



Effective E-Marketing

Building and maintaining a
quality email list - Guide 2

White Paper

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Intelligent Marketing

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Introduction

Email can deliver fantastic response rates for marketers. This is especially the case with house email lists, where organisations build their own list of email contacts that have opted-in to receive future communications such as e-newsletters.

If you want to benchmark your response rates against other UK email marketers, take a look at the latest figures UK Direct Marketing Association National Benchmarking survey (www.dma.org.uk). At the time of writing, industry-wide open and clickthrough rates are actually higher than in previous years in this survey because more marketers are taking list quality seriously and are so able to deliver more relevant, more targeted campaigns.

But to achieve higher response rates a lot of hard graft is necessary to build and maintain a house list.

In this effective email marketing guide, we will look first at techniques for capturing email and contact details and then look at approaches we can use to keep the list fresh.

Setting goals for your list building programme

How quickly is your e-list growing? Is it growing? How do the number of email contacts which you have permission for compare to your offline contact details?

Effective email marketing best practice tip - Measure list growth and quality

Given the rate of unsubscribes and messages becoming undeliverable through changes to jobs or email accounts, it is important to work hard to grow the list and this starts with evaluating your rate of e-list growth using a system such as smartMARKETER eChannel (list quality is included in the smartMARKETER eChannel reporting functions).

You should check trends in list size for issues which lead to a fall in growth which can occur because of a decrease in new sign-ups or a decrease in delivery or increase unsubscribes.

Before you start e-list building it pays to set out what you are looking to achieve - it's not just down to the numbers of subscribers - the quality of data associated with them is crucial. It is all too easy to pop a form on a web site or add an email address field to a paper form without thinking through the implications. If you miss the planning stage then you may severely limit your future ability to gain value from your house list. Witness the retailer who forgot to add a post-code to the email collection form so they were unable to geo-target their list members and the B2B marketer who collected email addresses in return for a download of a market report, but missed the opportunity to achieve opt-in to a newsletter.

Typical SMART objectives for list building include:

- Increasing the size of your list over a particular time period.
- Increasing coverage of email addresses in your customer base - you may have 15% of your customers opted in to an e-newsletter, but you want to increase this to 35% over the next year.
- Improving the quality of your email addresses - i.e. the proportion of valid or active email addresses on your list.
- Improving the permission quality - how many on the list have opted-in and to which options.
- Targeting quality - increase the proportion of subscribers pre-qualified for your products.
- Data quality - the proportion of specific profile fields held about individuals (see 2 below)

So set goals for your list-building and communicate them to colleagues to emphasise the importance of the list-building process

Here are some issues to think through before you start collecting customer data which can help you to achieve these objectives:

1) Opt-in (to what).

A clear form of words is required so that subscribers know the type of information they will receive. Separate opt-ins (possibly all in one form) for e-newsletters, promotional emails and third-party emails (if you offer these) is advisable.

Effective Email Marketing Best Practice Tip - Re-consenting your list members

If you have addresses on your list which don't have permission to email, you should run a re-consenting campaign where you send a one-off Email explaining that you are updating customer details to help deliver more relevant messages. You can then explain that list-members should opt-in to future communications (perhaps through a communications page) or that you will send them communications in future (since they are a past customer or contact), although they can opt-out anytime.

2) Profiling.

You should assess the key fields that you need to collect to profile an email subscriber in order to be able to target future communications. For B2B marketers, key fields will include name, email address and organisation, organisation size and the role of the individual in a company. For B2C marketers this may include age, sex and postcode (to link to lifestyle databases) and particular interests.

You should remember to identify fields which increase propensity to respond and which you can readily personalise against. The example below shows how a financial services company assesses an individuals' style of investment.

Please provide the following so we can process your request:

* Optional Field

First Name

Last Name

Address 1

*Address 2

City

State

Country

Zip Code

Daytime Phone

Which type of investment do you prefer?

Individual Stocks

Mutual Funds

What style of investing best describes you?

Aggressive Growth

Growth

Value

Income-Producing

Also don't forget to ask about email preferences: HTML or text and frequency (how often they wish to hear from you!). By asking these questions and then emailing accordingly, list responsiveness will be improved.

3) Accuracy of customer data.

Of course we want the customer to enter accurate data and in particular a valid email address.

- Indicate mandatory fields.
- Validate completion. Perform checks that the user has filled in all mandatory fields.
- Validate accuracy. Perform checks that the customer entered a valid email address with the '@' symbol and a valid domain?

