

An executive review of B2B online advertising in the apparel, textile and footwear industries

What's New, What's Working and What's Next.



Just-style

An executive review of B2B online advertising in the apparel, footwear and textile industry

What's new, what's working and what's next.

By Andrew Burton DipM

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About the author

Andrew Burton DipM holds a Post Graduate Diploma in Marketing from the Chartered Institute of Marketing and has been in a number of senior marketing positions over the past 16 years.

During his career, Andrew worked both client- and agency-side, running advertising and promotion campaigns across the Business-to-Consumer (B2C) and, primarily, Business-to-Business (B2B) sectors.

Andrew currently heads up his own marketing and copywriting consultancy, ABCopy Limited. As CEO and founder, he spends the majority of his time advising companies on how to integrate their traditional marketing and promotions strategy within the B2B area with new internet and mobile media.

Contents

Chapter 1 The internet – a growth phenomenon	1
Apparel industry also changing apace...	1
73% of executives prefer to use the internet...	2
Chapter 2 The rise and rise of online advertising	4
Hooked on the results...	5
B2B online – the most dynamic	6
Chapter 3 Reasons why people choose to advertise online	8
Precise targeting...	8
Fast and flexible...	9
Dynamic opportunities...	9
Influential in the workplace...	9
Complimentary activity...	9
100% measurable...	10
Instant fulfilment...	10
Effective coverage...	10
The best of both worlds...	10
Competitive advantage...	11
Chapter 4 The latest online advertising trends	12
Targeted and relevant...	12
Growing willingness to interact...	13
Advertising formats...	14
From branding to direct...	15
Chapter 5 The secrets of success	16
1. Set clear objectives...	16
2. Research your market...	16
3. Choose carefully...	17
4. Seek advice...	17
5. Targeting...	17
6. Fulfillment...	17
7. Measure and tweak...	17
8. Ask for guarantees...	18
Chapter 6 Future forecasts	19
Strong growth to continue...	19
Getting personal...	21
The ultimate advertising medium...	22

List of figures

Figure 1 Growth in worldwide internet users 2000 – 2005	1
Figure 2 Executives rating the internet as their most important source of business information	3
Figure 3 Executive use of the internet at work (Indexed: March 2003 = 100)	4
Figure 4 Global online advertising expenditure	5
Figure 5 Share of US B2B media budget spent online	6
Figure 6 US B2B Marketing expenditure growth (Indexed: 2000 = 100)	7
Figure 7 Benefits of online advertising according to US advertising professionals	8
Figure 9 UK executive responses to advertising on B2B websites	13
Figure 10 US online advertising forecasted spend by format	14
Figure 11 Global online advertising expenditure	19
Figure 12 Annual growth in online advertising expenditure	20
Figure 13 US online B2B advertising expenditure	21

Sponsor's foreword

By Richard Jackson, co-founder of just-style.com

In the nine years I've known Andrew I've always been impressed by his ability to take a new marketing concept and then apply common sense traditional marketing techniques.

With Andrew it's not what's cool, but what's functional and what's working that counts. Back in 1998, Andrew was one of the first to apply direct marketing principles to the web and email.

As a respected advisor, I've always listened to Andrew's common sense approach, and I've ensured that at just-style we've not only taken on board his ideas, but applied them – all to the benefit of our advertisers.

Now, at a time when online advertising is at its most influential in history, Andrew has delivered an easy to use guide that cuts through the fluff to uncover the data and facts behind the growth of online.

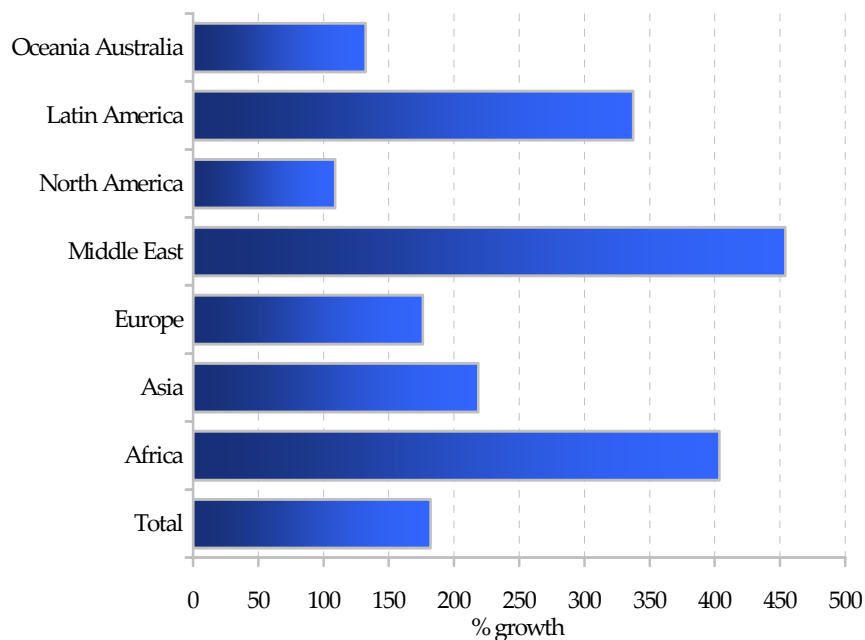
Now is the time for you to stand up and be counted. For too long I've watched companies stick with what's comfortable rather than what's effective. The rules of marketing have changed forever. Your choice is whether you choose to embrace them and reap the rewards, or stay in your comfort zone and get left behind.

