



AcquireVision

Fulfilling the Promise of E-mail Marketing

The Promise of E-mail Marketing

There is no doubt that e-mail marketing can be an extremely cost-effective marketing tool and when used properly can significantly improve a company's bottom line. It can be used in every element of the marketing process, from building the brand, to driving website and store traffic, to marketing special offers and providing customer service or technical support.

E-mail can deliver a number of benefits as part an overall marketing strategy:

- E-mail marketing is less expensive than direct mail. The cost per communication can be as low as 1/10 that of direct mail.
- It provides the means of customizing each message so that the information, promotion or product can be individually personalized or customized.
- It offers marketers instant measurement and response. You can track the results of a campaign in real time, providing instant feedback on its success. This allows marketers to respond to developments as they happen, make changes to the campaign while it is still in progress, and to complete the feedback loop quickly and effectively.
- It can deliver frequency at levels set by the marketer. Daily, weekly or even monthly e-mails can help to keep a brand top of mind.
- E-mail provides massive reach – up to 93 percent of Internet users.
- E-mail offers a low-cost method of conducting research among customers or prospects, and allows researchers to capture results much more quickly and efficiently than traditional methods.
- E-mail has been used to successfully build relationships with a customer base – turning “casual interest” or “no interest” targets into prospects, prospects into customers, and newly acquired customers into repeat customers. One value of e-mail marketing is it has the potential to create an on-going, interactive dialogue with customers that helps them feel emotionally connected to a brand.

Given these advantages over other communications methods, it's no wonder that many marketers turned to e-mail as the medium of choice for communicating with their customer base and target prospects. E-mail was perceived as a low-cost, highly efficient way to communicate immediately with massive audiences – or small groups. An ideal medium for companies of virtually any size to promote products and services, gather market data or maintain a dialogue with all of their audiences. E-mail marketing quickly became a mainstay of many companies' communications programs.

Obstacles with E-mail Marketing

The initial results of e-mail marketing campaigns were staggering. Response rates soared past the best numbers delivered by more traditional media. ROI analyses indicated that the combination of low production and delivery costs combined with higher-than-anticipated response made e-mail one of the most profitable marketing vehicles available.

But as more companies realized the power of e-mail marketing, the market dynamics shifted. More and more companies offered e-mail services – some more legitimate than others. E-mail marketing became subject to abusive tactics – some carryovers from other forms of direct marketing, others newly developed to take advantage of the unique environment within which e-mail operated. The most notorious abuse came to be known as SPAM: unsolicited, unwanted e-mail blasted to millions of recipients, often multiple times, frequently from numerous e-mail servers, in many cases from remote international locations. SPAM has become a major drain on corporate productivity, with office workers spending countless hours sorting through and deleting these annoying e-mails. Industry estimates indicate that in some organizations, over 90 percent of the mail received at the corporate server is spam. This daily chore has so soured many e-mail recipients that they automatically delete any e-mail from a source they're not familiar with, or not expecting a communiqué from, making it difficult for marketers to break through.

The issue has reached such heights that the government got involved to police e-mail marketing. The result was the CAN-SPAM Act of 2003, which established requirements and basic parameters for commercial e-mail, outlined consumer rights and assigned penalties to those senders who do not abide by them. While the CAN-SPAM act has helped, it has been most effective in giving generally conscientious U.S.-based companies useful guidelines. It has had a limited effect on companies outside U.S. jurisdiction, or on companies who are dedicated to working around the guidelines in ways that make it difficult to identify and prosecute them.

ISPs and software companies have joined in the fray, and created new tools, filters, authentication systems and custom applications to combat SPAM, with some limited success. While these responses have helped to reduce SPAM coming into the in-box, e-mail filters and blockers provide headaches for e-marketers and consumers since they cause e-mail delivery issues for legitimate e-mail of all types, including permission-based marketing messages.

