

October 2, 2006

A Supplement to DM News

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Plus Case Studies on BabytoBee, RE/MAX of Michigan, Buffalo's Studio Arena Theatre, Tridel, Balance Spa, Road Runner Sports, Avenue You and Overstock.com.

## The Secret of Good Viral Piracy

By Mike Adams

We recently discovered an e-mail marketing method we call “viral piracy” that inadvertently created an explosion of ebook sales on a Web site called Truth Publishing ([www.truthpublishing.com](http://www.truthpublishing.com)).

On that site consumers can find a number of cutting-edge natural healing books I've authored that show people how they can get healthy and reverse chronic disease using only 100 percent natural methods (no drugs, doctors or surgeries).

From that site we conducted a research survey and I promised participants I'd give them a copy of the ebook that was based on that research when it was published.

Several months later, I e-mailed all those people (763 of them) and gave them a “secret” URL where they could download the ebook at no charge. I also gave them permission to share that secret download URL with a maximum of three people who might benefit from the book.

You can probably guess what happened. Within 24 hours, 763 people each told three people, and all those people told even more people, and so on. Two days later, the “secret” book had been downloaded over 10,000 times, and our sales were skyrocketing on other books available on the same site.

The book I posted was being pirated like crazy, so to speak. But because Truth Publishing offered a whole collection of other related books, many of the 10,000 readers wanted more, and they were willing to pay for some of the other titles that they couldn't download for free.

This is what I call “viral piracy,” and personally, I don't think viral piracy is a bad thing.

### PIRACY IS A STEAL

Some authors might go nuts thinking that 10,000 people “stole” their book. But personally, I think the campaign was an accidental, yet phenomenal success.

Reaching 10,000 new people would



Mike Adams

## Viral vs. Interruption Marketing

By Mike Adams

Many people have a distorted view of what viral marketing really is. Some people believe that viral marketing is interruption marketing attached to a viral gimmick.

One example of this is to create outrageous video clips and then tack on a sponsor's logo at the end of the clip. When people see the videos, they find them funny or outrageous, and send them to their friends.

This has been described as viral marketing, but it's really a poor implementation of viral marketing concepts. It is actually interruption marketing, because the logo at the end of the video is just another billboard ad or another television-like ad inserted at the end of the interesting video.

This is not viral marketing. It is

interruption marketing that simply has a curious word of mouth popularity factor.

True viral marketing is where your product, service or information is – in and of itself – interesting enough for people to share with others or that the very use of your product or technology results in viral marketing taking place.

Hotmail is a classic example of a successful viral marketing system. When people use the product and send e-mail to others, a small advertisement for Hotmail is attached to the bottom of the e-mail, telling people they can get a free e-mail account at Hotmail.com.

The person sending the e-mail with Hotmail is demonstrating the use of the product while simultaneously making you aware that you could be using the same product at no charge. That's viral marketing. ■

have cost us tens of thousands of dollars through search engine advertising. Yet we were able to achieve that level virtually overnight by simply giving away a digital item that cost not much more than a few gigabytes of bandwidth to fulfill.

Think about your own products or services. Is there something you can give away that people will want to share with their friends?

If it's interesting enough, and you structure the offer correctly, you may find that viral piracy is actually a brilliant marketing strategy.

Just to repeat, I stumbled across this by accident. The free download offer was never intended to be a marketing gimmick. It just happened to benefit from large-scale word-of-mouth advertising.

And, by the way, I don't call these 10,000 people pirates. I call them readers, and I value their interest in the books I write, whether or not they pay for them.

*Mike Adams is Cody, WY-based president/CEO of Arial Software LLC, a developer of e-mail marketing automation software in Tucson, AZ. He is also author of “Permission Wave,” a book on advanced permission-based e-mail marketing. Reach him at [mike.a@arielsoftware.com](mailto:mike.a@arielsoftware.com).*

## Convergence of E-Mail and Direct Mail Marketing

By Sari Tamilio

When interactive marketing was in its infancy, many experienced, knowledgeable and intimidated direct marketers stood back and let elite teams of techies and dot-com cowboys direct their forays into the rapidly evolving world of transactional Web sites, e-mail campaign management, and search engine optimization.

