

# E-Business Customer Relationship Management

## E-Business

For more information, contact:

### ***The Business Link***

***Edmonton:***

10160 103 Street NW  
Edmonton, Alberta T5J 0X6

***Calgary:***

250 – 639 5 Avenue SW  
Calgary, Alberta T2P 0M9

***Toll-free:*** 1 800 272-9675

***Fax:*** 780 422-0055 (Edmonton)  
403 221-7817 (Calgary)

***Email:*** [buslink@canadabusiness.ab.ca](mailto:buslink@canadabusiness.ab.ca)

***Website:*** [www.canadabusiness.ab.ca](http://www.canadabusiness.ab.ca)

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## I. Customer Relationship Management

Customer Relationship Management (CRM) is the broad category of concepts, tools, and processes that allows an organization to understand and serve everyone with whom it comes into contact. CRM is about gathering information that is used to serve customers—basic information, such as name, address, meeting and purchase history, and service and support contacts. In a supplier relationship it might be procurement history, terms and conditions, or contact information. This information is then used to better serve the clients.

Using the Internet and e-business to provide products and services and information to customers require that you really know and understand your customers' needs. When customers contact your traditional business by visiting the store or office or contacting someone personally by phone, you have the opportunity to hear their questions and offer solutions based on personal communication. If they have a misunderstanding about your product or a sales objection you can deal with it immediately. When people visit your online business at your website, you will not even know they are there. You do not have the opportunity to ask or answer questions. It is therefore vitally important that you anticipate their questions and concerns and provide the needed information in a way that makes it easy for them to fully understand your offering. Customer Relationship Management (CRM) is a way to get the maximum value from your e-business investment.

### a) Who is the “C” in CRM?

For the purposes of discussing CRM, we need to think of the “customer” in the broadest sense. Our definition needs to include suppliers, partners, investors, employees, and others we deal with in our definition. Each of these groups has specific and unique requirements when dealing with your organization. Customers need to be able to find out about your products and services and be able to make purchases. You need to track each customer's activity in order to make offers of complimentary products and new products that you may provide. Keeping in mind that eighty percent of your business will come from twenty percent of your customers—the 80/20 principle—it will be important for you to know who is among the twenty percent when they visit your site.

Investors will have needs that relate to the operation of the business and the performance of their investment. Making some of that information available on the web site will accomplish two things: (1) investors will be better informed, and they will be able to find out the information they require without making specific inquiries that take time to provide; (2) investors will get the same information at the same time.

Suppliers and partners want to be connected with your organization. Creating special places where these strategic partners can participate is valuable. Providing them with information, such as product promotions, press releases, and advertising campaigns will build strong relationships.

## **b) The “E” Customer**

Online customers are different from those who are able to contact you and deal with you directly. They have a unique set of expectations. Generally, they expect immediate service, either by finding what they need on your site themselves; or, they may expect that the goods or services be delivered without delay.

It is also common for prospective customers to have new or different levels of understanding about your business. An example of this was found by a book printing company that moved to the web to deliver a new “print to need” service. Their existing customers are those organizations and individuals that have books and manuscripts ready to print and simply required final printing service. What they found was that individuals with books in progress or even those with the idea that they might want to write a book were now visiting their site. These potential customers need information about the self-publishing process before they are ready to buy services. It is important to provide information services to satisfy their requirements, so they will use the book printing services when they’re ready.

## **c) Building Community - the Real Power of the Internet**

Those organizations that understand the opportunity to build community on the Internet will be successful. A great example of this is an Alberta-based producer of specialty flower bulbs. This company began building its web presence by learning where its customers “hung out” on the web. They discovered their customers visited other flower-related sites and gardening portals, associated chat groups, and online forums. Therefore, the company spent time establishing links and alliances with these other sites to attract customers to its site. The company recognized early on that they did not seek a technology solution, but rather a solution that provided a place for flower lovers to find new and unique products. As a result, they have attracted customers from all over North America and are making inroads into Asia. They also have seen another significant benefit—their average order size has increased by almost seven times. When people find their site and decide to place an order, orders are large.

The concept of community is also illustrated by the success of e-businesses like [E-Bay](#), where specialty products are auctioned as well as more common products. People interested in antiques and collectibles have “gathered” at E-Bay to buy and sell.