Some email marketers require email addresses to be entered twice, or use a double opt-in method to check the email address is correct. A simpler device is to fulfil the offer by email. For example, for a whitepaper download, the registrant is not directed straight to a download page after completing the form, but an email is sent with the download details. This places the onus on the registrant to input the correct email address.

4) Offer

To maximise the coverage of your list you will need a great offer, particularly since so many opt-in e-newsletters are now available. You also want to be on the registrant's primary email account. Many people have multiple email addresses and some secondary addresses are only used to access online offers.

An email newsletter in its own right may be sufficient to gain the opt-in to the primary email account, but how is this showcased? A maddening number of sites still say 'Opt-in to our e-newsletter!' without explaining the proposition! For example, how frequent is the newsletter, what type of content does it contain, where are the examples of content? A separate microsite can help by showing archived editions of your newsletter.

Think also about whom the offer appeals to - separate offers may be needed for different customer segments or for potential customers and existing customers.

Maximising list size

I have found that a good way to brainstorm all the possible methods of capturing email addresses within an organisation is for marketers to brainstorm alternative methods by thinking about opportunities for capture which are:

- Online
- Offline
- Existing customers
- New customers

The matrix below can be used to generate ideas, such as the examples below:

On-line touchpoints	<ul style="list-style-type: none"> • Viral marketing • Online incentive such as prize-draw (B2C) or whitepaper download (B2B) • E-newsletter opt-in on site • Registration to view content or submit content to a community forum • Renting list, co-branded e-mail or advertising in third party e-newsletter to encourage opt-in • Co-registration with third party sites 	<ul style="list-style-type: none"> • Capture E-mail when customer first registers or purchases online • E-newsletter and other methods given on left
Off-line touchpoints	<ul style="list-style-type: none"> • Direct mail offer perhaps driving visitor to web • Trade show or conference • Paper response to traditional direct mail communication • Phone response to direct mail or ad 	<ul style="list-style-type: none"> • Paper order form, customer registration/product warranty form • Sales reps – face-to-face • Contact centre – by phone • Point of sale for retailers
	New customers	Existing customers

Here, we will consider online and offline opportunities for email capture separately. Many of these apply equally to potential and existing customers.

Online opportunities for capture

Here are eight online methods to help build a house list.

1. **Direct from web site** - permanent incentives to capture leads should be one of the main aims of a web presence, particularly for a B2B organisation. Design, structure and content should be devised to maximise conversion to sign-up.
2. **Web response from offline communications.** Here an offer is publicised offline and respondents are referred to a web site to sign-up.
3. **Renting an email list from a third party** - recipients who click-through to a landing page are encouraged to opt-in to your house-list.
4. **Placing an ad in a third party e-newsletter.** This has the same aims as 3, but may be more cost effective and can often be more tightly targeted.
5. Using a third party site sometimes referred to as an ‘acquisition’ centre, to provide offers with a view to sign-up.
6. Campaigns with viral elements where a friend or colleague is referred can also increase the size of the house list.
7. **Other forms of online traffic-building** include graphical online ads or Pay Per Click text search engine ads.
8. **Mobile marketing text campaigns** such as “Text to Win”, where you have entered your email address to win.

Offline opportunities for capture

Offline opportunities include all your customer touch-points. For example:

1. **Any form of paper registration or order form.** But be sure to check the form of wording to ensure that an opt-in to all forms of future communications is achieved.
2. **Visit from sales representatives.** Can be used for opt-in either on paper or through subscribing online.
3. **A phone contact at a call centre.** For example a bank could ask customers whether they have an email address during a routine phone enquiry.
4. **Telemarketing.** This can be specifically to capture email addresses, but is more cost-effective if it is part of a telemarketing campaign.
5. **Point-of-sale.** In a retail context.
6. **Trade show or conference.** For example, from a prize draw collecting business cards (but take care to ensure that you have received opt-in permission).
7. **Paper response to a direct mail offer.** Traditional direct response.
8. **Phone response to direct mail or ad.** Again traditional direct response.

When email addresses are captured offline a common problem is the level of errors in the address - this can often be 10% or more. Plan for this - staff should be trained in the importance of getting the email address correct and how to check for invalid address formats. Some call centres have even incentivised staff according to the number of valid email addresses they collect. When collecting addresses on paper, some practical steps can help such as allowing sufficient space for the email address and asking for it to be written in CAPS.