This guide helps you understand what you need to do to take your marketing to the next level.

Chapter 1 The internet – a growth phenomenon

The astonishing growth of the internet has been one of the great success stories of the modern era. In 2005, the number of worldwide users surpassed a billion, having risen from just 420 million five years earlier and only 45 million in 1995. This explosive growth looks set to accelerate further still with two billion people expected to be online as early as 2011!

Figure 1 Growth in worldwide internet users 2000 – 2005



Source: www.internetworldstats.com

Apparel industry also changing apace...

The apparel, textile and footwear industries are also changing rapidly. Globalisation has been widely embraced as supply chains become truly international. Organisations at every stage continue to seek the lowest possible prices and China is primed to dominate worldwide clothing

production. In response to this growing threat, Europe and North America are imposing trade quotas in an attempt to protect domestic markets.

As a result, executives within the industry have to make better business decision faster than ever before. Accurate and timely intelligence is essential to this process and the internet has become firmly established as their most important source of business information.

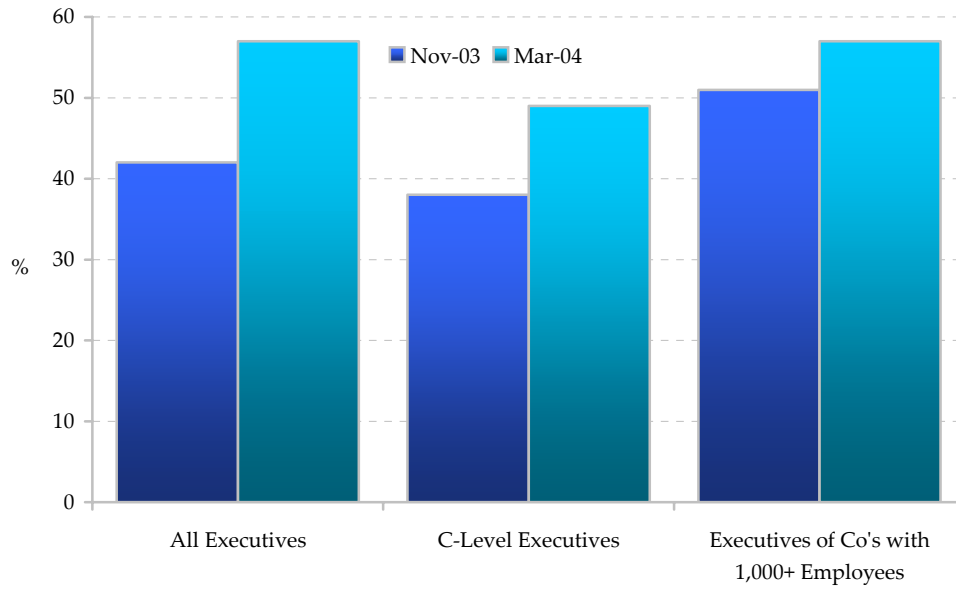
73% of executives prefer to use the internet...

Although printed trade magazines have previously provided a solution, there is now irrefutable evidence that they are becoming obsolete. The content of magazines often has to be finalised weeks before publication and can therefore be outdated long before it is read.

Although apparel professionals still value articles and recruitment advertising featured in print, it is clear that they no longer rely on magazines for up-to-date news and information. Instead, the internet's unrivalled immediacy and flexibility are proving invaluable.

Research by Forbes.com has confirmed that when needing information on companies or new products, 73% of C-level executives prefer to look online.