These experts, by default, became responsible for marketing strategy along with technology and operations.

Most organizations realized soon enough that the strategic aspects of marketing had been misplaced in the hands of the technologists.

As interactive media matured, marketing organizations began to shift interactive marketing ownership back to true marketers whose skills were much more appropriate for directing creative development, solving Web site usability issues, implementing data capture techniques, and measuring, interpreting, and acting on email response behavior.

Control of interactive marketing >



< gradually returned to the marketing sphere, albeit to specialists who have a high level understanding of technology as well as deep expertise in direct marketing.

### COMPLEMENTING CHANNELS, NOT COMPETING

Today, interactive marketing has taken its rightful place as a member of the direct marketing family, where it is viewed as the darling bouncing baby of channels, achieving double digit growth, quarter over quarter, year over year with seemingly little effort. Its more established siblings – catalog and retail – have to work much harder for less.

However, despite its remarkable development, interactive marketing is often not reaching its full potential. Far too frequently interactive and direct mail channels compete against each other, resulting in an almost unseen dysfunction that stunts both short term revenue and long-term customer value.

The answer? A truly holistic approach to multichannel marketing that capitalizes on the powerful convergence of e-mail and direct mail. By coordinating these promotional channels and working together towards a common goal, the marketing organization can result in greater revenue and return on investment for the entire organization.

In order to create a unified approach, marketers must recognize that while each channel has its strengths and that differences do exist, a core set of direct marketing principals govern both.

The key metrics for direct mail and e-mail are the same: delivery rates, response rates, revenue, lifetime value, cost-per-promotion, incremental lift and ROI. The importance of testing offers, creative and timing stands. The need to close the loop and collect meaningful data, analyze customer behavior and create marketing insight in order to adjust future campaigns is essential for moving forward.

### ACKNOWLEDGE DIFFERENCES FOR STRENGTHS

The differences between the channels are probably best expressed in terms of the timing and the granularity of the data available for analysis.

E-mail campaigns are direct mail cam-

paigns on steroids. With e-mail campaigns, the timing from concept to deployment is often days, not months. Response can be seen almost immediately and the time period for measuring campaign results is similarly truncated, enabling e-mail marketers to change direction midstream and redeploy for better results.

In addition, sophisticated e-mail deployment systems provide marketers with a real-time dashboard view of their customers' behavior as they receive promotions, click through, browse a Web site, purchase, pass along or delete an e-mail communication.

While direct mail managers can only imagine how many of their catalogs or packages end up on the trash heap unread, e-mail managers have precise measurements of this behavior. The copious amounts of data produced as a result can be daunting but savvy marketers have learned to glean the important metrics and use them to their advantage.

### E PLURIBUS UNUM

Once marketers understand that there are more similarities between the channels than differences, they are poised to reap the benefits of the power of their synergy.

The first step to implementing a unified approach is to effectively consolidate the direct marketing team, including all channel-focused groups, under a single leader, with a common set of marketing objectives and P&L reporting structure.



This reorganization is absolutely critical to a brand's ability to speak to its customers in one voice and eliminate the wasteful and redundant expenditure that occurs when channels contend for the same marketing dollar.

This structure helps avoid the mistake of creating channel-specific offers that confuse and frustrate the consumer into inaction or drive them into the arms of

more flexible competitors.

Consumers have demonstrated again and again their desire for choice in how to purchase, how to pay and how to be communicated with. If granted this freedom, consumers will always purchase more.

The exception to this freedom of choice rule is when you are encouraging targeted groups of single-channel buyers to try a new channel in order to turn them into higher-value multichannel buyers.

In addition, this structure supports a marketer's ability to create a global contact strategy that is both effective and efficient.

Too many marketing dollars are squandered on over-promoting the most valued customers to the point of annoyance while under communicating to groups with lower current value but high potential for the future.

### “E-mail campaigns are direct mail campaigns on steroids.”

A coordinated, synchronized contact strategy involving both e-mail and direct mail gets better results by reiterating and reinforcing the marketing message.

Many mail production houses now offer a service that precisely tracks the arrival of a direct mail campaign in home, enabling marketers to send a corresponding e-mail communication before, after or

on the day of arrival.

