New Technology Briefing

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E-brochures increasing online profit

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Abstract

The internet is far outstripping other media and growing. This paper examines the role e-brochures can play in online communications and e-commerce. The entire piece is written from a direct and interactive marketing perspective, demonstrating how e-brochures have been applied in this area. Jargon is avoided. In doing so it aims to open up to marketers and brand owners a new opportunity for cost-effective marketing.

Introduction

Internet shopping in the UK alone is predicted to grow to £13.5bn during 2004.¹ Latest research by the Interactive Advertising Bureau (IAB) and Forrester Research highlights increasing growth in the take-up of internet and e-commerce throughout Europe.² Even more interesting is how consumers are using it. . .

Fifty-five per cent of UK adults have internet access and are online at least once a month. Only Sweden (73 per cent) and the Netherlands (67 per cent) recorded higher figures.³ For those with access, the internet has now become the second most dominant medium. Now ahead of radio, it easily beats both newspapers and magazines (based on the number of hours' usage per week).

Critically, the UK also leads the way in e-commerce. According to the IMRG, UK internet shopping grew by 70 per cent to £2.5bn over the Christmas 2003 period!⁴

E-brochures are increasingly being used to facilitate online sales and internet content. In certain sectors marketers are underpinning this as they attempt to shift less profitable offline sales into higher margin e-commerce.

How does e-brochure technology work?

E-brochures are a form of electronic publishing. How they are used is limited only by the imagination. Most typically it has been as e-catalogues, corporate e-brochures and e-magazines. Recent innovations have meant they can be used as:

- e-photo albums — which customers fill in themselves
- e-surveys — a variation on the incredibly successful online survey products

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Addressing the missing ingredient

- e-diary — used precisely as a hand-held diary and fully editable by the customer.

How they work is extremely simple: customers can either download the file and save, or browse within the website they are visiting. Content is viewed immediately upon the first page being seen, regardless of connection speed — no waiting for pages to load.

The technology was developed initially to address a key missing ingredient of other online publishing: no software delivered online content in a format customers are used to viewing. E-brochures deliver content in the way every person is taught to read: by turning the page.

Although websites are highly interactive, the navigation is often complex and is a major reason why customers get frustrated and shop/browse elsewhere. Almost every marketer has addressed that issue at some point in their career — and still is today. How many times have you heard the objective of ‘maximum three clicks’ bandied about in meetings?

In addition:

- other online publishing formats had and still do have limited interactivity
- e-brochures are unique in their ability to feed live content, be it text or images
- file size can be as small as 100th the size of PDF due to massive compression rates — so your reach can be dramatically increased
- Apple Mac users can view any e-brochure file so long as they have PC Simulator software and the vast majority of Apple Macs now sold have such software.

With certain suppliers, there are three options for delivery.

Deliverable in three ways

- *Download.* If downloaded by the customer, e-brochures arrive in a format they can read immediately. The reader is contained within the file.
- *E-mailable.* A unique ‘DNL’ format was developed so that a brochure can be e-mailed directly to customers as an attachment. Usually customer/company security firewalls will prohibit certain attachments. As the DNL format does not contain a reader it bypasses such security devices in the majority of cases. The customer just has to click once to get the reader allowing them to view the file.
- *In-browser.* All e-brochures can be viewed within an internet browser. Many companies show PDF in this way — the problem is that each time the customer goes to another page, they have to wait for content to reload. E-brochure content is available immediately.

Software is available to buy online. This is good for very limited usage but tends to be a very much inferior product to the purpose-built software.

Case studies have shown that viral marketing is encouraged by e-brochures.⁵ Although a major advantage, what if you need to ensure

In-built payment

only the user can view the file? Well, they can now be protected so they can only be viewed on the PC to which they were downloaded. This is critical if the publication is an e-magazine, or say a football e-programme.

Dovetailing with the above is the very recent addition of an in-built payment device. A customer can download the publication and view it once they have paid — this is a self-contained solution within the e-brochure software. The transaction is made by merchant account — just as buying a book.

