
Reaching New Customers With E-Mail Newsletters

An Executive White Paper



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Table of Contents

Introduction.....	1
Increasing Frequency of Contact.....	1
Planning an E-mail Marketing Program.....	2
Building Subscriber Lists with Permission Marketing.....	3
Building Relationships via E-Mail.....	4
Tracking Success.....	6
Getting Started.....	6
Summary.....	7

Introduction

E-mail has become a business tool that is almost as important as the telephone because it overcomes many of the communications problems of other media. It's faster to communicate with someone via e-mail than with voicemail or fax. It doesn't require the recipient to take any unusual action to receive e-mail messages. And, e-mail can deliver a branded message exactly as the marketer created it.

Business marketers have found that e-mail has the flexibility to deliver a wide variety of high-impact personal messages. Of course, e-mail marketing cannot totally replace other forms of marketing and selling, but it can augment traditional sales and marketing techniques by increasing the frequency of exposure, delivering a high-impact message, and reducing sales and marketing costs.

E-mail marketing is proving its power to support both online and offline sales and marketing campaigns. Forrester Research recently interviewed companies about their results in using e-mail marketing techniques and found that the companies interviewed will triple their e-mail marketing budgets by 2004.

It was somewhat surprising that these companies will spend half of their online marketing budget on e-mail marketing, but Forrester found that companies believe that e-mail marketing is both effective and efficient. Their study reported that sending e-mail to in-house lists cost about \$5 per thousand messages and that clickthrough rates average 10 percent.

This means that e-mail marketing is much more efficient than practically all other forms of online or offline marketing.

While e-mail marketing has proven its value, it does present several challenges to marketers regarding implementation, such as:

- Who should receive e-mail?
- What content should e-mails contain?
- How often should e-mail be sent?
- How should an e-mail hosting company be selected?
- What follow-up is effective for sales?

Increasing Frequency of Contact

Most marketing and sales executives know it's important to contact prospects and customers frequently to create "top of mind" awareness. What's not always clear is exactly why this is true or how to accomplish it.

In general, exposure to a message is cumulative, and each exposure to a message helps a person move above a “threshold of acceptance” where they will take action. However, impressions have a certain “decay rate,” which means that if not reinforced with additional exposures, awareness will fade away over time.

This means that it’s not just the number of exposures that’s important — it’s the number of times a person is exposed to a message during a certain time period.

Marketing research indicates that prospects need more exposures before they cross the threshold, while customers — who presumably are already familiar with product benefits — seem to require less frequent sales and marketing messages for them to remain loyal over time.

This means that it’s important to keep in frequent contact with both prospects and customers. The challenge, of course, is doing it inexpensively. In addition, it’s important to know when to increase the level of contact from primarily e-mail to a more intensive contact, such as a call from a salesperson. Fortunately, e-mail marketing techniques can meet both challenges at the same time.

As potential customers look for ways to meet specific needs, they move from initial awareness of their need through several stages of information gathering, and, hopefully, to product evaluation, selection, and purchase. Traditional business marketing has called for mailing brochures and catalogs, sending direct mail pieces, and other expensive and time-consuming techniques to hopefully make the prospect receptive to a call from a salesperson. With sales cycles taking from 6 to 24 months, it can be expensive to have salespeople maintain frequent contact while waiting for prospects to become ready for sales calls.

A more efficient approach is to combine an e-mail newsletter and an e-mail promotional campaign with less frequent sales calls. Today, e-mail marketing can deliver a company’s marketing message more quickly and less expensively than many other customer contact methods. In addition, e-mail can accurately track when prospects are ready to hear from a salesperson.

Planning an E-mail Marketing Program

Creating an e-mail marketing program starts with determining the target market and objectives. In other words, deciding who you want to contact, how you want to help them, and what you want them to do next.

As with other marketing communications activities, e-mail newsletters work well for some companies and not for others. Figure 1 shows that e-mail newsletters can be valuable for companies with long sales cycles, products requiring complex sales activities, or products with relatively high prices.

For companies with products that meet all of these criteria, an e-mail newsletter provides essential support for the other marketing and sales activities.

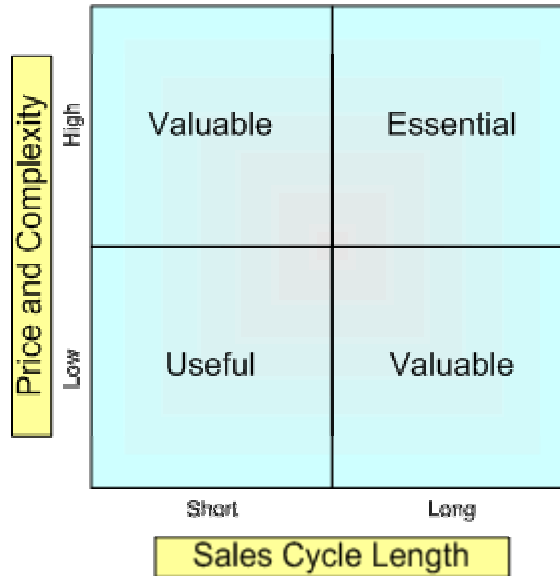


Figure 1 - E-Mail newsletters are most effective for long and complex sales cycles.

