

THE MAGNET EFFECT

Attracting and Retaining an Internet Audience Today and in the Future

JESSE BERST

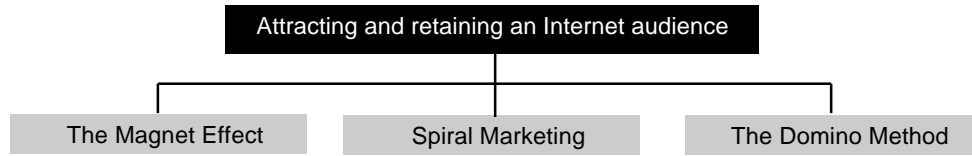
JESSE BERST is one of the world's most widely read technology commentators. He founded and edited until recently ZDNet's AnchorDesk e-mail daily newsletter which now has a circulation of more than 1.5 million readers. Mr. Berst appears weekly on CNNfn and has authored or co-authored 15 technical books including *How To Manage Your Small Computer . . . Without Frustration*. With over 20 years industry experience, Mr. Berst has also served as CEO of CompuThink Inc. and Vice President of New Riders Publishing Inc., both of which were companies he founded or cofounded.

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MAIN IDEA

Surviving and prospering in the digital business era all comes down to how effectively you can attract and retain an Internet based audience of regular customers. To achieve that requires an understanding of three critical concepts:



The “Magnet Effect” means that you use other, passive media to create awareness of and generate visitors to your Web site. Once people have visited your Web site, you then use “Spiral Marketing” to keep them actively involved. Spiral Marketing is a loop where visitors are attracted to the Web site using passive media, provided with the ability to do or learn something useful while actually at the site and then followed up with using e-mail. Smart online business operators build a strong spiral and keep their customers moving around that spiral time and again, generating ongoing business and profits.

The “Domino Method” is the way emerging markets can be anticipated correctly so a business can be positioned to exploit them well. In essence, technology markets always follow a highly predictable pattern – like a string of dominos falling over. Most of the time, you will be able to tell what’s going to happen with a high degree of accuracy but it will be harder to forecast exactly when each domino will actually fall.

By combining the Magnet Effect, Spiral Marketing and the Domino Method, anyone can position their business advantageously to take advantage of the falling dominos of the future rather than being crushed by them.

Section 1 – The Magnet Effect Pages 2 - 3

Traditionally, companies would develop a new product and then look for customers to sell that product to. In the digital business era, the process is reversed – you create a group of customers first and then find additional products and services which you can sell to those customers.

In other words, the main priority of a modern business is to develop some sort of magnet which will pull in customers and allow you to rise above the background noise and clutter. Once you have the attention of a large set of customers, you then find a number of ways to profit – by selling products, services or access to your customers.

Section 2 – Spiral Marketing Pages 4 - 5

Spiral Marketing is a new form of marketing in which passive media, Web sites and e-mail are used in a positive feedback loop to create lifetime relationships with customers. Once consumers enter the spiral marketing loop, the loop keeps turning and gets more powerful and increasingly profitable each time around.

The essence of Spiral Marketing is:

- 1. Use passive media to send new people to your Web site.
- 2. As people use the Web site, get permission to e-mail them.
- 3. Use ongoing e-mail to strengthen a lifetime two-way dialog.

Section 3 – The Domino Method Pages 6 - 8

After you’ve acquired customers (the Magnet Effect) and learned how to retain them (Spiral Marketing), you then need a way to predict what will happen next so you can learn how to keep customers coming back in the future. The Domino Method states it’s relatively easy to forecast what will happen next but very hard to predict when.

All technology trends follow a predictable pattern – like a chain of dominos falling over in sequence. The hardest part is forecasting when the first domino will fall. By knowing specifically which domino chains are poised ready to take off, you can gain a head start over your competition.

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