



## **Hit the Target with E-mail Marketing One-to-One Best Practices**

Now that marketing automation has become a must-have for so many companies, business leaders need to understand how to jumpstart their automation strategy with first-class e-mail marketing. Batch and blast campaigns no longer work and are being supplanted by one-to-one marketing techniques. This white paper introduces some best practices for one-to-one e-mail marketing and describes how to choose the right e-mail service provider.

## Introduction

As e-mail grew in popularity throughout the 1990s, e-mail marketing became the online equivalent of direct mail marketing. Sales-oriented e-mail was indiscriminately sent to those unfortunate enough to appear on a list, purchased or otherwise. The key to success was getting the message into as many inboxes as possible so the law of averages could do its magic—in other words, batch and blast, with no opportunity for recipients to opt in or out.

Now fast forward to the present. Business leaders are adapting to a changed online ecosystem where the consumer is in control and opt-in is the cardinal rule. In Web 2.0, a new approach is needed: that approach is marketing automation.

The three principal elements of a marketing automation strategy are search and social media, the website, and direct communication, of which e-mail is a major component. Visitors are attracted to the website through prominent search results and a positive image in social media. The website, in turn, engages visitors with interesting, relevant content. Using tools like Web analytics, marketers track the online behaviour of prospective customers as they interact with the website, recording and storing the data in lead profiles. When prospective customers opt in to receive marketing messages from the company, the data in their profiles ultimately determines the mode of communication—phone, e-mail, text message, etc—and its content.

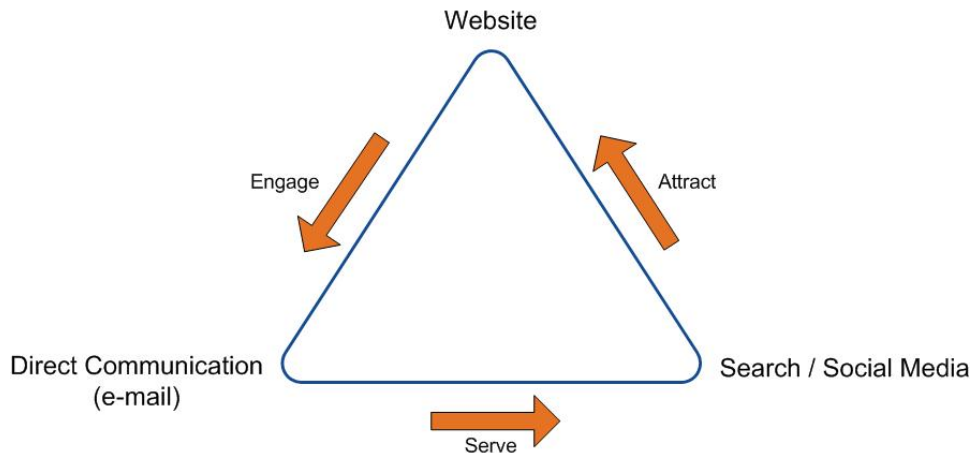


Figure: Principal elements of marketing automation

A company with an established Web presence can usually kick off its marketing automation strategy with an e-mail campaign. A vital part of any direct communication initiative, e-mail messages must be designed to serve prospective customers the right information at the right time, so they eventually make a purchase. This is one-to-one e-mail marketing and it works really well. **Research indicates that targeted e-mail marketing produces 9 times more revenue and 18 times more net profit than batch and blast campaigns.**<sup>2</sup>

This white paper defines a set of best practices for one-to-one e-mail marketing and explains what to look for in an e-mail service provider (ESP).

*If email was a country, its 1.4 billion users would make it the largest in the world. Bigger than China, bigger than the populations of the USA and European Union combined.*

- Email Marketing Reports<sup>1</sup>

*Move your subscribers from “just looking” to “buying it today” with a series of emails devoted to educating, informing, and encouraging them to take action.*

- Joel Book  
ExactTarget Field Guide to Email Marketing<sup>3</sup>



## Spam Filters

While e-mail evolved from obscure novelty to mainstream communication channel, ESPs sprang up to meet the rising demand for mass e-mail distribution. Very soon, a relentless barrage of unsolicited marketing e-mail became an annoyance to users, clogging up mail servers and slowing down computer networks.