While e-mail marketing can be used to drive offline marketing activities (such as calling your toll-free telephone number), its best use is to bring people to your Web site by including links to specific pages on the site. This can be done with a headline and short summary of an article or a product description with a link to the Web page containing detailed information. Clicking the link in an e-mail, called a “clickthrough,” can update each reader’s profile to indicate interest in the article or product.

No other marketing medium compares with e-mail for immediate response to a promotion and the ability to track results.

Building Subscriber Lists with Permission Marketing

Regardless of how targeted, relevant, and informative you think your message is, unless the recipient specifically agreed to receive the information you send, you risk alienating a significant portion of your audience.

You’ve probably noticed that the unwanted e-mail you receive doesn’t come from large, recognizable companies who want to maintain their

reputation. But large, well-known companies do send a great deal of e-mail promoting their products and services.

So how do they obtain lists of interested prospects without becoming spammers? The answer is to send e-mail only to an in-house list of people who have asked for—or at least agreed to receive—e-mail newsletters and promotions from a company.

One of the easiest ways to implement a permission marketing e-mail program is to encourage Web visitors to subscribe to a company's newsletter. At the same time, visitors can be asked if they are interested in receiving promotions (sometimes called "solo mailings") from the same company. In addition, a variety of offline techniques can be used to obtain approval to send e-mail newsletters and promotional campaign messages. Salespeople frequently obtain e-mail addresses from their prospects and customers. Other offline sources of e-mail addresses are trade shows, product registration cards, call centers, and other "touch points" where a company's employees come in contact with prospects and customers.

One thing to keep in mind about permission marketing is that each individual's permission only covers the type of e-mail explicitly mentioned when asking for permission. For example, if you change the format of your e-mail newsletter to resemble a solo ad or special offer, expect a large portion of people to unsubscribe from your list—or report you as a spammer.

Building Relationships via E-Mail

One benefit e-mail marketing has over Web marketing is the power to deliver each message with personality. Most Web sites are written in "brochure style." It's appropriate to establish the size and stability of the company because it reduces concerns about dealing with the company. However, once those initial concerns have been reduced, it's time to put some personality into marketing and sales activities.

Successful field and telephone salespeople let their personalities demonstrate that they are real human beings. It's important to do the same in e-mail marketing because recipients are accustomed to receiving e-mail from individuals—friends, family and people with whom they work.

A recent study by Nielsen Norman Group found that newsletter readers feel a greater bond with the organization when the style of the newsletter reflects the personality of the editor and writers.

Traditional catalog companies learned many years ago that adding a brief personal message from the president increased response. You can create the same impact in your e-mail marketing by including a message from the newsletter editor, a top executive, or an enthusiastic product manager.

In addition to the choice of writing style, relationships with customers can be enhanced through using “personalization” software. By using profile data about each subscriber, the actual text of each message can be tailored to match the interests of each recipient.

For example, Providence College, Providence, RI, uses both Web and e-mail personalization in marketing the school to high school students. Their personalized Web site collects profile data about a student’s interests, potential major, and other aspects of college life. Then, e-mail messages tailored to each student’s profile help build a relationship as students gather information and make a decision about applying to colleges.

“Our personalized e-mail and Web experience lets us tell our story over time to help guide them through their application and selection process,” says Brian Williams, Associate Dean of Admission.

When it comes to collecting e-mail addresses, Providence combines the Web with traditional direct mail. “If a student shares an e-mail address on our Web site we send out a personalized welcome e-mail message and encourage the student to sign up for our newsletter and create a personalized profile on our Web site,” says Williams. In addition, e-mail addresses are part of the information provided by outside agencies. Providence uses traditional postal mail to send a form requesting permission to send e-mail to that account.

Since moving to personalized Web and e-mail, Providence has seen the number and quality of applicants increase dramatically. They use the Web and e-mail software from Coravue in an integrated Web and e-mail environment.

“We use Coravue’s Web-based content management system for the creation, editing, and delivery of our Web and e-mail communications,” said Williams. “Our goal is to allow our entire campus community to participate in creating content for our newsletter. This lets readers see themselves as a student here and decide if they would be happy here for four years. Coravue’s system makes creation and delivery of this personalized experience an easy, fast process for our admissions team.”