E-brochures do not currently have the global penetration of Adobe PDF. But that is rapidly changing. The number of individual customers accessing such files is estimated at millions (based on the exact number of reader downloads plus estimates of files with readers built in).

Table 1 is a quick comparison of three present online formats. This paper is not suggesting e-brochures replace websites, rather that they be used in conjunction with websites to improve conversion rates and retention levels.

Enhancing website business

Table 1: Comparison of online formats

Website	PDF	E-brochure
<ul style="list-style-type: none">• Complex navigation• All pages load separately• Totally interactive• Hosted elsewhere• Internet access required• Website is in MBs• Dynamic content• Waits for customer to express interest• Works effectively with other channels• Expensive pages	<ul style="list-style-type: none">• Scroll down only• Pages reload each time• Limited interactivity• Viewed in-browser• Can browse offline• >100× larger than e-brochure• 'Flat' content only• Onus on customer to show interest• Can work with other channels• Relatively cheap	<ul style="list-style-type: none">• Simple page-turn• One download to view• Highly interactive• Customer 'owns' file• Can browse offline• File size under 1MB• Dynamic content• Stimulates customer interest• Works effectively with other channels, particularly web• Extremely cost-effective

Lastly, similar communications are sometimes created using Flash Macromedia format. This is not e-brochure software and is seldom able to achieve the same levels of interactivity for a customer — in particular dynamic content. Also, file size will often be an issue.

E-brochures applied to direct and interactive marketing

A number of case studies are used below to highlight:

- how e-brochures complement the website business model
- how well-known brands have benefited
- how e-brochures are integrated with other channel communications
- impact on customer reach
- revenue and profit generated.

Case study: PC World Business (PCWB)

PCWB is a leading B2B provider of IT solutions. With over 40,000 products available they are trading with one in three UK businesses. Thirty-five per cent of all business transactions are completed online at

PC World Business

www.pcwb.com and this figure is growing. PCWB has a 150-seat call centre in Bury, north Manchester, and has over 135 business centres located in PC World stores throughout the UK

PCWB marketing strategy

There is a range of sophisticated channel activity, as detailed below.

Offline

The three offline strategies (Figures 1 to 3) are all followed up by a mix of direct sales via key account managers and the call centre team.

Online

The website (www.pcwb.com) receives over 40,000 visits per week and handles 35 per cent of all business transactions. It provides enhanced product specifications on over 40,000 products and dedicated microsites for a solution-led approach (eg audio-visual solutions). Full account facilities are available.

E-bulletins are a deals-led communication and are produced weekly. Different variations are distributed to all customers dependent upon size of business and sector (eg education).

The challenge

Offline material is out of date as soon as it lands on the customer's doormat (for example, pricing/availability details may change), and production and postage costs limit reach. The website navigation process is still complex; and e-bulletins are restrictive on the amount of deals featured.

Bridging the gap

A device was needed to support telephone/field-based selling, and something was required to bridge the gap between existing offline and online marketing.

- 852-page catalogue
- Produced three times per year
- Distributed to high-spending customers
- Cost per pack £6

Figure 1: Definitive Buyers' Guide
© PC World

- 192-page minilogue
- Produced six times per year
- Distributed to medium/low-spending and high-potential customers
- Cost per pack £1.50

Figure 2: Business Buyers' Guide
© PC World

- 32-page mailers
- Produced seven times per year (when DBG and BBG not produced)
- Different variations distributed to all customers dependent upon size of business and sector (eg education)
- Cost per pack £0.45

Figure 3: Product update mailers
© PC World

Of particular importance was the sales process for the product update mailers, which was based on a call centre follow-up to the mailing. The call centre team would discuss the latest deals and products with customers over the phone — both parties reviewing the printed catalogue simultaneously. But PCWB found a delay in the process and a natural impact on sales conversions if the customer said they either had not

received the mailer or did not have it to hand. In such cases PCWB would have to send another catalogue and wait at least a few days until it could be followed up again.