The eventual response to this all-out assault on inboxes was spam filtering technology. Internet service providers (ISP) began asking customers to identify unwanted e-mail so that future messages from the same senders could be blocked. (Currently, a customer complaint rate of 1–3 per 1000 messages sent is considered normal, and ISPs block senders with consistently higher rates.<sup>4</sup>)

Spam scoring systems were developed for rating inbound messages, and filters were configured to reject e-mail with bad scores. Blacklisting, or keeping track of known spammers and automatically blocking their messages (regardless of content), was also adopted to speed up the filtering process.

Some ISPs are now configuring their spam filters to be even more proactive. Based on customer statistics like open rates, ISPs are starting to assess the relevance of incoming e-mail and then blocking messages that don't measure up to expectations.

Fortunately, the emergence of Web analytics and marketing automation technology, like CRM systems, have made it possible for online marketers to turn the page on mass e-mailing and instead pursue highly effective one-to-one e-mail marketing strategies that serve customers with wanted, timely information.

### 3 Problems with Batch and Blast

Batch and blast e-mail campaigns have three main drawbacks, which are:

1. **E-mail content that isn't tailored to the recipient's level of interest**  
Information is too general and doesn't match the recipient's understanding of your business.
2. **Low deliverability**  
Batch and blast senders are often considered spammers by ISPs and spam watchdogs, and can be blacklisted.
3. **Customer annoyance**  
Persistent, irrelevant messages erode customers' trust and induce them to either hit the *Spam* button or delete messages unopened.

### E-mail Marketing Best Practices

To mount a one-to-one e-mail campaign, a company needs the right combination of skilled marketers and technology resources. Marketers must have the necessary soft skills—for example, knowing how to craft compelling e-mail content and analyze lead data—to effectively use technology like

*The diverse types of spam filtering and blocking tools, and the cyclical battles between spammers and spam blockers, have produced some unwanted results. In particular, legitimate commercial communications are now too often blocked inadvertently by filters, sometimes without the knowledge of either the sender or recipient.*

- Industry Canada  
An Anti-Spam Action  
Plan for Canada<sup>5</sup>

*Of the email recipients surveyed, over 65% of them had reported email received as Spam to their ISP. Of those, 53% reported the email as Spam because they did not sign up for the communication.*

- Marketing Sherpa  
Email Marketing Benchmark  
Guide 2008<sup>6</sup>

*In case you didn't get the memo, batch-and-blast email marketing is out. Sending out a single email message to every address in your database whenever you wanted is so 20th Century now!*

- Lyris  
Getting Better Results  
with Segmentation<sup>7</sup>



content creation tools, CRM systems, e-mail programs, and tools for testing multiple e-mail clients. But even if the right people have the best tools, there's no guarantee of success, so it always pays to follow established best practices.

In one-to-one e-mail marketing, there are three areas in particular where best practices can really make a difference. They are:

- **Deliverability**

The likelihood of getting a message into inboxes.

- **E-mail design**

Crafting relevant messages that are ham, not spam.

- **Segmentation**

Placing leads into categories that receive different targeted messages.

By implementing best practices in these areas, companies can achieve better results from their one-to-one e-mail marketing initiatives.

## Deliverability

The importance of deliverability cannot be overstated: if the message doesn't make it to the inbox, you're wasting your time. Although delivery can never be fully guaranteed, you can take steps to dramatically increase the odds of success.

Problems with deliverability can be minimized by seeking and obtaining customers' permission to send them e-mail. Permission should be explicitly granted by each individual; in Web forms, tick boxes should never be set by default. Obtaining permission is only the first step though, and it takes hard work to keep that permission, once granted.

