An eMarketer White Paper

B-to-C Online Customer Acquisition:

Ten Steps to Success

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Prospectiv
Connecting Brands and Buyers

The First Place to Look

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Welcome to eMarketer

To the reader:

This white paper aims to give you a quick but compelling roadmap for finding new customers online, creating a strong relationship with them, and converting them into satisfied repeat customers.

At eMarketer, we believe that the three most important factors in successful marketing today are relevance, relevance, and relevance.

One of my favorite quotes about the business of marketing comes from Jim Stengel, Procter and Gamble's marketing chief, who says, "The future of marketing will be much more oriented to permission marketing… *advertising so relevant that it is welcomed by consumers.*"

That philosophy underpins our roadmap to customer acquisition.

This white paper reflects the way eMarketer develops all of its research. eMarketer aggregates and analyzes e-business research from thousands of sources and brings it together in analyst reports, daily research articles, and the "eStat Database," the most comprehensive database of e-business and online marketing statistics in the world. Our core expertise lies in researching and sorting through vast amounts of publicly available information, and objectively compiling and analyzing the data. Our products help business executives make smarter, faster decisions about dealing with the rapidly changing world of online commerce and marketing.

We hope you find this white paper valuable. If you have any questions, please don't hesitate to contact us.

Geoffrey Ramsey
CEO and Co-Founder

November 2005

Letter from Jere Doyle, President and CEO, Prospectiv

Connect with the *right* customers

Jere Doyle
President and CEO Prospectiv

Dear Marketer,

DVRs. Do-Not-Call lists. On demand technologies. All these powerful tools help consumers control the marketing messages they receive.

Unfortunately, some of these messages may be yours. What's a marketer to do?

Recently, innovative new techniques have emerged for online customer acquisition and lead generation that help you build your house file and communicate with customers directly. Studies consistently show that marketing to your in house file is the single most effective online marketing tactic.

With this approach, consumers actually ***request*** to be marketed to, and tell you exactly what they want to hear about.

These proven strategies help marketers:

- Quickly build a database of highly targeted customers interested in their products or services

- Pay-for-results – not clicks or impressions

- Lower customer acquisition costs with guaranteed ROI

- Gain insight into market trends and access to demographic and attitudinal data

At Prospectiv, we specialize in customer acquisition and lead generation by building these very important customer house lists and ***connecting brands with the right customers***. In fact, more than 2000 companies have trusted our performance-based, online customer acquisition solutions to build profitable relationships and, ultimately, increase sales.

Please enjoy reading this report and contact me, so I may show you how to achieve your online customer acquisition goals.

Sincerely,

Jere Doyle
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An Interview with Jere Doyle

The Art and Science of Attracting Customers Online

eMarketer: *Prospectiv focuses on connecting brands and consumers via online solutions. Let's start out by discussing how you define online customer acquisition, and how that differs from other definitions.*

Doyle: First of all, we look at online customer acquisition as building a house file of customers or finding qualified leads for our clients. It is a comprehensive campaign that doesn't begin and end with the delivery of a list of names. It covers strategy, media buying, targeting, data collection and verification – and delivering a solid return on investment.

Also, the use of multiple channels is very important. In our campaigns we use e-mail, paid search, vertically targeted properties, co-registration, brand specific microsites, surveys and polls, all with the aim of developing a database of profitable consumers who are really interested in our clients.

Finally, we focus on the idea of delivering the right customer. That's the way to acquire a customer and build a profitable relationship.

eMarketer: How is that different from other definitions?

Doyle: Our big difference boils down to media reach, technology, and analytics. A big difference is how we target our offers. We believe in targeting customers using sophisticated optimization. In other words, we don't want people to sign up for offers from our clients unless they are genuinely interested in our clients' brands and products. Targeting customers based on their behavior and preferences ensures we find the right customers to register for our clients' offers.

eMarketer: What do you consider critical success factors for effective online customer acquisition campaigns?

Doyle: Besides targeting, and using a multi channel approach, it's the trust factor. Consumers have to understand what they are opting in for. So, this means the brand, copy and opt-in statement must be clear and that consumers understand "what" they are signing up for and with "whom."

Another key is to begin the relationship by asking for the right type and amount of data. This helps the marketer deliver more relevant messages from the start. It also ensures that the customer is giving something as well as receiving something in return. I consider this a sort of "virtual handshake." It underscores the idea of a trust-based relationship.

