

# Precision E-Mail Marketing

By John Rizzi



**Moving beyond permission-based e-mail campaigns to create lasting customer dialogs.**

**A**sk any real estate agent for the most important aspect of buying a new home, and you'll hear the three L's: location, location, location. The look, style, and age of the home are secondary to the location because the location never changes. You can change the appearance of a home, but it's pretty difficult to move one.

Now, ask an experienced e-mail marketer—still a rare breed today—what's most important about an e-mail marketing campaign, and you'll hear the three P's: *precision, precision, precision*. (Some may erroneously say "permission" instead of "precision," more on that later.) To fully exploit the power of e-mail as a marketing tool, you must achieve precision throughout your e-mail communications:

- precisely identifying the most appropriate targets;
- precisely crafting unique messages for each individual recipient;
- precisely timing the delivery of the messages for maximum effectiveness;
- precisely responding to each reply you receive; and
- precisely analyzing the effectiveness of each communication, so that each one gets better than the last.

Put yourself in the recipient's desk chair. Get your coffee, turn on the computer, open your e-mail system, and scan the "From" and "Subject" lines in your in-box. You look for familiar names and interesting-sounding subjects. If you're like most people, you delete the ones from senders like "Quick Dough" with subjects like "EARN MILLIONS THIS YEAR!!!" After catching up on news from family and friends, what e-mail do you open? You open the mail from people and companies that you know, trust, and enjoy doing business with, and those who have proven to you that any e-mail they send will contain valuable information.

It sounds simple enough. And since Forrester Research predicts that the U.S. online consumer market

will exceed \$184 billion by 2004 (compared to \$20-30 billion for 1999), online commerce is clearly exploding. Well-executed e-mail communications can be an extremely effective way to earn the confidence, respect, and most importantly, ongoing business of customers online, but it isn't easy. To succeed, and to achieve true precision, you must be sure to have all key elements of an e-mail communications program in place, including sound campaign strategy, program development and delivery capabilities, response management infrastructure, and analytical expertise. Do it right, and you'll join the ranks of e-mail marketers experiencing consistent double-digit response rates, campaign ROI's approaching 1,000 percent, and stronger, more productive relationships with customers, prospects, and business partners.

## **Permission Is the Starting Point, But Precision Is the Goal**

E-mail marketing has steadily evolved, growing from its earliest, darkest days of untargeted, irresponsible "Spam" blasts, to a point where all upstanding marketing citizens have embraced the concept of "permission" marketing as an absolute requirement of any e-mail communication initiative. Spam is far from obsolete, but it is at least widely acknowledged as a sure-fire way to alienate customers and prospects for good. Following permission marketing principles is an absolute prerequisite for any responsible e-mail campaign.

What do responsible marketers do?

- Responsible marketers only send e-mail to people who have specifically indicated a desire to receive it. Unlike traditional direct marketers who operate through mass mailings which often go directly into the recycle bin, a responsible e-mail marketer resists the urge to "mail the whole list;"
- When recipients ask to unsubscribe from a mailing list, responsible marketers remove their names immediately

***In the beginning, there was Spam...***

Wife: Have you got anything without Spam?  
Waitress: Well, there's Spam egg sausage and Spam, that's not got much Spam in it.  
Wife: I don't want *any* Spam!  
Man: Why can't she have egg bacon Spam and sausage?  
Wife: *That's* got Spam in it!  
Man: Hasn't got as much Spam in it as Spam egg sausage and Spam, has it?  
Vikings: Spam Spam Spam Spam . . .  
Wife: Could you do the egg bacon Spam and sausage without the Spam then?  
Waitress: Urgghh!  
Wife: What do you mean "Urgghh?" ***I don't like Spam!***  
-- *Monty Python's Flying Circus skit (the source of the term "Spam" in relation to e-mail)*

marketers are interpreting "permission" to mean "permission to send bulk mail," and consumers are being inundated with messages that are not directly relevant to their needs and interests.

The result is a huge proliferation in e-mail volumes. According to Forrester Research, in 1999 the volume of e-mails exceeded that of postal mail for the first time. By 2004, marketers will send more than 200 billion e-mails annually. To break through the e-mail clutter and continue to achieve impres-

sive results from the e-mail channel, marketers need to move beyond simple permission principles to a new goal—achieving precision in all e-mail communications, so that recipients are actually *delighted* to receive your e-mail messages. Permission is the minimum expectation; *precision* is getting the right message to the right person every time.

**■ The Precision Approach to E-Mail Marketing**

You read correctly when we said customers are "delighted" to receive precision e-mail. That's the reaction customers have when they receive e-mails that are individ-

ualized based on their specific contexts, relevant needs, and preferences.

