

**E**ffective email marketing is as much about data as it is about transmission and good creative. Managing the data complexities of today's sophisticated direct mail programmes can be complicated enough, but when cycle times are reduced to hours rather than days or weeks, these challenges are intensified.

Email has a clear edge over direct mail both in terms of cost and response rates, so it has an immediate appeal to marketers. Traditional direct mail costs

individuals.

You need to have the ability to send out multiple, high-volume batches of emails and track how many people opened the message and which links they clicked on. This detailed level of tracking can help predict likely volume of inbound responses, and provides multiple opportunities to refine the campaign creative and get better results. You can even use different kinds of creative treatment for the same link in the same email and test which one was more effective by



# Back to Basics

Keeping track of high volume email campaigns is not a simple task. Jane McCarthy and Merlin Stone explain how the rapid growth in email marketing has now put the spotlight back on data management.

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are between 40p and £1 per item. This compares to a cost of between 1p and 5p per item for email. Response rates are better too, with direct email campaigns to permission-based audiences typically generating between 3 and 10 times more responses than traditional direct mail.

## Email evolution

In the US, email marketing is so popular that some analysts are suggesting that there has been a significant drop in the level of direct mail as a result. In the UK, email marketing is still relatively new but growing rapidly, partly due to the current cost-conscious environment. However, companies who are trying it out are often finding that they have severe technical and data challenges to overcome before they can really make a success of it.

Given the ease with which we all now send and receive emails, it is easy to understand why many companies assume they can embark on an email marketing programme using their existing IT infrastructure. But sending out bulk email campaigns, and handling and tracking responses effectively is a very different matter to managing low-level email traffic between

tracking which more people clicked on.

Once the responses start coming in, you need to be able to send a reply to the customer straight away and then route the message through to the relevant sales/marketing/service departments for action. It's going to be important to be able to close the loop and meet the customer's expectations about the timeframe in which you get back to them. You also need to make sure you can negotiate the preference management and data protection minefield without any false steps, especially in the light of the new EU directive that heralds stricter controls on commercial email.

Companies' failure to respond to emails can have a very negative effect on customer attitudes to the company and their propensity to buy. To give an example of how things can go wrong, in a typical email campaign, up to two per cent of people will hit the reply button and respond directly to the email (rather than doing what you expect them to do and clicking on the links or response mechanisms you have directed them to in the email). This means that in a mailing to 100,000 there may be 2000 *ad hoc* replies to handle over a very short period of time. People expect email to be a very immediate channel so a delayed response,

or no response at all is unacceptable.

An automated response as a holding device is ok, as long as the customer understands when someone will get back to them with a proper response, and as long as the company delivers on the promise. Ideally, they would get a personalised response which takes account of any previous dealings with the company (in the case of existing customers) and provides a relevant answer to any queries. All of this is entirely possible, but it takes a sophisticated email data management system with infrastructures optimised to handle high volumes. Many companies are just not geared up for this at the moment.

### Learn from DM

It has taken around 20 years for most companies to get to grips with mail and telephone. Even the most advanced readily admit that they still experience problems caused by data. Deduplication may no longer be as difficult as it was, but in sectors experiencing rapid changes to their customer base, problems still abound. In the e-world, matching and deduplication is made harder by the use of multiple addresses, possibly unconnected to a physical name and address.

These can be resolved by applying simple database marketing techniques: the development of a clear data strategy and good quality standards applying to particular fields (from names and email addresses to interests and media preferences). Certainly companies that ask their own customers to state email preferences (frequency of contact, subject matter and so on) are getting good results. But many of us have been on the receiving end of less responsible practitioners.

The rapid turnaround of an email campaign puts the spotlight on database management capability. Even today, it can still take up to three months for some companies to get a traditional direct mail campaigns out of the door, and some marketing databases are still only updated on a weekly or even monthly basis. This is way too slow for the online world.

It is theoretically possible to get feedback on an email campaign instantly, and refine the message and the creative treatment in a matter of hours. Subsequent waves may go out the following day, or week, so it is important to close the loop on unsubscribe or opt-out requests before the next one is sent.

Marketers are keen to exploit this new channel, but internal IT departments can be slow to respond and many of today's email programmes are not sophisticated enough to meet the needs and preferences of the rapidly evolving online customer. As a result, email campaigns often do not even have classic direct mail disciplines applied to them. Sometimes, this is because it is almost too easy to send out an email campaign, so multiple departments, or regional offices within an organisation, may be sending out emails with little central control over branding and contact strategy.