Asking consumers for information at the outset also helps them remember, later on, that they have asked for the information and offers that they are receiving. When that first e-mail arrives in their inbox, they remember that they have requested it. So it's key to have active participation at a personal level.

eMarketer: What are some of the industry trends you are seeing in online customer acquisition?

Doyle: "On demand" technologies, do-not-call lists, and email filters have given consumers greater control over the media they consume, making it more difficult for marketers to reach them.

Therefore, it will be even more critical for marketers to build a house file of consumers who have requested to be marketed to and communicate with these consumers directly on topics they are interested in. It's the only way to ensure your message is getting through.

As a result, online marketing services providers are assuming responsibility for making online customer acquisition campaigns effective at building house files – marketers pay only for success – a pay for performance model.

Meanwhile, technology advancements have improved the effectiveness, quality and measurement of online customer acquisition campaigns. That means better targeting, improved quality of leads delivered, and more robust data analysis. That allows marketers to measure campaign effectiveness and helps them learn more about their target consumer and guide future brand communications.

eMarketer: What's next for the industry?

Doyle: First of all, we see continued growth for the online customer acquisition industry. E-mailing your house file will remain a proven marketing tactic – probably the best there is online.

In terms of tools and trends, we expect additional opportunities for channels to emerge, including mobile and consumer generated media. Meanwhile, some interesting changes will occur as audiences continue to move from dial-up to broadband. That not only increases general usage, but it opens up opportunities with rich media marketing, which has proven effective. So marketers will increasingly adopt rich-media focused campaigns.

A. The Ten Steps

Step One: Recognize the Challenge

Consumers have powerful tools that allow them to sidestep marketing messages. Are your messages getting through?

Most marketing messages never reach their targets.

Thanks to "do not call" lists, consumers are blocking telemarketers. With television remote controls and, more powerful, digital video recorders, they are skipping TV ads – and with subscription services like satellite radio and premium cable television, they are simply opting out of commercial-based broadcasting altogether. E-mail filters allow them to block marketing messages before they hit the inbox. Pop-up blockers and other tools give them the ability to avoid many Web-based messages.

A Forrester Research study found a significant number of consumers have already adopted a wide variety of methods to box out marketers, and many more are planning to do the same.

Types of Ad Blocking Services Online Consumers in North America Have Signed Up for, 2004 (as a % of respondents)

Do not call list
- 54%
- 17%

Spam blocker
- 58%
- 14%

Pop-up blocker
- 63%
- 13%

Digital video recorder
- 8%
- 23%

■ **Yes, I use**   ■ **No, but I plan to sign up in the next year**
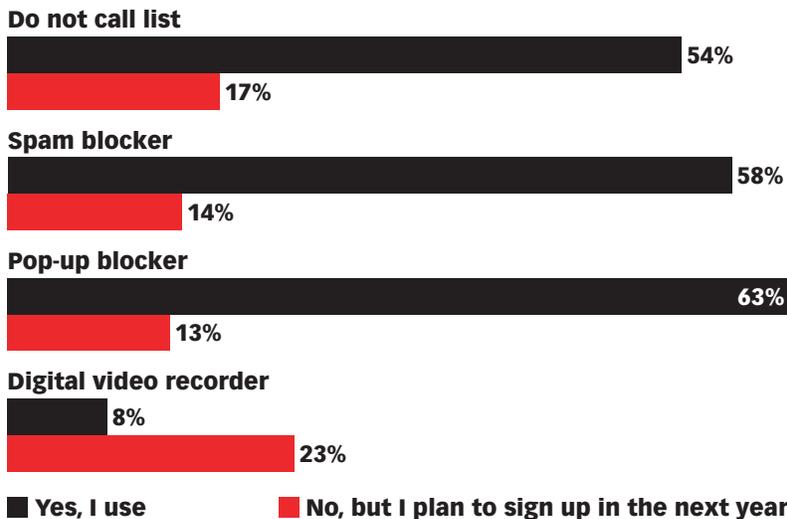
Source: Forrester Research, September 2004

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This is not an issue that is simply going to go away. More and more people are becoming more and more savvy about avoiding marketing messages, and are rapidly adopting new technologies to help them do it.

