including sponsors of web sites, aggregators (e.g., Yahoo), affinity suppliers or retailers interested in reciprocal selling to the same audience base, and other divisions of the same company or company affiliates with whom names and revenues might be shared. The task force noted that this concept started online but due to new marketing flexibility with regard to partnerships has since expanded to other media.

## **What are some of the special considerations for alliance marketing?**

### **Staffing -**

Alliance marketing requires multiple skill sets. This is true both online and offline. Because selling the concept to a potential partner is akin to selling advertising, this position requires a person with sales, negotiation and closing skills. On the other hand, designing and managing the program and monitoring its performance require traditional consumer marketing skills. Some publishers staff their partnership management with one person possessing both skill sets; others use teams to cover the necessary skills.

### **Maximizing Success -**

One of the most important indicators of a successful alliance is the strength of the affinity between the partner's customers and a magazine's likely readers. While a high traffic site is obviously desirable because of the absolute number of potential subscriber "eyeballs", low traffic sites with good demographic/affinity matching have worked well for many enthusiast, niche titles. Even with high traffic sites, it is still important to make sure these sites are well targeted to the publisher's desired demographic audience.

One of the most successful techniques used by members of the Taskforce has been co-registration offers. In this type of arrangement, a consumer visits the partner's web site and registers. The consumer is then offered a free issue of the magazine as a thank you for registering. Publishers have found solid conversion from these consumers for the ensuing subscription. Publishers have found the best results when the offer is made on the publisher's own site – the challenge in that case is finding a mechanism to drive traffic to the publisher's web site.

At the outset it is difficult to judge how successful alliances will be. Publishers have found that revenue-sharing arrangements that recognize the uncertainty of success are beneficial. Some publishers have capped (i.e. set an initial limit on the number of subscriptions accepted) until the publisher gets a feel for how the partnership is performing.

## **EMAIL LISTS**

Publishers use two methods of generating email addresses for email marketing purposes – (1) lists containing email addresses can be rented or exchanged from outside list owners; and (2) publishers may generate their own email lists by appending email addresses to existing databases.

## **What are some of the considerations for email lists?**

### **Responsiveness -**

When publishers are working with alliance partners, they may do co-registrations on the partner's web site and then share the resulting email list. The value of the list to the publisher in this case will depend on the strength of the affinity between the partner web site and the magazine.

As with traditional direct mail, the best results will be achieved if the recipients of the offer have been shown to be responsive to similar offers in that medium. Publishers, therefore, will find the most value in email lists where the individuals on the list have already purchased a good or service online. For example, publishers have found stronger response using lists of individuals who have paid for email service compare to using lists of individuals who use free email services.

Publishers have found that eliminating questionable names helps the performance of the list. Publishers may use modeling to eliminate names that are unlikely to be responsive in an online environment. By targeting the list, publishers can also avoid some of the negative perceptions associated with mass quantities of unsolicited email marketing.

### **Cleansing -**

In general, publishers find that cleansing email lists requires the same sound practices that are used in the offline world and then some. As with direct mail, merge/purge processes will have to be followed. Similarly, email lists should be segmented by source and offer type. And publishers are creating in-house email suppression lists like the ones used for direct mail.

Several publishers suggested, however, that in the online environment, additional filters are necessary to clean an email list thoroughly since email lists are not as clean as offline lists. For example, some members have found that using a profanity checker is necessary. Members also have found it useful to filter for known SPAM addresses and remove them from the list. Most fulfillment houses have filtering systems, however, some members have found it beneficial to purchase additional software. When using additional filters, publishers suggested that these additional processes are important both during prospecting and when orders are received. This will help to ensure that orders are legitimate.

### **Data Gathering -**

Publishers have begun to match information received online to already existing offline data. Understanding as much as possible about the customer's history and preferences is very helpful in ensuring better communication in the future. When matching information, however, publishers must be mindful of consumer privacy concerns. Publishers should have easily-accessible privacy policies on the web site that make clear how online information will be used and offering consumers an opportunity to opt-out of marketing uses of their personal information, including email addresses.

Another consideration when appending email addresses is whether the address is specific to the individual or the household. Publishers are currently testing whether household appending is useful.

Similarly, in order to maximize the usefulness of online registrations, publishers on the Taskforce have been seeking to standardize data collection on their own web sites. This consistency makes it easier for the back end systems to identify whether the user is an existing subscriber or a new customer and to evaluate the data to allow for better communication. (e.g., is this an existing customer? is this the first email address for this customer? is this the second e-mail address? If so, should the second address be appended? If both addresses are kept, which one will be the primary?)

## **OFFERS:**

In the online environment, publishers frequently use multiple promotional attributes to appeal to various consumers. They will use multiple “subscribe now” banners on their home page to highlight their offer – Save 50%; Three free issues; Premium offer. If the three “teasers” then take the consumer to the same ultimate offer order entry page, publishers will be able to determine which of the promotional messages is most effective.

While publishers will try to obtain more immediate pay-ups from new online subscribers and renewals, Taskforce members also pointed out that consistency in offers across media is important. They suggested bringing “bill me” options from the offline world to online.