As this is all still fairly new, companies have few rules and processes covering how both outbound and inbound email should be handled, and even fewer have a data strategy in place to handle the additional data generated. In many cases, existing marketing databases are not set up to even hold email addresses and whilst they might hold opt-in/opt-out data for customers, are unable to differentiate by channel, that is, offer the customer the option to be contacted by email, but not by mail or phone.

Being able to manage bounces effectively (by using the information to clean the database) is another important capability. Likewise, the ability to send out multi-part emails (combining HTML with plain text so that the recipient's browser can display the message appropriately) and include an automated and customer-friendly unsubscribe option which you are able to act on quickly are both essential.

Given the complexities, outsourcing is an option well worth considering, particularly at the outset. The cost to an individual company of setting up the kind of infrastructure required may be prohibitive, and there are a number of specialist suppliers that offer very competitive rates for an outsourced service. As this is a relatively new medium, companies would be well advised to draw on external expertise to get their email programme off the ground and gain a better understanding of what is involved.

A number of email marketing agencies can deliver sophisticated personalisation (including rich media), narrow-casting, tracking and reporting technology. They will also have an existing large-scale technical infrastructure optimised for email (which would probably take a minimum of three months, at considerable cost, to set up in-house.) Where this kind of expertise can be coupled with traditional skills in direct mail campaign planning and data management, you have the ideal combination. Once equipped, you can gain the ability to send high volumes of emails, with multiple waves or segments, and track responses at a very detailed level.

The technology available will even allow you to send messages in multiple character sets for regional or global campaigns. To be really effective you will need to have in place a separate email marketing data mart or e-CRM database that is specially configured to handle email campaigns, whilst at the same time is able to exchange data with the central marketing database or data warehouse. This doesn't have to be in-house – many suppliers will host it for you and can help you overcome any integration issues with your existing customer databases.

Suppliers have some catching up to do too, though. The cycle of updates from operational systems to an e-CRM database is faster because of the generally higher frequency of email contact compared to contact via direct mail and telemarketing. If the e-CRM database

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is not up to date, customers may lose confidence. Database bureaux and traditional marketing services outsourcers used to dealing with physical mail may not be able to cope with the pace of change.

Many of the systems which were put in place to support clients' direct mail programmes up to 5 years ago are looking a little tired and may struggle to support today's e-channel requirements. As their clients increasingly want to include an email element in their marketing campaigns, they will have to build the expertise internally or partner with specialists.

### Managing preferences

Email data management issues are more complex than with classic direct mail. The e-CRM database needs to manage individual customer-based opt-ins and stated preference codes in real time. These opt-ins, outs and preferences can change much more frequently than in the off-line world.

Should you put the customer in control of their own preference management by providing an online facility where they can review and edit their personal details and contact preference? Customers will be more aware of the quality of data held about them and, with the flexibility of the medium, it is worthwhile to also consult them about what kinds of products, services or content they are interested in receiving information on and how often they would like to be contacted.

This approach is not without its pitfalls. If individuals transact through different sites or divisions belonging to the same company, it will be evident to them if data about them is not co-ordinated across different access routes and channels, so a single view of customer preferences across brands and channels becomes even more important. Customers may keep their preferences under review, switching them on and off for different purposes, so there is increased complexity in terms of managing the opt-in/opt-out data.

The reason it is worth taking on these challenges is that online preference management has the potential to improve targeting and minimise blanket opt-outs. As customers can choose the kinds of products or content areas they are interested in and even how often they want to be contacted, they feel in control and consequently more receptive to receiving further email communications.

Companies not moving up the email learning curve fast enough and offering more sophisticated preference options will find that more and more recipients just opt out completely. We have already seen this in the US, where companies inundated consumer inboxes with little differentiation or preference management. The result is a significant drop in response, and many users have cancelled their registration for email lists they previously joined. Over-use not only leads to diminishing returns but also damages the brand.

Personalisation is also key to minimising opt-outs.

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*Database Marketing* is the only UK magazine that covers the tools and techniques used for both business-to-consumer and business-to-business customer management today. Every month, it addresses critical topics like customer retention, profiling and segmentation, data selection, site location and campaign management through a combination of regular software reviews, articles and opinion. If you want to know more about tools like data cleansing packages, OLAP analysis software and GIS, this is the magazine to read.

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Here again, some of the specialist providers can help you get this right from the outset. You set up the business rules and the software will personalise the email message content for each customer based on their preferences, interests, and profile. Message content can be assembled based on stored data like customer age group, past purchase history, and even data returned at run time from external applications such as credit status. In principle this is not difficult to achieve, but it may be harder for internal marketing departments to co-ordinate their agency, data bureaux and internal systems providers to bring together the various data sources to make it happen.