How does it work?

Here's an example. Imagine you're the marketing director of Dinner Bowl Pet Supplies and that you want to do precision e-mail marketing. The first step is to ask your customers about the pets they have when they register on your Web site or come to your store. Cat lovers probably don't want to hear about chew bones any more than dog owners want to hear about the latest in fur ball treatments. And remember, in the pet supplies market, there is also a group of people who have both dogs *and* cats—representing a third unique segment of customers. It's all about knowing your customers and targeting campaigns precisely to their needs.

Carefully targeting your mailings to reflect the specific interests of your customers is difficult, but if it is done well, you build long-term customer relationships with tremendous potential for repeat business.

Consider the profile of a Dinner Bowl Pet Supplies customer as shown on the next page. When Ms. Friend opted-in to receive information via e-mail, she indicated that she is interested in certain information about dog, cat, and rabbit products. That means each e-mail she receives should be precisely tailored to meet these specifications. As long as the marketer upholds the implicit promise to send only what she's requested, Ms. Friend will become an increasingly happy, high-spending Dinner Bowl customer.

and confirm that it has been done; and

- Unless customers have specifically agreed to it, responsible marketers do not share or sell their e-mail addresses with any partners, affiliates, or other third parties.

Permission-based e-mail marketing has represented a considerable leap forward by helping to ensure that marketers remain focused on establishing a level of trust and responsibility with their target audiences. But, as opt-in lists continue to grow and marketers increasingly embrace e-mail for its cost-efficiency and high response rates, permission-based marketing is now falling short. Too many mar-

## E-Mail Marketing Evolution

### 1<sup>st</sup> Generation

#### Broadcast / SPAM:

- High volume / low cost
- Send and forget
- Generally not relevant

### 2<sup>nd</sup> Generation

#### Permission Marketing:

- Responsible
- Poorly segmented
- Minimal personalization
- Approaching bulk mail

### 3<sup>rd</sup> Generation

#### Precision Marketing:

- Focus on individual
- Dialog-based
- Utilizes reply button
- Minimized opt-out
- Builds brand affinity
- "Mail Worth Opening"

For truly personalized service, she must be able to revise her profile easily in the happy event that someone gives her a parakeet. Even better, on its own, Dinner Bowl could identify that Ms. Friend has expanded her pet family by observing her changing purchase patterns. In precision e-mail marketing, each individual customer's interests are accommodated, in each and every mailing.

As the chart below illustrates, there are almost unlimited combinations of customer interests. When precision marketing is done effectively, the result is that each message recipient receives information unique to him or her. It is possible that no two customers will receive the same mailing. Achieving this level of precision requires both traditional direct marketing expertise and innovative technology.

With advances in technology constantly creating new advances in personalization and interactivity, e-mail marketers must continuously adapt their strategies to offer recipients not only the right message, but the right message in the most effective format. Few other vehicles demand this level of combined marketing and technological expertise. However, the payoff is significant when your customer reads your e-mail and immediately replies with an order for your products and services. Even

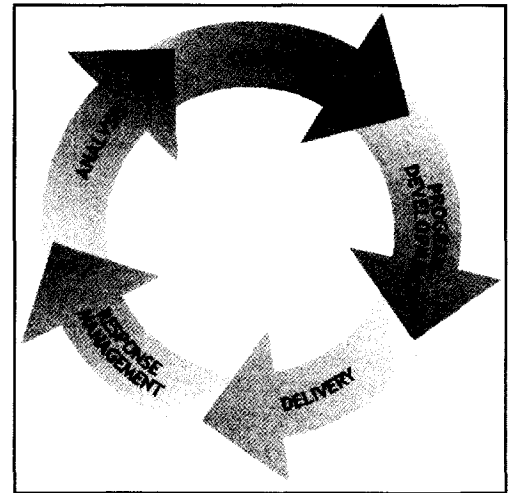
if your objective isn't immediate revenue generation, effective precision e-mail dialogs can forge stronger, longer-lasting relationships with your customers and business partners.

## ■ The Keys to Success

To conduct successful, precision-based e-mail marketing, e-mail marketers must base their efforts on a solid foundation that encompasses five key steps: campaign strategy, program development, message delivery, response management, and analysis. Diligently following this cycle opens the door to building effective, long-lasting dialogs with your valued customers.

## ■ Step 1—Strategy

First and foremost, you must have clear objectives that are appropriate for your customers. Successful e-mail marketing campaigns are typically conducted with even greater care than traditional direct marketing campaigns. This involves developing sophisticated split tests, finding out what works and what does not, and having a clear picture of how each campaign feeds into the next.