Given the busy lives of today's consumers, these double-hit messages have been proven to drive incremental response, especially for catalogers.

### ALL TOOLS IN KIT?

Now that the marketing team has been consolidated, they must be armed with the best tools to be successful. >



< To create a true understanding of the impact of multichannel communications (e-mail, direct mail, space advertising, television) on an array of transactional channels (Web, retail, call center), the right tools are needed.

It is essential to create a comprehensive marketing database and employ a marketing automation system that manages campaigns and matches back results accurately to the promotional event that drove the response.



The e-mail campaign deployment solution should be linked to this consolidated database in order to carry all the essential information needed to make the right contact strategy decisions.

The best of the campaign management tools allow marketers to create virtual campaigns that measure results across multiple promotional events, channels and time frames.

These systems use multiple matchback methodologies to identify the source of an order, including tried-and-true source code tracking, as well as matching by name and address elements, and other proprietary techniques.

As if blinders have been removed, these tools enable marketers to discern, for example, whether an e-mail communication influenced a customer to purchase in the store or through an 800 number, not just on the company's Web site.

These tools empower marketers to better measure the value of their channels and implement and expand programs that are beneficial to the entire organization, not just their channel of focus.

Marketers should always be aware, however, that no matchback system is perfect and 100 percent accuracy will never be achieved.

Be prepared to implement business rules to allocate unmatched orders and understand the impact these unmatched

orders have on your key P&L metrics. Revisit them on a regular basis as the marketplace is ever changing and new business rules may be called for.

The e-mail marketing channel no longer intimidates direct marketers, but there is still much to learn. They realize that, like children with individual personalities, quirks and talents, each channel has its strengths and weaknesses.

By combining the high impact and staying power of direct mail with the immediacy and low cost of e-mail, marketers can optimize marketing programs for the greater success of the entire organization.

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## Seven Lessons in Seven Years in E-Mail Marketing

By Sarah Barber

Call it a seven-year itch, but I think it's high time for a look-back at my time in e-mail marketing and reflect on what I have learned. What follows are some pearls I pass along to clients when appropriate.

### PAY ATTENTION TO THE SUBJECT LINE

This medium has been around for about nine years and marketers continually make this the last minute, throw-something-together part of the campaign and it ends up being flat.



Sarah Barber

Advice: State a benefit to the receiver in the subject line.

### ALWAYS TEST SOMETHING – ANYTHING

Audience? Test different targets/segments or different list sources. Offer? White paper versus free consultation, free shipping versus percent off. Creative? Subject lines.

Advice: Create a test matrix that maintains a constant while testing variables.

### HAVE SUPPORT SYSTEMS AND LONG-TERM PLANS IN PLACE BEFORE SENDING THE E-MAIL

Can your site handle the traffic that day? Is the registration page functioning? What is the process the leads will encounter to maximize conversion rates?

Advice: Think like a boy scout and be prepared.

### MAKE TIME AND LEAVE TIME

Many marketers who use e-mail marketing attempt to create a mind-blowing campaign out of last minute planning. I estimate that 50 percent of all campaigns I've worked on have endured 11<sup>th</sup> hour changes that has caused delays (copy, expired offer, new target added, etc.)

Advice: At minimum, leave six weeks to be sure you create a solid e-mail campaign that complements your complete marketing strategy and allows time for unexpected delays.

### USE AN EXPERIENCED LIST BROKER

A broker is worth its weight and will supply you a thorough selection of lists, its experience with the lists, ensure you are CAN-SPAM compliant, run your creative through anti-spam filters and provide accurate reporting on opens and clicks (in some cases, conversions where after the click tracking is possible).

Advice: Ask fellow marketers for their recommendation.

### HAVE ONE CLEAR CALL TO ACTION

Many marketers try to fit in many objectives to an e-mail.

Advice: Focus on one call to action per message and no more than five links.

### USE E-MAIL FOR GOOD

This is a terrific tactic that can be cost effective if done correctly. Be careful about over mailing as it not only hurts your brand but it also hurts the medium.

Those are the biggies from my experience in e-mail marketing over the last seven years. We'll see if it takes another seven to see me again in these pages.

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