Getting Ready to Build Your Email Marketing Efforts

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In the previous chapter, we explored the importance of brand and how you can leverage email intelligently across the entire consideration and purchase cycle. What we will explore in this chapter are the tools and resources to execute email marketing well. To become a skilled email marketer, you also need the right tools to complement your strategy, and these tools come at a cost. We will provide some useful examples of how to justify these expenses and get the most out of your marketing dollars.

Chapter Contents

Aligning Your Strategy with Your Tools

Although dozens of applications and vendors offer email tools and services, many are better for particular types of email marketing purposes than others. To determine which tools and application features you require, you need to assess your category of email and its purpose as it relates to your marketing strategy. The category of marketing email to be used often depends on the type of business doing the marketing. For example, newspapers and other publishers may want to do only newsletter email marketing. For them, maintaining a relationship with their readers is sufficient. Another category is promotional email, where products and services are advertised; this is used mostly in the retail sector. Banks and utility companies are focused more on transactional and service-based email. These categories of email require different tools, or at least utilize email marketing features such as personalization on a more regular basis. Newsletter marketers, for example, typically send the same daily or weekly newsletter to every subscriber, reducing the need for tools such as dynamic content or the ability to trigger messages based on a subscriber's behavior. A strategy that is aligned with your promotional endeavors will require tools that allow you to segment your list into different types of subscribers and change the content within an email to ensure that it best matches the subscriber's profile. Regardless of your email category, the following strategy guide applies to all types of email.

Write This Down: A May 2006 JupiterResearch executive survey found the top challenge for email marketers was "knowing where to begin to optimize their mailings." (Source: JupiterResearch)

Determining Your Tools: A Ten-Point Strategy

Based on the considerations we've just outlined, every email marketer needs to perform ten important steps to determine which tools are appropriate for their marketing strategy:

• **Begin with the end in mind; incorporate testing and use frequency caps.** Ensure that email marketing mailings focus on goals by incorporating regular testing into marketing campaigns. Tests should focus on variables that are levers (for example, frequency, time of day, and content) for attaining target goals (for example, conversion). Working backward from a specific goal will ensure that optimization practices such as testing are part of the mailing process. Additionally, determine the maximum number of messages subscribers will receive in a given month. This is referred to as a *frequency cap*. Typically, marketers mail once per week; however, you should develop a contact strategy that incorporates frequency rules to avoid "burning out" subscribers. In Chapters 5 and 7 we provide you with real-world examples of how to incorporate testing into your email production process. For now, however, begin to identify those goals and message attributes that you may want to test down the road.

- **Place value on email addresses.** As discussed in Chapter 1, unless you understand the value to the organization of email addresses or email subscribers, you will have difficulty making a strong case for additional investments in email marketing programs (for example, dedicating more site real estate to email acquisition or using offline resources to collect and/or reactivate email addresses). Determining the value of an email address requires understanding email acquisition costs and metrics such as the average revenue per email subscriber. A more detailed approach can mirror customer lifetime value calculations, incorporating customer-specific recency, frequency, and monetary values. A recency, frequency, and monetary score or value is commonly referred to as *RFM analysis*. This approach is used to segment customers into different groupings based on their (monetary) spending, the frequency of their purchases, and the recency of their last purchases. Marketers will often use this to create groups of six-month buyers, meaning those buyers who have purchased in the past six months. This approach can also be applied to email clicks and/or site visit behavior, as in those subscribers who may have clicked within the past six months. Chapter 5 provides you with several recipes for calculating email address value.

- **Develop acquisition, retention, and reactivation programs.** Although most marketers immediately jump to developing ongoing retention- or newsletter-oriented mailings, our experience indicates that acquisition and reactivation programs are not well thought out. Unfortunately, you must anticipate that many of the email addresses in your file are going to go bad (that is, *churn*), with one-half to two-thirds of lists not being responsive. Surveys and sweepstakes (if brand appropriate) work well to elicit a response from dormant subscribers. Use the value of an email address as an arbiter when determining appropriate and cost-effective reactivation tactics (for example, call center intervention or postal mailings). Map out a subscriber preference center page to determine the manner in which new addresses and unsubscribe requests will be processed. Keep in mind that you want email to be a two-way conversation with your subscribers; you want to create a dialogue. In future chapters, we will discuss optimal subscriber preference center pages.