A more insidious – and potentially more dangerous – problem with e-mail is the growing number of scams, security breaches and hacking problems it enables. The most commonly practiced of these techniques include phishing, spoofing, denial-of-service and Internet fraud.

- Phishing is an e-mail that pretends to be from a company or bank like eBay, PayPal, Citibank, or Chase, and asks the recipient to enter sensitive personal information – account numbers, social security numbers, passwords and log-ins, etc. These scams are a growing cause of identity theft, where the criminals gain access to someone else's financial accounts and other personal information. It is estimated that between May 2004 and May 2005, approximately 1.2 million computer users in the United States suffered losses caused by phishing, totaling approximately \$929 million.
- Closely related to phishing is spoofing. Spoofing is a situation in which one person or program suc-

cessfully masquerades as another by falsifying data. The kind of spoofing most related to phishing is webpage spoofing. In this attack, a legitimate webpage such as the bank's site is reproduced in "look and feel" on another server under control of the attacker. The intent is to fool the users into thinking that they are connected to a trusted site, for instance to harvest user names and passwords.

- A denial-of-service attack is an attack on a computer system or network that causes a loss of service to users, typically the loss of network connectivity and services, by consuming the bandwidth of the victim network or overloading the computational resources of the victim system. While not always specifically generated by overwhelming e-mail loads, e-mail is often the venue by which a denial-of-service attacker will deliver a virus, trojan horse, worm or system "bomb" to an unsuspecting recipient.
- Internet fraud is a scheme that uses e-mail to present fraudulent solicitations to prospective victims, conduct fraudulent transactions or transmit the proceeds of fraud to financial institutions or others connected with the scheme. Internet fraud is committed in several ways. The FBI reports that U.S. companies lost over \$500 million in 2003 to online fraud schemes.

SPAM, spoofing, phishing, fraud and other e-mail abuses have had a devastating effect on e-mail marketing. Many e-mail marketers are incorrectly flagged as SPAM, and sent into junk mail or bulk mail folders or filtered out before they can reach the intended recipient, dramatically lowering the delivery rates of the e-mail campaigns. Acquisition e-mail open rates (the percentage of recipients who open an e-mail) have dropped from 20 and 30 percent in the early days of the category to 1 to 2 percent or less in some cases. Many e-mail recipients automatically delete any e-mail they receive from an unknown source or weren't expecting. And marketers concerned about brand image now have second thoughts about including e-mail as a major part of their communications program, concerned about being grouped with the scammers and spammers in the industry.

A Better Model for E-mail Marketing

With all of these issues, can e-mail marketing still be considered a legitimate marketing tool for acquiring new customers? Some critics have gone so far as to pronounce that "e-mail marketing is dead." And many marketers have become cynical of e-mail marketing because they have experienced less-than-successful results from past campaigns.

While some of the problems mentioned above have definitely had an impact on e-mail marketing, it is far from being obsolete. In fact, despite its challenges, e-mail continues to deliver better returns on investment than many other marketing tactics in use. New York-based Jupiter Research forecasts in U.S. E-Mail Marketing Forecast 2005 to 2010 that e-mail marketing spending will grow from \$885 million in 2005 to \$1.1 billion by 2010. The research company predicts that the market will be marked by growth in spending on retention, acquisition and transactional e-mail.

Marketers need to change their perception of how they view e-mail marketing. Rather than being viewed simply as an alternative to direct mail, it needs to be considered as a unique medium with its own specific set of strengths and limitations. E-mail continues to be a vehicle able to reach out to a wide audience, with greater frequency (similar to television) at a lower cost than many other media. In order for e-mail marketing to be a cost-effective, responsive channel, it must evolve from batch-and-blast simplicity to a more strategic, well-targeted practice.

The key to overcoming many of the issues identified above is in adopting a series of E-Mail Best Practices.