Portals, those sites that act as anchors, start sites, or comprehensive market-oriented locations have also discovered the power of community. A site like Agriplace.com is one where those who are interested in agriculture can find just about everything related to this industry. News, references, product information and the ability to buy and sell related products are all available on the site.

## II. CRM and the Customer Life Cycle

It takes ten times more effort and costs ten times more money to attract a new customer than to keep an existing customer. This “statistic” alone should be enough for companies to invest in CRM. Finding customers is the first step and the faster you get through the sorting process of qualifying prospects into customers; the faster the returns will be. A web environment adds to this process in a very positive way. You can provide the means for people visiting your site to select whether they are indeed right to be customers. Good design and clear information will aid in this goal.

### a) Finding the Customer

The Internet allows you to attract customers in two ways: (1) getting them to find you through search engines, links, and alliances with other sites; and (2), by proactively finding them and sending material electronically. The number one way people find online businesses is through search engines. There are a number of general-purpose engines where you can be registered, such as AltaVista, Google, Yahoo!, and MSN. Because each of the major engines works differently in the way they index information, it is advised that companies engage a person or company that has experience in this activity. A knowledgeable service provider will provide you with prominent placement in the searches. To get more information about search engines, you can visit [www.searchenginewatch.com](http://www.searchenginewatch.com). It is also important to find the specialty search engines that focus on your specific industry. Whether you are in the oil and gas, tourism, or agriculture industries, there are search engines that specialize in information focused on these markets.

It is also valuable to have your site linked from other complimentary e-businesses. Find web sites that your prospective customers visit, and then request a link to your site.

### b) Building Value for the Customer

Now that you have found your customer, it is important to find ways to add value to the relationship. Keep in mind that value is in the mind of the customer. Find out what they perceive to be valuable by surveying them either online, by phone, or by regular mail. Even though you are using online techniques, do not forget the many other ways to connect with customers. One very successful software company allows prospective customers to register at their web site, download an industry related document, and then phones the prospect within two hours to make sure they received the information successfully. This technique provides a further opportunity to get to know the customer and build the relationship. Afterwards, the company follows up with a letter.

Another way to add value is to produce newsletters that can be delivered online or by mail. Newsletters can be related to product or service announcements and contain general industry information. E-newsletters are simple and inexpensive to produce and deliver. A good rule of thumb is to keep the newsletter small and to discuss only two or three concepts.

As you build the relationship with your online customer you will be able to solicit and build more profile information. Information about product preferences allows you to offer complimentary products or give specials on items of interest to a specific set of customers. One of the original and still likely the best examples of matching customer preferences is [Amazon.com](http://Amazon.com). Once they know what book you are searching for or have ordered in the past, they suggest other related books that might be of interest. This is real value when you are searching for more information about a particular topic. Offering learning opportunities will further solidify the relationship. Using online forums, chat groups, and e-classes about the industry or your own products and services, adds to the connection with your

organization. Also consider using social networking media as a way to create and maintain a relationship with your online customers. For instance, many people use Facebook.com, and Facebook is one such social media that you can enjoy to communicate and maintain a relationship with your online customers.

### **c) Establishing Long-Term Relationships**

As you gain more experience with online services you might use more sophisticated ways to build customer loyalty and strong relationships. Building customized or personalized sites for your customers to use will provide both added services and give customers a reason to return regularly to your e-business. You can see examples of personalized sites at many of the portals listed in the reference material.

### **d) E-Loyalty**

It is easy to get customers to visit your website for the first time. It is much more difficult to get them to return. You must create value for the return visitor. Ensuring you have good content can do this. Content can be unique articles about the industry or simply links to other sources of information. Content can also be tools that a visitor may find useful. Many real estate sites have mortgage calculators or home buying checklists that aid customers in using the service. Acknowledging the purchasing history of a customer and thanking them for the business when they return to the site can earn loyalty. One way to have customers return is to provide incentives for the second or subsequent purchases.