Here's what you must do to retain permission:

- After customers opt in, immediately send a welcome e-mail, reminding them that they've asked to receive messages from your company.
- Always send relevant content. Recipients are less likely to flag targeted messages as spam and are more likely to open and click through, which means that ISPs are less likely to block your e-mail in future.
- Maintain a reputation for ethical e-mail standards and practices. If your company does this, ISPs are unlikely to block messages and are generally more inclined to cooperate in resolving whatever deliverability issues arise.

Once you have obtained permission to send e-mail, you can further enhance deliverability by following these best practices:

- Send e-mail from your domain. Stand behind your message.
- Don't mask your return e-mail address. Your company has nothing to hide.
- If a link is to be included in the message, create a link that originates from the same domain as the e-mail.

*All your email practices -- everything from opt-in, privacy policy, CAN-SPAM compliance, server management, HTML design, authentication practices, new subscriber practices, bad address management, email frequency, list hygiene ---all of these elements and more, can and do affect your email reputation. And your email reputation is what ultimately drives your email delivery.*

- Marketing Sherpa  
2009 Best Practices in Email Marketing Handbook<sup>8</sup>

*We believe permission is the engine driving the email marketing train. So, it's a rude shock to wander back into the dining car and find people still arguing opt-out as an acceptable strategy.*

- EmailLabs  
EmailLabs' Guide to Successful Email Delivery<sup>9</sup>



*More than 88 percent of respondents said they would like organizations to give them more choices over the content and frequency of the emails they receive, including options on advertisements, special offers, articles, newsletters, white papers and other specific content options. More than 80 percent of participants favor doing business with organizations that use opt-in permission to send them email.*

- 2008 Ipsos survey conducted for Habeas<sup>10</sup>

*A compelling value proposition should answer the question, "What's in it for my subscriber?"...If you're on the right track, subscribers will want to subscribe to your communications and will anticipate their delivery. That is, as long as the content corresponds with the promises you made in your value proposition.*

- ExactTarget Keys to Subscriber-Centric Marketing<sup>11</sup>

- Practice good list hygiene by promptly removing invalid e-mail addresses. A clean list is reflected by a low bounce rate, or a low percentage of messages that cannot be delivered because they are addressed to defunct addresses. Bounce rate is one measure that ISPs use to score your reputation as a sender.
- Be aware that spam filters tend to block e-mail messages with too many images, very small or large font sizes, invisible fonts, a lot of misspelled words, JavaScript, and excessive use of flagged words like "sale".

## E-mail Design

When designing e-mail messages, you must create content that can pass through spam filters and grab busy readers.

A typical reader gauges the relevance of a message by looking first at the *From* line and then at the *Subject* line. Next, the reader scans the main body of the message and if it's important, takes action by clicking on a link to the landing page on your website. Once there, the reader can follow through on the action by reading more content, signing up for a webinar, or buying a product. In effective e-mail campaigns, each component—*From* line, *Subject* line, main body, or website landing page—is closely related to the other three.

You can enhance the content of your e-mail messages by following some design best practices.

### **From line**

The *From* line has two distinct parts that you can use to establish trust with readers and make your message stand out:

#### **1. Name**

Always send e-mail from a specific person or corporate name. For example, in a B2B scenario, you could send a batch of messages on behalf of Bob Smith, the salesman assigned to the accounts. For B2C, it is standard to send messages from an appropriate corporate name—for example, ABC Client Care.

#### **2. Address**

Always send e-mail from your company's domain. For example, a company with the website *www.example.com* would send Bob Smith's messages from his address *bob\_smith@example.com*.

### **Subject line**

The *Subject* line should:

- Contain a clear call to action.
- Be relevant to the targeted segment.
- Be enticing.
- Have "link bait", or refer to a link in the main body of the e-mail.



- Be personalized, if appropriate. Your ESP should give you the option of including variable data in the *Subject* line.