Figure 2 Executives rating the internet as their most important source of business information



Source: Forbes.com: "A day in the life of CEO's online"

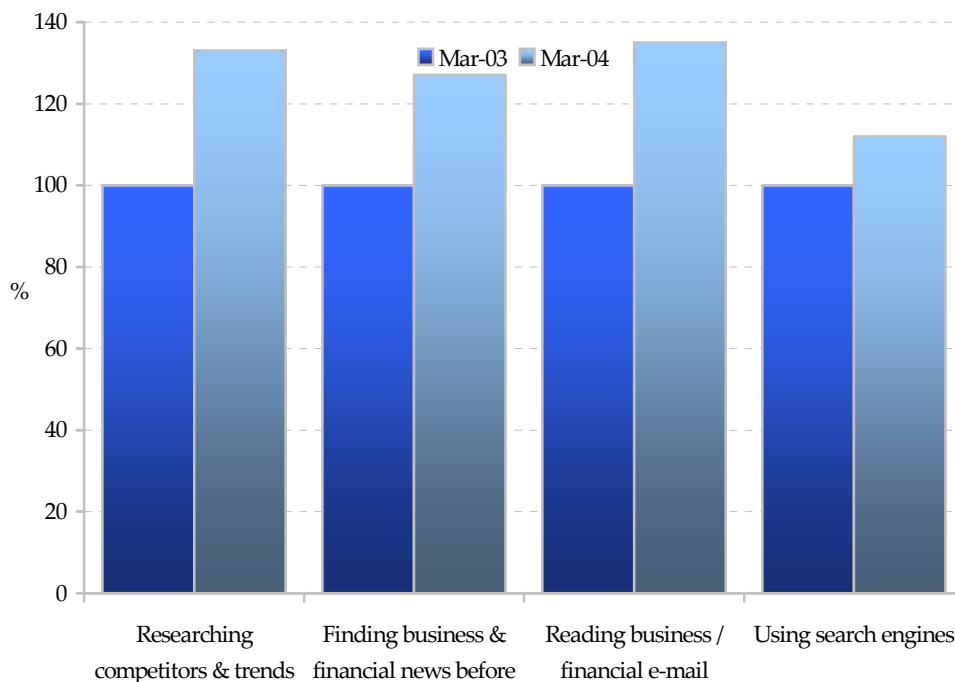
Chapter 2 The rise and rise of online advertising

Advancing at the continued expense of printed magazines, the internet is now an integral part of the working lives of apparel executives.

In the UK, the Association of Online Publishers has found that 82% of business decision makers use B2B websites for an average of one hour each working day. As its presence in the workplace grows, the internet is becoming increasingly attractive to global advertisers, who are executing more of their promotional budgets online.

Figure 3 Executive use of the internet at work

(Indexed: March 2003 = 100)



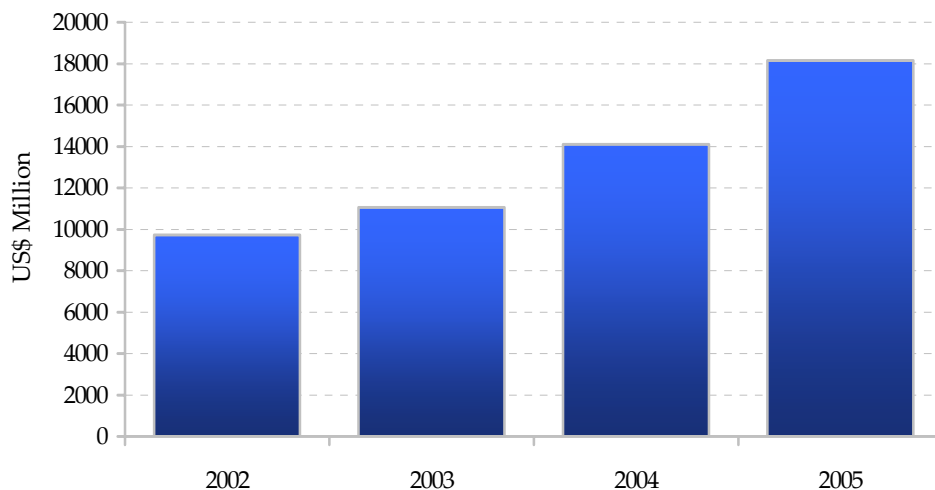
Source: Forbes.com: "A day in the life of CEO's online"

Internet advertising was easily the fastest growing global medium in 2005, having accounted for almost a quarter of total advertising growth by value.

Hooked on the results...

Buoyed by strong growth in the US, UK and emerging economies of China, India and Russia, online advertising expenditure exceeded US\$18 billion in 2005. This trend shows little sign of slowing and is expected to advance by a further 65% over the next three years alone!