- **Develop key performance indicators.** Although rates for open, click-through, conversion, and delivery are useful to know, they are also the necessary ingredients for developing an engagement metric to trend the health of a mailing list or segment over time. Along with these metrics, add the unsubscribe rate, spam complaint rate, new subscriber rate, and hard bounces to a quotient that directionally indicates the quality and performance of the mailing list. Each submetric can be individually evaluated, but rolling all of them up into one metric is an easy way for marketers to gauge the health of subscribers over time. See the "Calculating an Engagement Metric" sidebar for an example of combining submetrics into an engagement metric.

Calculating an Engagement Metric

A representative calculation for an engagement metric is as follows: Take all the key performance indicators and score them on a three-point scale, with the value of 1 when you are below your benchmark average, the value of 2 when you are at or within 2 percent of your benchmark average, and the value of 3 when you are 2 percent or more over your benchmark average. Apply this approach to all your major key performance indicators, and sum them up. The higher the number, the better your list is performing. It signals that your audience is relatively engaged with you. For the purposes of illustration, your engagement metric calculation may look like the following. (Please do not use these metrics as benchmarks; they are here for illustrative purposes only.)

Delivery rate = 95%	Score=3
Open rate = 24%	Score=1
Click-through rate = 12%	Score=2
Conversion rate = 1.5%	Score=2
Percent of list clicking within past month = 50%	Score=3
Opt-in rate = 3%	Score=3
Spam complaint rate = 10%	Score=1
Unsubscribe rate = .01%	Score=2

(Note: With the spam complaint and unsubscribe rates, the higher the number for these metrics, the lower the score should be.)

The overall engagement score in this example is 17.

Although each metric is a key performance indicator, rolling up the metrics in a scoring system like this will give you a quick snapshot of the list's performance. If there is a big change from mailing to mailing, it is easy to identify which individual key performance indicator is dragging you down. In the coming chapters, we will provide more insight into best practices for measuring and analyzing your mailing performance.

- **Focus on behavior.** Subscribers' behavior should be central to your segmentation strategy. Create engagement rules (for example, the number of subscribers clicking at least one link during past three or four mailings versus those clicking more frequently and those not clicking at all). This approach will create a behavioral segmentation framework to drive subsequent mailings and remarketing campaigns, and in turn provide an completely effective means of targeting. For example, Travelocity sends subscribers email based on their last actions on the site, whether it was saving a trip itinerary for a possible future purchase or making a purchase. We will provide more detail on how to go about managing

segmentation later, but for now, ensure that you begin to map out how you will break your subscribers into different buckets and how that will impact the application tools you require.

- **Develop/tailor landing pages.** Driving subscribers to the primary website is generally the preferred tactic of most marketers. However, some programs—including welcome and reactivation campaigns—could require the development of specific landing pages. Tailoring landing pages to reinforce email content that further drives subscribers to a desired outcome could be necessary if organizations choose to tailor the site experience by subscriber segment or persona. For now, consider that you may need to have a few static landing pages added to your website. These will cover campaigns such as welcoming new subscribers and reactivating dormant ones. You'll find examples of these pages in Chapters 5–7.

- **Optimize content.** Managing content and creative often represents the largest part of the production process. Consider the manner in which your messages render in a variety of email clients, including provisions for Wireless Application Protocol (WAP)—enabled devices such as handhelds with email. Tools such as free HTML-to-WAP converters that can be found with a Google search can make this effortless, but understanding content and rendering as a part of your email strategy is critical to succeeding with the brand-oriented aspects of your email, as discussed in Chapter 2.

- **Develop seed lists.** Find some individuals within your company to place on seed and proof lists. This ensures that you and your colleagues will get test versions of the mailing for proofing as well as the actual email when it is sent. Additionally, develop seed lists that incorporate a wide variety of Internet service providers to measure delivery and message placement (for example, the bulk folder) across a large number of domains. Vendors including Pivotal Veracity, Return Path, and Lyris offer seeding solutions to monitor delivery (see Appendix A for contact information).

