

“Ideas  
With  
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**White Paper**

# The Impact of Email

## What's Working and Why

Marketing Strategy  
Advertising  
Direct Marketing  
Graphic Design  
Internet Marketing  
Public Relations



Email campaigns have become tremendously popular with companies seeking to “mine” their in-house lists for more sales, as well as acquiring new customers through rented lists. The reason they’re gaining in use is clear: they’re affordable, they’re targeted, and they’re effective.

But email as a tactic has come under attack recently both within and outside the marketing profession. Too much junk email, some say, are dulling the impact of email as a communication tool. Cluttered inboxes are souring all of us, they continue, and heightening sensitivities of privacy protection.

Email abuses certainly warrant such attacks. Yet email marketing, when executed properly, continues to generate strong response rates that rival other business-to-business techniques, at a cost-effectiveness that will continue to attract marketers for some time to come.

This paper will discuss some of the most recent performance metrics related to email campaigns, based on our agency’s distribution of more than 1 million emails in a 12-month period as part of 166 separate campaigns. It will also review CAN-SPAM legislation, and how that affects email marketing in the near future.

### **The Mechanics of Permission-Based Email Marketing**

Email campaigns can either be text-based or more commonly html-based to recreate the graphic power and impact of a web page. To avoid charges of “spamming,” or sending unsolicited email, they are sent only to those on a company’s current mailing list or to those on “opt-in” rented lists. Opt-in lists, most commonly available from the same magazine publishers that sell traditional direct mail lists, include only those individuals who have expressly requested email notification of products or news within certain categories.

The impact of email mirrors any direct marketing initiative: it still requires a good offer, a targeted, differentiated message, and a quality list. In most cases, as with direct mail, an internal house list will generate several times the response rate of a rented list to the same industry.



New email techniques such as a “scratch-off” email generate response rates far above what is seen in a typical email campaign.



To grow that internal list, marketing campaigns should incorporate efforts to acquire new email addresses for your existing customer and prospect database. These customers already have awareness for your company and its products. Communicating with them via email allows companies to easily move them from awareness to preference and subsequently to loyalty.

### **AWARENESS → PREFERENCE → LOYALTY**

As in any good marketing campaign, these efforts must be supported by effective advertising (online and print), public relations, direct marketing, Internet marketing and sales support tools. The synergy created by a well-integrated campaign will make each element of the program more effective.

#### **Impact Email: What's Working and Why**

Our agency's approach to email marketing is to use internal lists to achieve several objectives:

- Build brand preference/loyalty among customers
- Keep in touch with prospects as they move through the buying cycle
- Further qualify lower-level "C" and "B" quality prospects until they're ready to buy (until they become "A" quality)
- Cross sell and promote other services/products

For rented lists, our approach is simpler and more direct:

- Identify sales opportunities (of course)
- Get the recipient to respond to the email

The primary purpose of renting a targeted list for email or any direct marketing is to get qualified recipients to respond with their interest and become part of your database. You are paying a premium to rent a one-time usage mail list; you only have, therefore, the one chance to encourage the recipient to respond. It makes sense to get these targeted names into your database so you can promote to them and further qualify them without list acquisition costs.

Some marketers disagree with this approach, saying they don't want to clutter their prospect database with individuals who are interested more in registering to win a digital camera than in their product. That's a valid concern, yet, we believe we minimize that risk by carefully selecting our direct mail distribution targets of names that match our "sweet spot:"

- Those who have the proper title
- In only those facilities large enough to be customers of interest
- With buying/specifying authority for products my company names
- Who have opted-in by asking to receive specific product news/announcements about my product category.

Your selects may differ, of course, but the fact is that anyone who responds to a promotional email from such a list is someone who in most cases represents your target prospect, not a general mail list recipient.

Given this scenario, if we rent a list of 5000 names, we are far more interested in obtaining contact information on 175 individuals with a series of strong offers contained in the email (the 3.5% response rate average for a rented list), as opposed to 50-75 for an email that is product-offer based only.

In fact, recent promotions have generated substantial response rates among "A" quality leads. In a recent promotion centered around a 42" plasma TV giveaway for a standard electronic component, promoted to electronic engineers, 19% of those responding were classified as "A" quality – those with buying authority and IMMEDIATE buying plans for the company's products. Another promotion, offering a less expensive GPS system to a group of plant engineers, pulled in a 12% "A" quality rating.



Emails that contain embedded flash have high response rates.



