

Bridging the Digital Divide

Three leaders in digital media talk to Michael Thorp about how NZ's 460,000 small-medium businesses can profit online.

It is quite astounding that while 86% of Kiwis use the internet as their number one source of information, less than one-third of the 460,000 small-medium NZ businesses, according to MYOB data, have a website.

"Small businesses in New Zealand haven't really woken up to the opportunity," says Tony Kuesgen, Google NZ manager. "It's quite staggering. I mean, there are more searches in New Zealand for lawyers than there are for Lady Ga-Ga."

So, I put it to him and three other leaders in digital media, **What are the opportunities online for NZ businesses and how can they best profit from them?**

Opportunity 1: The internet is the number one place that most New Zealanders go to for information.

"The reality," says Kuesgen, "is that for 80% of Kiwis, their first step is to go to Google and search online for a product or service - it's just prolific now - it's part of our DNA, there's no filter for doing brain and keyboard now, we instinctively go and search online whenever we have an interest or need for a product or service, and it might be situational, it might be something we've had a trigger and it's immediate."

So, that in itself represents a huge opportunity for those businesses that want to be found but are finding it difficult to be. And because it's so prolific from a consumer perspective to go to Google as the first thing we want to do, it clearly makes sense that businesses should be there.

The first thing is to get a website online. It doesn't have to be an all bells-and-whistles website, but one that clearly articulates what your business is, what it does, why what you do is good, and how to get in touch with you. That's rule number one. Number two is be found."

Opportunity 2: When people go looking for a product or service online, make sure they can find yours.

The internet enables businesses to be there exactly when people are looking for a product or service, via Adwords and other digital display advertising.

"Adwords," says Kuesgen, "is a really, really effective tool for small business owners, because it enables businesses to position themselves as part of Google's results, as a sponsored result, when peo-



Tony Kuesgen
Google NZ, Manager



Conrad Heaven
Steer Marketing, Director



Tom Bates
Contagion Advertising, Partner

ple come searching for a product or service relating to you. So, for example, if someone is locked outside their house or apartment with only their phone, they could do a search for "Auckland Locksmith," see your ad, 'Call now, Locksmith on-location within 30 minutes,' then press one button on their phone and be speaking to you.

So, at that magic moment in time, when someone is searching for an electrician in Christchurch, or a 70's wedding band in Wellington, or a panel beater in Manukau, you can be there at whatever time and geographical location you choose."

Adwords' effectiveness is backed up by Conrad Heaven, online marketing specialists, from Steer, who says, "It is typically very effective because people are actively searching. You would expect a minimum of a 1% click through rate, typically a lot higher than that; we've seen up to 10%. Below 1% is typically for display ads, which makes sense because people aren't actively searching."

However, while Adwords may be good for direct sales, Tom Bates from Contagion Advertising cautions, saying, its text based nature can limit its ability to create awareness and emotional connection to a brand or company and what it represents, so it is good to use it in concert with other media.

Opportunity 3: Targetability/Trackability

Another great advantage of digital advertising is that it enables businesses to target specific audiences in a way that no other media channel can.

You can target any group based on their interests, geographical location or demographics at any time and any day. If you are a Thai restaurant in Wellington, you can target 25-40 year olds in your area interested in eating out or interested in Asia on the days you are opened at whatever time you choose to run an advertisement. Or, if you're an electrician in Christchurch, you can target DIY carpenters in your area in the evenings or whenever you choose.

Businesses can also track the 95% of people who visit their websites and do nothing and the 70% who abandon their shopping baskets. They can track them and remarket to them, offering some other incentive to buy using display advertisements.

Opportunity 4: Measurability/Testability

But, ultimately, the big benefit of digital media is that it allows you to test and measure what is working using Google web analytics software, which small to very large businesses use and find very effective and is free.

"All companies," says Heaven, "should be focussing on measuring return on investment [of their digital advertising]. For example, we can tell people how many times their ad has been clicked, or how many times people have signed up for their newsletter. So, if they're spending \$500 a month or week, we can say, 'For that \$500 we've got 150 people who have clicked on your ad and another 100 people have signed up to your newsletter.'

So, it makes it a bit more tangible and real.”

Opportunity 5: Cost Effectiveness

Another great feature of digital advertising is its cost effectiveness.

Says Heaven, “It is still incredibly cost effective to advertise on the Google network, which sort of signifies that not as many businesses are embracing it because it’s effectively an auction every time people bid on keywords [on Adwords], so the more advertisers, the higher the price. But at the moment it’s still relatively cheap.”

Opportunity 6: Scalability

And the almost limitless opportunity the internet provides is to reach any person anywhere in the world.

“Businesses can use this,” says Bates, “to form communities online, which can act as advocates for their product. So, if a brand has a base of loyal customers that forms a community online, whether it’s Facebook or another channel, there’s a great opportunity to use those people to help share your message. Word of mouth has always been the most powerful influence on many things. But now you have this platform that gives you the ability to do this at scale.”

