

Getting Ready for Year 2 and Beyond

You've learned all the critical aspects of email marketing, from building a staff and selecting the technology that is right for you, to segmenting your audience and analyzing your results. We trust you are off on your successful journey. However, email marketing is a continual process of optimization through trial and error. In this last chapter of the book, we cover how to plan for the long-term with future testing, so get ready.



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Iterative Financial Analysis: Analytics Over Time

Trending your email marketing campaign data over time will be one of the most useful tasks you do as an email marketer. As we've mentioned in previous chapters, there are no industry-standard metrics or methodologies for measuring this data; everyone uses their own. This underscores the need for you to build a benchmarking framework that can serve as a point of comparison for your campaign's success. You should avoid benchmarking to "industry-wide" metrics from other marketers because they will not be as informative as your own historical performance. In the following sections, we'll show a report that will allow you to analyze all your key measures over time.

A Top-Down View of Annual Performance

By building average aggregate annual measures for key metrics such as delivery, opens, clicks, and conversions, you'll be able to see the key differences in these measures over time. In years past, many marketers have seen their open rates decline, in part because image blocking in email clients has increased. In the example report shown in Figure 9.1, you can see the delivery rate increasing, the unique open rate modestly declining, the unique click-through rate increasing, and the conversion rate increasing slightly. The bars represent each year of your email marketing performance. Keep in mind this is a sample report and the actual numbers should not be used as a comparison tool.

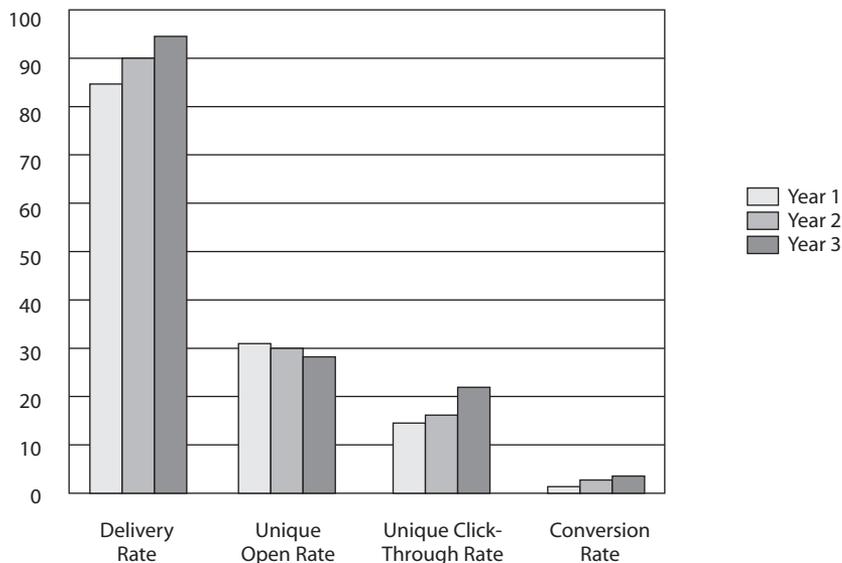


Figure 9.1 Annual email performance comparison

Analyzing Individual Subscriber Segment Performance

Using recency, frequency, and monetary measures, you should be monitoring your subscriber performance on a year-over-year basis. Understanding differences at this level will detail how well your subscribers are performing over time. This report allows you to measure the following in a comparative year-over-year view:

- Dollars per email subscriber
- Number of orders per email subscriber
- Average order size
- Average dollars per mailing

List Health

You should measure the number of new subscribers (or opt-in rate) each year, the average opt-out rate per year, the number of spam complaints, and the average number of active subscribers. *Active subscribers* are most commonly defined as subscribers who, on average, have clicked links in at least six mailings over the course of the year. You may want to have three measures of active subscribers: those who clicked once during the year, those who clicked two to six times, and the very active who have clicked six times or more in a year. These measures will help give you a macro view of your list health. You can also apply this approach for recency, identifying, for example, those subscribers whose most recent click was in the past month or six months. Using the techniques covered in previous chapters, you should already be well versed in measuring and understanding the performance of your most active and inactive subscribers.

Financial Performance / Budget to Plan Performance

Are you meeting your goals? Are you exceeding them? What are your cooperative email marketing-partner departments (stores, call centers, emerging channels) doing to meet your goals? Which of those partners are underperforming, and which are exceeding their goals? Are you accounting for all the necessary costs, including integration and personnel?

All the variable components such as CPM should be performing better by year 3, because your volume should be up sharply and your costs should have decreased by as much as 10 percent. We have found that over ten years, mailing costs per thousand on the whole have decreased. As your list grows, you will have more sending volume, and you'll be able to negotiate a better price with your ESP partner. We have encountered many marketers who have had this experience, and wise marketers reinvest those new-found dollars from an improved cost basis back into the medium, for example, in new features (such as dynamic content) or channels (such as print integration). And part of that reinvestment will consist of additional personnel needed to implement these new features and channels.

