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Best practice technology options for optimal e-mail marketing

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Abstract

E-mail marketing is no longer seen as the simple cost-effective route to market it once was. Rather it is becoming regarded as the ultimate marketing channel with its ability to blend engaging creative with dynamic content relevant to each individual recipient.

Leading organisations implementing this type of e-mail marketing are setting new creative and performance benchmarks for the industry, but making full use of the medium is no easy task and may require the involvement of one or more third parties.

This paper aims to outline the new best practice options available to marketers producing e-mail-based communications — from full-service agencies which can manage a campaign in its entirety to web-based or in-house departments and systems.

It also describes the thought process a marketing organisation must go through to determine which level of support best meets its requirements and those of its brands.

Keywords:
ASP, e-mail marketing, rich media, streaming video, data-driven marketing, value added

Introduction

The are mainly four different types of support available to brands wishing to exploit e-mail marketing (Table 1):

— in-house solution
— fully managed/outsourced
— part-managed/mix of outsource and in-house
— self-managed/in-house.

A brand may select from the menu shown in Figure 1 its own resources and campaign requirements.

Figure 1, produced by Jupiter,[1] presents evidence behind why the decision to outsource is made. In Jupiter's view, the propensity to outsource increases with the complexity of the campaign and the e-mail volumes, while it decreases in proportion to the number of internal online marketing resources.

But when does the complexity of the campaign mean the organisation is better off outsourcing? And when does keeping the management of e-mail marketing in-house actually become a false economy? This paper aims to answer these questions.

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Table 1: Description of e-mail support options

Support type	In-house solution	Self-managed ASP	Part-managed	Fully managed
Client:supplier control ratio	100:0	90:10	Variable	10:90
Description	Client has absolute responsibility and control over e-mail dispatch through in-house system	Client has absolute responsi bility and control over e-mail dispatch through supplier ASP	Client retains majority of control, but uses supplier for specific tasks, eg strategy, creative, deploy or results analysis etc	Supplier guides client through all campaign elements delivering strategy, creative, production and development to brief
Example	Client organisation invests in IT develop-ment, hardware and support to manage e-mail marketing programme	Technical companies which offer application service provider (ASP) technology to enable a marketing organisation to manage its own e-mail	Interactive or digital agencies which have evolved from website design and online advertising to apply their technology to e-mail marketing	Direct marketing agencies that have added e-mail as a channel for their direct skills marketing in-house

Understanding each option

Before determining which is the best option for your needs, it is useful to undertake a more detailed look at the types of support available.

In-house solution

In-house e-mail marketing

The in-house solution is a bespoke system built for and managed by the marketing and IT department within an organisation.

With the possible exception of a client company with large IT and marketing resources, attempting to develop e-mail marketing support technology internally from scratch is not advisable. It typically involves building and hosting a complete technical infrastructure (servers, traffic management hardware, relations with internet service providers (ISPs), delivery templates etc), as well as managing the actual delivery of messages and responses to those campaigns.

If undertaken the breakeven on such a project may be a long time coming.

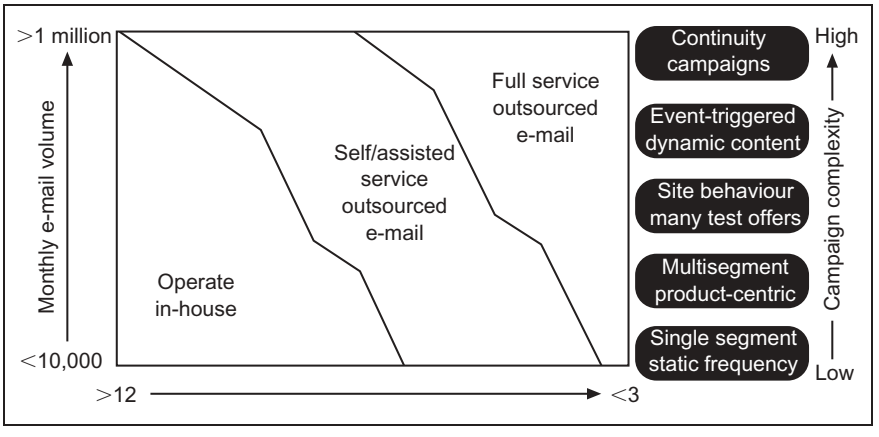

Figure 1: Number of internal online marketing resources

ASP solutions

Self-managed/ASP

The self-managed option allows a company or brand to take advantage of existing solutions to create and distribute e-mail marketing campaigns. This is achieved through either software installed at a company site or data centre or by using a web-based interface to a third-party e-mail marketing solution (ASP).