### III. Building CRM into Your Business

Results from a survey by J.C. Williams Group, Multi-Channel Retailing: Canadian Style, provide perspective on the shopping habits of Canadians. According to the study, E-commerce is going strong in Canada as Canadians are going online to shop and research products. The survey of 2,000 online Canadians, co-sponsored by Canada Post, HP Canada and Visa Canada, shows that product selection, customer service, and guaranteed merchandise return methods are essential in creating repeat online customers. One of the main barriers to E-commerce remains concern over internet security. Online Canadians who had not shopped on the Internet indicated that the security of their credit card and personal information is critically important, and some are still suspicious about providing this information over the Internet. So, for instance, merchants who offer enhanced Visa security features through programs like Verified by Visa® and CVV2, the three-digit code on the back of the Visa card, can both build their business securely and put their customers at ease. Finally, frequent catalogue recipients reported the highest levels of online spending; indicating that cross-marketing with the web and catalogues can translate into higher overall sales.

#### a) Customer Experience at the Website

The first thing to get right is the creation of a web site that is easy for your visitors to use. It needs to be clear, concise, and include content that is appropriate for your visitor's needs. Understanding your customers' technology characteristics, including the type of hardware, software and connections they are likely to have, helps in the design of the site. If your customers are likely to have low-speed, dial-up connections, they will not be able to handle the more advanced features of some web sites.

A site that is easy to navigate will be more valuable to your visitors. Adding a site map and using clearly marked buttons can improve navigation. Put yourself in the place of your customer visiting your site. You know what your site does and the "jargon" that might be on the site, but does your customer? Most web site failures are a result of making assumptions about what the customers want, rather than really knowing.

#### b) Customer Service

The Internet allows you to deliver customer service on a 24/7 basis. That's not service on the 7th and the 24th of the month—it is service 7 days per week, 24 hours per day. This is a great opportunity because most of the service is "self-service" and does not require you to have staff on duty all of the time. Online service can be as simple as FAQ's (Frequently Asked Questions), or as complex as interactive text, voice, or video service delivered in real time. Here are a few ideas on how to deliver service and in what areas.

##### FAQs

You can anticipate the questions that customers might have and put the questions and responses in an area known as a FAQ. Simple implementations will allow visitors to scroll through the list with more advanced sites, adding keyword search capability and at the high end; you can set up a system where clients e-mail questions, when they do not find the answer they are looking for. Afterwards the answer is automatically added to the FAQ list.

##### Real-Time Service Chat

By using products like Live Person from [liveperson.com](http://liveperson.com) or Webex Oncall from [webex.com](http://webex.com), you can deliver personal services either as a text-base chat or audio. Many companies have

found that a single support representative can work with several customers simultaneously when using a text-based service. The benefits of voice/audio are obvious but add significantly to the cost.

#### E-Learning as a Service

An even more sophisticated way to deliver product and service support is by using one of the many video-based, e-learning services. These are offered in two ways: first as an archived or library product; and second, as real time. A real-time service that represents one of the new breeds of offerings is [Essential Talk](#) from the Essential Talk Network. This service operates like a radio talk show with broadcast quality sound and interactivity using either posted chat or phone-in. One way to use this service is to record a session on a particular topic and then make it available from a library as users require the information. These sessions could be comprehensive “how to’s” with voice, slides, documents, and diagrams made available to the user.

#### Help Desks and Call Centers

A help desk or call centre is a place where all customer contact is directed. Staff of the call centre has access to the necessary information to provide service to customers. There are a number of organizations that provide this service for a variety of companies thereby keeping the costs down for each organization.

#### Delivery Status

If you deliver a product through one of the logistics companies such as Purolator, FedEx or Canada Post, you can use their information service to help keep customers informed of the delivery status. Each of these organizations will provide a link for you to pass on the customers, so they can check status. For instance, if you sell books or office supplies you can have them shipped to the customer by one of these companies. By letting the customer know the waybill by e-mail or at a secure place on the site, the customer can track the order from the time it leaves your premises. There are two benefits to this service. Customers have up-to-date information available any time of the day or night, and they do not have to call into your organization to get it; this way do not have to add staff for this purpose.

### **c) Value of Customer Knowledge**

Customer knowledge is one of the most valuable assets your organization has. Gathering demographic and geographic information about your customers allows you to segment them for special attention. You may want to inform customers of a particular product that is of interest to single males aged 25-35. Having a database containing this information will allow you to send an e-flyer to tell them about the product.

