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**online marketing  
trends for 2009**

# Online Marketing Trends in 2009

2009 is likely to be a challenging year for many businesses as the global economic slowdown takes hold. Digital marketing, however, looks set to continue its rapid growth, as its many solutions and advantages become even more apparent when marketing budgets are subjected to even greater constraints.

Here are 16 important online marketing trends for 2009 as we see them, along with our view on the best strategies.

## Keyword inflation will continue

The need for advertisers to improve the effectiveness and measurability of their advertising spend will become more acute. As more budget moves to digital, the marketplace will become increasingly crowded, with the extra demand pushing up paid search costs. Keyword inflation, also called cost-per-click (CPC) inflation, is running at 20% for 2008 across all markets (according to Jupiterresearch), and we believe the figure for 2009 will remain high despite the downturn.

Strange view: Since increased click-costs will affect cost per acquisition (CPA), advertisers will need to concentrate on improving conversion rates to offset keyword inflation.

## Conversion optimisation will be key

Assuming the current level of keyword inflation, conversion rates will need to improve to keep CPA at the same level. The pressure will be on for advertisers to find solutions that can really improve their return on investment (ROI) by offering end-to-end optimisation for search, display advertising, affiliate marketing and email marketing.

Strange view: Controlled testing is the best way to get results. A/B split tests and multivariate testing (evaluating the impact of combinations of changes simultaneously) and click tracking should be defaults within your programme of website improvements. Eye tracking projects could become a necessity rather than a luxury.

## Consumer thrift will shape online behaviour

As the recession bites, consumers will increasingly shop online in search of deals and bargains, especially through auction websites and ad listings. So Craigslist, Gum Tree, eBay and many more websites will, in all likelihood, see their traffic rocket.

Strange view: In a downturn, retention of market share is crucial and marketers need to be aggressive. Online retailers have to get their offering in shape (with the possible exception of luxury products) and get users on their sites. Online businesses will need to think about incentives, offers and deals as standard operating procedure. Incentives for customers to come back will be crucial, in order to up-sell or cross-sell. Well-positioned loss leaders are a good way to shape consumer perceptions and keep them coming back for more.

# Great Creative will be required

This may sound obvious, but it needs to be emphasised: digital marketing will continue to rely heavily on creative to achieve its objectives and make the campaigns and strategies work. Good creative is what makes your display advertising disruptive, your landing page user-friendly and your website trustworthy. It communicates your message and builds affinity with your brand. And although in times of economic downturns, emotional matters can seem less important to the bottom line, creative is THE key element affecting all online marketing channels and, therefore, ROI.

Strange view: Creative is the 'X factor' that will steer you through the difficult times ahead because the right design, the right copy and the right message are what activate users. This is why we describe what we do at Strange as 'creative digital marketing' rather than just 'digital marketing'.

# Internet Explorer 8 will affect online advertising

The launch of Microsoft's browser Internet Explorer 8 (IE8) is massively important, since it is the default browser on Windows boxes. And while it may not be as sleek as Google's Chrome or Mozilla Firefox, most consumers will happily muddle along with IE8 oblivious to alternatives. The privacy browsing capabilities of IE8 will have an impact for online advertising if there is widespread usage, since it blocks the tracking cookies at the heart of online advertising and traffic analytics.

Strange view: What Microsoft giveth in standards compliance it also taketh away in privacy mode. The IE8 privacy mode, which avoids third-party cookies might cause some initial headaches where adserving and tracking is concerned.

# CPA buying will become more widely negotiated

The CPA (cost-per-action/acquisition) digital advertising buying model will become more widely negotiated. The biggest online advertisers are already spending over 50% of budget on CPA media and in difficult times, where direct response is more important than branding goals, more advertisers will be looking to this model.

Strange view: CPA is great for advertisers because ad costs are directly proportional to action/acquisition conversion rates. As the climate gets tougher, advertisers will have to focus on ROI and negotiate hard with publishers to achieve CPA deal terms. We do not believe that the CPM (cost-per thousand) and CPC models are dead, as they have their place in providing brand awareness, but the CPA model should be the larger component in the marketing mix.