It provides marketers with sophisticated e-mail marketing technology but only supports and facilitates the actual delivery of a campaign. The planning of the campaign, from identification of need to targeting and data planning, proposition development, creative and production all need to be undertaken independent of and prior to using the system.

Mixing in-house with outsourcing

Part-managed solution

The part-managed solution allows a client or brand to take advantage of support in a modular format. It is helpful to consider a part-managed programme in terms of the specific elements of a campaign, as follows:

— strategic development
— message and proposition development
— creative development
— production
— data selections
— testing
— deployment
— tracking
— data capture
— evaluation.

Under this arrangement a marketing organisation can select those it wishes to buy in and those it wishes to manage in-house according to its own skills set, resources available and the campaign requirements.

A critical element of the part-managed solution is finding the right partner to work with; not all combinations of support will necessarily be available, and these should be discussed prior to the campaign's development with the appropriate partner. Similarly, different companies will have more experience in certain areas — some, for example, may be stronger in strategy and creative, while others may have more credentials in terms of technical infrastructure.

Complete outsourcing

Fully managed solution

The fully managed solution allows marketers to outsource all their e-mail marketing requirements to a chosen partner. The partner has a greater involvement in the development of the strategy, and would be expected to provide everything from the list of options above and to work closely with other client agencies supporting the campaign through other channels.

The fully managed solution is about value-added services and e-mail marketing expertise. These enhance the production, delivery and often the performance of e-mail campaigns.

Partners offering fully managed services use the weight of their industry experience to support the outsourcing client brand.

Key questions

Once the decision to develop and execute an e-mail marketing strategy has been taken, and even when the various available support options are understood, deciding on which to select can be difficult.

Key questions must be answered in order to create an informed decision as to the best option.

When should e-mail be used?

How appropriate is e-mail as a channel for my market(s)?

With the associated benefits and versatility of using the e-mail channel as a communications medium, it is unlikely that your business will find this mode of communicating to customers inappropriate.

Some audiences are more susceptible to e-mail as a channel than others. IT decision makers have always responded well to e-mail as a channel, as have the amorphous group often referred to as 'young professionals'.

How e-mail is going to be used to address different audiences is a key factor dictating the kind of support required. If it is likely that the requirement is relatively simple to achieve the desired results, a self-managed programme can be extremely cost-effective. If the need is more complex, and it is likely that required returns can only be achieved from a variety of propositions and different contact strategies, more sophisticated alternatives may be needed via a part- or fully managed solution.

Integration

Where will e-mail marketing fit with the rest of the business?

Consideration must also be given to whether or how e-mail can or will be integrated with the marketing communication programme and the business as a whole.

The level of integration required to coordinate existing systems with an outsourced solution, either in whole or in part, will vary in terms of ease of implementation across different organisations. Some companies assume that the capabilities required to implement the technology offered by outsourcers will not integrate with existing legacy systems. The reality is now that most ASP and full-service agencies are able to integrate fully with internal systems and will still remain cost-effective.

E-mail marketing objectives

What do I want to achieve with e-mail?

The results of e-mail marketing are directly and instantaneously measurable. They provide marketers with visible metrics that can be used as an ongoing benchmark continually to develop the business and communication plans.

Different objectives like acquisition, retention and brand awareness require different approaches. E-mail can be used to test price or proposition, research attitudes within the market, cross-sell, upsell and to retain customers. Indeed, it is not inconceivable to conclude that e-mail can meet any direct marketing objective.