### **What are some of the considerations for online offers:**

#### **Type of offer –**

For some companies, online acquisition and conversion efforts still remain very sweeps oriented. For email marketing, these publishers have found that a sweepstakes subject line can get recipients to open an e-mail much more effectively than other types of subject lines tested. Publishers’ experience with email marketing has also shown that subject lines are extremely time sensitive. Taskforce members recommend that subject line be tested on a regular basis as they fatigue far more quickly than offline offers.

Given consumers increasing comfort level with online purchases, some companies have found offering incentives to consumers to immediately pay via credit card has been successful in increasing instant payments. Other publishers, however, have found the best immediate response from offering discounts or bonus issues. All Taskforce members felt that, in the online world, publishers would be well advised to try approaches that invoke immediate response from the consumer – “if you do this now, you get this \_\_\_\_ now.”

Publishers have been finding that gift subscription offers are well suited to the Internet. This is true both for email solicitations and web site banners. Even consumers who are not Internet-responsive for themselves may be responsive to gift offers.

#### **Incentives –**

Taskforce members offered a number of ideas for online incentives. For example, some publishers have had success offering a PDF file (perhaps a calendar of events, a newsletter, screensaver, or some interesting editorial content) as soon as a consumer pays. This type of premium is also helpful in bridging the gap between the receipt of the order and receipt of the first hard copy issue. In this regard, publishers also suggest that, if an electronic version of the magazine is available, publishers consider sending it out immediately to the new subscriber to continue the online interactive relationship.

Other publishers have found the most success in more traditional discount or bonus issue incentives and some report using a combination of the two approaches – offering a PDF

premium along with the discounted or bonus offer. Another alternative used by some publishers – special issues.

For publishers that are bringing “bill me” options from the offline world online, Some taskforce members report that they have successfully used a confirmation page that offers an incentive for immediate payment. For example, “If you pay by credit card right now, we’ll give you \_\_\_ free bonus issues”.

### **Continuous Service –**

While some Taskforce members are using continuous service offers on the acquisition effort, others have found better results converting subscribers to continuous service on the conversion effort. Significant testing is underway on offering continuous service online at acquisition. In the meantime, a number of companies are not using continuous service online.

One Taskforce member segregates the use of continuous service by payment method. Consumers are offered a choice: a “bill me” option without continuous service or payment by credit card with continuous service. They have found the majority of consumers select the credit card/continuous service option.

### **RENEWALS/BILLS:**

One of the key questions facing publishers today is whether to attempt to renew subscribers online. Thus far, Taskforce members suggest that online renewals are a good idea for subscribers that are known to be responsive online. This would obviously include subscribers that responded to an online offer for their initial subscription but also includes consumers who have purchased other goods and services online. Publishers have also had success using emails inviting subscribers to the Web site for tailored content and offering them a renewal once they visit even when these are subscribers without demonstrated online responsiveness. They do not, however, suggest using a simple hard offer in renewals to such subscribers.

EBills have become a viable opportunity for publishers, particularly for online sold subscriptions. They have similar source traits as renewals.

### **What are some of the considerations for renewals/bills?**

#### **Timing –**

One thing publishers have discovered with online renewals/bills is a much faster turnaround than for offline renewals. All online orders – including renewals – will be fulfilled a lot faster due to elimination of mailing time and order entry time. This presents unique challenges with regard to the correct timing of renewal offers. Taskforce members are testing new renewal solicitation schedules better suited to the Internet’s faster turnaround.

#### **Replacing mailed efforts or combining mail/online efforts –**

Taskforce members' experience suggests that publishers move cautiously and carefully in replacing mailed efforts with online renewals, particularly for subscribers that have not demonstrated any online receptivity. Interactive elements may be helpful in attracting such subscribers to respond to an email renewal offer.

If publishers go the combined route and use both mail and online efforts to solicit renewals, timing of the two paths must be carefully considered and coordinated, taking into account the shortened timeframe for order processing from online renewals. Careful coordination between fulfillment service bureaus and magazine computer systems is crucial.

## **RESEARCH**

The Internet has proven to be a wonderful medium for conducting research. Internet surveys are less expensive than direct mail surveys, have a faster turnaround, and comparable statistical reliability.

For the magazine industry, Internet research can be a great tool for editors to collect ideas and feedback on future content and cover design. For consumer marketers, it can be a great way to test offers.

### **What are some of the considerations for research?**

#### **Pre-testing offers -**

E-mail tests are being used to pretest direct mail offers. The timing of response to such a test is 3-4 days, compared to direct mail testing, which can take 6 months.

#### **Cover and editorial research -**

Many publishers have created reader panels to help them discover the strongest cover lines and to explore other editorial ideas. Often, an email is used to invite the panel to come to the web site to survey cover line treatment, cover image treatment, as well as testing logos for new redesigns. Panel members can be found by soliciting readers' participation in the magazine's Letter from the Editor or using pop-ups on a publisher's own web site.

#### **Product development -**

Data gathering on a publisher's own web site can help publishers understand the potential for new magazine launches. Prototyping of a new magazine's design and editorial content can be easily tested online prior to the magazine's actual launch. Potential subscriber interest can also be quickly gauged online.

## **NEXT STEPS**

- This document will be updated as new information and marketing techniques are identified.

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