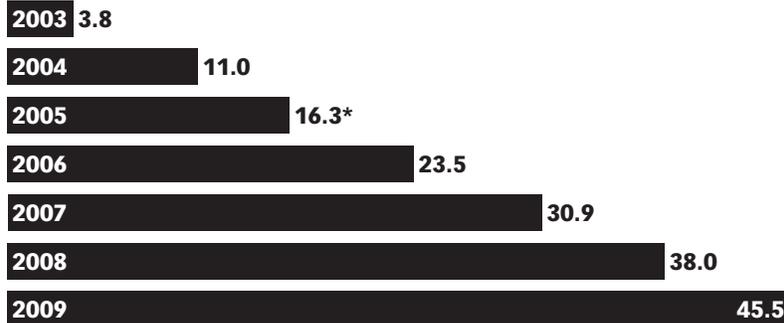Just as an example, sales of DVRs, which allow for easy ad-skipping, are expected to grow sharply over the next five years, according to a study by iSuppli.

DVR Unit Sales in the US, 2003-2009 (in millions)

Year	Sales
2003	3.8
2004	11.0
2005	16.3*
2006	23.5
2007	30.9
2008	38.0
2009	45.5

*Note: *estimated*
Source: iSuppli Corporation, March 2005; BusinessWeek, March 2005

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Or take e-mail. Internet users have become particularly adept at blocking unwanted messages – and they have a wealth of tools at their disposal.

Types of Spam Filters Used* by US E-Mail Users, 2004 (as a % of respondents)

Filters built into Web-based e-mail applications (e.g., Hotmail, Yahoo! Mail)
57%

ISP or workplace has some e-mail filters built into the network
55%

Filters built into desktop e-mail application (e.g., Outlook, Eudora, Lotus Notes)
34%

Went out of way to install software to protect against spam (e.g., SpamNet or Spam Alert)
21%

Think there is some kind of spam-blocking software either on my computer or network, but don't really know what it is
13%

Use a special Web e-mail service that blocks spam (e.g., Mailblocks or Oddpost)
5%

None of these
1%

*Note: *73% of respondents use some kind of spam filter*
Source: Quris and Executive Summary Consulting, November 2004

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Traditional methods for generating new leads and acquiring customers tend to be expensive, either because they aren't finely targeted or because of high cost per contact.

Revenue, Cost and Response Rates for Direct Response Marketing in the US with Direct Order Objectives, by Media, 2004

	Revenue per contact	Promo cost per contact	Response rates	ROI index*
Telephone	$45.37	$2.50	5.78%	18.2
E-Mail	$1.60	$0.10	1.12%	16.0
Dimensional mail	$14.16	$0.91	2.30%	15.3
Direct mail	$11.36	$0.56	1.88%	14.9
Newspaper	$0.45	$0.05	0.09%	8.8
Coupons	$1.50	$0.23	1.65%	6.5
Catalog	$1.48	$0.69	2.18%	6.4
Inserts	$0.49	$0.14	0.45%	3.5
Magazine	$0.22	$0.11	0.13%	2.0
FSIs	$0.12	$0.07	0.13%	1.6
Radio	$0.08	$0.07	0.10%	1.2
Direct response TV	$0.02	$0.03	0.04%	0.7

*Note: *ROI index is a baseline indicator used for comparing overall efficiency of one medium over another, calculated in this case by dividing revenue per contact by the promo cost per contact*
Source: Direct Marketing Association, October 2004

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So there is the bind facing marketers: They must spend ever more money to reach out to consumers who seem ever less interested in hearing from them.

Step Two: Get Permission

Give up control to win trust.

How can marketers get out of this bind? The key is to give consumers what they want: control.

Marketers are likely to face increasing resistance as consumers gain confidence in their ability to turn away advertising and other messages. So marketers will have to *seek permission* to communicate with consumers and to market to them.

Once permission is granted, it lays the groundwork for a long-term, trust-based relationship.

But trust is not easily won. Consumers are naturally suspicious of efforts to gather information about them. A survey by TRUSTe and TNS found that one in three respondents didn't trust companies to safeguard personal information.