So, whether those additional dollars are being gained by bottom-line savings or generated as revenue at the top, ask yourself what you are doing with them. How much are you using automation, such as a triggered continuity campaign? That automation component of email marketing should be considered a big financial lever, because it has been proven to reduce costs over time. However, there is typically a higher cost for setting up those campaigns the first time, and they will require a quarter to a third of an FTE (Full-Time Equivalent) to monitor and manage the creative refreshes and analytics required to optimize those campaigns (see Chapters 5 and 7). As campaigns become more advanced, email marketers will find themselves managing more complex budgets, additional staff members, and new features. Don't be overwhelmed by the additional management this requires. The new complexity will pay off with lower costs and more effective campaigns over the course of the year.

The Necessity of Rebudgeting

Although we have never heard anyone speak favorably of the budgeting process, it is something you will need to plan more time for each year; and that added time will also have an impact on your ability to do the things you have done in years past. Rebudgeting and its requirements may take up to three months to complete. So, consider that this can impact your personnel needs by a quarter of an FTE. What follows is a list of what you should be doing over those three months to become a master of email marketing. Re-evaluate the following:

Planning for Personnel We have probably convinced you by now that you will probably need at least half an FTE to get your email checklist accomplished. So, why not ask for a full body, a full FTE? This person will likely be a novice, and as such, their learning curve will be slower (much like yours was when you started with this book) because they take the time to learn and do all the things you can do now. So, budget for at least one person because although you will teach them to do what you or another staff member does (and please introduce them to this book if it has helped you), they will do these things at a slower pace at least to start.

Planning for New Media, Technology, and Integration Costs Have you planned or are you planning to use such media as mobile and social, to integrating email and print, to creating a call center? Again, ask yourself which tactics are working. The good news is that emerging technologies or communication media typically cost less to adopt. This is either because of a charter "be the first to use this" reduction in cost or, if it is budgeted on a CPM basis, because of the volume of messages to that medium will likely be low. But you still need to understand those volume and integration requirements and costs, and budget for them accordingly.

Planning a Creative Refresh A creative refresh may include the use of a focus group or eye-tracking study. This will certainly take some time and some additional expense. How much will depend upon the scope of the creative refresh. It most likely will involve

re-evaluating the wire-frame layout of your email template and may extend to logos or simple usability improvements.

Planning for an ESP Refresh This is one activity that is so important to do in year 2 that we are devoting the next section of the chapter to it.

ESP Refresh: Evaluating Your ESP and Technology Partners

What is an *ESP refresh*? If you have been with your ESP partner for a couple of years, it is probably time to re-evaluate its capabilities against its small core competitor set. As we see it, if you have been with your ESP or technology partner for two years, that means you either signed a two-year contract or did not do an exhaustive vendor reassessment in year 1. (Probably that's because your program was exploding, and you were just trying to keep up with your burgeoning and successful campaigns.) So, now is the time to do that ESP refresh. We recommend comparing at least two other vendors to your incumbent vendor at least once every two years. Chapter 3 described the process of vendor selection, but here are additional items to dig into, again adding to the time it will take to review even three vendors. (Believe us, vendor evaluations of this sort are a very time-consuming process.) But at this stage of the game, you must make time, because you might not have the opportunity to do this for another two years.

Write This Down: Thirty-six percent of email marketers stated they are considering switching ESPs in the next 12 months. (Source: JupiterResearch)



So, here is that list of additional items to evaluate in a refresh:

Advancement in Their Features Has your ESP shared its product map with you, either at your request (as we recommended earlier) or by previewing product development plans at a user conference? Did it deliver what it promised on its product road map? Did those features meet your expectations of what was promised? You might not have any new requirements, but at this point in your email marketing career, your more sophisticated campaigns might be consuming more features, more integration points, and more challenges (such as staffing). In other words, your skills have matured, so it is likely you will want to use more advanced features. Pay particular attention to features such as dynamic content and content management integration.

Innovation Is your ESP thought of as cutting-edge? Is that important to you? *Cutting-edge* may mean the need to integrate mobile, social, and/or networked affiliate marketing into your campaigns. Or it may mean understanding what effect these “cutting-edge” integration points and channels are having on your email program. RSS may become passé, but we are sure that even as you are reading this book there

are new email marketing start-ups emerging to complement and create new innovations in the email channel. Is your vendor capable of delivering the innovation required to achieve the integration you need? Is it exceeding the market threshold in the features race? Is your ESP challenging you to do more with email and to become more innovative? It should be.