Techniques for list maintenance

As with maintaining any customer database, maintaining a list can be a major headache. For email lists the headache can be more intense since:

1. With permission-based email, the customer can opt-out or unsubscribe at any time.
2. Email addresses tend to change more frequently than postal addresses.
3. Multiple email addresses may be held, often to counter SPAM.
4. You need active contacts on your list for it to be valuable for users and the audience.

If your e-newsletter or email campaigns are good quality, the unsubscribe rate shouldn't be too much of a problem. A typical rate for unsubscribes is 1% or below might be expected for a house list.

The problem lies with people changing their email address.

This problem and the wider issue of customer data quality are well recognised. A May 2002 survey of 120 marketers at medium to large UK B2C organisations found that 86% rated customer data accuracy as 'crucial' to the success of their CRM system. The only surprise is that the figure wasn't higher. However, 40% had no standard policy about data quality. Clearly, for improvements to data quality to become a reality, some form of policy about collection and maintenance of customer data is needed allied to appropriate procedures and responsibilities to implement the policy.

All the forms of collecting email addresses online and offline that were mentioned in the previous section can also be used to keep email addresses fresh. This particularly applies to the offline methods where employees talk directly to customers and prospects. Since it is annoying to be constantly asked 'is your email contact address still correct?' it is best if this is only asked when an address becomes inactive as described in the section below.

Actions to take for invalid addresses 'hard bounces'

When email addresses become inactive (after they have been returned or bounced several times) they should be flagged in a database as such. Inactive addresses should be excluded from future campaigns since this makes it easier to review response rates and will save money. If you're using smartMARKETER eChannel your list will be cleaned on upload - 'bad' addresses are automatically removed as are duplicates, and cleaned as you email - after 3 bounces, the record will be flagged and unsubscribed.

Effective Email Marketing Best Practice Tip - Include a follow-up processes for 'hard bounces'

Inactive addresses should be flagged to staff who deal with customers direct, such as sales representatives or contact centre staff. They can then request the current email address. Direct mail can also be used to refresh email addresses, perhaps as part of another campaign. Of course, having the right process and technology in place to prompt staff to ask customers about invalid addresses is easier said than done, and will often not be a priority.

Another method of ensuring your subscribers keep you up to date is to require a valid email address as their user name if registration to your site is required.

Prevent inactive addresses before they happen

Rather than resorting to the techniques described in the previous section, a much better idea is try to remind the subscriber the importance of keeping their address up-to-date by reminding them what they will miss out on. Instead of providing subscribers with a one opt-in / opt-out fits all approach, think about offering them different types of communication. If your unsubscribe links to a form with a variety of choices, there is less likelihood of the subscriber opting-out of all communications and more chance of them just varying their selection - a simple way to reduce the attrition rate.

Effective email marketing best practice tip - Remind your subscribers to update

Alternatively you can provide reminders on-site to remind visitors to update their details - either on the public site (see www.penguin.co.uk) or in a secure area (banks like HSBC remind users to update their email if emails have bounced).

Assessing your active contacts

A common problem with email marketing is the drop in engagement through time - they may not open or click less, even if they don't unsubscribe.

Research by E-marketing consultant Dominic Yeadon has suggested that fresh addresses could be worth three times as much as older addresses. This is based on a calculation which I urge you to do for your lists:

Dom's calculation was based on the age of each e-mail, the delivery rate (D), views (V) and clickthroughs (CTR).

Dom worked out a simple formula to calculate value - $VALUE = (D \times V \times CTR \times 100)$:

Recently subscribed

E-mail freshness = 0 to 3 months

Delivery rate = 90%, Views = 35%, Clickthroughs = 36%

VALUE = 11.34% (values around 12% are good)

Subscribed for 12 months

E-mail freshness = 12 months

Delivery rate = 73%, Views = 31%, Clickthroughs = 18%

VALUE = 4.07% (values around 4% are poor)

This is a fact-of-email-marketing life, but you need strategies to minimise it and you need to make the most of that golden first 3 to 6 months.

<http://www.edrops.co.uk/blog/?p=117> - note this was conducted several years ago, so the open rates are quite high

Effective email marketing best practice tip - Manage email activity levels

Although list members don't unsubscribe, "emotional unsubscribing" occurs where they will very rarely view the e-newsletter. This posting estimated that as many as two thirds of 60% of email addresses may not be active (i.e. not responding over a 6 month period). To assess this, you should measure the proportion of your list which is active by calculating the percentage that engage within a period e.g. purchase/click/view within a 90, 180 or 365 day period.