Figure 4 Global online advertising expenditure



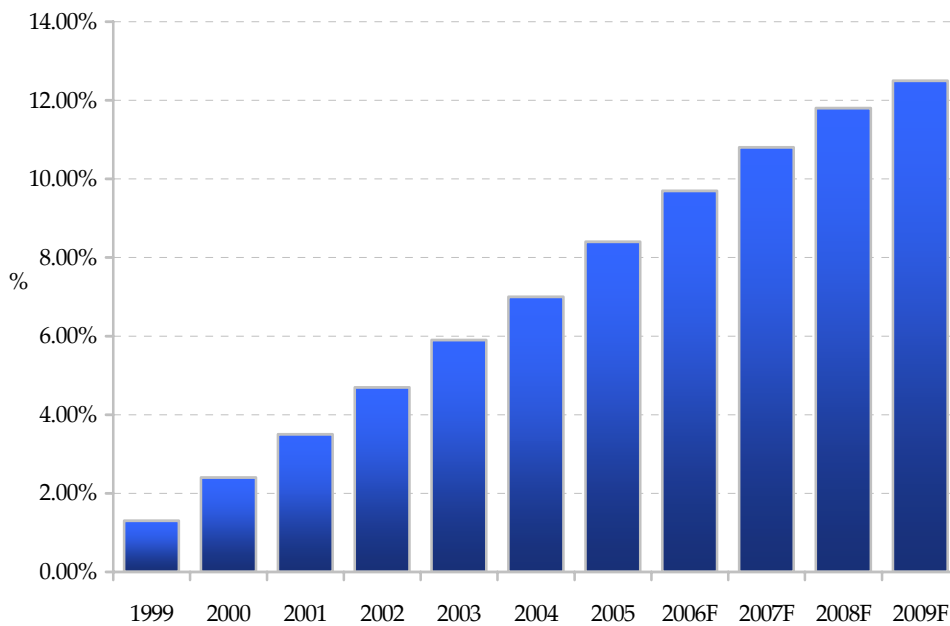
Source: ZenithOptimedia

According to Outsell's recent Advertising Spending Study, US marketing professionals are "hooked on the results they are achieving with targeted and measurable online marketing". In 2005, they spent around 14% of their budgets on internet advertising, a figure that is likely to rise sharply in the short to medium term.

B2B online – the most dynamic

In the B2B arena, online advertising growth is easily outstripping that for all other marketing activities. Recent B2B expenditure overall in the US has been sluggish. In sharp contrast however, online B2B advertising has exploded.

Figure 5 Share of US B2B media budget spent online



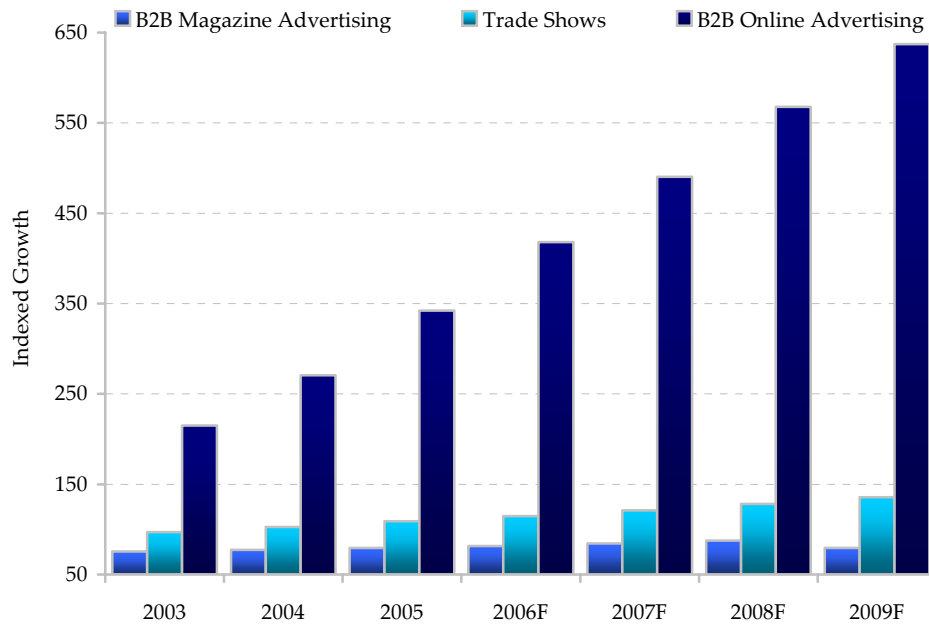
Source: Veronis Suhler Stevenson communications industry forecast

Annual growth has now exceeded 25% in each of the last five years, a trend that provides an intriguing insight into the huge future potential.

Like their counterparts in most other industries, apparel executives worldwide rely heavily on the internet and, for organisations wishing to influence them, online marketing is now essential. Recognising this, many advertisers have already started to exploit the considerable opportunities presented.

As it continues to deliver outstanding results, online advertising will unquestionably account for a growing share of the global marketing budget.