When you remember that twenty percent of your customers gives you eighty percent of your revenue, it is important to know who that twenty percent is.

### **d) Delivering to Customers**

There is no better way to ensure customer satisfaction than to deliver to their expectations. Make sure you have the logistics right—packaging, shipping, delivery to the customer’s door, and handling returns. Work with organizations like [Canada Post](#) or Purolator to gain an understanding of the logistical operations required by your

e-business. They also have tools that bolt right onto your website and add significant value to your customers.

### **e) Privacy and Security**

If you gather information about customers at your online business, you will need to create a privacy statement. You are also required to give customers the opportunity to “opt in” or “opt out” of providing information. The Personal Information Protection and Electronic Documents Act ([PIPEDA](#))—formerly BILL C6—is a new act applying to every organization where personal information is collected, used or disclosed in the course of commercial activity.

The World Wide Web is a good resource for sample privacy statements. Due to the fact that all businesses operate differently, it is recommended that you review a few samples and find one that is similar to what your business will be doing, and use that as a template to build upon.

## IV. CRM Checklist

The following checklist will help guide you through the process of creating and publishing a “customer-centric” e-business. Follow the process and you will be able to build both an online and offline business, focused on providing a high quality customer experience.

### Do you know who will visit your site?

- Have you thought about who will visit your site—existing customers, prospects, suppliers, investors, competitors, employees, industry insiders?
- Have you anticipated what each group of visitors expects when getting to the site?
- Have you built the site with visitors in mind?

### Can real customers find you?

- What [search engines](#) are you registered with—general purpose and industry specific?
- Which sites have links to your site?
- Is your domain name easy to use and remember?
- What online and offline advertising do you use?
- Do you participate in chat groups and forums where your customers are?
- Are you registered with industry portals or marketplace sites?
- Does all print material include your web and e-mail addresses?

### Can they find what they want when they get there?

- Do you qualify visitors quickly and easily? For example, if you cannot ship to a particular country because of trade restrictions, is it obvious from the beginning?
- Does your home page load quickly?
- Do your visitors need special software? Are they likely to have it?
- Do they have to go to a page to find out what it contains? Do you use “mouseovers,” button descriptions, and such to help visitors choose the next page to visit?
- Do you have a search function to help find the needed pages or information?
- Do all pages load quickly and are graphics and images manageable?
- Is the language simple or does the visitor need to be an expert already? Got lots of jargon?
- Do you have a site map?
- Do you have a privacy policy and statement?

### Will customers return to your site?

- Can you identify visitors and acknowledge them by name?
- What value do you add to the visitor’s experience? Can you list specific reasons to return? Do you offer industry information and product comparisons?
- Can visitors register on the site? Is there an incentive to register? Is there value in registering?
- Do visitors get to participate in your community—with your experts, service people, other customers, industry leaders?

- Have you anticipated questions that an online visitor may have? Are the answers available on the site?
- Do you make it easy for visitors to contact you by e-mail, phone or fax? Do you have a procedure for responding quickly?

#### **Can customers place an order easily?**

- Can a visitor go directly to place an order from the home page? Do they need to navigate through other pages before getting to order placement area?
- Are prices and product descriptions clear?
- Is there a FAQ section? Can visitors submit questions online? Can they converse with a service representative online?
- Can a visitor add products to a shopping cart? Can they remove items easily? Is the total value of item in the shopping cart clear?
- Are you able to make product suggestions based on selection of other items or purchase history?
- Is the inventory checked to determine availability when order is placed?
- If products are made to order, can a visitor request a quotation easily?
- Do you have a procedure for acknowledging each order or quote request?
- Are all of the costs clearly calculated? Are shipping, taxes, packaging, miscellaneous handling costs included?
- Do customers have a choice of payment options? Can credit cards, checks, purchase orders be used?
- Is the site secure? Can an order be placed without confidential information being displayed?

#### **Can the order get delivered without hassle?**

- Do you have clear, predefined shipping processes? Got a reliable shipper?
- Do you acknowledge that the order has been shipped?
- Do you handle backorders and “out of stock” situations to the satisfaction of the customers?
- How do you handle returns? Got a process that protects both the customer and you?
- Do you provide multiple carrier and speed options and pricing alternatives?
- Do you guarantee a delivery window? Will customers need to contact you to track delivery progress?
- Can customers track delivery status?