E-Mail Best Practices:

More Precise Prospect Targeting

Better targeting translates directly into better response rates. Accurate customer profiling, which looks at demographic information related to consumers, business industry type and company size is needed to define the target market. Knowing more about the target-company or individual leads to messages with a high degree of relevance and therefore, impact. The higher the relevance, the better chance

that the intended message will break through the clutter. To further refine the target audience, predictive modeling can be used to scientifically identify a company's best prospects. Predictive modeling analyzes and scores the population based upon their propensity to respond to offers and products.

Better Permission-Based Models

Any customer or potential customer will be more apt to read an e-mail from a trusted source. In building a permission-based e-mail list, it is sometimes better to go beyond simple opt-in/opt-out where the customer gives the OK just once – and use confirmed or double opt-in. While some marketers may see this as an unnecessarily high goal, double opt-in/opt-out reinforces the relationship with the customer, serving as a reminder that they have granted their permission and improves the likelihood that the e-mails will be opened. Data from DoubleClick's December 2005 Consumer E-mail Study indicates that consumers continue to open a majority of permission-based e-mails (with 64 percent reporting that they open 61 percent or more of permission-based e-mails).

Better Overall Consumer Experience

E-marketers also need to keep in mind that simply inundating its customers with too many irrelevant messages will deteriorate customer relationships and counter any long-term loyalty goals. Emphasis needs to be on the quality of the experience. Relevance, personalization, and segmentation all add to the overall user experience. Original content about new products, promotion and discounts are well received by consumers according to data from DoubleClick's December 2005 Consumer E-mail Study.

Better Quality Lists

Most marketers understand that better targeting translates directly into better response rates. List selection can make or break the success of any

campaign. However, few list owners and managers understand how to best develop (compile in list language is the case) such lists. It is important to find a source that can provide accurate data. A highly targeted, accurate, permission-based list is a valuable asset. The more accurate the information, the better delivery of your messages. However, the dynamic nature of the Internet population means that information can become out-of-date very quickly. Lists must be viewed as dynamic and updated on a regular and continuous basis.

Fulfilling the Promise of E-mail Marketing

AcquireWeb has created a methodology for successful e-mail marketing that includes all of these best practices. It leverages its years of experience in data management, and one of the country's largest, most comprehensive e-mail address databases to enable marketers to:

- Profile target customers with greater precision.
- Actively engage the consumer in the process.
- Offer effective and flexible frequency.
- Generate positive ROI.
- Provide the ability to leverage brand affinity.

The AcquireVision offering from the Acquire Marketing Services division of AcquireWeb provides an integrated suite of proven e-mail services that combines the highest quality prospect database with a process designed to drive sales and build brands. The unique methodology empowers all types of organizations to solve one of their biggest marketing challenges – establishing meaningful contact with their customer targets in order to increase sales while protecting and enhancing their brand. This methodology encompasses a multi-phase program. *(See diagram at right.)*

AcquireVision encompasses an integrated suite of

The AcquireVision Process At A Glance



Phase I

Identifying Your Target Audience

- The AcquireVision program utilizes sophisticated technology and an extensive database to provide you with the most accurate customer profile.
- Based on this profile, AcquireVision selects your best prospects from a pool of over 114 million permission-based individual contact records to find prospect matches for your profile
- From this prospect universe, AcquireVision further hones your customer target list based on your (or your client's) particular preferences such as campaign size, budget, geographic region, or additional campaign requirements .

Phase 2

Establishing Contact with Your Audience

- Based on scientifically-proven permission letters, AcquireVision generates a permission letter on your behalf which is sent out to your predetermined target list, inquiring whether they would like to receive information and/or promotional offers from you. This tactic establishes a second level of permission based on responses received.
- Message deliverability is confirmed by successful permission letter delivery, further insuring the success of your program.
- AcquireVision helps you establish links and tracking mechanisms on a multi-channel basis.
- Creative for your campaign is processed. With AcquireVision, you control your own creative to assure consistent messaging and seamless integration with other multi-channel messages.