Figure 6 US B2B Marketing expenditure growth (Indexed: 2000 = 100)

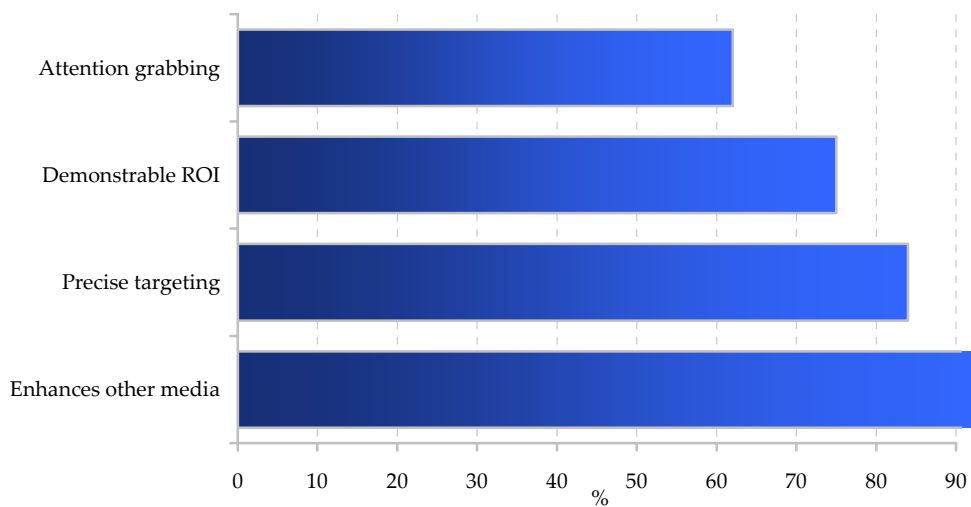


Source: Veronis Suhler Stevenson communications industry forecast

Chapter 3 Reasons why people choose to advertise online

Offering a number of key advantages over other media, the case for online advertising is certainly compelling.

Figure 7 Benefits of online advertising according to US advertising professionals



Source: American Advertising Federation

Precise targeting...

With the vast selection of sites easily outnumbering their printed rivals, the internet presents advertisers with unrivalled choice. As a result, online advertising can be precisely targeted towards even the most specialist of apparel industry niches. To minimise wastage further, advertising can be strategically placed in specific site sections or next to closely associated content.

Fast and flexible...

No other medium can match the internet's immediacy and flexibility. Results can be constantly monitored and advertisement design or position amended throughout the duration of a campaign. Allowing for lengthy print production timescales and slower reporting of results, the measurement and fine tuning of a similar campaign running in traditional trade magazines could take many months.

Dynamic opportunities...

The internet is highly dynamic. Content on the leading apparel industry sites changes several times a day to reflect the very latest events. This presents a unique opportunity to link advertising with highly topical content, greatly increasing its effectiveness.

Influential in the workplace...

As it becomes deeply ingrained in the working life of apparel executives, the internet provides a direct means of influencing them whilst they are at work. Unlike magazines which are often read away from the workplace, online advertising can be used to promote a product or service while people are actively searching for it.

Complimentary activity...

The internet can be extremely effective when used alongside trade magazines, direct mail, events and other marketing initiatives. Here, it can help to deliver a fully integrated campaign that reaches a given target audience on numerous levels.

100% measurable...

Most of the leading apparel industry sites use sophisticated reporting software to deliver detailed and accurate reporting. Clear visibility can be provided of the number of executives viewing advertisements and clicking or interacting with them. This makes all activity 100% measurable.

Instant fulfilment...

Fulfilment can be simply configured to provide prospects with instant information. Downloadable brochures, interactive presentations, landing pages and e-mail newsletters can all be linked to advertisements. When the requested information is then delivered instantly, the all important favourable first impression has already been made.

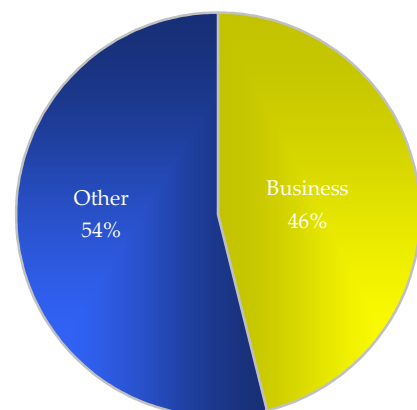
Effective coverage...

Unlike magazine advertising, online messages can be strategically positioned to achieve blanket coverage of a particular audience, reaching every visitor within a given period.

The best of both worlds...

Online advertising combines the power of branding with the responsiveness and measurability of direct marketing. High quality, low cost enquiries can be generated and brand awareness strengthened simultaneously.

Figure 8 Who online advertisers target



Source: Outsell: annual ad spending study: Where and why advertisers are moving online, March 2006

Competitive advantage...

