

## E-mail marketing – Building and maintaining a quality house e-mail list

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### Introduction

In the previous E-Marketing Insights columns we have seen that e-mail can deliver fantastic response rates to marketers. This is particularly the case with house e-mail lists, where organisations build their own list of e-mail contacts who have opted-in to receive future communications such as e-newsletters.

Behind the response rates a lot of hard graft is necessary to build and maintain house e-mail lists and techniques to make this process more effective are the topic of this newsletter. We will look first at techniques for capturing e-mail and contact details to build a quality house e-mail list. We will then look at approaches we can use to keep the list fresh.

### Techniques for list building

Before we start list building it pays to set out what we are looking to achieve. It is all too easy to pop a form on a web site, or add an e-mail 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 e-mail collection form so they were unable to geo-target their list members and the B2B marketer who collected e-mail 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:

- Increase size of list over a particular time period
- Increase coverage of e-mail addresses in customer base – you may have 15% of customers opted into a e-newsletter, but you want to increase this to 35% over the next year
- E-mail quality – proportion of valid or active e-mail addresses on your list (those that don't bounce back)
- Targeting quality – increase proportion of subscribers qualified for your products

- Data quality – proportion of specific profile fields held about individuals (see 2 below)

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

1. **Opt-in (to what).** Opt-in is now required in the UK according to the 4<sup>th</sup> March 2003 amendment to the British Code of Advertising, Sales Promotion and Direct Marketing from the Advertising Standards Association (<http://www.asa.org.uk/>). Also expect a new law in the Autumn which will mandate this. According to the ASA code all e-mail recipients must have agreed to receive e-mail marketing unless they are existing customers:

Clause 43.4 states: *'The explicit consent of consumers is required before marketing by e-mail or SMS text transmission, save that marketers may market their similar products to their existing customers without explicit consent so long as an opportunity to object to further such marketing is given on each occasion'*.

Beyond this, data protection law also suggests that recipients of marketing material should be informed of the type of communications they can expect to receive. So if a customer has opted in to receiving an e-newsletter, this doesn't mean that they have given permission to receive separate promotional e-mails about products or events or promotions from third parties. A clear form of words is required so subscribers know the type of information they will receive. Separate opt-ins for e-newsletters, promotional e-mails and third-party e-mails is advisable.

## 2. Profiling.

You should assess the key fields that you need to collect to profile an e-mail subscriber in order to be able to target future communications. For B2B marketers, key fields will include name, e-mail address and organisation, organisation size and the role of the individual in a company and for B2C marketers may include age, sex and postcode (to link to lifestyle databases) for B2C. Also don't forget to ask about e-mail preferences. In my experience similar proportions of e-mail subscribers want to receive HTML e-mails and text e-mails. By asking this question and then mailing out the appropriate format, list responsiveness can be improved.

This topic was covered in more detail in WNIM 12 (<http://www.wnim.com/issue12/pages/practicalcrm.htm>).

## 3. Accuracy of customer data.

Of course we want the customer to enter accurate data and in particular a valid e-mail address. Some techniques mentioned in the WNIM 12 article were:

- 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 e-mail address with the '@' symbol and a valid domain, is the postcode or zip code valid?

Some e-mail marketers require e-mail addresses to be entered twice, or use a double opt-in method to check the e-mail address is correct. A simpler device is to fulfil the offer by e-mail. For example, for a whitepaper download, the registrant is not directed straight to a download page after completing the form, but an e-mail is sent with the download details. This places the onus on the registrant to capture the correct e-mail 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 e-mail account. Data such as that from MercerMC (2002) suggests that many people have multiple e-mail addresses and some secondary addresses are only used to access online offers.

An e-mail newsletter in its own right may be sufficient to gain the opt-in to the primary e-mail 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 showcase the newsletter – for example 3M Health Care have created [www.healthcare-update.co.uk](http://www.healthcare-update.co.uk) as a site distinct from the main customer-focused site.

Think also about who 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 review all the possible methods of capturing e-mail addresses is for marketers to brainstorm alternative methods for capturing e-mail address by thinking about opportunities for capture which are:

- Online
- Offline
- Existing customers
- News customers

The matrix below can be used to generate ideas. 4 examples of different types of opportunities to capture e-mail addresses are shown.