# Data privacy and security will stay in the headlines

Data security and privacy issues are likely to continue to hit the headlines throughout 2009. Whether in be Phorm or GCHQ snooping on what we're up to, or government agencies and businesses losing more unencrypted data in laptops, dongles and CDs.

Strange view: Data protection is going to be more than just a security issue; it will have huge PR and brand

consequences for anyone getting it wrong. The privacy browsing capabilities of Chrome and IE8 will have an impact for online advertising if there is widespread usage as mentioned above. Businesses will need to audit their data handling and security practices and get the right processes in place. Expect to see some major class actions by consumers against businesses that have had their data breached, stolen or lost.

## **Qualitative analytics will have greater emphasis**

Knowing what your website users did is nice, but knowing WHY they did it will become crucial. We predict that there will be huge growth in the use of qualitative data in analytics and decision making in 2009. User surveys, email questionnaires, internal search analysis, user complaints, customer service forms, FAQ feedback, A/B and multivariate testing, eye tracking and click-density analysis are all going to become essential tools in your quest for qualitative data that will help you improve and optimise ROI.

Strange view: It's all about getting the right message from your analytics – and reporting it clearly – so that you can make informed decisions. Qualitative measures of website performance will enable you to optimise with greater certainty. Also, in quantitative click-stream analytics, look out for Yahoo's answer to Google Analytics – a free version of Index Tools.

## **Mobile advertising will flourish**

With Google supplying mobile hardware (G1) and software (Android), and bidding on the wireless spectrum, it is clear that the people at Mountain View wish to develop this market to its full potential. 3G smartphones with large-ish screens, such as the iPhone, BlackBerry Storm and G1 all allow mobile users a close-to-normal web-browsing experience. And as mobile usability improves, so will mobile Internet use. Google is moving fast to develop, exploit and control mobile advertising by dictating the platforms and mechanisms we use to browse the web on our smartphones, while also leveraging the mobile wireless spectrum.

Strange view: If you're not already thinking about your mobile strategy, now is the time to start. Those brands that get into this channel early on will benefit most from its massive growth potential.

## **Local search/localised services will grow**

Search engines, browsers and hardware manufacturers will continue to put their weight behind the localisation of search. Why? Three main reasons: 1.) Results are more relevant, 2.) advertising can be more accurately targeted, and 3.) it gives search networks a massive additional inventory to sell at a local, rather than regional or national level.

The reason why 2009 is the year for local search to take off is that the Gears project (an open source project that enables more powerful web applications, by adding new features to your web browser) offers a geo-location API, as does Mozilla Geode and Yahoo! Fire Eagle. There will also be high-speed packet access (HSDPA)-ready laptops and netbooks, on top of the existing GPS smartphones and palms, all of which will allow the UK search engines to retrieve a more meaningful geo-location than is currently available via Internet provider (IP) lookup.

Strange view: Advertisers need to be aware of the range of localised search possibilities becoming available and gear their offering to meet consumer demand.

# RSS newsfeeds will go mainstream

Really Simple Syndication (RSS) is an ideal platform for online marketing and communications as it provides marketers with 100% deliverability and a qualified audience. Having come through the early-adopter doldrums, RSS will most likely see a surge in uptake in 2009, moving into majority usage thanks largely to built-in support in the new IE 8 browser.

Strange view: There are three main advantages with RSS for both users and marketers: 1.) users only get data they've subscribed to, thereby avoiding any spam issues, 2.) users can increasingly select segmentation of newsfeeds so they only receive specific topic information, and 3.) the user can receive RSS newsfeeds in a plethora of ways – with their Internet browser, an email client, desktop or web aggregator or on a mobile or handheld. This freedom to receive the feed in any number of ways means the user is in control, making recipients a more qualified audience than those receiving email marketing.