### **Average Response Rates: Comparing These Metrics To Yours**

Using this approach, our agency has generated these response rates for 166 different email campaigns that comprise promotions to both rented and internal list:

- 6.59% – Overall click through Click-Through Rate (CTR)
- 13.55% – Overall CTR to internal email lists
- 3.48% – Overall CTR to rented lists

Converting these email response rates into the traditional cost/lead metric shows that email marketing continues to make sense for the marketer, compared to the general response rate averages of other techniques. Assuming a 3.5% response for a 5000-name rented list, the cost/response ranges from \$25-30, depending on the cost of email production. For an internal list, the cost/response drops dramatically, to \$4.43 per response on a 5000-name distribution.

Aside from the brand-building impact of email marketing, these cost/lead figures compare favorably to cost/lead metrics for other primary marketing communications tactics:

- Trade Shows: \$250-300
- Print Advertising: \$80-100
- Direct Mail: \$25-40
- Public Relations: \$10-20

A cautionary note: as we mentioned earlier, it is important for companies to resist the urge to eliminate spending on higher cost/lead items such as print advertising and trade shows in favor of less expensive techniques such as keyword search engine advertising or email marketing. This type of program imbalance over time will reduce response rates and hinder your abilities to build a strong brand compared to your competitors.

Two other statistics of note are the “unsubscribe” and “reject” rates. Unsubscribe rates are those who click on your email and ask you to remove them from your mailing list. Reject rates are those emails that are not delivered because of bad email addresses, primarily. What should you expect for your programs? Our average unsubscribe rate is 1.8%; our average reject rate for internal email lists is 9%. Unsubscribe rates have

been rising over time, although we do not have good data that allows us to determine the rate of increase/decrease for either reject or unsubscribe rates.

### **Success Tips: What to Include in Email Design**

As you build your email campaigns, we offer these suggestions for creating emails that generate the highest responses:

- Be sure to include multiple offers/response tools in your emails. If it's a newsletter, include a variety of articles, banners and offers that might appeal to recipients on a variety of levels.
- Identify offers that have the most appeal for your audience base. For one food client, anything to do with a recipe offer is "gold" in terms of its ability to generate a response. For engineering and technical audiences, they respond particularly well to offers for white papers, handbooks and other "how-to" information. The point is to uncover the driving motivator that is present – and often different – for each market.
- Include quote buttons or "have a rep call me" so you're able to generate the highest quality leads. This is particularly important for internal list promotion; since you already have their contact information, the goal of an internal campaign is to identify those who are ready to buy as well as further build preference for the brand.
- Build in some level of automated flash or animation to add a level of polish and attract the recipient's eye. It shouldn't be distracting or added just for the sake of making something move, but ideally it should tie in to the benefit of the offer or product message. For instance, in one campaign, we created a spotlight theme and animated, moving spotlight as part of a email graphics aimed at hotel executives who wanted to better promote or "spotlight" their properties.
- Ensure that there is graphic and message consistency between the email and the company's web site and other programs. An email campaign that matches the messages, themes and graphics of direct mail, advertising and trade show graphics acts to reinforce and add leverage to entire campaign. It can be disorienting when a recipient receives an email and is encouraged to click over to more details on a web page, and that web page looks completely foreign to the email itself.





- Ensure that the subject line is not only relevant to the email offer (now a requirement of the new CAN-SPAM law; see below for more details), but is also powerful enough to encourage the recipient to open the email. Avoid certain words in the subject line, such as win, free, sweepstakes, prize, as email spam filters today routinely search out emails with those words in the subject line for immediate deletion.
- Contract with an outside service provider rather than distribute the emails on your own. Mass distribution of emails in groups larger than 100, even when it's to an internal sales force or other internal group, can trigger filters at certain Internet Service Providers that are on the watch for mass spam emailers. These ISPs can put your entire domain name on a blackball list that rejects ALL email from that domain address.
- Many ISPs and individuals offer "spam-blockers" that look for certain triggers that are common to consumer spam. These blockers, though, can tend to interrupt legitimate email. For instance, one blocker automatically deletes any and all incoming email from individuals not in the recipient's address book! While that's an extreme example, there are methods for ensuring that your emails are not caught by these blockers:
  - o Avoid including links that use the words "click here" or "click below."
  - o Avoid using colors in your email outside the standard palette of 256 screen colors.
  - o Don't use the word "free" in your text, even to offer a free white paper, seminar or handbook, despite the fact those those are legitimate offers. Instead, create a graphic of the handbook, for example, that includes the word Free in the art; spam filters detect the file name of the graphic (handbook.gif), and not the "Free" notation.