Almost half of online advertisers in the US target other businesses. As global competition intensifies, organisations must include the internet in their promotional plans if they are to maintain competitive advantage.

Chapter 4 The latest online advertising trends

Targeted and relevant...

For the apparel industry executive seeking information, news, opinion or competitor intelligence, the internet offers an almost limitless resource. The breadth of business information available is unrivalled but, as commercial pressures intensify, time is at a premium. Executives no longer have the luxury of being able to search through vast quantities of data to find what they need. Instead, the importance of accessing relevant, highly targeted information is paramount.

Banner advertising can be very effective for building brand awareness. However, the likelihood of executives responding to an advertisement increases dramatically when it is positioned within or close to related content. Targeting then is very definitely the key to successful online B2B advertising.

The leading apparel industry sites have undertaken visitor profiling for some time. Visitors are invited to provide information about their interests and this is used to display similarly themed content and promotional messages during subsequent visits.

One of the more exciting recent trends has been the use of “agent software” to continually monitor and analyse visitor behaviour. In doing so, targeted messages and content can be pro-actively placed before them without the need for online surveys. The size and format of online adverts is important but is far less so than targeting. Imagine the power of advertising business

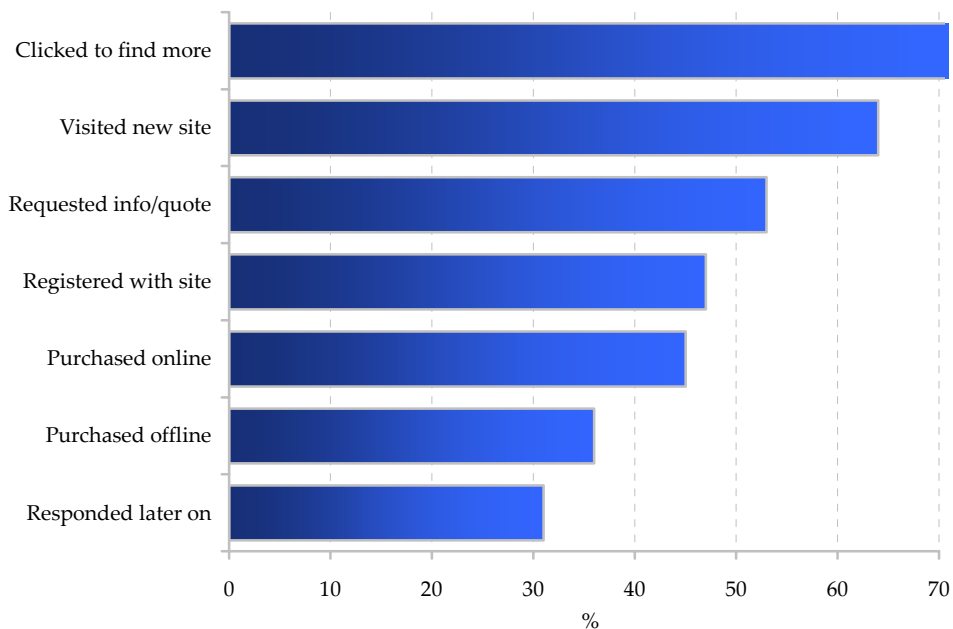
software or consultancy services to an apparel executive who has exhibited an interest in remodelling their business or its processes!

As future technology advances and online advertisers become more demanding, B2B advertising is likely to become even more closely integrated with news, features and other site content.

Growing willingness to interact...

Executive use of the internet is increasing rapidly and with it their willingness to interact with and respond to online advertising. Over 80% of the UK's business decision makers already use B2B websites. Seven out of ten have clicked on an advert and over half have requested a quotation or further information.

Figure 9 UK executive responses to advertising on B2B websites



Source: UK Association of Online Publishers

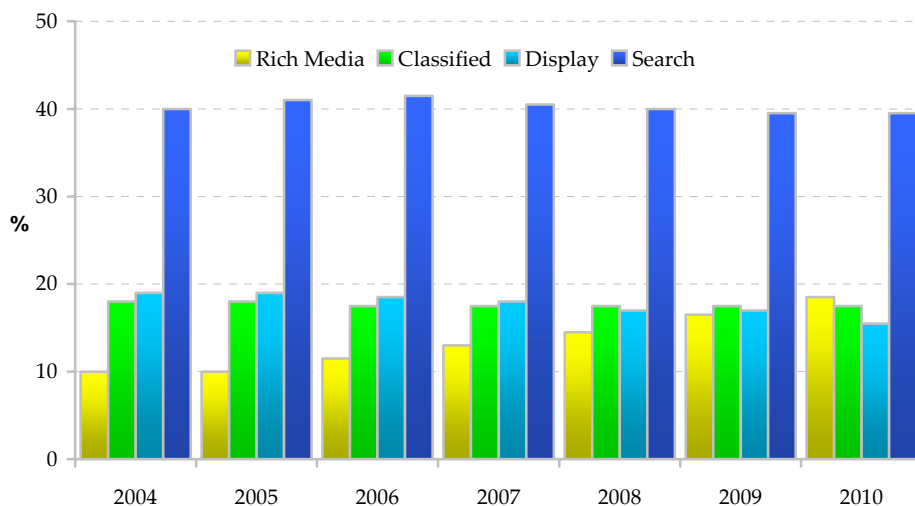
Advertising formats...