- **Determine use of multichannel marketing in early stages of planning process.** Some companies may turn to email marketing first because it is relatively inexpensive and make coordinating and integrating email campaigns and data with marketing in other channels a long-term goal. Even if that is your strategy, it's important to determine how you will use multichannel marketing as early as possible in the planning process. For example, the manner in which email marketing data are stored and organized could have particular bearing

on the amount of work required to implement integrated multichannel marketing. Accordingly, marketers might want to use something other than an email address as a unique record identifier. Using a generic customer ID number as the unique record number will provide data management benefits if data from other channels and applications are integrated with email marketing data. It also allows for *householding* (the ability to roll up either multiple customers to one email address or multiple email addresses to one household), because if the record identifier is not an email address, you can have multiple email addresses associated with one household customer record identifier. You should plan for your email marketing efforts to become a central and integrated part of your overall corporate marketing. Mapping out the data you want to collect and how it will be organized is vital to ensuring success and efficiency down the road.

- **Map out continuity campaigns for leverage.** An ancillary benefit of using sequenced strings of messages is that much of the work involved in creating individual messages within campaigns can be leveraged and reused. Allowing your mailing to be triggered by an event, such as a customer click-through or an elapsed timed event, is referred to as a *triggered mailing*. Once you tie multiple triggers together, this is referred to as a *continuity campaign*. Coupling this approach with the aforementioned behavioral segmentation strategy will allow you to craft mailings triggered by behaviors and/or events, thus reusing messages designed for other subscribers. This approach is typically used in welcome campaigns for new subscribers, which can consist of three or four stock messages that apply to all new subscribers. (You'll learn more about welcome campaigns in Chapter 6.) This approach is also applied to some of the transactional and service opportunities that we discussed in the previous chapter. With the exception (for most email marketers) of welcome campaigns, triggered continuity campaigns are something to aspire to and not necessarily required on a day-one launch. Still, understanding the role of triggered campaigns as a tactic in your email strategy will aid in creating an effective vendor-selection process.

Evaluating Vendors

Once you have the essential pieces of your strategy mapped out, it is time to begin seeking a vendor or an application that can execute your email program. There are many vendors in this sector, and collectively they are referred to as *Email Service Providers* (ESPs). These vendors offer a solution that is hosted and accessed via a web browser. Some ESPs also offer strategic and production-oriented services, allowing you to outsource all your email marketing to an ESP.

ESPs can be broken down into the following categories:

Self-Service Solutions for Small to Midsize Businesses These ESPs provide little in the way of strategic and tactical services but allow you to log into a simple application and upload your subscriber list and creative into their applications. Depending on your list size, these solutions can cost as little as $20 a month, or if you require more features or have larger lists, they can average $400 a month. ESPs that cater to marketers looking to spend less than $100 a month include Constant Contact and VerticalResponse. ESPs that cater to medium-sized businesses include EmailLabs, SubscriberMail, and many others such as ExactTarget that also cater to enterprise clients.

Self-Service Solutions for Enterprise-Class Businesses These ESPs offer flexible strategic and tactical services so that you can utilize their services as needed or simply use the application in a self-service fashion without any vendor production support. What makes these vendors different from those catering to smaller businesses is their ability to integrate with other applications and data sources, as well as the number of features that their applications offer. Typically, these vendors cater to large retailers and banks and provide the capability to do highly personalized mailings. Some of the vendors in this category include Responsys, Silverpop, and WhatCounts, which is a vendor that also offers the ability to implement its technology on-premise.

Full-Service Solutions These vendors primarily cater to enterprise companies, and their clients are often consumer-packaged goods companies and media organizations since historically these companies have little internal customer relationship management (CRM) technology. These vendors can do email in a full-service manner on your behalf or in some form of collaboration with you. Vendors in this category include e-Dialog and CheetahMail.

> **Write This Down:** Email spending in the United States will grow to $2.1 billion in 2012. (Source: JupiterResearch)

Usability, personalization capabilities, and account management support justifiably top the list of reasons why marketers selected their current ESPs. However, few of them focused on integration capabilities and the ability to automate mailings. Although you should absolutely focus on the usability of the application, you should equally analyze areas that will improve efficiency, including time-intensive tasks such as repeatedly cloning mailings versus automating recurring mailings.

A Checklist to Maximize Your Vendor Selection Process

With this basic understanding of the vendor categories in hand, you can further your selection process with this ten-point vendor selection checklist. However, consider the

following elements only when questions about prospective vendors' reputation, scalability, reliability, and security have satisfied your internal and corporate comfort level.

Account Management Based on the level of account service required (for example, full or collaborative), determine whether service is included or whether additional fees will be incurred. If you require comparatively greater strategic and tactical services, inspect the size of the account management team, develop service-level assurances, seek dedicated/consistent account support, and inquire about the experience and training of the account management staff.

