

E-permission marketing

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Introduction

It is now five years since Seth Godin launched his permission marketing mantra. Yet it remains highly relevant judging by the emphasis rightly placed on customer consent in the latest CIM agenda 'You talkin' to me?' (www.shapetheagenda.com) and the continuing popularity of Godin's book *Permission Marketing* (Godin, 1999).

In his book, Godin, refers to using permission marketing both in the offline world and online world, but he does not consider in detail how to best achieve permission marketing using web and e-mail. Furthermore, in the last five years, adoption of web and e-mail by marketers has increased dramatically such that there is a danger that if e-mail marketing is not practiced sensitively there is a danger of interruption marketing – exactly the problem that Godin suggests should be avoided.

In this article we ask how the original principles of Permission Marketing can be applied by today's online marketer. For each of the core principles of permission marketing, I identify, define and illustrate my principles of 'e-permission marketing' which show how web and e-mail can be best combined to achieve permission marketing online.

Permission Marketing principle – Reduce interruption marketing.

The permission marketing concept suggests that communications requested by customers have a greater impact and higher response rates than the many unsolicited communications which bombard us each day through print, mail and TV. Seth Godin says that permission-based communications are '*anticipated, personal and relevant*'.

As many have pointed out, and as Godin recognises, interruption will always be needed for customer acquisition and when starting a dialogue with potential customers. Indeed, there is little to suggest that direct mail use has declined – reference to the UK Direct Mail Information Service (<http://www.dmis.co.uk/keystats>) shows that it continues its inexorable rise. There is however, some evidence of declining ad spend, for example in trade magazines and TV. This brings us to our first e-permission marketing principles which are related to how we manage 'interruption marketing' online.

E-permission Marketing principle 1: 'Select the best mix of communications tools'

There are many online communications tools that can be used to build awareness in your target audience and prompt for permission to be given. Despite, e-mail recipients drowning in a sea of SPAM, response rates are holding up well for e-mail marketing, including rented e-mail lists used to contact prospects. We have not experienced the dramatic decline in response seen with banner advertising over its first five years. Recipients of e-mails do engage with communications that they have proactively agreed to receive. Responsiveness to permission to e-mail campaigns is supported by these trend reports:

- Doubleclick (EMEA) <http://emea.ie.doubleclick.net/uk/research.asp>. Average open rate across Europe is 40% with an average clickthrough rate of e-mails opened around 10%
- Doubleclick (US) www.doubleclick.com/us/knowledge_central shows that clickthrough rates are not declining despite SPAM.
- E-mail Bureau (UK) www.emailbureau.co.uk Report by sector shows an average open rate of around 30% and a clickthrough rate of around 11%.

There are other alternatives to using e-mail marketing to gain permission online apart from renting e-mail lists. A good way to dip your toe in the digital water is to place an ad in a third party e-newsletter. This can help you learn about targeting and the types of offers that will work. Co-branded e-mails such as one sent out by a mobile phone-company to its subscribers but featuring a credit card company is another alternative.

Your opt-in offers for future e-mail communications should give you the widest possible representation or reach on the web and in the offline world.

Online advertising through traditional graphical online adverts or Pay Per Performance or Pay per Click advertising on Google Adwords, Overture or eSpotting is also an effective way of gaining permission online. Often opt-in forms on microsites on third party or advertiser sites will get better response rates than a click through to an opt-in on your site.

Any method such as reciprocal linking or natural search engine listings which gains visitors to your site is an opportunity to gain permission. Smart companies which practice e-permission marketing such as Microstrategy (www.microstrategy.com) design their web site to showcase offers which encourage permission to be gained from all digital footfall on the site.

Of course, it is not only online tools that help gain permission online. Many campaigns have shown that e-mail marketing produces the best response when offline media are used first to build campaign awareness. For example, when JD Edwards launched a new CRM product they found that e-mail generated the most acceptances for attendance at a launch event. However, direct mail and print ads were used first to build awareness about the event. As is often the case, the web response page referred to in these communications was the most popular response mechanism.

