

Email Marketing

Electronic marketing is directly marketing a commercial message to a group of people using email. In its broadest sense, every email sent to a potential or current customer could be considered email marketing. It usually involves using email to send ads, request business, or solicit sales or donations, and is meant to build loyalty, trust, or brand awareness. Email marketing can be done to either sold lists or current customer database. Broadly, the term is usually used to refer to:

- Sending email messages with the purpose of enhancing the relationship of a merchant with its current or previous customers, to encourage customer loyalty and repeat business.
- Sending email messages with the purpose of acquiring new customers or convincing current customers to purchase something immediately.
- Adding advertisements to email messages sent by other companies to their customers.

Researchers estimate that United States firms alone spent US \$1.51 billion on email marketing in 2011 and will grow to \$2.468 billion by 2016.[1]

Types of email marketing

Email marketing can be carried out through different types of emails:

Transactional emails

Transactional emails are usually triggered based on a customer's action with a company. To be qualified as transactional or relationship messages, these communications' primary purpose must be "to facilitate, complete, or confirm a commercial transactions that the recipient has previously agreed to enter into with the sender", along with a few other narrow definitions of transactional messaging. [2] Triggered transactional messages include dropped basket messages, password reset emails, purchase or order confirmation emails, order status emails, reorder emails and email receipts.

The primary purpose of a transactional email is to convey information regarding the action that triggered it. But, due to its high open rates (51.3% compared to 36.6% for email newsletters) transactional emails are an opportunity to engage customers; to introduce or extend the email relationship with customers or subscribers, to anticipate and answer questions or to cross-sell or up-sell products or services.[3]

Many email newsletter software vendors offer transactional email support, which gives companies the ability to include promotional messages within the body of transactional emails. There are also software vendors that offer specialized transactional email marketing services, which include providing targeted and personalized transactional email messages and running specific marketing campaigns (such as customer referral programs).

Direct emails

Direct email involves sending an email solely to communicate a promotional message (for example, an announcement of a special offer or a catalog of products). Companies usually collect a list of customer or prospect email addresses to send direct promotional messages to, or they can also rent a list of email addresses from service companies.

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Comparison to traditional mail

There are both advantages and disadvantages to using email marketing in comparison to traditional advertising mail.

Advantages

Email marketing (on the Internet) is popular with companies for several reasons:

- Email's immediacy reduces delays in communication, allowing businesses to run more smoothly.[4]
- An exact return on investment can be tracked ("track to basket") and has proven to be high when done properly. Email marketing is often reported as second only to search marketing as the most effective online marketing tactic.[5]
- Email Marketing is significantly cheaper and faster than traditional mail, mainly because of high cost and time required in a traditional mail campaign for producing the artwork, printing, addressing and mailing.
- Advertisers can reach substantial numbers of email subscribers who have opted in (i.e., consented) to receive email communications on subjects of interest to them.
- Almost half of American Internet users check or send email on a typical day,[6] with email blasts that are delivered between 1 am and 5 am local time outperforming those sent at other times in open and click rates.[7][8]
- Email is popular with digital marketers, rising an estimated 15% in 2009 to £292m in the UK.[9]
- If compared to standard email, direct email marketing produces higher response rate and higher average order value for e-commerce businesses.[10]
- Optimizing email marketing as a primary source of communication will help save the planet by reducing the number of trees killed for print marketing pieces. [11]

Disadvantages

A report issued by the email services company Return Path, as of mid-2008 email deliverability is still an issue for legitimate marketers. According to the report, legitimate email servers averaged a delivery rate of 56%; twenty percent of the messages were rejected, and eight percent were filtered.[12]

Companies considering the use of an email marketing program must make sure that their program does not violate spam laws such as the United States' Controlling the Assault of Non-Solicited Pornography and Marketing Act (CAN-SPAM),[13] the European Privacy and Electronic Communications Regulations 2003, or their Internet service provider's acceptable use policy.

Opt-in email advertising

Opt-in email advertising, or permission marketing, is a method of advertising via email whereby the recipient of the advertisement has consented to receive it. This method is one of several developed by marketers to eliminate the disadvantages of email marketing.[14]

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Opt-in email marketing may evolve into a technology that uses a handshake protocol between the sender and receiver.[14] This system is intended to eventually result in a high degree of satisfaction between consumers and marketers. If opt-in email advertising is used, the material that is emailed to consumers will be "anticipated." It is assumed that the consumer wants to receive it, which makes it unlike unsolicited advertisements sent to the consumer. Ideally, opt-in email advertisements will be more personal and relevant to the consumer than untargeted advertisements.

A common example of permission marketing is a newsletter sent to an advertising firm's customers. Such newsletters inform customers of upcoming events or promotions, or new products.[15] In this type of advertising, a company that wants to send a newsletter to their customers may ask them at the point of purchase if they would like to receive the newsletter.

With a foundation of opted-in contact information stored in their database, marketers can send out promotional materials automatically using autoresponders—known as Drip Marketing. They can also segment their promotions to specific market segments.[16]

Legal requirements

In 2002 the European Union introduced the Directive on Privacy and Electronic Communications. Article 13 of the Directive prohibits the use of personal email addresses for marketing purposes. The Directive establishes the opt-in regime, where unsolicited emails may be sent only with prior agreement of the recipient, this does not apply to business email addresses.

The directive has since been incorporated into the laws of member states. In the UK it is covered under the Privacy and Electronic Communications (EC Directive) Regulations 2003[17] and applies to all organisations that send out marketing by some form of electronic communication.

The CAN-SPAM Act of 2003 authorizes a US \$16,000 penalty per violation for spamming each individual recipient.[18] Therefore, many commercial email marketers within the United States utilize a service or special software to ensure compliance with the Act. A variety of older systems exist that do not ensure compliance with the Act. To comply with the Act's regulation of commercial email, services typically require users to authenticate their return address and include a valid physical address, provide a one-click unsubscribe feature, and prohibit importing lists of purchased addresses that may not have given valid permission.

In addition to satisfying legal requirements, email service providers (ESPs) began to help customers establish and manage their own email marketing campaigns. The service providers supply email templates and general best practices, as well as methods for handling subscriptions and cancellations automatically. Some ESPs will provide insight/assistance with deliverability issues for major email providers. They also provide statistics pertaining to the number of messages received and opened, and whether the recipients clicked on any links within the messages.

The CAN-SPAM Act was updated with some new regulations including a no fee provision for opting out, further definition of "sender", post office or private mail boxes count as a "valid physical postal address" and definition of "person". These new provisions went into effect on July 7, 2008.[19]

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