# More user behaviour metrics will be applied to the Google algorithm

Speculation that Google will shift its algorithm to favour more user behaviour metrics is growing. In fact, Google has openly discussed these algorithmic approaches in a patent application called 'Information retrieval based on historical data' (<http://tinyurl.com/5fpfj>) filed back in 2003.

We've already seen some of these elements such as domain history and backlink velocity hit the Google algorithm, but what some commentators are now suggesting is that behaviour metrics are on the cards. That would mean metrics such as click-through-rates and bounce-rates being used to assess relevancy values in the search results.

Strange view: Over time, poorly performing websites will be downgraded in the search results, while websites that people use and stay on will be nudged up. What this means for online businesses is that relevancy, quality and engagement are going to be business multipliers, affecting not only conversion rates, but also natural search traffic volumes.

# Netbooks will impact web design

Netbooks, the smaller, low cost laptops built for web browsing are the fastest-growing category within laptop sales. They are expected to account for 10% of laptop sales and 8% of all sales (by volume) in 2009. The new crop of netbooks will have HSDPA (3G) built-in, making them ideal for business users on the move.

The main implications for web developers concern the netbook's screen resolution. Most developers set the fold depth based on a 768 pixel screen. However, netbooks are generally set at 600 pixels, meaning 22% less screen real estate.

Strange view: Tighter designs will be necessary, using screen real estate in a much more economical way, with key functionality and calls to action concentrated above the 600 pixel fold.

# User generated content (UGC) will be King

A Universal McCann study in 2008 found that only 14% of users trust advertising, whereas 78% trust recommendations of other consumers. This highlights something many online marketers have known for a while: user generated content can be very beneficial

Strange view: UGC such as in blog comments, product reviews, video reviews, creative competitions, galleries, and other content has significant benefits: 1.) Brand perception - open, honest, approachable, 2.) Brand engagement - users can contribute and get involved, 3.) Brand dialogue - customers feel important and listened to, 4) Brand trust - your products/services must be good because you let users scrutinise them, 5) Value added - UGC galleries, product reviews and video reviews offer users more immersion and engagement, and 6.) Free content - your users are helping to improve your offering for free.

## **Social media opportunities will expand**

According to research by Universal McCann, 73% of users read blogs and 36% think more positively about brands that have them. In addition, 83% of users have viewed video clips (proven to offer significant uplift in sales), 49% have downloaded podcasts and 38% have subscribed to an RSS feed, while 57% have joined a social network. We could go on, but suffice to say that social media has well and truly arrived and if you don't use it to your advantage, then you're missing a massive opportunity.

Strange view: Get a blog, tell people who you are, what you're doing and why you're great, and offer them information and resources that enrich their lives and user experiences. Use to your advantage social networks and bookmarking, RSS, on-site and off-site video, as well as audio and image resources. You can leverage users to become brand advocates and engender brand loyalty through engagement and an open, customer-facing approach. And you can utilise UGC and blend data in useful mashups that make your website a must-see/must-use place to go.

## **APIs and mashups could be the Next Big Thing**

Far be it from us to predict the next Facebook or Last.fm success story, but the odds on it being a mashup are not bad. Application programme interfaces (APIs) allow desktop and mobile applications to access web data and services directly, giving rise to services such as iTunes, RSS readers, desktop weather widgets, Xbox Live and Play Station Network, to name but a few.

Building on this, mashups bring together, manipulate and present complex interrelationships of data as information resources that were previously inconceivable. Growing fast in number, the beauty of good mashups is that they have real synergy, making them greater than their component parts and thereby providing richer user experiences and deeper information resources.

Strange view: Yahoo! Pipes is a great consumer-facing mechanism for manipulating data, while Google's Gears and Google Maps are incredibly useful and powerful tools. We will have to wait and see what weird and wonderful things the web community comes up with next, but we do know that 2009 will see developers unleash more websites and applications to seize the public imagination and transform the space.