E-permission Marketing principle 2: 'Think Request Marketing'

Web usability expert Jakob Nielsen (Nielsen, 2002) argues that permission marketing does not fit with the ethos of the web as a customer-controlled experience (i.e. a pull medium rather than a push medium). Instead he argues that on the web, it should not be about the company gaining permission, but the customer requesting information. A subtle, but important distinction. He gives the example of the facility on Amazon where a site visitor can request e-mail notification about future books from an author. Notifications, such as information about new products or new reports requested by the user can also be shown on the web site on future visits in what Nielsen refers to as 'an information control panel'. E-permission Marketing Principle 2, 'Selective opt-in' is also based on the notion of Request Marketing.

Permission Marketing principle – Achieve Opt-in.

The permission in permission marketing is granted through an individual opting in to communications by proactively agreeing to receive communications. Seth Godin says: *'Permission Marketers spend as little time and money talking to strangers as they can. Instead, they move as quickly as they can to turn strangers into prospects who choose to "opt-in" to a series of communications.'*

Online, opt-in is usually achieved through the ubiquitous tick box. It is now a legal requirement enforced by the UK Privacy and Electronic Communications Regulations 2003 that there is a proactive agreement to receive electronic communications (see the detailed guidelines from the UK Information Commissioner at <http://makeashorterlink.com/?X26862EA6>). You could even say that one of the core principles of permission marketing is now a legal requirement in many countries.

E-permission Marketing principle 3: 'Offer selective opt-in to communications'

Although many legitimate marketers are now practicing basic opt-in to an e-newsletter, a more sophisticated form of opt-in is available for effective e-marketing communications. This is selective opt-in. This simply refers to offering choice to the customer to ensure more relevant communications. Doubleclick (www.doubleclick.com) offers selective opt-in to a range of communications. Some customers may not want a weekly e-newsletter, rather they may only want to hear about new product releases. Four of the main options for communications preferences are:

1. Content – News, products, offers, events
2. Frequency – weekly, monthly, quarterly, or alerts
3. Channel – E-mail or direct mail
4. Format – Text vs HTML

Of course, there are resource implications for tailoring communications, so you will need to consider which give the best benefit. Frequency and format are probably the options that will give the best response for the least effort.

E-permission Marketing principle 4: Create a 'common customer profile'

Permission marketing involves gaining permission both to communicate with and learn more about customers. Since we are looking to learn more through time, we need a structured approach to customer data capture. This can be achieved through a common customer profile – a definition of all the database fields that are relevant to the marketer in order to understand and target the customer with a relevant offering. Many organisations will have created a common customer profile that they use for offline data capture, perhaps through a call-centre, but often-time, if e-marketing is not integrated, the data captured offline will be separate.

Once defined, the common customer profile can then be used as a means of structuring e-permission marketing and refining understanding about the customer. A plan with targets can be created about how to learn more about the customer.

Permission Marketing principle – Use incentives to gain opt-in

Incentives are needed to obtain permission. Seth Godin talks about offering a range of incentives as part of 'dating the customer'.

E-permission Marketing principle 5: 'Offer a range of opt-in incentives

Many web sites now have 'free-win-save' incentives to encourage opt-in, but often it is one incentive fits all visitors. Different incentives for different audiences will generate a higher volume of permission, particularly for business-to-business web sites. We can also gauge the characteristics of the respondent by the type of incentives or communications they have requested, without the need to ask them.

Consider, a B2B site for a CRM software vendor which offers white-papers to encourage opt-in. Different whitepapers could be developed for influencers such as junior managers, marketing directors and IT managers who will implement the system. However, without thinking through the incentive options for different audiences, white-papers might exclude the IT managers who are important in the buying process. Best practice in this area is provided by Siebel which has collected a large range of resources relevant to different members of the buying unit and different vertical markets (www.siebel.com/resource_library). Collecting these information resources together and branding them as a 'library' or 'resource centre' emphasises their value and encourages repeated access.

E-permission Marketing principle 6: 'Maximise learning, minimise attrition'

As our visitors respond to our incentives, we present them with an online data capture form. This, of course, is our opportunity to understand more about the customer. There is a balance to strike between too many questions which will help us understand our customer well, but may well put-off subscribers and too few questions which will increase the size of the list, but not allow us to qualify interest and determine characteristics. Sometimes over half the people who visit a data capture form used to obtain permission may not complete the process. They are put off by the number of questions or concern about their privacy. Although it can be argued that this is a form of qualification, some good prospects may be missed.