<b>On-line</b>	•Bought-in e-mail list	•Continuous offer on web site
<b>Off-line</b>	•DM offer	•Sales reps
	<b>New customers</b>	<b>Existing customers</b>

Here, we will consider online and offline opportunities for e-mail 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. (e.g. Dell offer a monthly notebook prize draw ([www.dell.co.uk/winanotebook](http://www.dell.co.uk/winanotebook)) or offline ads (such as the recent Chocollect campaign from Mars ([www.chocollect.com](http://www.chocollect.com)) which has been featured in TV ads).
3. **Renting an e-mail 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 tightly targeted.
5. Using a third party site, sometimes referred to as an 'acquisition' centre to provide offers with a view to sign-up (for example MyOffers ([www.myoffers.co.uk](http://www.myoffers.co.uk))).
6. Campaigns with viral elements where a friend or colleague is referred can also increase the size of the house list. Here permission marketing and data protection law requires you to send an e-mail offering the referred person the option to opt-in before further communications are sent
7. **Any other forms of online traffic-building not mentioned above.** Examples include graphical online ads or Pay Per Click text search engine ads)

8. **E-mail appending services.** Companies such as Acquirenow ([www.acquirenow.com/append.asp](http://www.acquirenow.com/append.asp)) and Freshaddress ([www.freshaddress.com](http://www.freshaddress.com)) can be used to identify likely e-mail addresses from existing customers who have not yet supplied their address, e.g. John Smith at IBM is [John.Smith@ibm.com](mailto:John.Smith@ibm.com) (perhaps not the best example). Similar services can also attempt to correct e-mail addresses with typos.

### Offline opportunities for capture

Offline opportunities are the full-range of customer touch-points. Here are eight more:

1. **Any form of paper registration or order form.** But be sure to check the form of wording such 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 e-mail address during a routine phone enquiry.
4. **Telemarketing.** This can be specifically to capture e-mail addresses, but is more cost-effective if it is part of a telemarketing campaign
5. **Point-of-sale.** For a retail context.
6. **Trade show or conference.** For example from a prize draw collecting business cards (but care with the opt-in).
7. **Paper response to a direct mail offer.** Traditional direct response.
8. **Phone response to direct mail or ad.** Again traditional direct response.

When e-mail addresses are captured offline a common problem is the level of errors in the address – this can often reach a double figure percentage. Plan for this also – staff should be trained in the importance of getting the e-mail address correct and how to check for an invalid address formats. Some call centres have even incentivised staff according to the number of valid e-mail addresses they collect. When collecting addresses on paper, some practical steps can help such as allowing sufficient space for the e-mail 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 major headache. For e-mail lists the headache can be more intense since:

1. With permission-based e-mail, the customer can opt-out or unsubscribe at any time
2. E-mail addresses tend to change more frequently than postal addresses
3. Multiple e-mail addresses are held, often to counter SPAM.

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

The problem lies with the second point - people changing addresses. A MercerMC (2001) report highlighted the extent of this problem. They found that, on average, 20% of US customers in a typical database will change their contact information over the course of a year. This varies from 16% for the address, 17% for the job to 25% for the e-mail address and 33% for a cell-phone. Furthermore, they estimate that the cost of updating or re-consenting these databases can run into tens of millions of dollars for a large database. Not to mention the opportunity costs from lost sales from contacts who cannot be contacted!

This problem and the wider issue of customer data quality is 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, with appropriate procedures and responsibilities to implement the policy

All the forms of collecting e-mail addresses online and offline that were mentioned in the previous section can also be used to keep e-mail addresses fresh since the most recent e-mail address can be collected. 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 e-mail 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**

When e-mail 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 are paying for e-mail broadcasts. E-mail Sherpa (2003) advises removing bogus e-mail addresses such as [test@test.com](mailto:test@test.com) or [agadsg@abag.com](mailto:agadsg@abag.com) which have no valid customer data attached to them. E-mail List cleaning services are available to remove invalid records such as these and to perform traditional list cleaning functions such as de-duplication.

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

Finally, e-mail Sherpa (2003) suggests that if the person with the invalid address is registered with your web site, then this can be used to prompt when the address is invalid. Indeed many personalised sites now use the e-mail address as the username to ensure it is remembered and prompt if it is not up-to-date.

## **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 – what will they miss out on. One method of reinforcing the importance of keeping data up-to-date, which is being used increasingly, is to use a MyProfile facility. This is highlighted in every e-mail received, or whenever a customer logs onto a web site. A B2B example of this is Documentum subscriber e-mails ([www.documentum.com](http://www.documentum.com)) and a B2C example is Holmes Place ([www.holmesplace.co.uk](http://www.holmesplace.co.uk)). A MyProfile approach can also be used to move away from the concept of a single opt-out or unsubscribe from a list – instead the subscriber may have a choice of different types of communications they can opt-out of – they can opt out of promotional e-mails, but keep receiving the e-newsletter for example.

## **In next months article**

We will continue the theme of e-mail marketing in the future e-marketing insights columns. Next month we will look at how to grab attention given the fierce competition for space within the recipient's inbox. This will be followed by articles on the design of e-mail creative for a campaign and copywriting for e-mail.

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