Service Do you feel loved? What does your client love meter say? That sounds pretty subjective, but service can be measured by hard data, such as response time, availability, and creativity. What is your ESP's track record in its commitment to the truth? And how knowledgeable is its services staff? What is its skill set? Does it understand email at least as well as you do? Does your ESP have a solid understanding of your industry? Again, this is an area that requires you to draw on your experience—the “gut check”—but you need to moderate this by factoring in those noticeable consequences, such as slow service time or difficulty getting the proper number of resources allocated to your account from the ESP.

Price Although price is always a factor, it should not be the only or even the most important one. Evaluate the price in combination with this entire list of attributes. By year 2 and beyond, your CPM should generally be lower. It might be slightly higher if you've adopted further features from your ESP. Your overall spending could also be the same or slightly higher if you've kept the same ESP features but reallocated your spending on personnel. If you're looking for specific integrations, you may end up paying more to another vendor because of those integrations. Evaluate all those costs to offset any real perceived savings in your CPM as a whole.

Deliverability If your campaign is facing deliverability issues, you and your vendor should be responding to them quickly—long before year 2. But let's assume they have occurred. Perhaps there was one bad delivery experience that you had because an ISP suddenly changed the rules and stopped accepting large quantities of inbound mail (this actually happened while we were writing this book). How quickly did your vendor respond? Was it proactive? Is it being informative about delivery changes and challenges, or should the company be better informed in this area than it is? Although that is probably unlikely, these are all things to evaluate. Additionally, is it keeping up with the latest deliverability and reputation requirements? Does the company have good integration with DSPs (Delivery Service Provider)? Is it fulfilling its earlier promise that likely led you to this vendor?

Deliverability should not be a serious issue for you at this stage of the game. If it is, you have to consider whether the problem is with your own mailing practices or failure to apply list hygiene tactics (see Chapters 5 and 6), or with ESP infrastructure issues that prevent an optimal and consistent pattern of email delivery? In the area of deliverability, there have likely already been several changes or improvements industry-wide since the writing and publishing of this book. Seek out sources such as Deliverability.com,

the Email Experience Council, or your favorite industry expert source to stay abreast of the latest news in this field.

Uptime, Reliability, Security Deliverability is just one of the areas where your vendor should be demonstrating competency. Although we are both familiar with vendor faults across the whole Internet and technology economy, we have found that it is those vendors who acknowledge these momentary lapses in ability that can be most trusted. Obviously, if there have been consistent issues in any one of these areas, you should have abandoned the provider or technology before year 2. Uptime is the issue that has most likely come across your desk by this point at one time or another.

So, again, come to the vendors with a set of questions. What is your service level? Your uptime track record? What is your response to unplanned outages? How many planned outages do you have on your calendar for this year? You need the quarterly and monthly breakout. Preferably you should be told the actual dates. If there are planned outages such as upgrades, the vendor should have these dates pinpointed. What is its upgrade plan? How many version releases does it have planned this year? Upgrading also feeds into those innovation and feature questions mentioned earlier in this section. Unplanned downtime affects your bottom line and can ruin a complete mailing campaign.

Redundancy What are your ESP's backup plans? How many data centers does it utilize? Does the company utilize its own staff to monitor its data centers around the clock, 24/7?

Ease of Use Choose two of the vendors that are being called the most usable by independent analysts, take the creative best practices discussed in earlier chapters, and apply those rules to the applications those vendors provide. But also consider the overall usability of an application or feature (such as dynamic content). How easy is it to use? Is the application's navigation easy to use? Is it intuitive? Has it been easy for you and your staff members to learn? These are the attributes that embody usability.

Create a test mailing you can run on the top ESPs you are evaluating. Can you complete the same mailing on all three applications in a demo WebEx environment over a given time period, such as 90 minutes? Which vendors had time to spare, and which just barely finished or didn't finish at all? To do this, send them a list of seed accounts just before the WebEx demo, as well as the HTML and creative needed to execute the mailing. Have them do that mailing start to finish with you watching and instructing. A good test mailing will require basic personalization, two dynamic content elements, and a subject line test on a sample of all dynamic content elements. Deliberately provide some mismatched data in the sample, or include some data that is incomplete such as missing values in one column. How does the vendor handle that?

Integration Evaluating integration requires that you look at the vendor's entire ecosystem and the greater list of technology integration points. Is it integrating to the vendors that you utilize in other areas, such as web analytics, search, and content

management? What are the additional costs for this integration? Does the company use a standard connector to this vendor's platform, such as Omniture's Genesis offering or Coremetric's LiveMail 2.0 integration? Vendors that use a standard connection reduce your switching costs, as disconnecting and reconnecting a standard integration is easier than starting from scratch again with a custom integration. Repeatability of the integration is a big thing to evaluate. Is this a core competency for the ESP? How many of these integrations does it currently do, and what percentage of its overall client base does that represent? There is always some pain when switching a vendor that is integrated into one of your systems; it is not dissimilar from redoing a bathroom and being without a working shower or toilet for a day or weekend. So, ask lots of questions about the downtime and the time it takes to complete this integration to ensure that your data will be flowing when those pipes come back online.