Asset Movement Understand both the manner in which data and content are uploaded into the system and the provision for exporting post-campaign results for further analysis or information sharing. More than one-third of the ESPs reviewed annually by JupiterResearch lack the provision to simultaneously upload multiple images into the system, and one-third lack file-transfer protocol support.

Automation Control The power of email marketing lies in its ability to act quickly on information and trigger follow-up mailings based on performance and behavior. Find out an ESP's approach to triggering and automation; in particular, determine whether automation triggers are constrained to events internal to the ESP or can be defined by external events (such as the user abandoning a shopping cart or other information from a commerce engine) and/or a fixed calendar interval. The ESP's ability to automate items can often be linked to its integration capabilities, further underscoring the need to clarify how assets are moved into and out of the system.

Compliance Support Determine how the ESP helps to ensure messages will be compliant with CAN-SPAM and the related Federal Communications Commission's wireless domain registry (see Chapter 5 for details on these legal requirements). Although the burden of compliance resides with you, the marketer, systematic approaches can be used to ensure compliance with necessary regulations. For example, the CAN-SPAM requirements mandate that an opt-out is placed in the footer of every promotional message. Ask the potential ESP partner whether their system has the ability to ensure that the required element is in the footer of those messages. Although this is necessary for promotional messages, an opt-out is not required for service-related messages, which requires flexibility from the prospective ESP to provide different compliance support for different message types, (e.g. promotional and transactional).

Data Interrogation Although all ESPs include standard behavioral-based reports (for example, opens and clicks), you should ascertain how data in the system can be queried if they're not presented in a desirable format. For example, determine the ESP's custom reporting capabilities and the availability of response data for use as segmentation attributes. Several ESPs collect polling data but do not append the data to customer profiles, rendering the data useless as a segmentation attribute.
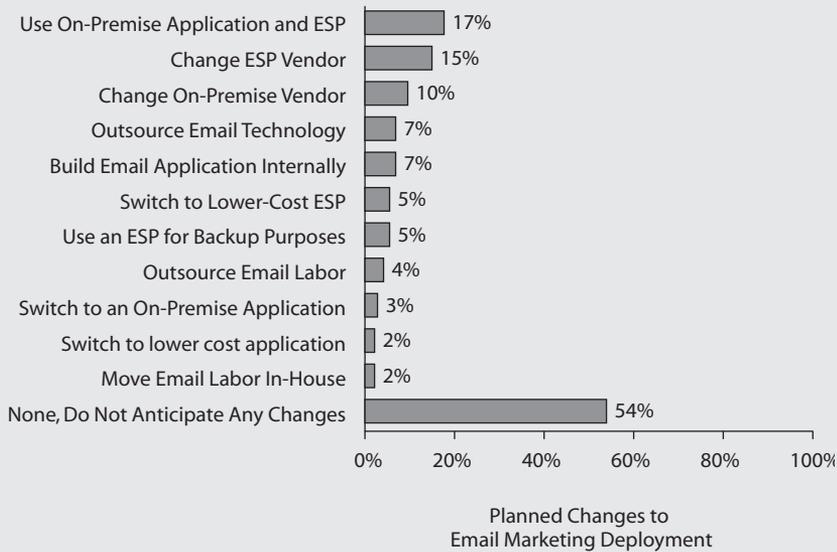
Data Orientation Many ESPs house their data in relational databases, allowing comparatively easier data replication and repurposing. Even with this infrastructure, however, many work with subscriber data primarily as one big list. Such an approach makes it more difficult to create segments because it requires additional lists to be created, compared to creating the database in multiple segments that can be recalled at will. Although a list-based approach works well for many marketers (for example, newsletter marketers), this approach can become unwieldy for marketers who plan on doing deep segmentation. Determine whether subscriber data should reside in a single record that gets appended as the data set grows or whether the subscriber record should consist of data stored in multiple tables, each focused on a single type of information and linked only by a unique record ID.

For example, if subscriber contact information is stored in one table, it should contain a primary key to link to the client's purchase history, which in this example would be stored in a separate table and linked through this common record key or through a mapping of one table to another.