In addition, successful precision marketing requires you to have detailed knowledge of each customer's needs and interests, and the fundamental understanding that not all recipients are created equal. Ask yourself, "How can I provide the most value to this customer, build trust and brand affinity, and *only then* promote increased purchases?" For example, if your customers sign up for a "newsletter," be sure that you send them real news—not just a series of sales bulletins. Keep in mind that effective precision marketing typically results in companies sending less mail—fewer messages sent to fewer people—but with much greater effect.

Consider each element of the campaign in this manner, applying lessons learned from previous initiatives to improve on each subsequent campaign. Strategic planning guides all subsequent campaign efforts, and ensures that the marketing campaign remains targeted and effective on a continuous basis.

## ■ Step 2—Program Development

Working with copywriters and graphic designers, the marketing staff prepares the e-mail marketing campaign as a component of the larger

### Best Friend, Dinner Bowl Customer #1318

#### Information Interests

	Food	Grooming Aids	Toys	Specials
<b>Dogs</b>	Y	N	Y	Y
<b>Cats</b>	N	Y	Y	Y
<b>Birds</b>	N	N	N	N
<b>Fish</b>	N	N	N	N
<b>Rabbits</b>	Y	N	N	Y
<b>Hamsters &amp; gerbils</b>	N	N	N	N
<b>etc.</b>				

### **E-Mail Marketing Checklist**

- ▶ **Has the recipient opted-in for this type of communication?**
- ▶ **Are the opt-out instructions clearly stated within the e-mail?**
- ▶ **Is the mail worth opening (relevant and meaningful to the recipient)?**
- ▶ **Can recipients easily respond to the e-mails (e.g., place an order, ask a question, change a preference)?**
- ▶ **Are the e-mails clear, concise, and easy to read?**
- ▶ **Are you ready to handle the responses?**
- ▶ **Have you properly coded your mailing to enable detailed analysis?**

marketing plan. The campaign should reflect and reinforce the messaging of your Web site and other media. The e-mails should be visually compelling, the text should be clear, concise, and well-written, and the content should support your sales goals.

During program development, make an assessment to determine the most appropriate e-mail format to achieve your goals (e.g., plain text, graphical HTML, or rich media). One of the tremendous strengths of the medium is that you can run a small test, evaluate the results, and adjust the program quickly to make needed improvements. Nearly 90 percent of e-mail responses occur within 48 hours of the mail drop.

### **Step 3—Deliver the Mail**

E-mail's speed and cost-effectiveness are both its greatest assets and its largest potential stumbling blocks for marketers. It's so easy to send, marketers often launch a campaign before thinking through all of the potential ramifications. Before you authorize the pressing of the Send button, remind yourself that once a recipient opts-out, he or she is most likely lost forever. (Remember that as a responsible marketer, you must tell them how to opt-out, and

then remove them from your list if they do so.)

Your best insurance policy against alienating recipients is a comprehensive quality assurance process to ensure that the right message gets to the right person at the right time. Double-check your targeted segments and cross-check your unsubscribe list against your mailing list before you send any mail. Assign specific codes to each cell to facilitate tracking and analysis once the campaign is under way. Especially for time-sensitive communications, make sure you have enough outbound bandwidth and mail server capacity to enable efficient mail delivery.

### **Step 4—Response Management**

One of the unique strengths of e-mail is the Reply button. Unlike traditional direct mail, it is simple for the recipient of your message to send a reply message to you within just minutes of your campaign launch. This is why e-mail can be so effective at establishing ongoing dialogs with customers, but achieving that dialog requires that you have a process in place for handling customer responses in order to take advantage of e-mail's two-way, relationship-building qualities.

With the right technology, you can automate the handling of some responses, such as orders, "bounced" e-mails, undeliverable e-mails, and routine inquiries. This involves developing or outsourcing the technology infrastructure necessary for inbound message management, as every reply from a customer represents a golden opportunity to expand your relationship through a true dialog. Requisite response management capabilities include the ability to automate certain types of anticipated responses based on business rules and customized templates.

However, 100 percent automation of responses is rarely advisable. You should

be prepared for ad hoc or off-the-wall inquiries that may require personal attention, and view these as opportunities to impress your customers with unexpected service levels. To do this, live "response managers" are the best solution. For example, the Dinner Bowl pet supply company mentioned earlier might get an inquiry from a customer about how to keep squirrels out of the bird feeder in her backyard. With the right response management process in place, Dinner Bowl's customer service representative can answer the inquiry with instructions on how to order their in-stock book on backyard birding. The bottom line: happy customer, another sale...and the squirrels have acorns anyway!

Helping customers feel that they are taking part in a meaningful dialog makes all the difference in ongoing customer relationships. Just one unheeded or inappropriately managed response can mean a costly farewell.