Assessing Future Trends

To avoid future shock, you need to know how to assess future trends and determine which trends create maximum leverage for you. What is the biggest and latest trend in online marketing, in traditional direct marketing, and in emerging media marketing? Since we hope this book will stand the test of time, it is up to you right now to explore and confirm the latest trends. Here are few places that we have mentioned throughout the book that are great resources to stay abreast of the latest trends. You'll find a complete list of resources in Appendix A of this book, but here are some of those sources that track the latest trends:

- **Clickz.** This is an email marketing newsletter, published by Incisive Media (www.clickz.com).
- **MediaPost.** This is an email insider newsletter, published by MediaPost (www.mediapost.com).
- **Associations.** Try the Email Experience Council (EEC) and its Digital Lifestyle Roundtable (www.emailexperience.org).
- **Research firms.** These include JupiterResearch (www.jupiterresearch.com), MarketingSherpa (www.marketingsherpa.com), and Forrester Research (www.forrester.com).
- **Events and webinars.** Although we are partial to the EEC Evolution Conference, the Email Insider Summit, and vertical industry events such as the Shop.org Innovation Summit, there are dozens of events and webinars—some of which are free! That should make keeping up to date about the latest happenings and trends in the industry easy.
- **Blogs.** Look to the experts in the field and vendors that often maintain blogs that publish frequently, including the website for this book. Check there for a list of blogs that we recommend.

So, with all this expected continued evolution and sophistication in email marketing, how can you be sure these trends are right for you? Well, evaluate them against this four-part scale:

Target Customer Overlap What is the breadth of your target customers' overlap with this new trend? Look at a segment level, usually with new technology or channel adoption that typically exhibits clear age- and gender-based demographic segments. What is the breadth of the demographic overlap of the new trend to your historically best customers? To what extent is growing this segment is part of your new budget initiatives, your goals, and your targets? If spending on this new trend is in your budget plan, then you most certainly must do this.

Cost of Entry Is this a budget breaker or something that can easily be entered at a low cost? What is the total cost, including the technology, the necessary integration, and the custom development to the marketing dashboard and analysis? Lastly, what is the cost impact in terms of personnel? Will this require a person of special skills and cost? Expertise is a step of this process all unto itself. Remember to budget appropriately each year to have a new-media slush fund so that you have some funny money to dabble in new areas.

Expertise Do you know anything about this new trend? What do you know? What are the resources you can use to learn more about it? Although it will likely be new for everyone, is this an area you feel confident that you or your staff can become familiar with? If not, what are the training and personnel costs in this domain, including training and travel to events and seminars? This is typically a hidden chunk of the cost to entry.

Appropriateness Is this an appropriate channel for your brand? Does it support all your marketing efforts? Is it integrated to them? What percentage of the population is playing with this new-fangled thing, and how does that overlap with your target customer audience? You can see we have gone full circle, going back to step 1 to continually analyze whether this is moving the needle of your target-customer overlap.

Any one of these four points could be weighted differently, more significant or less, to fit your specific situation. You could even score each point on a scale where +1 is a positive, 0 is neutral, and -1 is a negative to counteract the extra effort or cost it may take. If you score a 4, then you know it might be for you. If, on the other hand, you have a -4, then you might want to put the project on the back burner.

Journey On

At this point, we'd like to offer some closing thoughts to inspire your journey of continual improvement. We are so glad you undertook this project and decided to select our book to aid you on your journey to become a professional email marketer. As with all skills, it is a journey that is steeped in continuous improvement, and it's an approach

that will allow your skills to grow. With that in mind, in closing, we remind you of some of our favorite passages from each chapter in the book to inspire you to work yourself out of a jam or continue to speed down the road to optimization:

- Drive all the potential subscribers you want; if they aren't qualified, consider it a waste of marketing dollars (Chapter 1).
- Every email impacts your company's brand equity (Chapter 2).
- Understand the value that email subscribers represent to your organization (Chapter 3).
- A good email strategy, strong analytics, and a solid budget will often reap rewards far beyond the implementation of a few emails (Chapter 4).
- Create key performance indicators that detail performance across three distinct categories: barometer, engagement, and infrastructure/list measures. (Chapter 5).
- Determine how the access to email assets you have can best support your company goal. Pick the most impactful effort, and begin your strategy there (Chapter 6).
- To be comfortable with the concept of testing, you must be comfortable with the notion of failure (Chapter 7).
- Leverage customer-created content in a way where you enable an automated creation of a stand-alone email program (Chapter 8).
- We both thank you for your Hour a Day.