Deliverability Focus Inspect the ESP's approach to deliverability tools and the possible premiums associated with them. Volume senders must insist on sending from a dedicated IP address, and all marketers should ensure that the ESP they choose offers domain-level response reporting, identity records (for example, sender policy framework), bounce cadence flexibility (the ability for you, the marketer, to change the rate and number of times that bounced messages are re-sent before being recognized as a failure), and table-stakes delivery tools such as content scoring, inbox seeding, and compliance/bounce handling. In future chapters, we will provide you with detailed information related to the technical ins and outs of email deliverability. At this stage, you just need to understand that it is necessary to evaluate a potential vendor's deliverability capabilities.

Feature Depth When assessing an ESP's value, be sure you know the breadth of features it offers. However, understanding the depth and usability of these features is equally important. For example, focus on the manner in which dynamic content mailings are assembled, proofed, and measured—not on the existence of dynamic content. Similarly, items such as a Forward to a Friend link and a Click to View button (so a subscriber is able to view the email in a web browser) are relatively common, but large differences exist in an ESP's ability to personalize these features or alter forwarded messages to reset opt-in and opt-out verbiage. For critical features such as testing, be sure the ESP offers a sound methodology and testing flexibility (for example, the ability to test items within dynamic content elements). There are many different schools of thought when it comes to testing methodologies. Although you don't need to be a statistical-modeling expert, you should familiarize yourself with the concepts of multivariate testing and split-path testing. We will show you how to apply these concepts in practice in the coming chapters, but for further reading on the methodologies embodied in these forms of modeling, seek out references on the Internet, such as Wikipedia.

Recycling Flexibility Although nearly all vendors allow previous campaigns to be recalled and copied, the real value in salvaging existing mailings is often restricted to their parts, not their wholes. Ascertain the manner in which the ESP allows mailing components to be saved and reused. For example, only one-half of ESPs (53 percent) reviewed annually by JupiterResearch allow content elements and rules associated with them to be saved and recalled independent of the mailing. Seek out systems that have provisions for reusable templates and template elements.

The Selection Process Employ a standardized selection process that includes a scenario-based demonstration in which the prospective ESP must create a sample mailing using dummy data you provide. Keep strict controls on this process, such as monitoring the time a vendor takes to compile and send the mailing as well as compiling a standard list of questions that will expose the ESP's approach to the aforementioned nine items.

Beyond this ten-point checklist, many other valuable resources can help you select a vendor. Industry analyst firms, marketing associations such as the Email Experience Council and the Direct Marketing Association, and online discussion

groups such as the email marketing roundtable on Yahoo are all wonderful resources to help you determine whether you have selected the best vendor for your email needs.

Organizational Readiness: Resources Required for Success

Email marketing has many elements. Upcoming chapters will give much greater insight into the various elements of email marketing and their impact on the organization. However, let's quickly explore the pieces that make up the email marketing continuum.

Strategy This embodies the totality of the email production process, but from a tactical perspective, *strategy* here applies to list segmentation and targeting. Targeting is the marriage of the segmentation of your list to the content or offer being placed in front of this segment. Additionally, in this tactical context, the strategic role defines the purpose of the email program and the manner of email acquisition, reactivation, and testing. You'll learn more about strategy in Chapter 4.

Creative Design In most organizations, this role is shared with other interactive marketing endeavors such as the website creative, but in larger organizations where email is mission-critical and tailored, this is a dedicated role within the email marketing team. (Expedia, for example, employs this model.) Although creative elements (logos, and so on) can often be leveraged from other content stores within the organization, email increasingly requires the creative elements to be optimized for a variety of different email clients (for example, Outlook, Gmail, and AOL) and platforms such as mobile devices in order to ensure that the email creative renders appropriately. In Chapter 5, we provide you with the creative and markup basics as well as highlight vendors and tools that aid the creative process. Lisa Harmon of Smith-Harmon has a blog, Make It Pop! (`http://blog.emailexperience.org/make_it_pop/`), which is a good reference for staying abreast of the latest creative best practices.

Production Production is where the mailing all comes together. The person handling this should be well-versed in HTML coding and database scripting, because they assemble the email. (Note that coding HTML in email is different from coding an HTML web page. Although the tasks are similar enough that it is helpful for the coder to have HTML web page development skills, you should seek out someone who has experience working with HTML in email.) This person will be responsible for everything from pulling the list and tying segments to offers, to proofing the email to ensure that all the links function properly. This person will also set up the tests, such as subject-line testing, that have been prescribed for the mailing. Depending on the scope of the email marketing program, production tasks can be dedicated to specialists (as with creative) or to partners. For example, some marketers simply outsource the database scripting requirements (which are used to drive personalization and targeting) to their vendors, where others rely on more usable or simpler applications that do not require such detailed programming skills.