#### **Do you provide after-sale service and support?**

- How do you collect names and email addresses? Do you build customer profiles online? Do you have a privacy and security statement? Can customers opt in and opt out of your communications program?
- Do you have a customer communication plan with e-newsletters and other ways to keep them involved?
- What does your FAQ section look like? Is it comprehensive, can it be updated easily with new customer queries?

- Can customers contact your service department 24 hours per day, seven days per week?
- Do you offer e-mail, phone, and fax inquiries?
- Do you have a procedure for responding in a timely manner?
- Do you track customer purchases and enquiries for later follow-up? Can customers see their account and activity history?
- Can customers find your brick-and-mortar stores? Do your stores support the activity of your web site – handle returns, honor pricing, support the products?

**What do you know about your customers?**

- Do you know which customers give you the most business?
- Can you identify your best customers when they arrive at your site?
- Are you alerted when your customers have a problem? Can you tell when customers stop being good customers?
- What level of detail do you know about your customers?
- Do you ask for customer profile information?

## V. Attracting and Keeping the Customer

For your site to be successful, people need to visit it. Generating traffic on the Internet is not a simple task because of the numerous choices available to consumers. You can use the Internet to put a new spin on traditional marketing techniques or use innovative approaches like permission marketing, search engines, and virtual malls. Just as important as attracting customers is keeping them. Many e-commerce experts argue that customer service is more important on the Internet than in physical stores. Although the world of e-business is impersonal, the process of data mining makes your customer more than a mere number.

### a) E-marketing and Advertising

There are numerous methods to market your online store, and new ways to use the Internet to do so are popping up all the time. The most common and effective methods are: offline advertising, referrals, e-mail, viral marketing, search engines, virtual malls, and banner advertisements.

Strictly speaking, any marketing message sent by e-mail is e-mail marketing. With a spectrum that stretches from one-to-one marketing to bulk messages, you can devise an e-mail marketing strategy that suits your company. For businesses serious about advertising online, e-mail is one of the most successful ways to target a specific audience.

Businesses should avoid the use of bulk e-mails sent without permission, also known as spam. Spam e-mail imposes costs and burdens on recipients by taking away access time and memory without permission. In high volumes, spam has been shown to clog networks and slow down communications between legitimate users.

A marketing strategy using spam will do serious damage to a business's credibility. The most effective way to identify a target market is to obtain the customer's permission to send more information.

#### Permission Marketing

Permission marketing builds on the current practice of sending marketing material to interested customers. The Internet adds a new dimension because it allows consumers to volunteer. By taking only volunteers, permission marketing guarantees that the consumers who receive it are paying greater attention to the message. It also allows you to tell your story without being interrupted by competitors. Often customers participate because they are rewarded with coupons and special discounts. By allowing customers to opt into marketing, you are making a personal connection.

To opt in, customers check a box or give their e-mail address. The more specifically the recipients are told what they are opting into, the more valuable the list. An opt-out strategy assumes the reader wants to get e-mail but offers a chance to remove his or her address from the list. Most experts agree that the choice is less clear to newer Internet users and therefore the information is less valuable.

#### Affiliate Programs and Viral Marketing

Affiliate programs and viral marketing strategies are relatively new and rely on referrals. In the affiliate program, networks of web sites place banners or links on other web sites that promote each other's brand names and products. Customers are referred to one another in exchange for a sales commission.

Viral marketing describes the pattern where information about Internet companies spreads via referrals. Customers pass information about services to those close to them, including friends, neighbours and co-workers. Those people then pass the service onto their own friends, neighbours and co-workers, and so on.

### **Banner Advertisements**

Banner advertisements are the “Click here” messages you see at the top of web pages that try to tempt consumers into visiting companies’ web sites. There are mainly, two ways to get your business’s banner ads online. You can buy the ad space from the site you are interested in advertising on. A less expensive option is joining a banner exchange network. In exchange for displaying banner advertisements on your web site for other companies, these companies agree to display your banner ads on their web sites. For the greatest return on investment, seek out complimentary sites and arrange a reciprocal banner agreement.

