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ORIGINALLY APPEARED IN

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More emphasis on marketing to existing customers using email is driving adoption of newsletters and HTML formatting as well as smarter copywriting. Robert McLuhan reports on today's email marketing.

# Regular Readers

One of the effects of the opt-in law imposed in December has been to shift the emphasis in email marketing further away from acquiring new customers towards building and maintaining relationships with existing ones. Instead of buying in prospect data for single campaigns, more and more companies are building their own lists and looking to cross and upsell through regular communications.

## Regular readers

"Marketing to existing customers is where the real growth is, because it gives a much higher return on investment than prospecting," says Justin Anderson, chairman of the DMA's email marketing best practice hub. He also notes a greater propensity to target, which is leading to a fall in high-volume mailings.

Some data owners are finding that prospective clients are showing less interest in large volume acquisition campaigns, preferring instead to communicate regularly with their existing customers through newsletters and e-zines. "They often say they have

built their own lists and are just sending out emails updating them on special offers," says Amy Jackson, head of email marketing at Corpdata.

Jackson also sees email increasingly being used in combination with other channels. Five months ago, Corpdata started to offer clients a live tracking link that provides response data, showing who has opened the email or clicked on the links. These warm leads can then be followed up by the telephone or mail.

Campaigns are becoming more refined, with analysis now routinely being carried out on the results of the campaign, and response models built to guide future activities. Marketers are also learning how to extract more value from their database but without causing 'fatigue', perhaps messaging a different section of their database weekly rather than trying to reach all their customers once a month.

"What companies often used to do was send an email to several thousand people and call it a success if 20 per cent opened it. If that didn't happen they might try re-mining the data and trying again," says

Guy Marson, CEO of Mailtrack. "Now they follow up those who open messages or click on links, and send them a more specific example of the offer. So their marketing intelligence is drilling down further."

Businesses are also becoming more aware of the value of their email data in providing a cost-effective communications channel. That is making them less willing to share it, even if it means foregoing the extra income they might win. "The risk of customers being annoyed and unsubscribing is proving too strong in some cases to go for the revenue option," Marson says.

An exception can be an appending arrangement where two companies share an affinity and there is a significant overlap in their customer databases. Company A will ask company B to run a match and identify those customers present on both databases that it has an email address for. Company B can then email them, pointing out the affinity with Company A and asking if they would like to receive communications from it also. Those that reply are now legally opted in, and without the expense of using other channels.

"Appending has acquired a bad name, particularly in the US, because it often means information is transferred without the agreement of the user," says Marson. "But where there is a brand affinity with the



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recipient on both sides of the equation, it's a nice way of adding data."

An example of a reciprocal arrangement is *Money Week*, a news digest magazine for private investors. This was acquired a year ago by Fleet Street Publications, a financial newsletter service, and since then the two have been able to use their email databases to market to each other's customers.

"We will endorse someone else's product to our

### Business emailers broaden their outlook

Business-to-business emailers have also seen a steady switch from acquisition "blasts" to more subtle applications in multi-channel campaigns to existing customers. When LBM launched its email b2b acquisition service in the middle of 2000, the expectation was of five times the rate from regular direct marketing. But the reality proved somewhat different, according to director Tim Borthwick. "People who click through to websites end up surfing and comparing costs as much as buying," he says. "Over time, the strength of email has proved to be as a link and warm-up medium rather than direct response vehicle, and this in turn has led to a new focus on reducing costs for customer communications."

This approach has taken time to evolve, as internal systems have to be geared to collect customer email addresses and the appropriate permission. Now however consistent strategies around touching customers in the right way are being seen to take hold. "The result has been a steady evolution, but with learnings coming in quickly, people are now returning to b2b email acquisition with a better idea of how it should be done," Borthwick says.

In b2b, success is boosted by linking media channels and simultaneously addressing everyone involved in the decision-making process. "We might use telemarketing to clean the list, then email our warm prospects and cream-off the early adopters," says Tim Sykes, a partner at Langham Works. "Then we use direct mail to deliver the main message and give our proposition more credibility, following up with a telephone call to key prospects and an email to cooler ones. Further down the line we might use email newsletters to keep prospects warm." This integrated approach was used for a small campaign promoting an international event held by Cap Gemini, and achieved a full house. Invitations were issued by email, while a printed prospectus went out in the post.

