

Gather, Groom and Grow

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The Three Phases of Strategic Email Marketing

With most businesses and consumers now having access to email, it has become the world's largest direct communications medium and a powerful marketing tool. The reasons have to do with its three, chief advantages—email is faster, better and cheaper.

Faster: It's hard to beat 48 hour turn around times on direct marketing campaigns. Other direct response tools, such as direct mail, take an average of 6 weeks. Most importantly, this means nearly limitless opportunity to test. Marketers can quickly compare the results of multiple campaigns and choose the winning combinations of offer and creative.

Better: E-mail response rates average several times greater than direct mail, and orders of magnitude greater than Web banner ads. For this, we can thank email's unparalleled precision and ability to target messages. Targeted campaigns typically generate 50%-70% open rates and 10%-25% click thru rates (CTR).

Cheaper: You would expect to pay more for something both faster and better, but you don't. With no paper, postage or printing costs to factor, e-mail message costs average only tiny fractions of the cost to send equivalent messages in direct mail.

Don't let these natural advantages mislead you. Email is easy, marketing isn't. It brings new efficiencies and ROI to direct marketing, but not without the discipline required of other sound marketing efforts.

At Inbox Marketer, we call the difference between blindly blasting messages and deploying with purpose, strategic email marketing.

Strategic email marketing

Email marketing works best when used with planning and precision, and the

ingredient that makes this possible is database marketing. Strategic email marketing is the application of database marketing principles to email. Both are products of the computer age and work extremely well together. Databases feed information directly into email deployment systems, and email automatically populates and updates the database as the responses roll in. The combination creates a closed loop perfectly suited to knowing and serving customers throughout their lifecycle.

Strategic email marketing allows you to build continuously updated databases of customers and prospects that you can analyze for patterns to generate more targeted marketing and sales programs. If you target the right industries with the right messages about the right products, you will spend less marketing to those that will never buy and more on the ones most likely to buy. Result - big increases in marketing/sales ROI.

Among other things, strategic email marketing can:

- Identify what your best customers have in common
- Target programs to prospects that share those same characteristics.
- Identify which market segments have the greatest long term value
- Highlight buying "triggers"
- Reward your most frequent customers.

Strategic email marketers look for opportunities to modify customer behaviour and increase lifetime value. They do this in three phases that form the cycle of gaining customer commitment. It is the process of first identifying a likely prospect, gradually persuading that prospect of the need for your product, and then converting them to a repeat customer willing to refer you to other prospects of like mind. At Inbox Marketer, we call this

The 5 best practices of strategic email marketers

1. Gather Explicit Permission
2. Segment Using Database Marketing Techniques
3. Test Frequently/Measure Statistically
4. Groom New Prospects
5. Grow relationships using a detailed contact strategy

cycle Gather, Groom and Grow. Although the cycle is continuous and concurrent, each phase demands a different set of activities, and different types of email communications.

Phase 1: Gather

The gathering phase is about obtaining that first level of customer commitment. This is a different proposition than in other media. While the Web is a public, one-to-many space, email is deeply private. Communications are from people you let in, and these are one-to-one. To gain entrance, you need to earn their permission and trust. The main goals of the gathering phase are to identify exactly whom it is you wish to gather, create offers you think will appeal to their needs and gain initial customer commitment. The broader parameters of market selection are presumably already key components of your corporate strategy.

But customers think of themselves as individuals, not "markets". To take full advantage of email's unique properties as a direct marketing tool you must know your customer as never before.

Phase 2: Groom

The grooming phase is about cultivating confidence and developing these budding relationships into something that can

sustain regular contact. This doesn't mean transactions just yet, though they might accept some free tools or tips. Each time they do, the trust factor increases, and you ask for a little more information such as their preferences and interests. As your knowledge of these individuals grows, you tailor the messaging to their particular interests. This ability dramatically increases message open rates, click thru rates on the offer and, ultimately, conversions to sale. Grooming is also about segmenting your list into streams of interest. Are your prospects planning for retirement, buying a first home, taking exotic vacations or simply saving for a

rainy day? You need to know. When it comes time to make the proposition, it must be exactly the right offer made to the right audience at the right time.

Phase 3: Grow

Another word for the growth phase could be the "profit" phase. You made substantial investments in finding prospects, segmenting them into increasingly warm leads and converting them to that first purchase. Once they have joined your club, they are, on average, five times less expensive to sell to than new customers. Growing relationships in email is the same as in direct marketing. The

longer and more developed the relationship, the more loyal the customer. The primary goal is 'share of wallet'. As the ultimate retention tool, email enables you to nurse these customers as never before, and to find more just like them through viral referrals.



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