Accounting for over 40% of all online advertising expenditure, search is the most popular single format. One of the drivers of its popularity has been the fact that it provides an extremely simple way for new advertisers to experiment online.

Using Java, HTML and Flash technologies, Rich Media is tipped to be the fastest growing segment over the next few years. Rich media offers the ability to incorporate video streaming, audio, animation and data capture into advertisements and has helped to transform online branding.

Until recently, it was sufficient to simply show online visitors a brand, building awareness in much the same way as other forms of advertising. However, Rich Media can now be used to actively encourage visitor interaction, providing a virtual brand experience in the process.

Figure 10 US online advertising forecasted spend by format



Source: eMarketer, March 2006

From branding to direct...

Online advertisers are rapidly becoming proponents of direct marketing. Many begin promoting their businesses online with the intention of increasing brand awareness. However, once armed with the first post campaign reports, their attention quickly turns to click through rates, cost per enquiry, cost per order and other performance indicators. These measures are then adopted as the benchmarks for subsequent activity.

Chapter 5 The secrets of success

The prospects of advertising on the internet for the first time can appear daunting, However, the basic ingredients for success are simple and when a targeted message is placed in front of the right audience, the results can be explosive.

As with all forms of advertising, there are a number of essential basic ingredients. Get them right and your campaign has an excellent chance of succeeding.

1. Set clear objectives...

Many new advertisers try online marketing without having clear upfront objectives. This makes it almost impossible to assess the relative success of a campaign once it has run. Objectives can include reaching a certain proportion of a site's regular audience, generating a given response rate or delivering a target cost per response. If these are established in advance, the merits of any activity can be evaluated with confidence.

2. Research your market...

Identify your target audience and find out which sites they visit. If you want to target apparel designers, don't advertise on a consumer site but look for one with a heavy technical bias. The better sites will provide detailed breakdowns of their visitor base.

3. Choose carefully...

However large or small your budget may be, your primary goal should be to maximize its effectiveness. Select leading apparel industry sites that have a proven, established audience and a strong representation of relevant content. Finally, look for a site whose reputation and standing in the market are consistent with those of your organization.

4. Seek advice...

Don't be afraid to ask for advice. The better sites will help plan your campaign, design the adverts and interpret the results.

5. Targeting...

Sites that can closely integrate adverts and content offer the quickest route to success. Assess what opportunities exist to link advertising with associated content or target visitors by geographic region for a tailor made solution.

6. Fulfillment...

Decide how to fulfill any enquiries in advance. The internet is an immediate medium and users expect to instantly find what they need. If you wish to offer visitors a downloadable brochure, have it prepared well in advance.

7. Measure and tweak...

Online advertising can and should be 100% measurable. Make sure that your chosen site provides comprehensive and accurate reporting on the

visitors who view and click advertisements. Review this during a campaign and quickly make any amendments needed to maximize response.

8. Ask for guarantees...

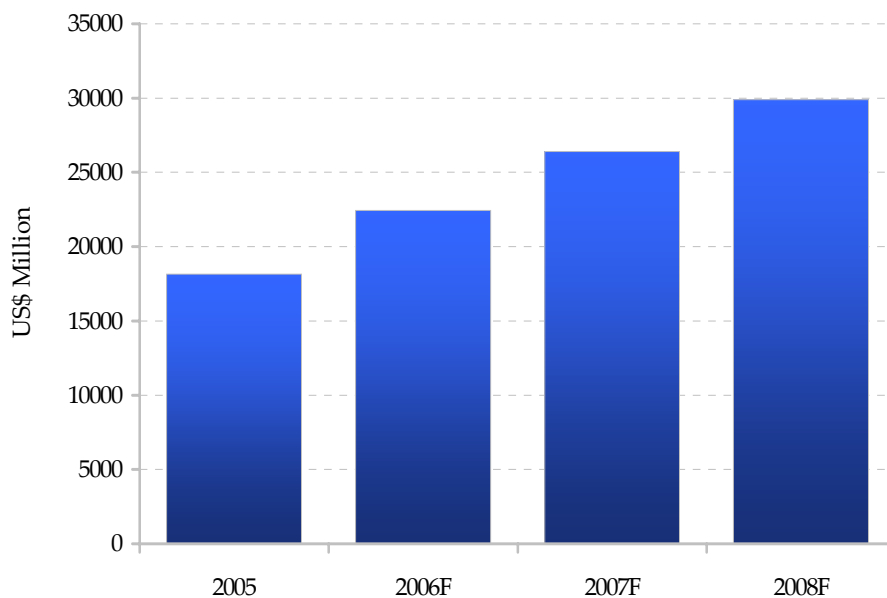
Sites that deliver proven results will often offer guarantees. If a campaign fails to deliver set objectives, they can re-run the campaign free of charge until they are.

