Forest Products Marketing on the Internet

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> *"When history is written, the creation of the Internet may be ranked alongside Johann Gutenberg's printing press and Marconi's radio as among the major advancements in human communication."*

<div align="right">Roanoke Times, March 1, 1997</div>

No communication medium has gained more attention in the past year than the Internet. Every major newspaper, magazine, and television station have covered how this new form of information interchange will alter our lives in the coming years. We can purchase everything from pizza to stocks to cars without leaving our home or office. It is estimated that nearly 20% of the U.S. adult population currently has Internet access. Yet, it is relatively unknown how successful commercial applications have been using the Internet as a sales or marketing tool. A recent article in Fortune magazine regarding visits (hits) to company home pages states that, *"Popularity does not necessarily mean profitability. This appears to be a significant factor on the Internet. It is a lot of fun, but the buyers are outnumbered by the browsers. Few companies currently are making any money from their Web servers. At the present time, the Net is most useful as the world's largest reference service and an interesting place to visit."*

The purpose of this section is not to give you the necessary computer jargon which will place you on the Internet with a flashy home page. The objectives are to raise questions which you need to answer before investing in the time and money of establishing a Web site. Before starting on how this new medium may assist your marketing efforts, I thought it would be interesting to review how other technological advances have stimulated sales and what these methods may have in common with the Internet. In my opinion the major innovations that have had the greatest effect upon marketing and sales include the printing

press, telephone, automobile, airplane, television, overnight delivery services, fax machine, cellular phone, and the personal computer.

Technology and Marketing

The printing press offered for the first time mass reproductions of company information in which unknown audiences could be reached. Until that time, only personal communication in the forms of personal calls or letters could be used to advertise products. "Are you there Mr. Watson?" was shouted by Alexander Graham Bell at the 1876 Centennial celebration in Philadelphia into a brand new invention called the telephone. Telemarketing was invented and our lives have never been the same. We now could immediately reach customers and prospective customers covering a wide geographical base. They started calling during dinner time, knowing we would all be home. We now had two way communication with our customers. About the turn of this century Henry Ford told us we could have a car in any color, as long as it was black. The traveling salesperson was born and could travel a larger radius to find and service customers. We now had more personal communication, but personal travel restricted the number of customers we could service. A couple of decades later, the airplane provoded a wider geographical base to market our products and services.

Television allowed marketers to reach a wide audience with one-way communication. It was also responsible for the one-minute sound bite. Companies now had to learn how to package their messages in 60 second frames. The overnight delivery systems allowed companies to service customers better. Firms can earn a reputation of quick delivery and caring for the customer. Just in Time (JIT) management systems were born. Less than 20 years ago a device called a facsimile machine was introduced which allowed companies to send copies of documents over the telephone lines. Nobody at the time of introduction thought it had much use, yet every company today has at least one, if not more fax

machines. This technology now allows us to wait until the very last minute to send anything. Again, companies can appear to provide above average service immediately upon request. The cellular phone allows mobility, along with communication. We can talk to one customer, while driving to another. We can sell one load of lumber while on the golf course with another customer. It provides a method to be in constant two way communication with our customers any time of the day or night. Finally, the introduction of the personal computer in the late 1970's has changed the way we conduct business. These machines allow us instant access to information on our products, deliveries, billings, and anything else we need to answer customer inquiries. They allow us to track customer purchases, keep customer data bases, and now allow us instant communication with them. Computers allow easy transfer of information and give the impression of above average service.

So what do all these advancements in technology have in common. First, they allowed for the wider, uniform distribution of information. Second, they all can be used as prospecting tools for the marketing function of a firm. Third, many provide instant two-way communication (interactive). Fourth, they allow the company to give the impression of above average service. Finally, all firms must use a mix of these methods to successfully reach their customers. These technologies all significantly improved the efficiency with which companies could enhance their image and marketshare. Your job in the coming years will be to decide how the Internet will fit into this mix.

The Internet
In the simplest terms, the Internet (Net) is a network of millions of computers connected through various mediums that communicate using a standard language called TCP/IP. The Internet is a group of independently operated networks, some public and some private, that join together seamlessly because they communicate using TCP/IP. You don't have to pay

to be on the Internet, but you may have to pay to get access to it. To get on the Internet you need a computer, a connection into a network that accesses the Internet, and the appropriate software to interface. The connection can be a modem to a commercial on-line service, a modem to a local users group or free-net, or a dedicated line for full Internet access. To establish a Web site (home page or advertisement) you will need a full time dedicated computer, software, and internet access. Or you could use a commercial service to provide your Web site and pay them a monthly fee to maintain it. To summarize how this all works, I create a file on my computer or someone else's computer. I leave the computer on 24 hours a day and hook it up to the Internet. I give you the file's address for my computer, you "dial" it and read the information.

