New Media Age – 16th October 2008

letters@nma.co.uk

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Keep customers by getting personal

Malcolm Duckett, VP of operations and marketing, Speed-Trap

As economic pressures result in manufacturers and retailers passing on higher costs to consumers, it's all the more imperative that retailers, especially those online, target their marketing campaigns at individual customers rather than groups.

The missing aspect of ecommerce has for too long been the personal touch. Online customers require individual treatment. Web marketers should take their lead from a traditional corner shop: personal service, recall of previous purchases and preferences, and relevant suggestions of new products.

By offering customers one-to-one treatment, the chances are they'll begin to appreciate how much their returning custom is valued, giving a far greater chance of upselling.

This leap forward can only be made if marketing departments are brave enough to realise that numbers are not the be all and end all. They must be able to target the right customer at the right time with the right product. Only when you can understand each customer's real-time behaviour and motives and serve them as an individual can you start to increase basket size and drive repeat custom.

Confidence of online agencies may be too late

Greg Doone, MD, Collective

With the news so full of doom and gloom, it was nice to see a positive story on the front page of **nma** (25 September) claiming the digital media and marketing industry is defying the economic downturn. As the MD of a digital creative agency, this is the sort of news I want to hear.

However, I feel compelled to point out that the industry data referred to within the article is in some cases up to two years old. The findings of the **nma** *Top 100 Interactive Agencies 2008* guide are based on a company's previous audited year of accounts.

My intention is not to knock the methodology of the *Top 100* but to raise the issue that in such a fast-moving industry as digital, there's a burning need for insight into how agencies are performing on the brink of recession. While influential individuals are predicting continued buoyancy, it would be interesting to see whether the past-quarter results and next-quarter forecasts support this positive outlook.

This particular set of economic events isn't a short-term thing we need to survive – it's fundamentally changing the shape of the global financial systems, and the digital industry is in no way immune to this. We need to face the reality that there'll be less budget for marketing and investment in digital infra-structure across the board, and I hope that as an industry we can be open about how we're genuinely doing.

Better panels lead to better surveys

Paul Dixon, MD, iD Factor and iCD Research

Richard Huntington's "quiet revolution" in research could yet be derailed if online research, which is in a dire state, regresses to its cheap and dirty image (**nma** 18 September).

In the rush to construct ever-larger panels and deliver quick-turnaround surveys, our industry has turned the channel's well-established virtues into vices. Professional panellists are disproportionately represented, and because respondents can often complete surveys in their own time, they're encouraged to click the first answer they see.

The only way we can get to the truth is to take a quality-led approach. For iD Factor, this meant improving recruitment procedures by repeatedly validating the demographic and attitudinal information provided by panellists. We also utilised Flash to force delays in responses to allow proper consideration of the options.

We reduced our panellist count by half but increased buyers' confidence in the outcomes significantly. I'd urge others to take the same approach if the quiet revolution is to succeed.

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opinion

KEITH HUNT
Managing partner, Results International

Investment firms take advantage of falling prices to stock up

> The investment market might be running scared, but for PE investors conditions have never been better

There are clear signs that the digital sector is coming of age. Consolidation and integration are characteristics of a maturing industry and they are set to be key trends for 2009.

Acquirers and consolidators come in all shapes and sizes. Now more than ever there are some interesting newcomers to the scene, as well as the well-known faces, all keeping a careful eye out for suitable targets.

Private equity (PE) will continue to play a major role. The investment market might be running scared, but for PE investors conditions have never been better. They are a counter-cyclical breed – buying near the bottom and selling near the top. So as stock market shares fall, PE activity rises.

In recent times, three of the largest sales of search agencies had PE in common. The acquirers were either PE houses or companies which in turn were PE-backed. Spannerworks' sale to iCrossing and Bigmouthmedia's sale to Carlyle-backed Global Media are both examples of the latter, while at the end of last year Latitude was backed by PE investor Vitruvian Partners in an MBO.

So far our industry has been characterised by a large number of individual digital specialists but, simply from the evidence of such PE deals, this is clearly set to change, with the rise of digital groups that can provide a much broader offering to clients.

Besides the PE houses leading the chase, there are the big global networks such as WPP, Publicis and Omnicom which still have digital on their wish lists. Historically they may not have been prepared to pay the multiples demanded as part of more modest deals, but for the mega-transactions such as 24/7, there was no such reluctance.

Private groups such as Golley Slater, which bought Green Cathedral, and Engine which acquired DC Interact with the help of PE backers, are both known to be looking to add to their digital offer.

Last but not least are a smattering of exciting overseas buyers who are in town and intent on building an international marcoms offer with digital at its heart. In some cases, such players are coming to the market as relative newcomers to marketing communications.

One thing is for sure: investment interest in digital is hotting up. For these new acquirers the magic word is 'growth'. Any agency wishing to achieve growth must stand out from the competition, through innovation, its service offer, by building a reputation, by strategic partnership and through investment in its own people. With this in place, those acquirers may well come knocking.

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50 Poland Street, London W1F 7AX **nma.co.uk** **Tel** (020) 7970 + 4-digit extension **Fax** (020) 7970 4863
Email firstname.surname@centaur.co.uk **Subscriptions** (020) 7292 3717 nmcirc@centaur.co.uk

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