US Internet Users' Perceptions Regarding Usage of Their Personally Identifiable Information, October 2004 (as a % of respondents)

Companies often collect and use personally identifiable information for marketing purposes

82%
6%

Trust companies to safeguard personal information and not to share it without permission

43%
33%

Like receiving personalized information from companies that I've done business with

36%
30%

■ Agree   ■ Disagree

Note: n=1,092
Source: TRUSTe, Taylor Nelson Sofres (TNS), October 2004

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Few marketing messages are trusted by consumers. But a survey by Forrester Research found that roughly two-thirds of respondents said they trusted e-mails that they had signed up for, and nearly three-quarters trusted brand Web sites.

US Consumers' Trust or Distrust in Advertising, by Type of Ad, 2003 (as a % of respondents)

|	Trust	Distrust
Recommendations from other consumers	87%	12%
Brand Web sites	73%	27%
E-Mail signed up for	66%	34%
Consumer product testimonial online	61%	39%
Newspaper	56%	44%
Magazine	53%	48%
Radio	48%	53%
Television	47%	53%
Billboards/outdoor	41%	59%
Brand sponsorships	39%	61%
Search engine advertising	34%	66%
TV-style commercials before movies	28%	72%
Side-by-side product demos in TV ads	28%	73%
Product placement in movies or on TV	27%	73%
Infomercials	21%	79%
Online banner ads	12%	87%
Text-based ads on mobile phones	11%	89%
Door-to-door	7%	92%
Pop-up advertising	6%	94%
Telemarketing	5%	94%
E-Mail not signed up for	4%	95%

Note: n=470; trust means respondents answered "trust completely" or "trust somewhat"; distrust means respondents answered "distrust completely or "distrust somewhat
Source: Intelliseek, Forrester Research, December 2003

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However cautious consumers are about trusting marketers and other third parties with their personal information, they are accustomed to registration processes at a variety of online services – that point when they agree to disclose their name and limited contact information.

US Internet Users Who Are Currently Registered with Any Web Site that Requires Name and E-Mail Address, October 2004 (as a % of respondents)
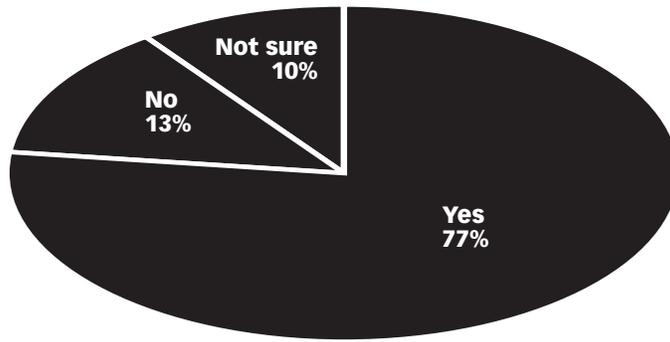
Note: n=1,092
Source: TRUSTe, Taylor Nelson Sofres (TNS), October 2004

This is the goal that marketers must strive for to win new customers – the moment that a consumer consciously agrees to enter into a relationship. Money does not change hands at this point, but the groundwork has been laid.

Step Three: Cast Many Lines

The Internet Offers Many Options to Find Customers. Don't Limit Yourself.

Where should marketers be looking for these potential customers? The key to finding and acquiring customers is to use as many tools as possible. Too often companies fail to implement a wide variety of acquisition strategies, capping success—and revenues.

A survey by JupiterResearch in 2004 found a wide variety of channels for gleaning customer e-mail addresses—that key first step in building a relationship with a new customer. But what is surprising about the data is how many companies do not take relatively simple steps to capture customer data. For instance, one in three companies said they get e-mail contact information from client e-mails to customer service—indicating that two-thirds are letting this valuable information slip away.

How US Marketing Executives Capture Consumer E-Mail Addresses for Campaigns, January 2004 (as a % of respondents)

Web site registration process
60.6%

Subscription to e-mail marketing/newsletter
57.2%

Client e-mails to customer service
34.0%

Online transaction/order confirmation
32.8%

Client phone calls to customer service
30.6%

Sweepstakes/incentive offer
21.7%

List rental to supplement existing customer data
13.1%

Direct marketing mailing (a post/"bingo card" that gets transcribed)
13.0%

Product warranty registration
6.5%

Other
18.0%

None of the above
3.1%

Note: n=738
Source: JupiterResearch, February 2004

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B2C marketers might look for ideas from their B2B colleagues. After all, B2B marketers have long worked on the assumption that a sale is the culmination of a long buildup of trust before money changes hands. But B2B marketers aren't necessarily casting as wide a net as they might. A KnowledgeStorm/MarketingSherpa study found turned up similar results as the JupiterResearch survey.