## Main body

Follow these best practices when designing the main body of an e-mail:

- Be aware of the preview pane. Place the most important content “above the fold”, where readers will see it first.
- Assume that readers will skim the message. Use descriptive headings to draw their attention.
- Use variable data to attract interest. Based on the reader’s profile, include relevant images, product information, statistics, and other content.
- Assume that images are turned off in the reader’s e-mail program, especially for a new subscriber.
- If you know that a subscriber has clicked on a link in one of your messages, you can use more images in subsequent email because there’s a better chance that the recipient will display them. Remember that images support the text and are not meant to replace it.
- Don’t put full-length copy in an e-mail message. Always use “click here to read more”.
- Keep e-mail content focused—no more than three pieces of content, preferably less. Short, concise, and directly related to the *Subject* line.
- Keep e-mail formatting simple. Use a single column of text, with images that enhance content but are not central to the message.
- Include a link with a call to action related to the *Subject* line.
- Make sure that the link’s landing page picks up where the e-mail left off. The landing page must have the same look and feel as the e-mail message.
- Configure your ESP settings to automatically include an unsubscribe link in each message. By law, you must always provide recipients with the means to opt out of the e-mail subscription.

## Segmentation

There are two types of information that you can use to segment your list of prospects:

- **Explicit information**  
Everything you’ve been told by prospective clients, including name, job title, industry, location, interests, and preferences.
- **Implicit information**  
All the data you’ve collected using Web analytics, such as Web pages visited, content downloaded, products bought, types of links clicked, degree of engagement with your e-mail, and post-click tracking.

*Over half of recipients use the preview pane when reviewing emails, most likely in a horizontal format with a small preview.*

- Marketing Sherpa Email Marketing Benchmark Guide 2008<sup>12</sup>

*21%: Percentage of business and consumer email messages that showed up completely blank when images were turned off in email clients; most of these emails were promotional in nature and sent to drive sales.*

- Email Experience Council 2007 Rendering Report<sup>13</sup>

*You need two ingredients in order to segment effectively: some relevant data and list-management software that can create those sublists.*

- Lyris Getting Better Results with Segmentation<sup>14</sup>



At the beginning, it's best to just dive into segmentation with some initial best guesses about what content to serve. Inevitably, you'll have to refine the content after analysing the measured results of the campaign, so don't expect perfection on the first go-round. There are no right answers here. Segmentation is a continuous, iterative process that keeps zeroing in on what works best for each segment as time passes.

Note that segmentation is impossible without automation due to the sheer number of segments involved. For example, a company with only 3 products, 3 types of contacts, and 3 buying stages has 27 segments to serve ( $3 \times 3 \times 3 = 27$ )—clearly too many to administer without software tools.

## Results

- **Segmentation that's based on engagement**  
Leads are grouped according to their stated preferences and online behaviour, and therefore receive relevant e-mail content.
- **Ability to optimize e-mail content faster**  
The large amount of data collected for each segment allows for rapid iteration of e-mail campaigns, so there's less risk that customers will receive irrelevant messages and become annoyed.
- **Higher conversion rates**  
E-mail messages that are expected, welcome, and relevant have a better chance of making it to the inbox and being read.

## Higher Conversion, Higher Sales

One-to-one e-mail campaigns drive up conversion rates, making e-mail critical to the success of your marketing automation effort. Done well, e-mail marketing can send sales through the roof—just ask Dreamfields Pasta. With their marketing automation strategy, Dreamfields built an e-mail subscriber database of more 400,000 consumers and 18,000 healthcare professionals *in less than two years*.

Between 2005 and 2009, their annual website visits increased by over 3500% and consumer permissions went from 0 to 317,710. Direct online sales grew from 3,700 lb in 2005 to a whopping 323,000 lb in 2009. That's an increase of 8600% in annual online sales! After just four years, Dreamfields Pasta is already profitable and continuing to grow.

## Why Cheap ESPs Don't Cut It

To do good work, you need the right tools for the job. With e-mail marketing, that means selecting a great e-mail service provider, even if it costs a little more. Here are several reasons to avoid cheap ESPs.