Recipients were directed to a registration microsite, and later received follow-up emails and e-newsletters.

"In a crowded media marketplace, impact is everything," adds Sykes. "To help create that we have recently been using an advanced flash-based technique that enables us to send a much richer experience, with animation and sound, even to recipients who don't have broadband."

The continuing cost and response benefits of email is shown by work done by Base One for software house Citrix. Simply replacing direct mail with emails where available, saved 20 per cent of the overall mailing costs, while email typically delivered a response rate 3.5 to 5 times that of the postal pieces. In order to gain more client emails, all activity drove respondents online where email was a compulsory response field. There was a small drop off in completed forms but negligible. By sticking to this strategy, email coverage across the 60,000 northern Europe prospect database increased to over 70 per cent.

Email can still be useful even when in-house lists are virtually non-existent. According to Base One director Richard Bush, Finnish antivirus provider F-secure built a channel recruitment and lead generation campaign solely on rented email lists and email sponsorship. "The limitation here, as mentioned earlier is the availability of data. You can't build a business on this approach yet, but you can make a good start," he says. And exploiting email goes far beyond marketing. At Saab, dealer extranet and email notifications not only save time and money, but also provide excellent "trackability; you know who has received your notification, who has read the content, who has responded to it – and you know immediately. With online forms directed to the person responsible and instant archiving, administrative efficiency also benefits.



More companies are employing high-impact HTML to make regular targeted offers to their customer base. (PDV)



The limitation here is the availability of data

Richard Bush, director, Base One.

names, and vice versa,” says *Money Week’s* marketing executive Paul Kneen. “That is a much more effective way of communicating than going blindly to a lot of people who haven’t heard of us before.”

Having worked before on financial newsletters, Kneen knew that people who received regular communications were less likely to cancel their subscriptions. “It’s a good way to build up a relationship with the subscribers, so that they get used to hearing from us on a daily basis,” he says.

A newsletter handled by PDV is used prior to direct mail campaigns, testing headlines and the content of new packs to see what brings the greatest response. The campaign is tracked to find the number of people who look at a promotion and then go on to order. “If 2000 people opened it up but only 50 ordered, the alarms bells start ringing,” Kneen says. “Then you keep tweaking it until it is as successful as you can make it.”

*Money Week* has also had success combining mail and email. In a renewal campaign to lapsed customers it sent messages to as many of its subscribers as possible for whom it had an email address, as well as sending a letter through the post, greatly increasing the response over standalone direct mail campaigns.

### Achieving clickthrough

The key issue remains how to get a recipient to read the message and click on the link. That involves unlearning some of the lessons that have been drummed into direct marketers using off-line channels. “The text books say make the copy two or three pages but obviously with emails they won’t read something that long,” says Nick Fuller, eCRM director at PDV.

“You have to make the point very quickly, almost

like a poster ad, with punchy copy, a big headline, and a call to action.” The only exceptions are in matters such as investment, where recipients are prepared to spend more time learning about the detail.

“Factual and arresting subject lines can often make or break a campaign,” Fuller continues. “A headline that says ‘fantastic 50 per cent reduction’ begs the question, ‘of what, what are you selling, and anyway, who are you?’ You would be surprised at some of the high street brands that forget to put their name in the subject line, the one thing that will get your attention. They think if it is all explained in the copy they don’t need to, but the recipient won’t open it without a good reason.”

Marketers can establish their bona fides by providing a clear identification of source and opt-out functions. PDV makes its emails recognisable by branding them Fair Exchange, and offering rewards recipients for their attention with a chance to win prizes.

The message also needs to provide many opportunities to respond, with multiple clickthroughs to the same or different points on the client site. “When you decide to look at a particular product you should never be more than one click away from the ‘buy here’ button,” Fuller recommends.

The conventional approach to email marketing is the standalone promotional message containing a few links. But an email can also be used as a trigger that drives consumers to a micro-website, where the promotion is explained in greater detail and supported with graphics, a technique successfully used by Readers Digest. “This combination enables the organisation to capture attention with the email, while the site really puts across the proposition and gets information back,” Anderson says.

The alternative is to supply interesting content within the email itself. Alchemy Worx specialises in e-zines where the message is laid out in HTML format, a method which has proved a successful relationship marketing tool for companies such as Norwich Union, Dell and Panasonic.