Phase 3

Campaign In Progress

- AcquireVision sends out your branded messages to the target audience.
- You have the option to test creative based on geo-demographics and other target preferences, and package your message differently to subsets of your prospect audience.
- AcquireVision provides A/B split testing capability – a reliable scientific approach for testing.
- Expanded creative options allow you to link to websites and provide offline methods of contact, and incorporate motion and sound for added appeal.
- Frequency is your key to success. Our studies show that by being in front of your target audience frequently, you are able to educate them while they are researching their purchases. Most importantly, AcquireVision enables you to be there in front of them and trigger a response when they are actually IN THE MARKET to buy.

Phase 4

Ongoing Analysis

- AcquireVision performs open, click and conversion sales analysis throughout the campaign.
- Within your campaign, after enough responses are generated to do so, a predictive model is built and utilized to refine your audience even further.

Phase 5

Review Program Success and ROI

- AcquireVision provides post campaign analysis with the data generated and/or an extensive match-back analysis. The reliability of this approach enables you to confidently expand your program.

proven e-mail services that combines the highest quality prospect database with a process designed to drive sales and build brands. This provides an unprecedented ability to reach a targeted group of prospects by combining data compilation, sourcing and analysis to produce real results. Services include customized prospect database design and creation as well as information on demographics for precision customer targeting.

Unlike other e-mail marketing solutions, which sometimes provide unwanted matches to junk mail accounts, AcquireVision offers the most complete database of premium e-mail addresses in the industry by leveraging more than 30 different public domain databases. The way in which data are managed through AcquireVision is unique. The solution begins with 800 million permission-based e-mail records including the contact's full name, postal address and the date permission was established. Utilizing permission-based information from third parties, proprietary quality filters and rigorous AcquireVision compilation methodologies are leveraged to enhance the accuracy of the records – a process which is directly linked to successful message delivery. To ensure that records are kept current, all information in our database is updated every two weeks with scheduled automatic updates. This results in more accurate information and better delivery of messages.

AcquireVision works to zero in on potential customers within the database by first developing a profile of the user's best customers. Then, a list of targets based on data points that match the profile is generated. AcquireVision provides more than 100 demographic selects including income, age, gender, adults and children, home ownership, length of residence and other critical data. This provides the ability to precisely target the best prospects or subgroups of prospects. A variety of tools are used in this process including Prism Behavioral Clustering, CPG/OTC selects, credit bureau selects and geographic selects. After responses are generated, a predictive model is created based upon buyer or other behavior in order to then refine the target audience even further.

Segmentation and multi-messaging between customers and prospects is also available, allowing marketers the flexibility to test different creative based on geo-demographics and other preferences or to solicit subsets of the list with personalized offers that are uniquely suited to appeal to them.

The pricing structure of the AcquireVision e-mail marketing systems enables marketers to communicate with their audience more frequently, since the cost is fixed regardless of the number of outgoing communications generated within a set program. It also provides an affordable platform for marketers to test the performance of their campaigns in a controlled environment, making it possible to lower their risk and make any necessary adjustments to optimize their results.

Real World Results

While features and benefits are important, most savvy marketers are more concerned with results. The following outlines some real-world examples of companies that have used and benefited from the AcquireVision e-mail marketing system.

AcquireVision ups a hotel and casino's odds

When a major hotel and casino wanted to increase its overall occupancy rate, they utilized the AcquireVision solution to test online acquisition as well as test their own control file against an outside acquisition program. Using an AcquireVision online test program, the results over two launches proved that AcquireVision outperformed the control file by 30%. The ROI for this program was 282%.

AcquireVision saves a communications company 45% in customer acquisition costs

With an objective of reducing customer acquisition costs, a major communications company offering a broadband service tested the AcquireVision offering against other media they were considering in a controlled environment. The challenge was to generate a substantial amount of revenue for the company using online resources. Initially, program effectiveness was measured based on the number of respondents that contacted the company online.