The solution

World first

A dynamic e-brochure replica of the Business I.T. Update (product) mailer was produced (Figure 4). The ability to update prices dynamically was a genuine world first and still has not been achieved by any PCWB competitor. The e-brochure was promoted via the call centre team and one e-bulletin.

Dynamic prices

How it works

Customers are sent an e-bulletin to download the file. They simply press an 'Update' button to receive the latest prices (which are updated every day). New prices are received via a remote database specially created for this e-brochure. Every product links back to the specific product page on the PCWB website, enabling the customer to buy immediately.

Crucially, the file was now being used by the call centre team. If the customer did not have the printed version to hand they were simply asked to go to www.pcwb.com/ebrochure, where they could download the file instantly (Figure 5). The net effect was that the sales call could be completed in one conversation. Naturally there was an uplift in sales conversion rates.

Cross-channel impact

The results

- Over 1,000 customer downloads.
- More efficient sales process.
- Significant uplift in order rates compared to standard e-bulletins.
- External sales reps had a face-to-face customer sales tool.
- The 135 business centres used one e-brochure as opposed to being

Figure 4: Business update e-brochure
© PC World

Figure 5: Instant updates
© PC World

sent 30–60 printed copies each (normally £1,800–£3,600 in pack costs).

- Doubled reach to over 40,000 customers.
- Savings on postage and production costs. (Postage costs as a percentage of overall pack costs are over 40 per cent. This is in line with statistics produced by the DMIS.⁶)
- Something different to talk to customers about!

Richard Millman, marketing director at PCWB, said:

‘The dynamic pricing in this e-brochure is superb. Others only deliver “flat” content with prices that can be redundant the day after posting. As we update the prices of around 5,000 items each day, we needed a solution capable of updating content in real time.

‘The first e-brochure will be an electronic version of our Business I.T. Update newsletter and we hope to produce additional versions on specific ranges and for individual promotions.’

Extremely positive PR coverage was generated in trade press as a result of this initiative. PCWB has proven that e-brochures can be successfully applied to cross-channel marketing, and is currently assessing how best to roll out e-brochures across its publications and customer segments.

Case study: Everton Football Club Company (Everton)

Like the vast majority of football clubs, Everton sends a merchandising catalogue to customers in time for Christmas trading. Most clubs will send a catalogue of anything up to 100 pages at this time. In its offline form, it is an expensive but effective piece to produce and post.

In considering e-brochures, Everton had several objectives:

Real competitive advantage

Everton Football Club

- to increase distribution of catalogues globally
- to increase online sales during Christmas 2003
- to increase profitability
- to reduce postage and production costs.

In addition, almost every football club is trying to achieve two things in order to increase profit:

- direct sales: more profit goes directly into the club which is reinvested in facilities and the squad
- online sales: more profitable than offline.

Within seven days of starting, an e-catalogue was produced and launched (Figure 6). As with PCWB, this was an online version of existing printed material. Again, deep links for every product were programmed in so that customers could bypass considerable website navigation.

Promotion was very simple:

- prompt on website splash page for three days
- prompt on one weekly e-newsletter
- contained in online megastore.

Major sales uplift

The e-catalogue had a major impact on Christmas orders, as detailed below. It was assumed that a major factor was customers being able to download the e-catalogue immediately, as opposed to phoning or e-mailing to request a printed catalogue and waiting for it to arrive. This meant several more days' shopping window for customers to order before the Christmas cut-off date of 14 December 2003.

Results

Note that the following results are based on a mixture of scientific analysis and assumptions based on knowledge of buyer behaviour.

- Paid for itself more than 60 times over.
- Just over 10,000 downloads within three days.

Figure 6: The Everton e-catalogue
© Everton FC

- Saved over £28,000 on print, postage and calls — these savings are believed to become a bigger factor as internet penetration increases.
- Thirty per cent conversion rate.
- Significant incremental spend was achieved.
- Higher order volumes were achieved pre-Christmas than would have been achieved using just a printed version.