Email newsletters represent very effective methods for continuing to communicate with customers while they're in the sales pipeline, and for building brand preference by showcasing your company's special expertise.

**The CAN-SPAM Law: A Nice Idea, But...**

Passage of the federal government’s CAN-SPAM law, designed to minimize the flow of unsolicited email, was hailed by most direct marketers as a welcome respite from the confusing and conflicting patchwork of 34 different state-level regulations that often differed from state-to-state.

While the intent was to protect consumers, the ultimate result of the law is likely to have little effect. Legitimate business-to-business email marketers were, in fact, already adhering to

guidelines for honest and ethical promotion. The mass consumer market emailers, who were distributing up to 1 million emails DAILY offering diet aids and other unwanted offers, were not following regulations before the law was passed, and are unlikely to do so afterward. Because the economics of spam make sense for those unethical emailers – even tiny response rates turn a profit for such “free” message distribution – spammers will simply move their servers outside the United States to Costa Rica or other non-U.S.-controlled areas and continue their methods.

For those of us adhering to proper email etiquette and promotion, CAN-SPAM’s requirements are relatively simple to follow and pose no threat to the effectiveness of email marketing. The provisions include:

- Avoiding false or misleading subject lines that have nothing to do with the offer of your email (which to a legitimate emailer would defeat the purpose!)
- Prohibiting the practice of “harvesting” email addresses. This is accomplished by software “spiders” that seek out web sites and discussion groups and “harvests” any email addresses they find.
- Including the physical address of your company.
- Including a notice that the message is an ad.

The infographic is titled "The CAN SPAM Act of 2003" and is divided into two main columns: "What to look for:" and "What to look OUT for:". It provides examples of legitimate email marketing and illegal spam, along with a "REPORT ILLEGAL SPAM" section.

**What to look for:**

- What consumers can expect from legitimate e-mail marketing:**
  - The "From" line is accurate and clearly reveals the sender's actual name.
  - The "Subject" line is relevant and consistent with the rest of the message.
  - Example: From: CustomerCare@good-trials.com; To: Tom Smith (smiths@home.com); Subject: Post Holiday 50% Off Sale of Good Products.
  - Message: Post Holiday 50% Off Sale!
  - Message includes the sender's physical address and a clear notice that the message is an advertisement.
  - Message includes a working email address and a link to the sender's website.

**What to look OUT for:**

- On the other hand, what consumers get from legal spam:**
  - The "From" line is illegible, does not clearly identify the sender, or is from a third party not a real person.
  - The "Subject" line is misleading and does not relate to what the message is about.
  - Example: From: (no name); To: (no name); Subject: (no subject).
  - Message: Get a free insurance quote now! Our records show that you are in need of better insurance coverage. Click here to get a free quote now!
  - Message does not include a clear notice that the message is an advertisement.
  - Message does not include any way for the recipient to opt out of receiving future messages.

**REPORT ILLEGAL SPAM:**

File with: Trade Commission (act@ftc.gov)  
 State Attorney General (attorneygeneral@state.gov)  
 U.S. Department of Justice (doj@doj.gov)  
 Food and Drug Administration (medical-trial-spam@fda.hhs.gov)



- Ensuring that you remove customers who unsubscribe from email lists in a timely manner.

This last item carries a bit of complexity. You are not only required to scrub your internal lists carefully to delete unsubscribes from future emails. Further, some interpret the law as requiring you to provide a current unsubscribe list to anyone you're renting a list from, so they purge any names from their rental lists given to you that happen to be on your own unsubscribe list.

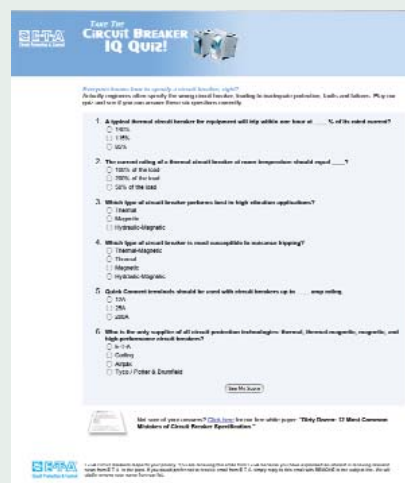
### The Future of Email Marketing: Is It Going Away?

Some have been predicting the demise of email promotion, but as Shakespeare would likely have said, we think predictions of email's death are greatly exaggerated. The crush of unwanted email has certainly made it more difficult to attract attention and obtain the same response rates from email's early days. However, the speed and impact of email promotion will make it a favorite of marketers for some time to come.