If a company is struggling to understand which metrics are key, or what

targets are feasible, a self-service solution using an ASP or internal resources should be discounted. Those who have a better understanding of what they want to achieve and whether e-mail as a vehicle is capable of reaching those goals are in a position to choose from the full complement of offerings.

Because it can be cheaper and faster than other marketing channels there is a great temptation to use e-mail as a tactical tool. But the long-range view should always be taken, particularly if an investment in technology is being considered. Organisations need also to ask themselves whether the solutions they are considering will achieve their long-term objectives, and even if they do whether the choice they are considering is really cost-effective.

How much do I really know about e-mail marketing?

Industry knowledge is key

The corporate level of understanding of e-mail as a marketing channel is a key determinant of the optimum support solution required.

E-mail's flexibility means it can easily become a key channel within an integrated marketing plan. But unless it is played to its strengths the full benefits will not be reaped.

Industry knowledge and advice are essential during the initial planning of a campaign or strategy. If that knowledge is not housed within your organisation you must contact industry experts and liaise with companies which specialise in e-mail marketing in order to devise a realistic programme and understand which of the options available best suit the campaign in hand.

What resources do I have available?

Balancing resources

The ability to plan and manage an e-mail marketing strategy is obviously influenced by the internal skills and resources available. The need to invest time to build aggressively a quality, opt-in e-mail list, design creative content and integrate e-mail into a multi-channel communications strategy can command considerable resources, as do ongoing benchmarking, analysis, reporting and development, importing/exporting subscriber data and implementing anti-spam and data-hygiene processes.

The following lists describe the many stages of a typical e-mail marketing campaign.

— *Strategic planning*
- audience/market research
- proposition development
- segmentation and targeting
- customer insight
- testing and results analysis
- maximising the communications programme: frequency, format
- use of data in personalisation.

— *Creative planning and production*
- creative planning
- e-mail design (including different formats such as plain text,

HTML, rich media etc)
- concept design
- production of e-mail templates
- optimising of e-mails for deployment.

— *Data analysis and database management*
- database selection, extracts and build of deployment files
- creation of automated return feeds
- implementation of metrics management.

— *Integration*
- integration with other channels such as call centres
- integration with other systems such as an in-house CRM solution.

If considering an in-house or self-managed system, the marketing organisation would have to take on all of these critical processes if it wished to maximise success. It would need significant resources, a highly evolved IT support infrastructure, a competency in managing message deliverability, reporting and analysis and the ability to maintain close links with ISPs.

It is actually because most organisations cannot manage the above that the industry of the part-managed and fully managed offerings is becoming the preferred choice.

E-mail marketing is a long-term investment

What is my budget?

As with all marketing communications and business activities, cost is a factor that can impact on the level of support that can be 'bought in'.

Significant expense can be incurred through the development of a custom-made solution, and this has to be considered in relation to predicted and calculated returns. Costs relating to software, licensing fees, experienced staff, hardware and adequate bandwidth capabilities are all factors which contribute to the set-up and ongoing management and resources necessary to build and sustain an internal e-mail marketing delivery system.

An ASP solution typically involves a set-up fee. Ongoing fees are based on the number of e-mails sent during a specified period. Internal and external costs will vary from deal to deal, but the marketing organisation should always be able to justify its decisions to outsource or use in-house resources to the financial director.

Costs of employing the services from part-managed suppliers will obviously increase as and when more services are bought. Savings — of time and money — are likely to be made if buying from one supplier, but if a high proportion of services are outsourced it is advisable to compare the cost of going down the fully managed route.

Those costs associated with using a fully managed service will vary widely and are typically the most expensive at face value, since every campaign element is managed by the partner. But there is considerable practical and financial value in offsetting the risks associated with self- or part-managed options, as the partner will be a true expert and will typically create a high-performing campaign in a shorter timeframe.

What is my data strategy?

Data should be at the heart of an e-mail marketing strategy. They need to inform the development of the proposition and the creative used, as well as driving the actual selections and target audience for a campaign.

The sophistication and use of data within a strategy can have an important bearing on the nature of the support required to execute a campaign or programme. At their simplest level data can be integrated within the e-mail itself, to personalise the message.