Richard Dillon, international marketing manager at Everton, said:

Profitable online mail order

‘E-catalogues seem to be the way forward for profitable online mail order. They offer zero postage costs and yet for the consumer they are just as easy to browse and order versus an offline catalogue. A great feature is that prices, out-of-stocks and additional lines can be changed and added instantly without significant cost. Internet penetration and online shopping rates are the only factors limiting the use of this technology right now. The Everton e-catalogue was a successful test, and we are currently looking at future projects.’

Since this project Everton has launched a small ‘megasale’ version early in 2004 and has just launched a full e-catalogue for their new kit launch. Such an application is now being used at many other Premiership and Scottish Premier League (SPL) football clubs. Among them is LiverpoolFC.tv, which on 24 April 2004 launched a full 80-page e-catalogue for their new kit launch. Early indications are very positive on what was a test project. A customer survey has been completed showing overwhelmingly positive feedback.

Marketed and communicated in the right fashion, there is no doubt the football industry will prove to itself and other sporting and mail-order sectors that a higher return on investment from marketing spend can be achieved from e-catalogues. As if to prove the point, one SPL club reduced print volumes of its catalogue due to the anticipated success of the e-catalogue launch.

There are also other benefits to direct marketers:

Benefits to direct marketers

- you can specify precisely when your customers can download the file, through scheduled e-mail marketing, launch of website pages etc
- customers can receive delivery before the printed version has arrived by Mailsort
- the customer is downloading the e-catalogue when they are in ‘buy mode’
- immediate browsing should have a direct impact on conversion rates
- product links can be adapted so as to track orders directly to the e-catalogue.

Case study: BetFred (sports betting)

BetFred.com Euro 2004

Highly topical and another first of its kind, BetFred decided to launch a Euro 2004 wallchart for customers to download and use during the tournament (Figure 7). BetFred is a leading telephone and internet betting company with an already established high-street presence.

The company is undergoing a significant expansion, which includes the

launch of a new website. As a relatively new operator online, BetFred is keen to position the website as delivering something innovative and different from other sports betting websites. *Ad hoc* initiatives such as e-brochures have to be of real value to customers.

Figure 7: The BetFred Euro 2004 wallchart
© BetFred

The wallchart was launched by banner ads on partner websites. This was supported by small prompts on the BetFred website, www.betfred.com. All the customer has to do to get the latest scores, group tables, betting odds and much more is press the 'Refresh' button (Figure 8). The data are received from a remote database set up specifically for this wallchart.

Driving telebetting

A key driver for the wallchart is to facilitate telephone betting. As the new website is not yet live, betting via the e-brochure must be by telephone — further proof that e-brochures are being used successfully for cross-channel marketing. Only live for three days at the time of writing, feedback has been exceptional for the BetFred brand.

The company is planning to use e-brochures for other major sports events in addition to helping to launch other initiatives.

Future improvements to the technology

As with any innovative form of marketing, the technology is being developed every day. This is driven by a mixture of provider and client identifying what enhancements would deliver real cutting-edge and practical solutions for customers. Success is built on delivering simplicity for the customer. That ethos will continue throughout.

Evidence of common-sense enhancement is in forthcoming improvements:

- shopping basket built in: customer can compile an entire order offline, then click through to pay on the client site

Innovating the innovative

Figure 8: Updating the wallchart
© BetFred

- pop-ups: messages programmed to pop up if the customer moves the mouse over certain parts of the e-brochure.

Direct marketers of leading retail operators, travel companies, publishers, charities and mail-order companies are either adopting this new technology or evaluating how best it can be incorporated in their business model.

The implementation of e-brochure technology will become increasingly varied as direct marketers seek to reduce cost per acquisition, improve cost-effectiveness and take advantage of e-commerce growth. Ultimately every PC sold is likely to have an e-brochure reader already loaded, ensuring mass-market appeal. Such implementation will lead to growth similar to that of the PDF format — perhaps even overtaking it.

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