So, it’s true, the internet can provide a lot of opportunities for small and large businesses alike, but how they approach it can make a big difference to their bottom lines and survival.

This is because, yes, the internet may be just another media channel requiring conventional marketing principles, however the immediacy of information the internet provides makes it imperative for businesses to clearly define and convey the value that they are presenting. If they can’t do so effectively, the market will quickly see it and share it, and those not offering real value will lose out.

To ensure your business succeeds online, it is important to look at six key areas:

Key Area 1: Your Offering

Clearly define what is that you are offering that would make your target market value it more than your competitors’. Is it a price advantage, convenience, uniqueness, innovation, quality, ideas, solutions, what? Whatever it is, make sure it is something that your target audience would genuinely value and will help your business to grow.

“You have to start,” says Bates, “with something people will want and value. Think, ‘What do our customers want?’ For example, most fashion labels realize that people aren’t necessarily buying the product, they’re buying more what to wear out to dinner, or the new summer look, or something chic. That’s the heart of the exchange.”

So, clearly define what you are really selling and how what you are offering provides better value than your competitors.

Key Area 2: Your Target Market

You need to try and understand your target market and identify:

1. Who is your most likely target market? And which niche markets could help you to reach them?

“There could be a niche for your product,” says Bates, “for example, among fitness enthusiasts, who you could target and engage with on different platforms, e.g. forums, blogs, and other places they congregate, and they may be much more open to your product and you could form and develop a community around them, before you try going into the mass market.

2. Where can you find them? It is the water cooler moment - where do they congregate? Where can you best reach and connect with them? Are they early adopters on newer platforms like Vine or at leading edge blogs or people searching on Google?

3. What can you say that they would value and be receptive to? What are their online habits and interests? What do they generally do and buy online?

4. How can you best connect and engage with them? With ‘How To’ information or other product relevant information of value to consumers? Or, with competitions that can leverage your product off teams like the All Blacks, or some other team, or charity, or event?

5. When would they be most receptive to your advertising? While actively searching for a product or service? Or, are they people who may be more relaxed and open to ads when at certain sites? For example, people may be more receptive to hotel or tourism ads when they are looking at travel websites.

Key Area 3: Your Online Goals

Try to tie back your key performance indicators: sales, growth, getting more leads, brand awareness, etc., to specific website goals. Then you can drive your online advertising to achieve those goals, while making sure it is effective and providing a good return on investment.

“The simplest scenario,” says Heaven, “is an e-commerce store. They sell products for, say, \$100. They can afford to spend, say, \$20 to get a sale. They want to sell 100 per day, so, really, their focus shouldn’t be on click-through rate or how much they’re spending. It should be on getting as many sales as they can for \$20 or less. That’s what should be driving their ad budget.”

Key Area 4: Advertising & Promotion

The type you use depends on how your audience uses the internet, where and when you can best engage them, and what you’re trying to achieve.

Do you want direct sales, or enquiries, or to take people to your website, or to click on some special offer? Direct response advertising.

Or, do you want to highlight some new product or offer, demonstrate something or create brand awareness? Brand advertising.

“If you have a limited budget, then cer-

tainly start with Google Adwords,” says Heaven. “If you’ve got a larger budget then Google display ads, Facebook ads, Youtube advertising, and remarketing campaigns.

But the important thing is to measure their effectiveness, their return on investment, and have messages that are relevant and compelling and reinforced on your sites.”

Key Area 5: Social Media

Social media can be a good way to build awareness and customer loyalty, provided you approach it thoughtfully.

“Social media channels like Facebook,” says Bates, “can enable businesses to create relationships with people who may want their product. It can allow them to better understand and provide what customers are looking for in a way that resonates. And if it does and people are recommending their product, this word of mouth can be a very powerful way to create a groundswell of interest in your product.

But, if you think about social media in general, it’s a place where people go to connect with other people. They may buy there, but that’s not their primary purpose. So, the challenge is to create content that you think is relevant to your audience and would engage them. And with content that is more about understanding your audience and what they’re looking for, rather than what you want to sell them.”

Key Area 6: Test and Measure

Finally, optimize your digital advertising by constantly testing and measuring the effectiveness of it using Google Analytics.

“If you look at the way that smart players are using Google’s platforms,” says Kuesgen, “the first thing they do is test. They will start with Search and say, ‘Okay, we’re going to go to our Adwords’ account and what are the words we’re getting most of our traffic from? How well is that working?’

Different ads and images appeal to different people and the best way to test that is to run a range of different samples, either, through Search or other display ads.

And many successful small businesses that I’ve talked to run different campaigns; florists who run completely different campaigns for home delivery and special events, than they do for roses or other things. They break out their campaign into many, many different groups. And it allows them to really dig deeply into the performance of each one of those and they can also test which ones work the best.”

So, it is true, the internet provides huge opportunities for NZ businesses, which can’t be ignored if they want to remain competitive, but it should be approached in a way that enables them to provide real value.

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