So, e-permission marketers need to work hard to minimise the attrition from these forms through:

1. *Asking the optimal number of questions.* This is a difficult balance to get right since it will vary between audiences. Often, I feel insufficient profiling is done. If the incentive is good enough and/or there is a high-involvement product, then respondents may well be prepared to take the time to give their interests, particularly if it is explained that this will be used to provide tailored communications. For example, this example of best practice from Le Croy shows how the proposition is well explained and followed by detailed profiling (www.lecroy.com). Another approach is to gently lead the respondent into opt-in with a simple set of questions. For example, software vendor Microstrategy (www.microstrategy.com) uses a range of incentives and then asks initially for the relationship with the customer, before leading to more detailed
2. *Devising powerful incentives.* As we have said in principle 5, incentives must be available for a range of audiences. And these incentives need to be powerful enough for someone to fill in the form accurately.
3. *Explaining how the customer data will be used.* Through explaining that the data collected will be used to improve the information and experience delivered to the customer, customers will understand why the data is being collected.

4. *Reassuring about privacy.* Often, the magic words 'we will not share your data' at the top of the form will increase response since privacy is a common concern. Better on the form than hidden away in a privacy statement.

5. *Using multiple forms.* Two or three short forms of profile information may be less daunting than a single long form.

6. *TIMITI.* Test the form until you have the balance right. Use Jim Sterne's approach to online marketing to 'Try It', 'Measure It', 'Tweak It' (Sterne, 2002).

Permission Marketing principle – Enable Opt-out.

The flip-side of opt-in. Permission marketing involves making it easy for the recipient of communications to specify that they no longer wish to be in a dialogue. Online, this is the e-mail unsubscribe option.

E-permission Marketing principle 7: 'Don't make opt-out too easy'

My view is that we often make it too easy to unsubscribe. Although an easy form of opt-out is now a legal requirement in many countries, a single click unsubscribe is making it too easy. Instead, wise e-permission marketers use the concept of My Profile. Instead of unsubscribe, they offer a link to a web form to update a profile, which includes the option to unsubscribe. This will still be legal if the option to unsubscribe is clearly visible within this form.

The use of 'My Profile' can be tied to the principle of 'selective opt-in' – you could call it selective opt-out. If there are a range of choices of communication, then the recipient may decide to change the type or frequency of communications rather than opting-out. For example the person intending to unsubscribe may change from a monthly e-newsletter to a quarterly e-mail or e-mail alerts about product news or promotions only.

Selective opt-out can also be used for event marketing. Often a marketer will want to run a multi-message campaign to inform and remind recipients about an event. If there is a sequence of say, 4 communications about an event, then the recipient can opt-out to not hear anything further about this event.

Permission Marketing principle – Learn more through time.

Seth Godin said we should aim to learn more about the customer through time – this means offering additional incentives to continue the dialogue. This is sometimes referred to as '**incremental profiling**' which means filling in more of the fields on the common customer profile referred to above.

E-permission Marketing principle 8: 'Watch don't ask'

One of the difficulties with e-permission marketing is the potential interruption and intrusion caused by asking the customer too many questions via online forms. The need to ask questions can be reduced through using monitoring of online interactions or responses to better understand the customer needs and generate follow-up communications. Some examples:

- *Monitoring click-through to different types of content or offer.* The interests of individual list members can be assessed through monitoring what they click through to. Lastminute.com reputedly tailor their newsletters according to content clickthrough. For example, if you click through to theatres or city-breaks, then you will receive more of this type of content in future.
- *Monitoring the engagement of individual customers with e-mail communications.* This is achieved by monitoring trends of opening and click-through by individual customer. These metrics indicate the level of interest of individual customers and we can monitor how these vary through time and use follow-up communications. For example, perhaps a buying signal is suggested by a customer who has not previously responded to e-mails who starts clicking through to the web site more

frequently. This could be followed up by a tailored e-mail communication or a phone call.