A new concept in banner ads is rich media e-business banners. With a built-in order area, expandable forms, and security measures to protect credit cards transactions, customers can purchase products within the banner.<sup>ii</sup> By having the entire e-business transaction within the banner, the prospect does not have to leave the host site. These banners work best for products or services that do not require much explanation and are easy to order.

The Internet provides an infinite number of choices for consumers so the key is to build loyalty to your site. Customer loyalty is predicated on customer service, information, and value-added services.

## **b) Customer Loyalty and Service**

### **Customer Service**

Providing excellent customer service is the most important thing you can do to build customer loyalty to your online store. This includes selling high-quality and reliable products, delivering your products on time, answering e-mail messages promptly, and providing an accelerated checkout process.

### **Information**

Almost as important as customer service is the information provided on your web site. If your site offers information on your products, customers realize that you are interested in developing a relationship. Newsletters, articles, tips, recipes, and special offers keep customers coming back.

### **Value-Added Services**

To create loyalty, give your customers something they need but don’t expect from you. For example, an e-mail newsletter can keep your customers informed about special promotions, new products, and new content on your web site. Another idea is to send your customers an e-mail reminder for those products that customers reorder on a regular basis. You can also provide online storage of customers’ data such as wish lists and birthday and anniversary reminder services.

### **Your Retail Store and Gift Certificates**

Physical retail stores and online stores should work in harmony. By using a brick-and-mortar retail presence to promote online stores, customers will not be encouraged to go online and buy products from competitors. To promote your new site, include the address on your receipts, invoices, shopping bags, print advertisements, and other sales literature. Another way to promote your new web site is to send electronic gift certificates to existing offline customers. The next step is to allow your customers to send the e-gift certificates to family and friends, thereby increasing referrals.

### c) Search Engines and Site Optimization

A search engine is a program that searches Internet sites for specified keywords and returns a list of sites where the keywords are located. Acting as funnels for the enormous amount of information on the Internet, search engines are important in advertising your business. In comparison, a search directory does not search web sites but searches a directory of keywords that have been registered with each web site.

Submitting to search engines is easy because you only have to submit your web site address and e-mail address. The process for submitting to a directory is much stricter than a search engine, and submission does not guarantee registration.

Directories require more specific information during registration, and a human editor will review your site to decide whether to include you in the directory. An example of a directory is Yahoo!. To add your site to a search engine or directory is as easy as going to the search engine's web site and clicking on a link that says "Add your web site." Registration can take as short as a few weeks or as long as a few months. The ideal situation is to have your web site included in both the search engine's directory and its full-text index of web pages.

Because there are a number of popular search engines, you should register with more than one. Currently, the most popular search engines include Google, Yahoo!, Bing, and AOL. If there are Canadian and American versions, like Google.ca and Google.com, registration with the Canadian version will include registration with the American version. Because there are so many search engines, software has been developed that allows you to submit information once and then it registers you with several search engines.

Top 10 Search Providers for August 2009, Ranked by Searches (U.S.)			
Search Provider	Searches (000)	Month-on-Month Growth (%)	Share of Searches (%)
<b>Total</b>	<b>10,812,734</b>	<b>2.9</b>	<b>100</b>
Google	6,986,580	2.6	64.6
Yahoo	1,726,060	-4.2	16
MSN/WindowsLive/Bing	1,156,415	22.1	10.7
AOL	333,231	1.8	3.1
Ask.com	186,270	2.9	1.7
My Web	128,432	0.5	1.2
Comcast	50,328	-21.6	0.5
Yellow Pages	37,923	2.7	0.4
NexTag	31,830	0.4	0.3
Local.com	16,314	2.9	0.2

Source: Nielsen MegaView Search

Source: [SEW Staff](#), Search Engine Watch, Sep 15, 2009

Online: <http://searchenginewatch.com/3634991>

### **Site optimization**

As search engines actually read your pages, it is important to provide search engine friendly pages. Many marketers submit their sites to the search engines carefully, only to find they did not get listed in this search engine or that one. The solution to this problem is site optimization—making your site search engine friendly.<sup>iii</sup> It is a good idea to have someone evaluate the HTML (HyperText Markup Language) that your web site is built on to ensure that search engines can find everything they require.