Another is Urchin.co.uk, a children’s product site, which last year decided to switch from single campaigns to take a longer-term view of its customers’ behaviour. Instead of looking at the open rate for a given mailing it now learns how many mailings any given customer has opened over a period of time, with a view to improving its retention rate.

“This quickly made us realise how important it is to do more than send offers to our list,” says Urchin’s founder and managing director Murray Kenneth. “By offering a branded e-zine we were able to increase the number of people that regularly open our emails. Monitoring what content subscribers were reading gave us a better understanding of their interests, which allows us to target relevant products to them.”

Similarly, Manchester United has started sending

out regular e-zine messages as a means to better understand the needs of its supporters. "It helps us develop an ongoing email dialogue with our fan base, and we gain valuable insights from the raw data the activity generates," comments Vange Kourentis, marketing manager for Manchester United Interactive. The company is working to transform its customer database into a research tool that will enable it to continually explore customers' behaviour and opinions.



The strength of email has proved to be as a link and warm-up medium rather than a direct response vehicle

Tim Borthwick, director, LBM.

Other users of e-newsletters include Premier Lodge, which has seen greatly increased levels of interaction and response; it now achieves open and click through rates of over 50 per cent. The project's success has prompted City Limits and Good Pub Restaurants, also part of the Spirit Group, to create their own branded e-zines, both launched last month.

### Maintaining interest

The single most important element is be consistent and provide something the reader is genuinely interested in, advises Dela Quist, managing director of Alchemy Worx. "Putting David Beckham on the cover will increase your sales by 10 per cent, but you can't do that all the time," he points out. "Instead you should strive to create something that's worth opening once a month. Injecting a sense of anticipation is what encourages open rates and clicks."

Experience shows that once people have clicked on a link they will go on doing so repeatedly, Quist adds. "The biggest barrier to overcome is the first one, which may only come after the recipient has received and opened an email three or four times. First-time opens generate about 1.3 per clicks per user, while second-time openers will generate nearly 2 clicks, a significant increase per issue. You achieve that by giving them something they want."

Targeting certain types of content and offers to particular segments is hard to do at first, but becomes easier once the project has been going for a while. Instead of sending out different types of email to customers from the start, Quist advises sending a fairly general message that broadly covers a range of topics. Over time it is possible to observe how recipients interact with them, and segment accordingly. "This can produce surprising results," he comments. "You might think that everyone will be interested in information about travel, but find that no one is, or vice versa."

A continuing problem for email marketers is the spam epidemic. That has been barely dented by the new legislation, which has constrained genuine marketers but done little to deter the porn merchants and viagra salesmen. Email marketers now have to check that their messages are not being caught by filters that look for particular words and layouts.

That is not too difficult, as few are going to use the terms beloved of spammers. However some tools can be set by the users, and these are harder to deal with. The most difficult to get round are the filters that accept nothing and require feedback to ensure that the sender is not an automated spam generator.

"For a marketer that is a bit of a nightmare," says Mailtrack's Marson. "It means you have to process inbound messages and laboriously fill in boxes, or otherwise accept that you are going to have some wastage in your campaign."

This may be a reason for using a specialist. Mailtrack claims it can increase deliverability by as much as 20 per cent because it has the expertise to get past the filters. It can also set up "abuse loops" that ensure a complaint about spam is instantly dealt with. That has the useful side-benefit of helping cement a relationship.



They have built their own lists and are sending out emails updating them on special offers

Amy Jackson, head of email marketing, Corpdata.

"We often get good feedback from people who feel they have been spammed and are amazed that someone has done something about it," Marson says. It builds good brand loyalty, which is definitely a positive aspect." The downside is the added cost involved in manual intervention, although Marson insists this is negligible compared with the benefit.

### Worth the effort

That insight can perhaps be taken to apply across the board. Having started out as a cheaper and simpler alternative to conventional channels for many marketers, email has evolved to become more demanding in terms of how offers and messages are communicated. To be sure of a payback, companies are now choosing to collect their own data and build their own databases, segment carefully, and pay greater attention to email content – just as they would with direct mail. Inevitably that adds to the cost, but for companies that are serious about maintaining customer relationships, it is a small price to pay. ■