The cost of establishing a *home page* on the Internet can be as low as a couple of hundred dollars to as high as you want to spend. To establish your own server you will need to have and designate a computer ($1500), buy the software ($100-300) , design the home page ($100 - ?) and rent internet access from a company (up to $200/month). If you use a commercial service, development of the home page can cost up to $100/hour with a minimum of 2-3 days work. More sophisticated home pages can take up to a month to develop and specific rates may apply. You will then pay a monthly service fee to have it on the company's server and depending on how you want them to handle information, there may be other charges. In comparison a current 1/6 page advertisement in a wood products trade journal would cost nearly $400/month for a year long placement. The current yellow pages would cost between $50 to $200 a month depending on the size and color preference. Certainly, the Internet offers a different advertising medium to reach your customers, and this example is not comparing apples to apples, but it does give an idea of how its pricing structure compares to existing promotional methods.

The World Wide Web (WWW) is part of the Internet. It has become the most popular resource available. This is due to the method in which information is provided and its user-friendliness. It combines text, graphics, sound, and even video to present interactive information. The Web is written in hypertext markup language (HTML) that contains links or connections to other data. Hypertext documents (also known as web sites or home pages) contain data in a variety of forms along with links to other Web sites. One must utilize graphical software to fully access the Web. The most common of these are Netscape and Mosaic. All you have to do is point and click the mouse on highlighted words or figures and you can navigate the Web. The Web has search engines that allow you to search the Internet for all sites that match the key words searched. Some of the most common search engines include *WebCrawler, Lycos, Excite, Yahoo, and Infoseek*. A March, 1997 search of key words in the forest products industry found the following number of sites by search.

Key Word	**Number of sites listed**
1. Hardwood and lumber	226
2. Softwood and lumber	75
3. Lumber	2857
4. Plywood	900
5. OSB	233
6. Wood and products and industry	1577
7. Furniture	14,000
8. Red and oak and lumber	100

Besides the WWW there are many other uses of the Internet. Some of the most popular services provided include Electronic Mail (e-mail), File Transfer Protocol (FTP), Telenet, Mailing Lists, and News groups. Each of these services can be used to gather or disseminate information to customers of the forest products industry. E-mail is the most widely used service of the Internet. It allows individuals to send written messages via the computer to one another. It is similar to leaving a message on someone's telephone

answering machine. It is currently estimated that 60% of all business employees and 80% of government employees have e-mail access. File Transfer Protocol allows the transfer of complete documents between computers. In the future there is no doubt in my mind that companies will be invoicing customers using FTP. Telenet is a method to have your computer act as a terminal for another computer network. It is often used for researching large data bases from libraries or government agencies. Mailing lists and News groups are similar in nature that the subscriber receives information on specific topics that they register for. In the wood products area there are specific News groups. These include groups interested in subjects such as wood science, wood, timber-engineering, management-decisions, pulp and paper, wood carving, and forestry. Appendix 1 lists the sites of common News groups or list serves that you can register for.

Estimates range from 50 to 100 million people who have access to the Net and it reaches just about every country in the world. Currently, each month another one million people start to explore the Internet. Internet patrons tend to be well-educated and affluent. In 1995 it was estimated that over $300 million of business was conducted over the Internet. Not bad for a medium that did not exist just four years earlier. According to *Direct Marketing* [1] magazine over 60% of this commerce were purchases of computer software and hardware, books, music, and magazines. This study indicates that over 70% of Web searchers are males with a higher education. Sixty-five percent of them held at least a four year degree and the average age was 32 years. Your job will be how to best implement this technology to service your customer better and make money at the same time.

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[1] Will the Surfers Become Buyers? by Eugene Fram and Dale Grady, *Direct Marketing*, October 1995, pp. 63-65.

Marketing and the Internet

As marketing personnel you need to decide how the Internet will service your customers better and how you can attract new customers with this technology. If we remember that the two functions of marketing are to provide an avenue of communication with the customer and to make a profit, then our decisions on utilizing the Internet should be based on these two principles. There are several questions that need to be answered before you invest in a Web site. These include:

1. What are your objectives for using the Internet?
2. How will your current customers benefit from this technology?
3. How will a Web page work with your other marketing tools?
4. Can the Internet save you time and money?
5. What is your company's competitive advantage that can be exploited through the Internet?
6. What is the best method to present the information on the Internet?

