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 People: [Emma Warrillow](#)

Web Strategies: Portals

FedEx Courts Small Businesses With Tailored-Content Site

Last year, FedEx Corp. (Memphis, Tenn.) was looking for ways to add value for its small-business client base. "Small-business customers represent the most numerous and profitable customers on our database," says Lori O'Brien, program manager of alliance marketing. "They're valuable because they qualify for fewer discounts than large corporate accounts, so their yields are much higher per package than packages sent by GE, LL Bean or other large customers. Also, the small-business market is the fastest growing business segment in the U.S., so it represents a high-growth, high-yielding segment of customers that we need to sustain our own business growth."

Through conversations with small-business clients, a consistent theme appeared: they didn't like the administrative tasks associated with day-to-day operations, but they lacked a large staff to whom those tasks could be delegated. FedEx saw an opportunity to fulfill a customer need by helping them get the resources to make running their businesses easier. In December, the company launched the Small Business Center (www.fedex.com/us/ebusiness/smallbusiness), a Web portal dedicated exclusively to the special needs of this market.

The initiative was designed primarily to strengthen loyalty, rather than to generate revenue. However, it was also a fundamental part of a larger strategy to increase customer awareness and acceptance of FedEx's automation capabilities. "We want our small-business customers to use our online shipping and tracking capabilities," O'Brien says. "When packages are shipped online, it's easier [for both parties]; there are no handwriting errors, and our ZIP code authenticator ensures that ZIP codes are correct before the package is shipped. For the customer, it means fewer mistakes, and the 'Rolodex' feature means you don't have to type in frequently used addresses every time."

Custom content, offers

The Small Business Center site, billed as a resource for articles, how-to guides and practical tools, is branded with the same look and feel of fedex.com. A management library contains categories such as Sales Solutions, Hiring Hints and Your Growing Business. One of the most popular features is Regional Resources, which contains links to critical information at the state level, including employment guides, business registration information and taxation rules.

Tailored content is a key feature. "Editors Picks," for instance, recommends articles based on a visitor's clickstream behavior. The "Members Prefer" section uses collaborative-filtering technology to generate recommendations based on the "people who have read this also read this" principle. In addition, contextual marketing (or smart placement) matches appropriate FedEx service offers to the subject a visitor is reading about. Digital Cement (www.digitalcement.com), a provider of customized, content-driven Web portals, designed and hosts the site. FedEx chose Digital Cement for two primary reasons, according to O'Brien: its ability to provide objective, relevant content, and the product's tracking and measurement properties. Digital Cement identifies, organizes and produces all the content for the site, which includes adding new articles quarterly.

Before developing the Small Business Center, FedEx knew very little about what its small-business clients did on the FedEx site. "The main thing Digital Cement has brought to us is measurability within the Small Business Center—we know where these customers are going, which hotlinks they're clicking to, which articles they're reading on each visit and how long they're staying on each page," O'Brien says.

Digital Cement charges a quarterly flat rate. Prices range from \$50,000 for straight content to several million dollars for a complete portal. FedEx's initiative trends toward the higher end.

Will FedEx's strategy work?

Many people still think of FedEx as an overnight-shipping company. FedEx, on the other hand, sees itself as a provider of supply-chain solutions—particularly to small businesses. eCommerce Builder, for instance, lets a company build an eStore,

complete with shipping, distribution management and tracking powered by FedEx. Through a partnership with Kinkos, the company offers a Print, Bind and Ship service.

With a crowded marketplace for small-business portals (including Inc.com, Onvia.com, Digital Work.com and Workz.com) and a downturning economy, only time will tell. However, early results look positive. "We don't have all the figures yet-the site's been up only since December 14," says O'Brien. "But so far, it is far exceeding our expectations."

Web-site visitors are not just browsing the content; more than 30 percent of site visits end in clickthrough to a specific FedEx destination area (products, services and special offers). One encouraging result is that the most popular link is to FedEx Auto Shipping, implying that users are exploring the automated shipping options as hoped.

FedEx plans to generate repeat site visits through targeted email based on content clickstream data (visitors register by inputting their FedEx account number). The company currently sends a weekly eBulletin to interested subscribers, highlighting five pieces of linked content. Evan Wood, spokesman for Digital Cement, notes that "the clickthrough rate is very high."

To fully measure the initiative's success, FedEx plans to marry users' account behavior to their clickstream data. Each customer's spending in the Small Business Center site will be tracked against his pre-Web-site spending and compared with that of customers who don't use the site. Although increased revenue may not be FedEx's primary motivation, it is clearly an anticipated outcome of the venture.

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