- *Follow-up of response to a specific e-mail.* If a B2B vendor offers information about a new product launch which encourages click through to a landing page then they have two main choices of follow-up. First, the form could contain a question asking about the future buying intentions or whether contact from a sales rep is required. Alternatively, if there is a capability to monitor an individual who has clicked through to a page, then it may be best to use this to prompt a call from an account manager or sales person. The second approach may result in more sales, but of course there is a danger that the customer may react negatively to monitoring of this type and it is arguably not permission marketing.

E-permission Marketing principle 9: 'Vary online offers through time'

We have said we should not discourage the initial opt-in through asking too many profiling questions and learn more through time. So we should have a plan to capture more profile information through time. We can then also monitor how the status or buying intent of the customer varies through time.

The best approach to this is to develop a structured programme of online offers. Here best practice is provided by Web analytics company NetIQ / WebTrends which sponsors the customer relationship management section on Clickz (see for example http://www.clickz.com/res/analyze_data). Each month it uses banner ads in the newsletter and on other sites to promote detailed insights of interest to its target audience. For example, in 2003 it offered a series of 'Take 10' video presentations about topics such as customer retention, search marketing and campaign testing. If an existing registrant clicked through they were prompted to give further information to help assess their purchase intent.

E-permission marketing principle 10: Create an outbound contact strategy

Online permission marketers need a plan for the number, frequency and type of online and offline communications and offers. This is a contact strategy.

A good starting point is to ask 'what will annoy' the customer. Clearly if e-mail communications are too frequent, then the customer is less likely to have the time or inclination to open an e-mail. So one approach is to monitor the response for e-mail communications. According to a posting on this topic at E-consultancy (<http://makeashorterlink.com/?V24A12507>), E-commerce analyst at Phones4U, Alex Chudnovsky recommends that the following criteria need to be monitored by e-tailers to assess whether the frequency is right:

- 1) drop off (unsubscribe)
- 2) opens
- 3) clicks
- 4) sales (or profits for cases with high variation in margins)
- 5) costs

The alternative, particularly for non-retail brands, is to research customer preferences, or as we have said before, to offer a choice of frequencies at the point of initial opt-in.

The contact strategy should indicate:

1. *Frequency.* This defines the minimum frequency (e.g. once per quarter) and maximum frequency (e.g. once per month). Remember that we will often e-mail too infrequently. Similarly, it may also be useful to set communications targets such as 'at least four e-mails per year'
2. *Interval.* Some companies may seek to set limits on interval, e.g. there must be a gap of at least one week or one month between communications. This may be overtly restrictive and brings us to the next point..
3. *Flexibility.* It is impossible to create rules to cater for all occasions and some companies have limited opportunities by creating such rules. For example, a rule to

- limit intervals to greater than one week or month would restrict multi-message campaigns where there a reminder is sent out to boost response.
4. *Content and offers.* We may want to limit or achieve a certain number of prize draws or information-led offers.
 5. *Links between e-newsletters and campaign e-mails.* Often the link between e-mails and campaign e-mails is missed in communications planning. This can lead to missed opportunities where the e-newsletter could be used to reinforce messages in campaigns. Or sometimes the e-newsletter may be the main vehicle for explaining an offer, but it may get diluted amongst the other items.
 6. *Links between online communications and offline communications.* Again, synergies between online and offline communications may be missed or there may be mixed messages.
 7. *A control strategy.* A mechanism to make sure these guidelines are adhered to is essential. One method is to use a 'focal point', or single person who checks all communications for one group of customers before creation or dispatch.

So, these are my 10 principles of E-permission Marketing. I have developed them over the past few years through working with clients and delegates on e-marketing workshops from the Chartered Institute of Marketing. So I would like to acknowledge the discussions with many marketers used to create them, and of course, Seth Godin, for developing such a powerful, practical framework for marketers to apply which has stood the test of Internet time. These principles have evolved, and will evolve more, so please let me know what you feel is inaccurate or missing via my web site (www.marketing-online.co.uk).

Coming next

Something completely different. We all know that, for now, Google is the pre-eminent search engine. We all use it routinely to find information fast. Next month I look at how we can Search Smarter using Google Advanced search and the Google Labs tools. Specifically, we will look at a structured approach which can be used by market researchers to find information faster.

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