We do envision further changes to the laws and infrastructure surrounding email that will change the dynamics of spam that is undoubtedly choking the system as it stands today. Bill Gates has proposed changing the economics in one stroke by creating an email "postage stamp" or fee of just a quarter-of-a-cent or other nominal amount. While that would certainly prevent us from using email in the casual manner we do in one-on-one communications today, it would also cripple the profitability of sending 1 million unwanted spams a day and end the spam onslaught we all face.

Although such a system is likely to be debated for some time, three other promotions hold more immediate promise once a critical mass of ISPs gets behind one of these solutions:

- Caller ID. This system, also proposed by Bill Gates, functions as telephone Caller ID works, so spammers can't hide behind anonymous/unknown names posted in the "From" address field in an email.
- Sender Policy Framework (SPF). AOL began testing this system, which works similarly to Caller ID within the AOL network.



Quizzes that challenge the recipient prove to be powerful methods for lead generation, with response rates that typically are in double digits.

- DomainKeys from Yahoo! This is based on a cryptography technology that generates a unique signature to verify an email sender's identity. This, however, is the most technically complex of the three alternatives.

Regardless of its shape in the future, email marketing represents one of the most exciting and powerful modes of communication with new and existing customers, employees and communities. While it's technically complex, the methods and procedures that make any form of marketing effective apply equally as well to email. Email will remain a marketer's favorite for some time to come.

*Goldstein Group Communications, a technology b-to-b agency, brings an unusual combination of corporate communications management and engineer-level writing capability to its national client roster. With deep experience in technology communications, the agency is able to draw on its skills to articulate with impact and clarity the technical advantages its clients bring to their customers. Unlike other agencies, staff members for the most part have built their careers on the corporate side of the desk, rather than as agency executives, a perspective that results in a higher level of accountability and measurability in the agency's programs.*





# The CAN SPAM Act of 2003



## What to look for:

What consumers can expect from legitimate e-mail marketing

The "From" line accurately and clearly reflects the sender or initiator of the e-mail.

The "Subject" line makes it clear that the e-mail is a commercial advertisement.

Message content is consistent with the text in the "Subject" line.

From: Customercare@goodretailer.com  
 To: Your e-mail@emailaddress  
 Subject: Post Holiday 50% Off Sale at Good Retailer!

Message:

**Post Holiday 50% Off Sale!**

Good Retailer would like to take this opportunity to inform you of our Post Holiday 50% Off Sale! You can receive 50% on any and all items in stock! Visit [goodretailer.com](http://goodretailer.com) for more information.

To contact Good Retailer, please write to: Good Retailer, 5555 Real City, Real State 55555  
 If you received this message in error or do not wish to receive any more e-mail from us, please send a reply message with "REMOVE" in the subject line to: [remove@goodretailer.com](mailto:remove@goodretailer.com)

MONROE, LOUISIANA 70601  
 404-555-5555  
 MONROE, LOUISIANA 70601  
 404-555-5555

Message includes the sender's valid postal address as a means for the recipient to contact the sender. The DMA requires an actual street address.

Message includes a working return e-mail address as a way for the consumer to decline to receive further commercial e-mail from the sender. A working link or other electronic way for consumers to request removal is also acceptable.



## What to look OUT for:

On the other hand, what consumers get from illegal spam

The "From" line is ambiguous, does not clearly identify the sender of the e-mail and is most likely not a valid return e-mail address.

The "Subject" line is misleading and does not make it clear that the e-mail is a commercial advertisement.

Message text is not consistent with the "Subject" line of the message.

From: Hzyigjle@1efjizyqiw.com  
 To: Spammvictim@emailaddress  
 Subject: I got your message!

Message:

**Get a free insurance quote now!**

Our records show that you are in need of better insurance coverage. Click [here](#) to get a free quote now!

Call Us now at 1-555-INSURED

Message does not provide a valid postal address as a way for the recipient to contact the sender.

Message does not provide any way for the recipient to decline to receive further commercial e-mail from the sender.

### REPORT ILLEGAL SPAM:

Federal Trade Commission: [uce@ftc.gov](mailto:uce@ftc.gov)  
 State Attorneys General: [http://www.natag.org/full\\_ag\\_table.php](http://www.natag.org/full_ag_table.php)  
 U.S. Department of Justice: <http://www.usdoj.gov/spam.htm>  
 Food and Drug Administration (medical fraud spam): [webcomplaints@ora.fda.gov](mailto:webcomplaints@ora.fda.gov)