First, cheap ESPs tend to have low deliverability rates (which is one reason why they're cheap). The bottom line: if messages aren't getting into inboxes, you're missing out on conversions. For example, with a list of 10,000 leads and a conversion rate of 1%, you miss out on 20 conversions if 20% of your messages aren't delivered. But regardless of whether or not an ESP is

*Organisations whose online conversion performance had improved over the previous 12 months looked at twice the number of segments as those organisations whose online conversion rates have not improved.*

- E-consultancy  
Finding from a 2009 survey of digital marketers<sup>15</sup>

*44% of email users said email inspired at least one online purchase and 41% said it prompted at least one offline purchase.*

- Jupiter Research<sup>16</sup>

*Email presently generates 21.6% of total revenue from campaigns.*

- Direct Marketing Association<sup>17</sup>



*Those who buy products marketed through email spend 138% more than non-readers of email.*

- Shar VanBoskirk and Julie Katz  
Forrester Research<sup>18</sup>

*Of those surveyed, over 75% of marketers modified their email template to increase deliverability in 2008.*

- Marketing Sherpa  
Email Marketing Benchmark Guide 2008<sup>19</sup>

considered cheap, always check on deliverability statistics and the ESP's reputation with spam watchdogs.

Second, cheap ESPs are inefficient because they require you to create lists and segmented e-mail messages one at a time—hardly what you'd call marketing "automation".

Third, cheap ESPs are often closed systems that don't expose an API or integrate with CRM applications. Without CRM integration, you can only segment based on a single table of information, typically contact information but no purchase data or other relevant details. To include more data, you'd have to manually segment the information in a spreadsheet and upload it to the server.

Finally, you should avoid cheap ESPs because they send e-mails on behalf of several companies from the same IP address, which means that your spam score and reputation is automatically dragged down to the level of the company with the lowest e-mail standards. You can become a spammer by association.

## What to Look For in an ESP

Choosing the right e-mail service provider is crucial for the long-term success of your one-to-one e-mail marketing program. Associating with a disreputable ESP can sully your reputation and negatively impact the deliverability of your messages. And even some well-regarded ESPs might not offer all the tools that you need to mount a great campaign.

Be sure to select an e-mail service provider that offers these features:

- **Online e-mail editor**  
The editor should have a WYSIWYG interface and the ability to copy/paste HTML for easy content creation.
- **Integrated content management system (CMS)**  
It must allow you to save content in blocks and reuse it.
- **Custom e-mail templates**  
Tools for creating and editing your own templates.
- **Tracking tools**  
For measuring deliverability, bounce rate, open rate, click through rate (CTR), and unsubscribe rate.
- **Subscriber reports**  
For generating engagement reports, trend reports, and popular link reports.
- **CRM-like tool (or tight integration with your CRM)**  
For efficiently managing data about prospective customers.
- **Website signup**  
New subscribers who fill in forms on your website should be automatically added to a relevant e-mail list.
- **List management and segmentation tools**  
For determining where to send targeted information.



*It's important to test your design across multiple email clients and ISPs to ensure your subscribers see what you expect them to see in both the HTML and text versions. Testing design for rendering purposes is important, but it's also critical to ensure that your design is effective...*

- ExactTarget  
Email Marketing  
Design & Rendering<sup>20</sup>

- **SaaS**  
For instant technology infrastructure—start working immediately.
- **HTML or text e-mail**  
The option to automatically generate one format from the other, and send e-mail in either format. Customers with mobile devices will prefer to receive text e-mails.
- **Tools for testing e-mail client compatibility**  
E-mail programs like Outlook, Thunderbird, and Lotus Notes all render e-mail messages differently. Be sure that your messages display properly in each program.
- **Deliverability and ISP relations**  
Your ESP should maintain good relationships with major ISPs and spam watchdogs to minimize deliverability issues.
- **Dedicated IP address**  
Retain control of your reputation.
- **Customer service and support**  
Your ESP should work with you to solve problems and improve your one-to-one e-mail marketing campaigns.

**Contact us to learn more about how ESPs work and how to make them work for you.**

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