Much to AcquireWeb's surprise, the program appeared to be an utter failure upon completion of its initial run, showing very little response from customer targets. Upon reviewing these results, AcquireWeb insisted on the ability to perform extensive post-campaign analysis to find out exactly what – if anything – went wrong. These results were so vastly different from any other AcquireVision program that further investigation was absolutely necessary.

Our match-back analysis proved that sales were indeed greater as a result of this program than what was being reported. This was because online management only had access to and received credit for the sales made online. Sales made via phone that had been generated by the program were not being accounted for! This definitely skewed our original results because for every one online sale there were actually 11 phone sales generated.

Based on the number of contacts that responded to the program overall (regardless of the method they used to respond), the program was a huge success. While the results after just two launches using the AcquireVision online test program proved substantial, the benefits were particularly significant by the end of the fourth launch – a 45% reduction in new customer acquisition costs. The study showed that increasing the frequency of launches substantially reduced the acquisition cost per customer.

AcquireVision's reach helps victims of a national disaster

Following the 2005 devastation caused by Hurricane Katrina, there was a substantial need to generate donations to help victims recover and rebuild. With the knowledge that filtering programs had been set up to halt wide-spread fraudulent activity taking place on the Internet following the disaster, AcquireWeb capitalized on the extensive reach of its AcquireVision solution to develop and execute a successful program to raise money for the victims. Utilizing a segment of our general file, the program was deployed to solicit much-needed funds for

the victims. AcquireWeb utilized AcquireVision to send solicitations to 1,287,302 recipients, with the understanding that a significant portion of these people would never receive the message sent. Even with this filtering barrier our program was able to successfully generate a total revenue of \$66,000 in donations for the victims.

AcquireVision accelerates a major retailer's sales efforts

Investigating the effectiveness of e-mail marketing for the acquisition of new customers, a major retailer engaged with AcquireWeb to test its AcquireVision e-mail marketing solution against their control marketing. AcquireWeb used its multi-channel database to match over 10,000 current customers and then created a customer profile for prospect selection. A target list was generated and mailings were localized and personalized by location. The messages were sent every other week. Sales data were tracked and linked back to the file to determine the effectiveness of the effort. Results showed a total of over 275,000 non-customers were identified using the AcquireVision profile. Incremental sales (both direct product and ongoing service) were two times greater than the control. With positive consumer reaction, high redemption rates and an opt-out rate of less than 0.6%, the ROI for this program was over 400%.

AcquireVision gives a major non-profit organization a leg up in promoting fundraisers

To test e-mail marketing as a viable option for increasing participant registration for its national series of exercise-related fund-raising events, a major non-profit organization enlisted the services of AcquireWeb. AcquireWeb tested and then successfully rolled out an AcquireVision e-mail-driven registration program that is now turning in over a 300% return on investment.

Blending the best of mass media advertising and direct marketing disciplines, the AcquireVision solution makes good on the promise of e-mail marketing.

About AcquireWeb

Founded in 2001, AcquireWeb offers e-mail marketing systems that enable clients to leverage their existing customer relationships and engage new prospects to maximize sales growth. Its flagship product AcquireVision, available through the company's Acquire Marketing Services division, has been designed for sales and marketing executives who face the challenge of simultaneously building brands and driving sales, and combines the power of branding and the discipline of direct marketing with a proven e-mail technology to drive measurable, positive ROI. Headquartered in Foster City, California, AcquireWeb has regional sales offices in Chicago, New York, Boston, Washington DC and Tampa. Services are available through a partner network of online direct marketing services companies. Additional information is available at the company's website, www.acquirevision.com.

Contact information

Company Headquarters:
1065 E. Hillsdale Blvd., Suite 310
Foster City, Calif. 94404
Phone: (650) 212-2233
Fax: (650) 212-2234



Presented by: Acquire Marketing Services
A division of: AcquireWeb, Inc.
www.acquirevision.com