What are your objectives for using the Internet?

The objectives of using the Internet must meet and be consistent with the other marketing objectives of the firm. It is a tool to supplement your existing marketing program, not replace it. The Net may allow you to service customers better, provide information to new customers, act as a permanent advertisement or publicity method, or reduce the costs of

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transactions. Cross and Smith[2] state that, *"Internet marketing is about people rather than technology. Technology is merely a facilitator for a marketing strategy that focuses on customer benefits. Each technology-based program should provide multiple benefits to both the customer and the company."* Other uses for the Net are for customers to place orders, to build mailing lists for future promotional efforts, increase your company's image, to find employees, or for marketing research. The Internet offers more information than we all need. However, it can tell us much about our competitors and the marketplace. It also provides access to endless government data bases that can keep you abreast of current markets.

How will your current customers benefit from this technology?

Before investing the time and effort in developing a Web page, you should discuss with some of your current customers how this technology will help them. Develop a Web site, with them in mind, not someone you don't know yet. If you can provide benefits for existing customers, most likely these will be benefits for future customers. Some methods in which the Internet may provide benefits to customers are: easier access to shipping information, product inventories, purchasing, discounts, company information, or product information. If this information is on-line, the customer does not have to "talk" with a real person and it could lead to a savings at your company which could be passed on to the customer.

How will a Web page work with your other marketing tools?

As stated earlier, the Net is a supplement to your existing marketing mix. By providing a current home page, much information could supplement your advertisements in magazines, publicity, or what your sales people are currently promoting. Once you have a Web page,

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[2] Internet Marketing That Works for Customers. by Richard Cross and Janet Smith, *Direct Marketing*, August, 1995, pp. 22-23.

then you should advertise its address in all other promotions. Figure 1 illustrates an advertisement with a home page listed. If your marketing message is high quality red oak lumber delivered within 10 working days, then this message could be promoted in each medium. The interactively of your home page will allow quick response to your customers. It is called the information super highway mainly because most people are currently using it to find information to become better consumers. The Internet will help you keep in contact with customers and build recognition for your company to non-customers. A Web page best resembles the Yellow pages or classified advertisements in magazines where customers seek out the advertiser. They must know where to look, so you will have to tell them your address.
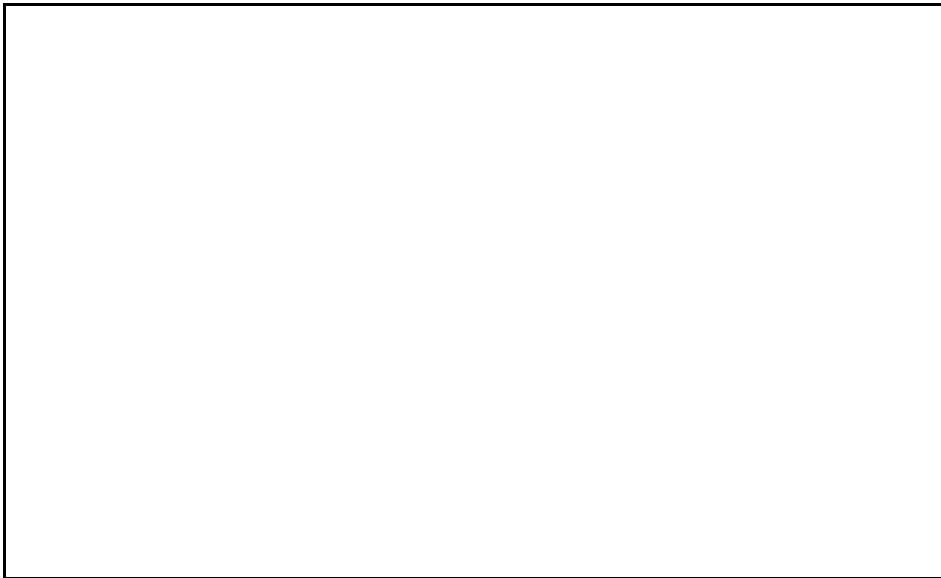
Figure 1. Home page advertisement

Can the Internet save you time and money?

