

Four Concepts for Highlighting the Value of Your Email Program

Richard Rushing, December 2008

In these tough economic times, with consumer spending dropping and marketers' budgets being cut, it's more important than ever to properly position the importance and effectiveness of the email channel within your organization's overall marketing efforts. Unfortunately, many marketers are still guilty of basing overall email marketing success on simplistic notions related to campaign response rates and the low cost of the channel. While these types of metrics are important, what most marketers still lack are high level, comprehensive success measures and a comprehensive plan for more thoroughly integrating email into the marketing efforts of the organization. With that in mind, here are a few thoughts on how to help your email program achieve greater prominence and success.

Determine the ROI for the overall email program. While the calculation of ROI is fairly straightforward (return divided by expenditure), in my experience less than 1 out of 10 marketers can give me an exact answer to the question "What is the overall ROI of your email efforts as an organization for the last year?" off the top of their heads. This number is a critical channel differentiator when the CMO or CFO go looking for places to cut or increase budgets, so start determining it today. It may take some effort to get all the revenue, return, and cost data associated with every aspect of your program and roll them into this single number, but it likely only needs to be done on an annual or quarterly basis.

Determine the value of an email address to the organization. Specifically, we want to be able to answer the question "What is the financial value of an email subscriber to us on an annual basis?" I've built a few models to answer this question, and to be honest, they're fairly labor-intensive. But at the end of the day, being able to tell the CMO that "On average, an email subscriber generates \$14 a year in incremental revenue" can provide a powerful endorsement of the channel. Plus, that number can help guide us in areas such as: how much to spend on acquisition and retention, the expected aggregate value of our email list, how much to spend on list hygiene and deliverability, and when to market across channels. And once you determine the value at the program level, take it a step further and determine it for the various segments within your subscriber database, which leads to the next point.

Create and implement a comprehensive segmentation strategy. I'm still amazed at the number of marketers who continue to use the "batch and blast" approach to email, or who treat segmentation as a tedious, exhausting, or unnecessary exercise, and then wonder how they can improve results. The answer is to gain a comprehensive understanding of your customers' wants, needs, behaviors, lifecycles, and demographics, to name a few, and craft a segmentation strategy that you actively employ and refine. I'm currently working with a client for whom we've defined almost 30 segments. And while we may or may not have the optimal number of segments, or even the proper segment definitions, we will be actively seeking to learn from our efforts and will refine the segments as appropriate.

Integrate email into your overall digital marketing strategy. Email is just one aspect of the interactive marketing world, and has the capability to have huge synergies with channels such as search, online media, and website optimization. I often see these as disparate, disconnected channels (and budgets) within marketing organizations, to the detriment of overall marketing success. Yet there are some great examples of effective integration of paid search and online banners with email acquisition, email supporting viral marketing efforts, and website optimization leading to improved lifecycle marketing through email, just to name a few. We need to see more of this sort of comprehensive digital integration to truly optimize our marketing efforts.

Each of these concepts is intended to help email marketers better position the value and importance of the channel. There is a lot of work involved to get there, but now is the time to move beyond the basics and take your program to the next level.

About the Author



Richard came to Razorfish in October 2008 from Responsys, where he was a Senior Marketing Consultant, helping clients such as the NBA, PETCO, Carlson Marketing, LEGO, and Playboy optimize their email and lifecycle marketing programs. He has also spent time as an Email Strategist at Agency.com, working with British Airways, 3M, and Hilton, among others. Prior to fully jumping into the wonderful world of email and interactive marketing on the agency side, Richard spent 4 years at American Airlines in a variety of roles, including revenue management, loyalty and database marketing, and email and website strategy. Richard's has a B.A. in Criminal Justice from Stephen F. Austin State University, and he obtained his MBA

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Razorfish is one of the largest interactive marketing and technology companies in the world, and also one of the largest buyers of digital advertising space. With a demonstrated commitment to innovation, Razorfish counsels its clients on how to leverage digital channels such as the Web, mobile devices, in-store technologies and other emerging media to engage people, build brand loyalty and provide excellent customer service. The company is increasingly advising marketers on Social Influence Marketing™, its approach for employing social media and social influencers to achieve the marketing and business needs of an organization. Its award-winning client teams provide solutions through their strategic counsel, digital advertising and content creation, media buying, analytics, technology and user experience. Razorfish has offices in markets across the United States, and in Australia, China, France, Germany, Japan and the United Kingdom. Clients--many of them served in multiple markets--include Carnival Cruise Lines, Coors Brewing Company, Levi's, McDonald's and Starwood Hotels. Visit <http://www.razorfish.com> for more information.

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