### **d) Data Mining and Data Mining Uses**

IBM states that, “The Company that knows its customers best and uses what it knows to serve them better has a huge advantage in this one-to-one environment where competitors are only a click away.”<sup>iv</sup> Small retail businesses rely on their knowledge of the customer to inspire loyalty. On the Internet, the process of incorporating that same knowledge is called data mining. Although you cannot put a face to a name, the information you collect on your e-business site can identify needs and remember preferences. Data mining refers to taking the raw data your customer has provided and turning it into valuable information. To mine for data, information must first be collected; secondly, the collected information is stored and organized, called data warehousing; finally, the organized data is analyzed so it can be turned into the information you need.

Because information is money, the ability to break down the information is not cheap. Hardware and software are provided companies such as Oracle, IBM, Netscape, and Microsoft. Often hosting companies already have the right combination of hardware and software. For a fee the hosting company will sort out your traffic to increase your marketing effectiveness.

#### **Data Mining Uses**

With the ability to data mine, small businesses can capture important information on transactions and customers and use it to enhance their sales and service. This information can be used to segment tables, customize products, and improve customer service.

#### **Sales Segmentation**

Experts say getting the most out of existing customers is the most cost-effective strategy in retailing on the web. Repeat customers have already purchased products on your site, therefore you know their interests and buying habits. Based on prior purchases, you can e-mail information on products they are likely to be interested in. A data mining analysis of your customer interactions can reveal those clients who represent most of your sales and those who have not bought anything for a while. These are customers you may want to e-mail for the purpose of making them profitable again. Keep in mind that approximately 80% of your business will come from 20% of those who visit your site. Success can be achieved by targeting that 20%.

#### **Product Customization**

If your business manufactures goods, you can use the information gathered to customize your products to the specific needs of your customers. If you don't manufacture your products, then you can use the same information to alter your orders from your suppliers. Loyalty is created when customers can order customized products.

## **Customer Service**

Data mining can also be used to provide after-sale service, ensuring customers are satisfied and become long-term loyal clients. By tracking old customer problems, businesses can anticipate the services they will have to provide to new customers.

## **e) Data and Privacy Problems**

Alberta, for the most part, has left privacy issues in the hands of industry; however, the Province is involved in developing legislation that speaks to consumer rights and privacy issues. Government and industry encourage a balance between obtaining information for your business and respect for your customers. Customers need to know that their purchasing data are not going to result in unwelcome postal or e-mail solicitations, telemarketing calls, or stolen identities. Retailers who show respect for their customers' privacy will succeed.

To demonstrate trustworthiness, companies often post privacy statements on their web site. These state whether or not data are provided to third parties and whether or not the customer can choose to whom the data may be provided.

## **f) Internet Marketing Tips**

There are many methods to market your online business including traditional methods like advertising and coupons. The Internet's unique environment opens new doors to marketing by allowing you to collect information from each transaction. This information can be used to target your marketing efforts and to provide meaningful customer service. The key is to make your web site address known and give customers a reason to come back.

### **Internet marketing tips:**

1. Tell your customers about your web initiatives
2. Offer gift certificates and coupons to those who shop online
3. Allow customers to opt into marketing campaigns where they will receive coupons and discounts
4. Register with many search engines
5. Affiliate yourself with a virtual mall or portal
6. Try using a banner exchange service, which will let you advertise your business on other sites and their businesses on your site
7. Send 30- to 60-day, post-purchase e-mails with targeted specials to ensure the return of previous customers

## ***Other Useful Resources***

### **CRM Portals and Specialty Sites**

- IT Tool Box CRM - <http://crm.ittoolbox.com/>
- CRM Daily.Com – <http://www.crm-daily.com/>
- Search CRM.Com – <http://searchcrm.techtarget.com/>
- Social Networks Among Trends in CRM for 2009 - <http://www.internetnews.com/software/article.php/3794001/Social+Networks+Among+Trends+in+CRM+for+2009.htm>

### **Other Resources**

- [Web Digest For Marketers](http://www.wdfm.com/) – A comprehensive service that reviews websites and categorizes the best by area of interest to any business.  
Website: <http://www.wdfm.com/>

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