The relationship-building techniques used in the Providence e-mail newsletter are part of an integrated, personalized marketing effort by the school to help potential applicants learn about the people they will meet on campus. This familiarity with the staff, faculty, and students at Providence makes prospective applicants more comfortable in making a decision about applying.

While Providence College uses content personalization to build relationships, another technique is to target different newsletters to specific audiences. Sideshow Toy, a manufacturer of collectable celebrity figures, sends highly relevant newsletters to multiple mailing lists. Since all subscription data is in one profile database, it’s easy for marketers to analyze interests, clickthrough patterns, and revenue.

Like these organizations, many companies have found that e-mail marketing increases Web traffic, raises awareness, and generates revenue at a very attractive return on the investment.

The challenge marketers face is to create high-quality newsletter content in a graphical format and writing style that delivers an effective message.

If your marketing team includes experienced writers consider producing your newsletter in-house. Otherwise, look to the professional communicators at your public relations firm or advertising agency to create well-crafted newsletters that convey the personal style that is most effective.

Tracking Success

While the cost of actually distributing e-mail messages is very low compared to other marketing activities, it's still important to test e-mail marketing campaigns and track results so you can measure and refine e-mail marketing activities.

Most activities related to e-mail and Web marketing can be tracked, and it's this data that makes it possible to determine what works and what doesn't. Even recipients of requested e-mail will only accept a limited number of messages from a company before becoming frustrated —so it is critical to track results to quickly learn what works and what doesn't.

Be sure to track mailings to customers separately from mailings to non-customers who subscribe to your newsletter. For e-mail newsletters, we've seen that clickthrough rates for customers can be twice that of non-customers.

Until recently, e-mail messages were delivered in text format only, but that is changing. HTML messages heighten the visual impact of a message by using special formatting and images in newsletters, and many subscribers are choosing to receive HTML newsletters instead of text format. This not only makes newsletters easier to read, it also increases the clickthrough rate.

Getting Started

It's relatively easy to begin using e-mail marketing through the use of an e-mail hosting service. One of the first steps is to select a hosting service that matches your service needs and budget.

Each e-mail hosting service has a different set of capabilities and fees, so it's important to know which features you need in order to accomplish your marketing and sales goals. In evaluating e-mail hosting services, be sure to ask if the following features and capabilities are available:

- Maintain a database of subscription and interest profile data, not separate mailing lists
- Display the subscription/interest form in the graphical “look-and-feel” of the Web site (See Figure 2)
- E-mail as many review copies of a newsletter to editors as necessary prior to publishing
- Provide personalization based on each subscriber's interest profile
- Track clickthroughs in real time to monitor response to articles and offers
- Provide Web and e-mail survey capabilities
- Provide Web product warranty registration capability so content can be matched to customer purchases
- Use Web-based management and reporting
- Automatically handle unsubscribes and bounces
- Provide for integrated newsletter publishing and lead collection

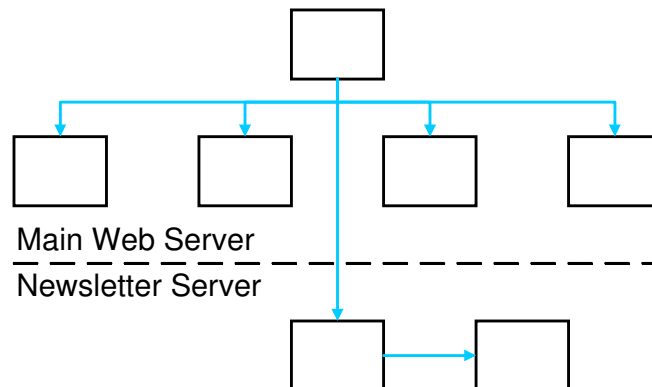


Figure 2 - Main Web site links to the subscription/profile form on the hosting service's server.

Summary

E-mail newsletters create an opportunity to deliver high impact marketing messages at an increased frequency —at a very low cost.

This tremendous value has made e-mail newsletters an integral part of an integrated marketing program by supporting advertising, public relations, and other marketing activities.

The bottom line is that e-mail marketing generates additional qualified inquiries, which helps salespeople turn more prospects into profitable customers.

About the Author

Cliff Allen is the author of numerous articles and books about one-to-one marketing. His most recent book is ***One-to-One Web Marketing: Build a Relationship Marketing Strategy One Customer at a Time***, published by John Wiley & Sons. He is also President of Coravue, Inc.

About Coravue

Coravue provides Internet-based software products and hosting solutions for managing marketing and sales activities. Coravue CRM includes functions for marketing automation, personalized Web and e-mail content management, lead capture and fulfillment, sales force automation, and service automation.

For more information about Coravue's software products and hosting solutions, contact:

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