Chapter 6 Future forecasts

Strong growth to continue...

Online advertising will continue growing strongly with global expenditure expected to reach US\$30 billion by 2008.

Figure 11 Global online advertising expenditure



Source: ZenithOptimedia

Much of this growth will take place in the developed markets of Asia, Europe and North America. In Sweden for instance, the internet already accounts for 9% of the advertising mix, a figure that is very quickly expected to rise to 12%.

Figure 12 Annual growth in online advertising expenditure

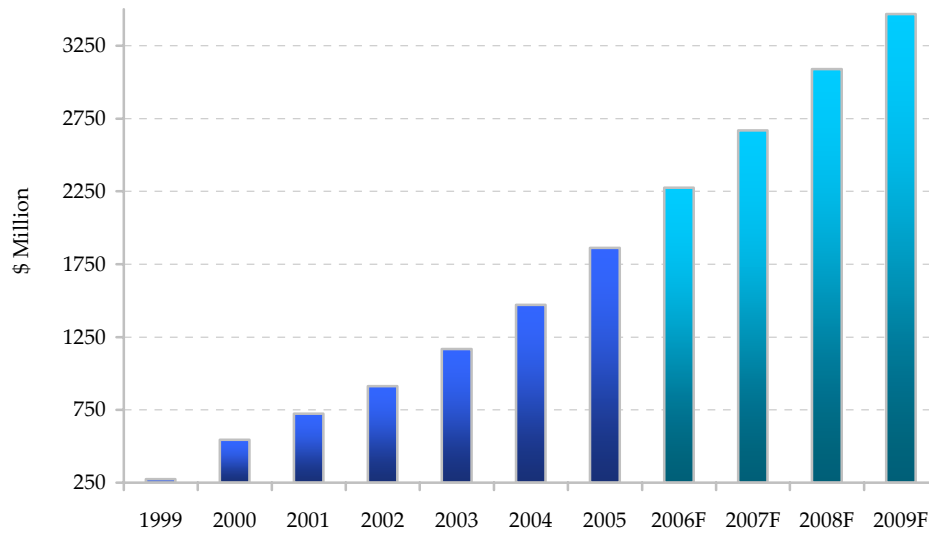
Country	2004	2005	2006
France	37%	29%	30%
Germany	10%	15%	17%
Italy	20%	20%	20%
Spain	27%	20%	20%
UK	27%	55%	15%
US	32%	30%	25%

Source: BIPE/Groupe Interdeco/OMD; eMarketer calculations Jan 2006;

IAB/PriceWaterhouseCoopers; eMarketer March 2006

B2B marketing will also be heavily influenced by the internet. B2B online advertising in the US is predicted to rise by an astonishing 86% over the next four years as it continues its assault on the trade magazines.

Over the same period, B2B advertising in printed publications will advance by less than 15%.

Figure 13 US online B2B advertising expenditure

Source: Veronis Suhler Stevenson communications industry forecast

Getting personal...

To satisfy the growing demand for targeted information, advanced personalisation tools will enable one-to-one customisation on a truly global scale. The internet already mirrors the developments that have taken place in TV over the last decade. More than anything else, consumers and business buyers want choice.

In the world of TV, this has been made possible by the explosive growth in satellite and cable channels which now provide specialist, highly targeted programming. In business, people have the same aspirations and are already favouring industry specific sites.

Apparel executives will subscribe to bespoke newsfeeds in increasing numbers. Really Simple Syndication (RSS) will enable searches to be carried out within these newsfeeds for articles containing individual keywords. Intelligent tagging of every item on every page of B2B sites will help build up detailed visitor behaviour profiles. The combination of these

technologies will allow advertisers to distribute product alerts, newsletters and other promotional messages more tightly targeted than ever before.

The ultimate advertising medium...

Sales of software packages to the interactive advertising industry are forecast to rise from around US\$20 million in 2005 to US\$190 million in 2010. Coupled with the expected growth in the use of Rich Media, online advertising will become ever more engaging and interactive.

With wastage almost eliminated and impact optimised, the internet will become the ultimate advertising medium.

