



eMail Marketing: Reach Out and Touch Customers

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Scott Woodside sells 99-cent pens alongside \$9,999 pens. The cadre of people who are fanatical enough about pens to show real interest in a \$6,500, hand-painted, maki-e fountain pen is pretty tiny. So Woodside needs to make sure that once he has successfully lured such a pen aficionado to his website, he can find that person again, and again, and again.

On nearly every page of his website, Woodside invites his visitors to join an email list to receive special offers on pens, both the extraordinary and the mundane. Each month, Woodside sends out a special pen offer. Recently he offered a Japanese pen that normally retails for \$189 for \$59.95 as a special deal only to the customers on his email list. The response was incredible. Woodside gleefully received a nearly 50% response rate. Not a bad response rate for a marketing campaign with no postage or printing costs to eat into revenues.

Low cost, high response rates

While that particular campaign was exceptional, Woodside's positive results from email marketing are not unique. Many small businesses are finding that email marketing is one of the most effective ways to keep customers coming back to their small-business websites. It can also be an extremely cost-effective way to keep in closer contact with customers and build brand awareness and loyalty.

Email marketing can cost as little as pennies per message — quite a bargain compared to traditional direct mail at \$1 or more per piece. Coupling that with the fact that response rates on email marketing are currently very strong — Meta Group reports fulfillment rates of 5% to 15% for email vs. 1% to 3% for traditional direct mail — it's easy to see why a growing number of small businesses are turning to email marketing to keep them connected with their customers.

Email Generates The Lowest Cost Per Sale					
	Customer acquisition			Customer retention	
	Direct mail to rented list	Banner advertising	Email to rented list	Direct mail to house list	Email to house list
Cost per 1,000:					
Production	\$462	N/A	N/A	\$462	N/A
Media	\$118	\$15	\$200	N/A	N/A
Delivery	\$270	\$1	N/A*	\$270	\$5
Total	\$850	\$16	\$200	\$686	\$5
Click-through rate	N/A	0.8%	3.5%	N/A	10%
Purchase rate	1.2%	2.0%	2.0%	3.9%	2.5%
Cost per sale	\$71	\$100	\$286	\$18	\$2



The Forrester Report: The Email Marketing Dialogue, January 2000. ©2000 Forrester Research, Inc. Reproduction Prohibited. Delivery cost for rented lists are incorporated into list media costs. Direct mail costs and response rates sourced from the Direct Marketing Association Statistical Fact Book 1999. Banner costs and response rates are Forrester estimates.

Here are some best practices culled from some email marketing veterans

Create a compelling HTML email communication and send it regularly: Small businesses are using a variety of ideas to develop interesting, useful and fun email messages. Many businesses layout their email marketing vehicles as newsletters and market them as such. A newsletter format can give a friendlier feel and do a better job of building a relationship with customers while keeping your name in front of them. Also, send it on a regular schedule – monthly for example. And, [be sure to get a professional designer to create a look and feel for your HTML email so it is visually compelling](#). Most small businesses use an email list service, to handle their HTML email newsletters. But, depending on list size, you can manage it yourself.

Special offers and prices: Your newsletter might include special prices or offers, such as what Woodside offers at Platinum Pen, or what Guest Ranches of North America sends out occasionally highlighting special offers at ranches throughout the United States.

Clever, unique information & look: By including information, suggestions and ideas related to your products or services, in a visually compelling look and feel, your message turns from a simple sales pitch to a resource designed to help your customers. Do not be afraid to offer free useful information as well.

Entice them back to your website: You might also "tickle" customers with hints about new information on your website, using the email to entice them back to the site. Provide short teasers to lure people to the site each week.

Share info about new products and services: Some small businesses use their newsletters to share information about new products and services with their existing customers.

Market it well: Most of the email newsletters mentioned above do a particularly good job of marketing their newsletter — and it's paid off in large lists of qualified customers to whom they can market. I'm surprised, though, at how many small businesses market their email list by saying nothing more than "join our email list." It's hard to imagine that thousands of people will sign up with so little to persuade them.

Tell them what valuable information or offers they'll get: It sounds ridiculously simple, but few small businesses tell people what their newsletter is about when asking for sign-ups. Woodside believes that, "If I just say 'sign up for my newsletter,' I won't get anybody." He promises customers an exclusive first look at special deals.

Give customers many chances to join: Put invitations to join your email list in several places on your website. Make sure there is an invitation on the front page, and consider putting sign-up boxes on many pages throughout your site. Woodside counsels the extreme, "It has to be on every page." When a customer has entered his or her email address for any other reason (e.g., placing an order), have a box there to allow them to join your email newsletter with just one click.



Limit demographic questions: Make it easy to join your list. If you are using an email service to manage your list, you likely will have the option of asking demographic questions of people who sign up. Remember that each question you add will reduce the number of people who sign up. It is a difficult tradeoff because demographic information can help you target messages better. The ideal solution is to limit the number of questions you ask during the sign-up process, but follow up with questions in a later email that helps you target messages better. Many firms offer customers special rewards for sharing information. The benefits can range from special discounts to just the promise that future emails will be of more interest to them. However, customizing messages based on demographics requires a more sophisticated email list service, so you may want to keep the questions during the sign-up to a bare minimum to increase your list more rapidly.

Sign people up offline: Allow people to sign up for your email newsletter offline, as well as online. Have a list in your storefront or office where people can write their email address and join.

Welcome them with the most recent newsletter: Each time a new customer joins your list, send a welcome email that includes the most recent newsletter. Most of the email list management services can be set up to do this automatically.

Be sure to offer them a way to opt out: keep your clients and prospective clients happy by always offering them a link in the email to opt out of the newsletter. And be sure to take their request to be removed seriously.

Cull your email list regularly: when an HTML email bounces back, be sure to prune the list of that email.

Finally, to HTML or not to HTML the email?

Should you create your email newsletter as an HTML newsletter or as a plain text newsletter? Most of the email list services allow you to send HTML messages, and by using HTML, you can add graphics and use multiple type fonts, so it will look more like a professionally printed publication. The downside to HTML email is that it can annoy customers and take forever to download, especially over slow modems. Furthermore, some small businesses report that customers using America Online as their Internet service provider have been unable to read their HTML emails. And it's time consuming to create an HTML newsletter. At this time, Yahoo and Hotmail can render the HTML emails.

But the upside is compelling. The colors, multiple fonts and graphical possibilities with HTML email can make newsletters more pleasing to the eye and much easier to scan.

The ideal solution is to offer both. Some email services can identify the customer email reader and send HTML or plain text messages accordingly. Alternatively, you can offer customers a choice. But this may be too time- and resource-intensive to offer both.

People typically think of the Web as a great way to reach new customers. But it can also be an extremely cost effective way to stay connected with your current customers. Larger businesses have been quick to capitalize on this reality. With very little upfront investment required and such low costs per message, most small businesses would do well to follow suit and use email marketing to keep in touch with their customers.