Deployment Often when working with an ESP, this task will actually be handled by the vendor. This task embodies any final proofing and seeding as well as deploying the actual tests (such as subject-line tests, and so on) in advance of the mailing being deployed. Lastly, this role is tasked with scheduling and sending the final mailing.

Reporting and Analysis One of the wonderful things about email is the immediacy with which you can view the mailing results. After a few hours or a few days, you will begin to pull a variety of reports and do analyses on your mailing's performance. Much of this will be used to feed segmentation strategies, evaluate template and content performance, and perform more operationally oriented tasks such understanding how your email deliverability performed to your top domain recipients. Reporting on delivery as well as the delivery implications in production and deployment may require further specialization and outside expertise from the aforementioned vendors, such as Return Path. We will discuss the issues of email delivery and give you some tips and tricks to avoid the spam folder in later chapters.

We've just described five roles. Does that mean you need five people to execute email well? No. In fact, most organizations execute their email marketing programs with just two-and-a-half full-time equivalents. Although companies such as Wells Fargo have dozens of people responsible for email marketing, other companies, such as Petco, have just one-and-a-half full-time equivalents managing and executing their email programs. However, to be successful, you must take staffing levels and internal email expertise into account. Marketers with fewer resources are typically less likely to use personalization and targeting tactics that drive results higher, simply because they do not have the resources to create the multiple content versions and segments that such an approach requires. Marketers working with ESPs generally have relatively less staff because they can tap into an ESP's expertise and resources as needed.

Figure 3.1 shows average annual salaries for dedicated email marketing staff for B2B versus B2C marketers and for companies with annual revenues of more than $500 million versus companies with lower revenues. Figure 3.2 shows the percentage of the total number of marketers at different salary levels, as reported by JupiterResearch.

As you can see, email salaries and budgets are relatively small compared to other marketing disciplines and channels. The good news is that this makes email even more affordable, and because email is still a relatively young industry, this makes it possible to find qualified resources without breaking your budget. A 2007 JupiterResearch study found that the average amount companies spend on personnel budgets for email marketing is $182,067—up from $169,710 in 2005. The positive news for email marketing professionals is that salaries have increased from an average of $50,526 in 2005 to the current average of $63,547.
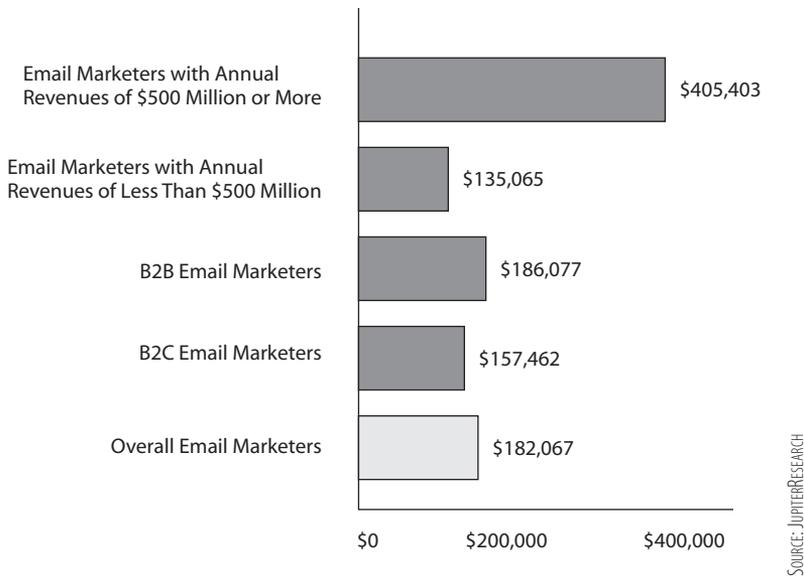
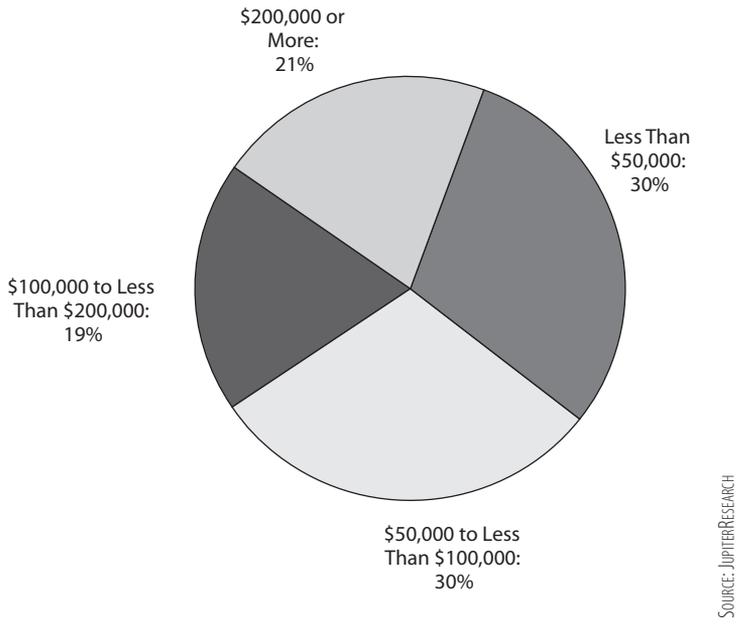**Figure 3.1** Average annual salary for all staff dedicated to email marketing