You should then develop a strategy for those who are not engaged such as researching cause, reactivation, using alternative media or reducing frequency.

You can use this type of analysis to assess the extent of the problem / opportunity.

		Measure	Period	Number of subscribers	%
Subscriber activity measures	Open	Total		80,000	80.0%
		Last 6 months		30,000	30.0%
	Click	Total		60,000	60.0%
		Last 6 months		40,000	40.0%
	Bought	Total		80,000	80.0%
		Last 6 months		20,000	20.0%
	Bought On Line	Total		60,000	60.0%
		Last 6 months		10,000	10.0%
	List size	Total		100,000	100.0%
			Measure	Period	Number of subscribers
Subscriber inactivity measures	Never Open	Total		20,000	20.0%
		Last 6 Months		70,000	70.0%
	Never Click	Total		40,000	40.0%
		Last 6 Months		60,000	60.0%
	Never Bought	Total		20,000	20.0%
		Last 6 months		80,000	80.0%
	Never Bought On Line	Total		40,000	40.0%
		Last 6 months		90,000	90.0%

Can repeat for different product categories and segments

Keep tabs on your list quality

So, there is a lot you can do to grow your list and keep it fresh, but convincing your colleagues to take list quality seriously could be your biggest challenge - good luck!

We close with a checklist for you to assess your list quality.

Effective email marketing best practice tip - Measuring list quality checklist

At the start of this section of the guide, I stressed the importance of setting SMART goals for a list building programme. To make this an ongoing process make sure you regularly use this checklist of quality measures to help you improve your capability to target.

- Permission (opt-in % to different communication types within the list preferences)
- Profile depth (from level 1 to 3 as described in the guide on E-permission marketing)
- Audience composition (are the demographics or roles of list members consistent with your target audience, for example, what proportion of gatekeepers? what is the male/female or age group split)
- Deliverability (% bounces and messages that are delivered)
- Response activity (% opens / clicks across year for different types of promotions) - you may want to breakdown by segment to see how well your communications are received by different audiences. You can setup an activity score which shows the number of opens, clicks or outcomes per year.
- Value delivered - Calculate revenue / cost and profitability per list member, again it may help to break this down by segment and compare to other media.

<http://www.e-consultancy.com/news-blog/364925/email-suicide-emailing-the-emotionally-unsubscribed.html>

Summary - Top ten House e-mail list building Do's and Don'ts

Do:

1. Set objectives for your list size and quality
2. Monitor changes in list size and quality carefully
3. Devise powerful incentives to encourage opt-in
4. Use a common customer profile of required fields
5. Use mandatory fields and validation to enforce quality
6. Brainstorm all online and offline contact points to seek details
7. Consider different capture options for current and potential customers
8. Communicate benefits of profiling across all communications
9. Explain the benefits of profiling to customers at sign-up
10. Enable opt-out - it's the law!

Don't:

1. Harvest e-mail addresses from web sites - this is what spammers do!
2. Use list appending unless the process is explained very clearly to customers
3. Forget to use a statement of origination in e-mail to explain point of opt-in
4. Forget to encourage list members to update their profile
5. Forget to build list quality objectives and tactics into every e-marketing campaign
6. Forget to check the opt-in and opt-out mechanics work
7. Forget to double check e-mail address at signup or fulfil offers by e-mail
8. Forget many users hold multiple addresses - you need to be on their favoured one
9. Forget to follow-up bounces or 'dead addresses' with offline communications to regain permission
10. Forget to measure the cost of e-mail acquisition from different sources

About smartFOCUS DIGITAL

smartFOCUS DIGITAL (www.smartfocusdigital.com) is a leader in email and digital marketing, makes it easy to turn every online communication into a powerful business generation tool. Our on-demand software smartMARKETER eChannel (www.smartfocusdigital.com) enables marketers to more effectively deliver relevant personalised and timely communications that inspire customer relationships and improve results.

Hundreds of companies around the world rely on smartFOCUS DIGITAL for on-demand, in-premises or fully managed email, digital and multi channel marketing solutions including organisations such as Associated Newspapers, The Labour Party, Penguin Books, MessageLabs, CapGemini and Help the Aged.

About the author

Dr Dave Chaffey is a specialist Internet marketing trainer and consultant. He is also a prolific, bestselling author and blogger (www.davechaffey.com/MyBooks).

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Dave can help you keep up-to-date with the latest developments through his E-marketing Essentials Newsletter (www.davechaffey.com) which features 5 “must read” articles about digital marketing developments and best practices each month.