Before establishing a Internet site, determine which methods can save you money and increase your profits. The interactivity of a Web site may free time for those individuals who normally would deal with answering routine questions. If the customer can place

orders over the Net, then this saves time in filling out order entry forms. Routine promotions over the Net to customers can save you mailing costs. Sales people may be able to set up appointments using e-mail which could reduce phone costs. Customer shipment information and invoicing can all occur over the Net. Can you make it easy for customers to buy on the Internet? Automatically building customer lists for future promotions and keeping track of what is being ordered is another method the Web site can save you money. There are a variety of methods in which a Web site could save a company time and money with careful evaluation.

What is your company's competitive advantage which can be exploited through the Internet?

You should have a good idea why customer's buy your wood products and not your competitors. It may be due to your quick delivery, high quality, excellent service, caring attitude toward the customer, lower price or whatever else you have developed over the years in business. This advantage should be molded into your Web page. If above average service is your motto, then the interactivity of your home page should promote and provide above average service. If lower prices are your advantage, then give the customer a reason to buy through the Internet, discount the prices. If you are known for high quality, then the home page better be first class. What ever you have identified as your strengths as an organization, you should exploit on the home page.

What is the best method to present the information on the Internet?

The general rule of thumb is KISS (keep it simple stupid). Do not overload your home page with too much information. Plan your site on paper first. Decide what you want to tell your customers. Users of the Web have short attention spans and if you can't get their attention quick, they are gone in a click of a mouse. Present your information in a simple and logical manner. Do not put a lot of graphics on the home page. It takes time to download the graphic files. Keep the graphics for the links to your home page. These are

the pages with hot buttons that allow the reader to gather further information on your company. The home page should download quickly and be pleasant to the eye. Choose colors that contrast and make it easy to read. Keep the style of the pages similar for each site. If you plan to use a lot of graphics, offer the reader a text only version of the home page. On every page have your company name, logo, e-mail hot link, and toll-free number so they can contact you easily. Since individuals are interested in information, keeping your Web site up-to-date is very important. If products or services change on a regular basis, you will want to change them at the site. If you have interactive links, where a customer wants responses, then someone will have to be assigned to respond to electronic requests for information. According to Lewis and Lewis[3] a home page should serve the following functions: To introduce your site; grab customer's attention; serve as a table of contents; point to new stuff; and download quickly. They go on to say when designing a home page, think about magazine or book jacket covers. Keep the home page eye catching, interesting, and make sure you can print the entire page on a single sheet of paper.

Summary

My personal feeling is that it will be just a matter of time before we will all be wired electronically. How you turn this medium into profits will depend on your objectives and willingness to integrate the Intenet into your marketing program. A well planned program will allow a forest products company more exposure to customers and allow them to serve their customers better. Lumber is being bought and sold via the Internet now from all reaches of the world. The Internet offers the opportunity to effeciently tranfer information between you and your customers. As we turn the corner on the 21st Century, having access to quality information is provides a competitive advantage for forest products firms.

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[3] *Selling on the Net* by Herschell Lewis and Robert Lewis, 1997. NTC Publishing, Lincolnwood IL. 272p.

Note: Appendix 2 is a list of common terms used on or about the Internet. Appendix 3 is a list of books that will provide more information on the Internet.

Appendix 3 Suggested Reference Books and Magazines

Books

Cronin, Mary. *Doing Business on the Internet*. New York: Van Nostrand Reinhold Publishing, 1995.

Cronin, Mary. *The Internet Strategy Handbook.* Cambridge, MA: Harvard University Press, 1996.

Ellsworth, Jill and Matthew Ellsworth. *Marketing on the Internet.* New York: John Wiley & Son Publishing, 1995.

Emery, Vince. *How to Grow your Business on the Internet.* Scottsdale, AZ: The Coriolis Group, Inc. 1995.

Levinson, Jay and Charles Rubin. *Guerrilla Marketing On-Line*. New York: Houghton Mifflin Publishing Co. 1994.

Mathiesen, Michael. *Marketing on the Internet,* Second Edition. Gulf Breeze, FL: Maximum Press, 1996.

Patterson, Marni. *Doing Business on the World-Wide-Web.* Menlo Park, CA: Crisp Publications. 1997.

Vassos, Tom. *Strategic Internet Marketing.* Hollis, NH: Inner Midia, Inc. 1996.

Magazines

Internet World, Mecklermedia, Westport, CT. Home page: *iwsubs@kable.com*

Interactive Week, P.O. Box 10506, Riverton, NJ. 08076. Home page: *http://www.interactive-week.com/intweek*

Net Guide, 600 Community Drive, Manhasset, NY 11030. Home page: *http://techweb.cmp.com/net*