Figure 3.2 Annual salaries in percentages for all staff dedicated to email marketing

The coming chapters will arm you with the expertise to master each piece of the mailing process in order to set you and your company on the road to email success.

Budgeting for the Future

How much money should you allocate to the various email functions?

Email budgeting can be a tricky thing if you do not yet have a house list of email subscribers or know the size of your list. Your budget is driven primarily by the staffing costs and requirements covered in the previous section and by the size of your list. Email is typically priced on a cost-per-thousand (CPM) basis. Average CPMs for email marketing from the ESP vendor community are also not very consistent from vendor to vendor, so be careful not to base your budget solely on what your peers might be spending. These cost discrepancies between vendors are primarily because of the way application features and services are priced. However, for an average business-to-consumer promotional email marketer, a ClickZ/JupiterResearch survey found that list sizes were on average about 3 million subscribers and that the average pricing for a typical self-service email marketing deployment via an ESP was approximately $4.80 per thousand subscribers (costs nearly double for full-service engagements). CPM will decrease as list volume increases, but average marketers that might send 1 million email messages in a month would spend approximately $4,800 dollars a month to send that much email. It is important to understand all the costs associated with a vendor's solution. For example, many ESPs have additional monthly charges for adding users to the account. In this example, two application users would raise that $4,800 monthly fee to approximately $5,200 a month.

Figure 3.3 compares the annual budgets in 2007 reported by companies surveyed by JupiterResearch for email acquisition, retention, and creative. Email marketing is highly effective and efficient, but as you can see, budgets do not match the strategic importance organizations place or should be placing on email marketing. The majority of marketers annually allocate less than $250,000 to each of the discrete email functions of acquisition, retention, and creative. Also, market studies indicate that budgets for email marketing have remained relatively consistent year after year. For example, the share of companies annually budgeting $250,000 or more for retention email remains constant at 6 percent.

Write This Down: According to Internet Retailer, 50.6 percent of Internet retailers report that 6 percent or more of their sales come from email marketing, while another 25 percent say the proportion is more than 11 percent.

