

In spite of overuse concerns, e-mail marketing retains its luster

E-mail marketing continues to be one of the prime ways in which retailers promote their web sites. In an *Internet Retailer* survey this spring of online retailers, 68.3% reported that they are expanding their e-mail marketing activity much more or somewhat more this year over last. Only 13.2% said they are using e-mail less and 18.6% that they are using e-mail about the same amount.

The reason so many are expanding their e-mail marketing is simple: It works. More than a third—38%—said they are sending more e-mails because their web business is growing and e-mail helps them stay in touch with those customers and promote their sites.

Others note that they are sending more e-mail because customers respond to them. 12% said they are sending more e-mails to capitalize on improving response rates while only 2.1% said they are sending more e-mail to counteract declining response rates. In fact, e-mail works so well as a marketing vehicle that fully 6% of consumers who have received unsolicited e-mail promotions ordered a product or service that was offered in the unsolicited e-mail, according to the latest installment of The Pew Internet & American Life Project survey of consumer attitudes toward the Internet.

Getting used to spam

A few years ago, there was huge concern by marketers that spam would kill e-mail. But the Pew survey shows that consumers have become accustomed to spam and fewer report that spam makes them less trusting of e-mail. The Pew Internet & American Life Project reports that 53% of respondents to a poll in January and February say that spam has made them less trusting of e-mail vs. 62% a year ago and 67% say spam has made being online unpleasant or annoying vs. 77% a year earlier.

The biggest change that is occurring in e-mail marketing is that e-mail is becoming more like direct marketing. Gone are the days when a marketer could swamp consumers with an e-mail promotion and get any kind of a decent response. In spite of the growing acceptance of spam as a fact of life, consumers are sensitive to spam and so marketers must be clear about who the e-mail is coming from and make clear and definite offers in the e-mail.

In addition, they must create and treat lists just as they do for direct mail. Among the cardinal rules for e-mail marketing are: Clean and analyze mailing lists, Test for delivery and correct rendering and Segment list for better results, according to "22 Imperatives for Email Marketing Success" from e-mail services provider EmailLabs.

Sound familiar? "There are many similarities between e-mail marketing and direct-mail marketing," notes Loren McDonald, vice president, marketing, for EmailLabs, "but e-mail marketers adopt those practices for different reasons."

For instance, both direct-mail and e-mail marketers take steps to ensure that their lists are clean. But for e-mail marketers, clean lists affect the entire deliverability of a list. With direct-mail, bad names and addresses affect only the deliverability of that piece of mail. With e-mail, a bad address can effect deliverability of the whole list, McDonald notes. "If you have too high a bounce rate or too many spam complaints, your entire list can get blocked by an ISP," he says.

The value of immediacy

Similarly, testing of marketing messages is important in direct marketing of any kind, but is very different in e-mail from direct mail. "The advantage of e-mail is the immediacy," McDonald says. "If you have a list of 1 million, you can test 5,000 and know within 24 hours which offers work. In a very short time, you've created a strong basis to determine which offer is the winner."

That ease and immediacy work with segmenting lists as well, McDonald points out. While segmenting lists is important to direct mail marketers, segmenting a mailing list is not as easy or as fast as segmenting an e-mail list. "The uniqueness of e-mail is that you can have automated triggers based on an action or inaction," McDonald says. For instance, clicking on a link and viewing a product without buying can trigger a follow-up e-mail, as could buying something or buying something different from what the e-mail was promoting.

For instance, EmailLabs has a client who analyzes the last three or four months of e-mail responses. "Customers who don't purchase something in that

time period get more aggressive e-mails," McDonald recounts. "They're basing their e-mail segmentation on e-mail interactions." Another client segmented based on the subsection of its site that e-mail customers visited. "They had a huge increase in response rates almost right away," he says.

Natural progression

The ability to segment e-mail marketing lists also fits into another trend in e-mail marketing: the application of analytics. "For years, marketers have talked about making their e-mail relevant, and we're finally starting to see traction with that idea," says Matt Seeley, president of e-mail services provider CheetahMail. Using analytics and e-mail marketing together helps retailers understand how customers are using their sites, especially providing insight into which elements customers click on in an e-mail, where they move throughout a site, what they put in the shopping cart and what they buy.

"We have partnered with analytics providers and we believe that is very important to our future," Seeley says.

In addition, CheetahMail offers what it calls the "Event Mailer" in which a customer action creates an

e-mail, such as an order triggering a confirmation e-mail or a shipping-notification e-mail.

A natural progression from segmentation is integration of e-mail marketing data into customer databases, observers say. That will allow retailers to use e-mail marketing for cross-sell and upsell purposes. Few retailers are using e-mail for those purposes yet, Seeley observes. He attributes that slow development to the almost immediate success that e-mail enjoyed as a marketing vehicle: Few marketers wanted to tinker with a successful formula.

But now, as e-mail marketing matures, marketers will look for more integration with other customer data and that will open the way for additional ways to use e-mail marketing, Seeley says. "We see more customers looking for the web and e-mail to be more tightly integrated," he says. "They are all looking to bring the online operation more into the total organization. It's not good enough to have e-mail marketing exist by itself. You have to be able to pass information back and forth in a customer database."

That, in fact, is one of the ultimate goals of marketing programs. "When they do that, they will be able to focus on getting a single view of the customer," Seeley says.