Fully and part-managed support often incorporates data planning, as outlined above. This may well extend into profiling and data modelling to identify the right clusters within the database and the appropriate messages for each of them.

Quality data will drive success

Content may then be dynamically driven by the data held, so recipients receive only content which is appropriate to them, without having to develop hundreds of e-mail versions. This use of data can drive the route the animation or movie takes, or cherry-pick content within the HTML sections.

Further, the way in which the recipient engages with the e-mail can be fed back into the database to inform future marketing activity. Throughout, the organisation must comply with permission-based marketing rules.

If your business is unable to manage the effective formulation and execution of its data strategy, it must consider part-managed or fully managed solutions or it will more than likely fail to meet the objectives it has set for e-mail marketing.

How creative do you want to be?

Like any other marketing communication, e-mail marketing must achieve stand out. And, alongside effective targeting and relevant content, a key factor that influences your response rate is the creative.

E-mail creative requires a unique set of skills

An experienced e-mail creative agency can offer robust advice about the most responsive types of treatment in terms of markets, objective and sectors. They will also understand the nature of the trade-off between more responsive content, such as rich media and streaming video, and issues of accessibility and bandwidth.

Getting the issues of accessibility wrong can damage a brand. E-mails which are received and appear only as a mass of garbled text and links show no appreciation of user preferences and will have a negative effect on brand perception.

So if your business does not have this expertise in-house it needs to be bought in.

Am I up to date with the legal issues?

Legal implications

The legal environment in which e-mail marketing operates has experienced many changes.

The Privacy and Electronic Communications Directive,[2] outlining the requirement to gain opt-in from recipients to receive marketing information, could have a dramatic effect on the channels and parameters

used by marketing professionals. The need to be up to date with key legal issues is critical.

If undertaking the job in-house thought must be given as to how permission status will be monitored, how easily a proof of permission could be obtained and where and how the data are to be stored. Processes need to be implemented that can manage unsubscribes, different list sources and e-mail bounce-backs.

It is far easier to outsource these headaches to the experts, as many full-service agencies will have specialist legal support in-house.

Ensuring messages are delivered

Can I deal with spam filters?

There are many definitions of spam, and it is perhaps easier to think about what spam is not: any e-mail where the recipient has told the brand concerned that they wish to receive e-mails from it.

Regrettably, the volume of e-mail which does not meet this criterion has led several industry bodies, including some ISPs, to adopt measures which aggressively target bulk e-mailers. This does include legitimate e-mail marketers, and while every effort is made to allow permission-based e-mail, there is a need to monitor 'anti-spam' measures closely, and ensure the technology being used can overcome them in the majority of instances.

The complexity of dealing with anti-spam software is most effectively handled by experts in e-mail marketing, who have become adept at ensuring that your permission-based e-mails are not classed as spam. A solution which combines both strategic and technical issues must be employed to improve message deliverability, thus improving response rates and ROI. Outsourcers often have privileged relationships with ISPs, and are active in liaising with industry bodies. These relationships, together with the expertise to identify, address and overcome delivery issues, are crucial to managing this growing and prevalent problem.

Conclusions

Full service is growing

As e-mail marketing is becoming an increasingly important part of the communications mix, and as the industry matures, there is a growing argument to use a part-managed or fully managed e-mail marketing solution.

In the main, the reason for this is that the complexity of creating an effective e-mail marketing campaign requires real expertise which few marketing organisations have in-house. Indeed, this lack of internal knowledge, experience and resource has given birth to a range of supplier organisations offering any number of e-mail marketing services.

Additionally the ability of external suppliers and technologies to integrate with an established business's IT system is greater than ever before, making the outsourced option easy to implement and manage.

Of course, of fundamental importance to any decision concerning the support required with respect to an e-mail project is the nature of the activity. As always, the marketing objectives must come before the technology. If the needs are simple, and the technical requirements straightforward, a self-managed ASP solution may provide sufficient

benefit for the brand concerned. If the requirement is more complex, or the value of e-mail unclear, expert support would be highly beneficial, even if only as part of the evaluation process.

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