It is important that you establish up-front what the goals for your email marketing program are; these goals can include branding impressions, revenue, store traffic, conversion, retention, reduction of paper-related costs, and so on. Setting up these goals will allow you to measure the incremental progress in attaining them over time.
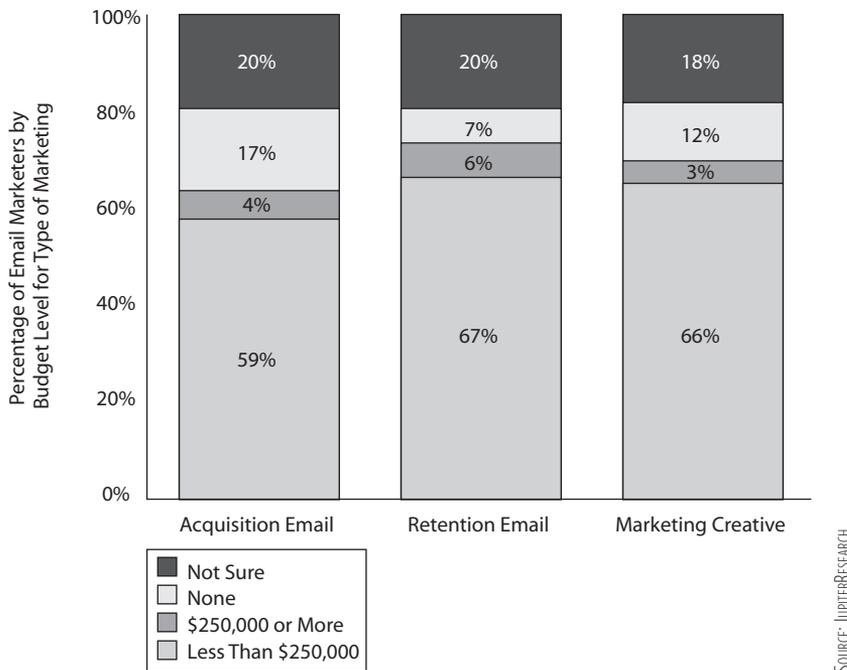
Figure 3.3   Annual budgets in 2007 for email acquisition, retention, and creative

To determine your budget, you should assess your list size and staff necessary to execute the programs you desire. Use the aforementioned benchmarks as guides to setting your budget, but keep in mind that the Direct Marketing Association has found that email returns $57.25 for every dollar spent on it. Wow!

Justification: Selling Your Boss on the Return on Investing in Email

Your boss will want to know just how much money can be derived from email marketing. Start with explaining that the cost to send just one email is a fraction of a penny; even for marketers starting out with smaller lists, this amount might add up to only a few hundred dollars per month. Explain that the real costs are in the people necessary to execute and optimize these mailings, but that the variable expenses related to the email technology and sending of email will accelerate in relation to the growth of your email list and overall sending volume. Then hit your boss with some of the following statistics—these are gems to get the bean counters' attention:

- According to JupiterResearch, 90 percent of users will use email to engage in and define the value of a relationship with a company. ESP Merkle reports that 40 percent of email subscribers will go "out of their way" to patronize a company whose email programs they like.

- Half of online buyers make online or offline purchases based on the email they receive. That's right—email is just as effective for driving offline, in-store purchases as it is in driving online purchases. Additionally, Forrester Research reports that email subscribers spend 138 percent more than those who don't buy through email.

Case Study: Borders

The bookstore chain Borders uses email to drive its loyalty rewards program. To increase the number of Borders Rewards members, Borders placed incentives on the percentage of Borders Rewards transactions for each cashier in its stores. Cashiers at the point of sale were therefore encouraged to collect email addresses, enroll customers in the program, and prompt customers to use their cards each and every time they transacted. The company has five full-time associates working on the Borders Rewards program, handling the planning and production aspects of the mailing. Since the program's inception in 2006, more than 12.5 million customers have enrolled. Each mailing is responsible for driving millions of dollars of store revenue every week. Email has become a wildly successful tool for Borders.

- A study that David did for JupiterResearch in 2005 found that when marketers begin to target their subscribers and leverage subscriber behavior to the end, they can generate 11 times more profit from their email mailings than those marketers who simply broadcast the same message to all the subscribers. Even when factoring in the additional staff necessary to do more segmentation and targeting, these programs were found to generate more revenue and be more profitable than those broadcasting one email to all of their subscribers. The subtle point here is to petition for additional staffing resources, if not immediately but in six to twelve months out so as your email program matures, you can begin to add the necessary staff to employ these tactics that drive email ROI even higher.

Finally, explain to your boss how email can be leveraged to meet other corporate goals such as collecting additional data about customers via the surveys to further customer relationship goals and reduce costs related to communicating corporate announcements, such as service and transactional messages.

In subsequent chapters, we will share techniques on how to cut the waste out of your email spending as your email list grows, such as determining when to stop mailing non-responders and underperforming names.

Test Your Knowledge

We've just thrown a lot of terminology and other information at you—check your progress by seeing how many of these questions you can answer correctly. A score of 3 out of 3 will ensure you are on your way to email marketing success.

- What is a frequency cap, and why should you use it?
- What size does JupiterResearch forecast that the email marketing market will be in 2012?
- What is the engagement score, and which key performance indicators should be included in the score?