



EXPERT ARTICLE

Top 3 Internet Marketing Tips

By Matt Forman, Traffika

I had the pleasure last night to be a guest speaker at Enterprise Tuesday's at the University of the Sunshine Coast's Innovation Centre. It was a great night and hugely entertaining with Russell Bullen from OMC the MC.

Russell used the analogy of a good website being like a cool party, where everyone likes to hang out and have a good time, and with that introduction asked if I could provide my top 3 internet marketing tips for getting the 'cool kids to come to the cool party'.

Tip 1: Know Your Customer

Most people in Australia would have heard of the infamous Cory Worthington, a young 16 year old kid with a bad reputation as a party boy. Most people I ask say there is no chance they would like Cory at their place for a party.

I'd say it depends on what type of party I was having. For certain types of parties it would be great to have Cory there, he might attract other people like him, they would stay at the party longer and have more fun while they are there.

It's exactly the same with your Internet Marketing. You need to make sure you don't waste your precious marketing budgets on attracting the wrong type of visitors to your website.

Knowing your customer and having a very clear idea of who they are and why they buy from you is the first step in any Internet Marketing campaign.

You've probably already got a reasonable understanding of who your customers are already. But it never hurts to get to know them a little better.

The first place to start is your existing customer database and sales data. You mine this information for demographic and geographic insights. Basic things like age, gender, position in the organisation and geographic location.

If you have an existing website it can also provide some great insights by using your Google Analytics data. Your analytics is a rich source of information about who your customers (and are not), where they are coming from and what search terms they are using to find your website.

You can do some research with a quick exit survey from your website. If you have an email database you can email your customers and have them complete a short online survey with a free tool like Survey Monkey. Offer them an incentive to complete the questionnaire – like % off coupon for their next purchase with you. This way you can learn more about your customers and increase your sales.

Once now you know who your customers are, you can use tools like Google Ad Planner to find other websites they visit. And then target your advertising on to these websites.

Tip 2: Know How Much Each Customer Is Worth

You need to know how much a customer is worth to you. Without this information it will be difficult to set accurate and realistic marketing goals.

There are lots of different ways to measure the worth of a customer and the method you use will vary depending on your business. Generally we work with our clients to determine a Life Time Value or LTV. This is simply how much a customer is worth to you over the life of their relationship with your business.

There are different formulas for calculating Life Time Value, but I'll give you an example using the simplified method.

Say in your business your average customer spends \$100 each time they buy from you. And they buy from you twice per year. So they are worth \$200 per year to you right?

Then assume they continue to buy from you for another 2 years, so in total they are your customer for 3 years. And they spend \$200 per year. So they are worth \$600 to you. Or in other words their Life Time Value is \$600.

The formula looks like **LTV = (Average Transaction Size x Transactions Per Year) x Years Continue To Buy**

The reason why it is so important to understand how much a customer is worth is because once you know how much a customer is worth, it makes it very easy to determine how much you can afford to pay to acquire that customer. This is referred to as Cost Per Acquisition or CPA.

I'll give you a simplified example.

Let's assume that you are prepared to invest 10% of your revenue into marketing and customer acquisition.

So if your customer has Life Time Value of \$600, and you invest 10% into marketing, you can afford to pay \$60 to acquire that customer. There is a little bit more to it than just this, but you get the gist ∅.

Having a thorough understanding of your LTV and CPA, eliminates much of the risk from your marketing efforts and helps provide better cash flow and profitability forecasts.

Tip 3: Test, Measure, Optimise and Repeat.

Internet Marketing is part art, part science. And if you can't measure it, you can't manage it.

Because of the nature of Internet Marketing you can measure just about everything. But because you can measure everything, doesn't necessarily mean you should measure everything.

It's important to understand your goals and objectives upfront. Then focus on testing and measuring only the drivers or the KPIs that contribute to the achievement of your goals.

There are some great free tools you can use to do this and Google Analytics is a great place to start.

Google also provides another free tool called Web Optimizer, which enables you to complete more scientific

testing of your website pages, like A/B Split and Multi-Variant Testing.

By knowing your goals and objectives upfront, like what you can afford to pay to acquire a customer (your CPA), you can then set-up your internet marketing to measure against these goals.

You can test things like your ad copy, web page copy, images, banners, websites you advertise on and databases you market to, against this goal. And allocate and optimize your spend accordingly.

There are always improvements that can be made and it's important to always be finding ways to optimize your marketing efforts. So once you test and measure your ads, make some changes to optimize it, test and measure it again. Then repeat the process.