With the uptake of broadband services gathering pace in the UK (the number of users has doubled this year), it is likely that richer media will increasingly become the norm. This adds further complexity, but is an excellent opportunity to maintain high response levels and opt-in rates, particularly if you have a technology-literate or younger customer base.

In order to be able to deliver and track audio and video elements in emails, you need an even more powerful infrastructure and it is probably not going to be cost effective for an individual company to make the kind of investment required themselves unless it is core to their business. With access to the right technology, you can achieve high levels of rich media personalisation even when accessed by large numbers at peak click-through times, and can track consumers' interaction with these rich media components whether they are sent as attachments in the email or as links.

Most customers will respond positively to receiving emails if they are asked permission, and feel favourably about the brand. In fact, consumers are generally enthusiastic about the medium as a convenient way to exchange information with the companies they deal with, but this enthusiasm may be short-lived. This is an opportunity to redress some of the excesses of direct mail that have alienated many customers. Email can easily be abused, but if used only with permission, and if the technology and data is managed effectively to create timely, relevant communications, then most consumers will welcome it, and response rates will remain high.

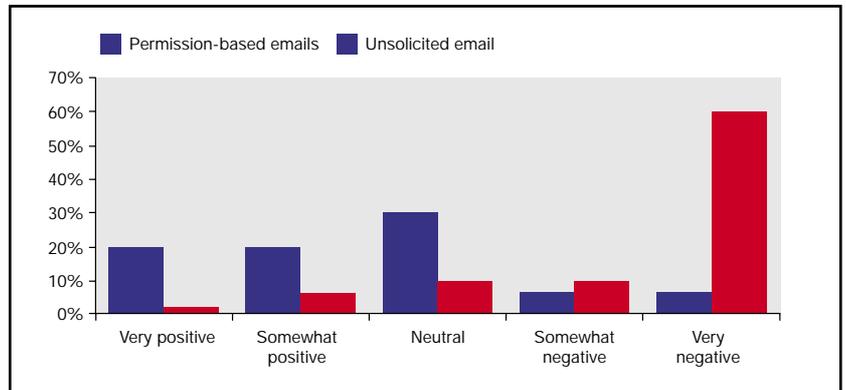
**What should you do?**

For most companies, some form of external support is required. Among the contenders are the creative agencies, but a good creative solution will fail if the agency doesn't have sufficient technical experience. Then there are the new media agencies who understand the technology, but may not be skilled enough in direct marketing and data management to carry out effective end-to-end campaigns. They will also typically operate in isolation and will not connect up the email activities with other customer contact channels.

Our recommendation is to look for a good combi-

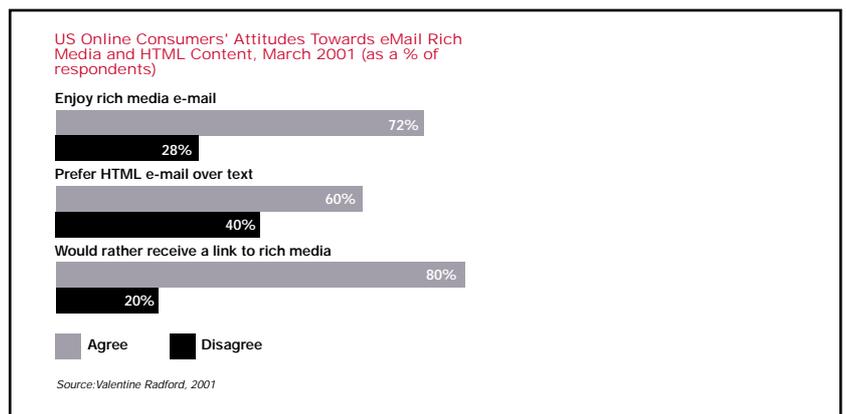
nation of specialist email expertise and data management experience. Typically, the good suppliers will have their roots in database marketing and contact management. They will have specialist email expertise and will be able to offer either outsourced data management options or an ASP model for those who want to retain direct control over their email campaigns.

Traditional direct marketing disciplines must be



As you might expect, consumer attitudes to commercial email show an overwhelming preference for permission-based communications.

(Source: IMT Strategies)



At least in America, consumers prefer to receive rich media emails that include audio and video, though bandwidth constraints may make this type of mail an irritant for those still using dial-up connections.

(Valentine Radford/e-marketer.com)

applied to email marketing programmes and one shouldn't under-estimate the complexity of some of the data management and technology issues involved. In the short term at least, using an external supplier can help meet the challenge and get best results from the medium. To enhance rather than damage the brand, you need the process and the technology to handle responses efficiently and see them through to fulfilment. ■

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