### **Step 5—Analysis**

When your first campaign mailing drops, you don't have to wait long for the results; they're almost immediate. The click-throughs, orders, bounces, undeliverables, and ad hoc replies come rolling in, and then you get busy with the heart of it: analysis. One of the key differences between e-mail and snail mail is the ability to track and refine e-mail-based campaigns in real-time. This component of precision e-mail marketing relates back to the work done in planning and program development, enabling you to adjust subsequent mailings within the same campaign to achieve the highest ROI. E-mail holds a significant advantage over traditional direct mail by compressing the timeframe needed to measure responses, process detailed campaign analysis, and apply what has been learned to both current and future campaigns.

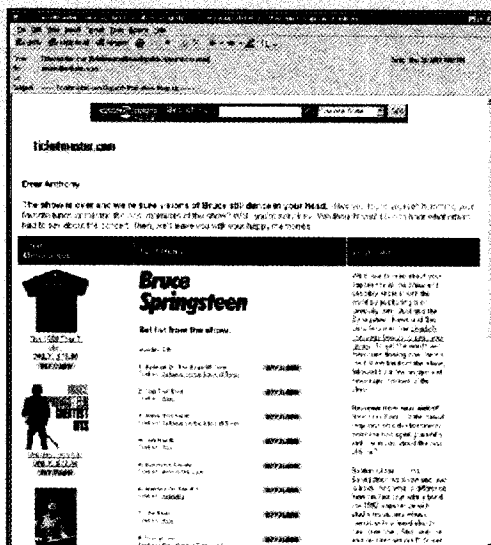
Based on comprehensive measurement techniques that chart the direct marketing manager's program, strong analysis provides the building blocks for subsequent, higher-return campaigns. For exam-

## TICKETMASTER ONLINE: A CASE IN POINT

Here's an example of how e-Dialog executed an event-driven, precision e-mail marketing campaign for Ticketmaster Online.

Ticketmaster wants to plan a campaign around a Bruce Springsteen concert series, reaching out to customers who purchased tickets online. Ticketmaster has e-mail and mailing addresses, and knows what kind of music or event each person has demonstrated interested in. If the customer has purchased a ticket online, they know what venue he or she will attend at a specific time on a specific date, right down to the seat number. They want to leverage this knowledge to achieve two complementary objectives: 1) providing each customer with information to increase their enjoyment of the Springsteen show; and 2) boosting their online sales of Springsteen merchandise.

An initial point of contact is made via e-mail, thanking the customer for purchasing his or her ticket and gaining permission to engage in a continuing e-mail dialog. However, rather than following up with a barrage of offers on CDs and other related goods, Ticketmaster sends customers a second message focused on providing personalized information on the upcoming event, such as driving directions from their individual homes, a seating chart showing the view of the stage from their specific seat in the stadium, and, to generate excitement, news on previous shows within the tour.



All responses to these e-mails are carefully routed, with auto-responders and response managers handling each response individually, ensuring that no "golden visit" from a customer goes unheeded.

Early in the morning after the actual show, each customer receives a follow-up message, which includes a set list from the show they attended, with a link to purchase the specific CD on which each song originally appeared. Customers also receive offers to purchase tour T-shirts and other paraphernalia

at discounted prices. As the results from each mailing come in, data is gathered to provide Ticketmaster with learning for future campaigns. In the end, the campaign generated a 47 percent response rate and a 20 percent conversion rate (customers that clicked through to the Ticketmaster Web site and then made a purchase).

Beyond the impressive numeric results, customers were vocally positive about their experience with Ticketmaster online. They appreciated being able to post comments about the concert, share information with other Springsteen fans, and enjoy a far richer experience than they would have had waiting in line (or in a phone queue) to purchase tickets. The end result was a stronger, more profitable relationship between Ticketmaster and its customers.

ple, look to a mailing sent to fans visiting the NFL's Web site. Joe Football enrolls to receive the NFL's e-mail newsletter. By tracking Joe's click-throughs and preferences and learning that he's an Indianapolis Colts fan whose favorite player is Colts' QB Peyton Manning, the NFL can send Joe a special offer for a replica of Manning's jersey the day after Manning wins player of the week honors. By tracking and analyzing what each fan does with each mailing of the newsletter, the NFL

can provide information and offers that match each fan's unique interests.

Precision e-mail marketing requires you to know when a message will be perceived as mail worth opening vs. an intrusive distraction, and comprehensive results tracking and analysis are essential to achieving that level of understanding. You must know the right context—as well as the right content—with which to engage your customer in an ongoing exchange, and monitoring each segment of each cam-

paign is the only way to ensure this level of precision. ■

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