Methods that US B2B E-Mail Marketers Use to Gather Opt-In Names, December 2004 (as a % of respondents)

Check box on company's registration or order forms

57%

Asking people offline (i.e., at trade event, printed order form, etc.)

52%

Newsletter offer

51%

Sales alert or product announcements offer

35%

Telemarketing

30%

Contest or sweepstakes

10%

Premium or free gift with sign-up

9%

Co-registration (check box on other sites' registration)

9%

Append

7%

Don't gather opt-ins

13%
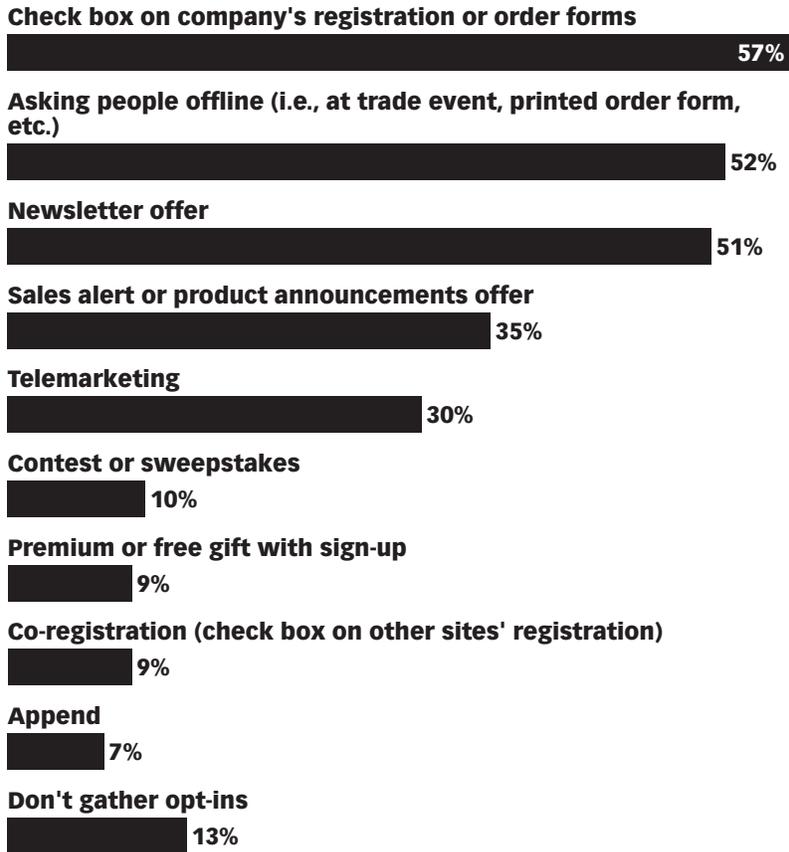
Source: KnowledgeStorm, MarketingSherpa, January 2005

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Data from Forrester Research paints a similar picture. Interestingly, co-registration—a relatively simple and inexpensive way to gather prospects via links on third-party sites—is used by only 17% of B2C marketers. We believe this is a missed opportunity for marketers.

Methods US E-Mail Marketers Use to Gather Opt-In Names for Lists, by Type of Marketer, December 2004 (as a % of respondents)

	B2C	B2B	Mixed audience
Check box on marketer's registration form	61%	51%	59%
Newsletter offer	50%	53%	58%
Ask offline, in store or printed form	37%	28%	34%
Sweepstakes or contest	29%	10%	24%
Sales alert or product announcement offer	20%	27%	29%
Co-registration	17%	9%	16%
Premium or free gift with sign-up	14%	10%	17%
Append	6%	5%	3%
Telemarketing	6%	20%	11%
Don't gather	5%	10%	7%

Source: MarketingSherpa, Silverpop, December 2004

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In short, it is important to reach out to consumers in a wide variety of channels, not limiting yourself merely to a link on your Web site or creating a newsletter (though those are two critical components for gathering contact info.)

For their part, consumers are accustomed to requests for addresses in a wide range of venues, in cyberspace and in the real world. They are most likely to have provided information in situations where there is no choice – for instance, when closing a transaction. But the statistics below, from Quris, show that many have provided information voluntarily, in order to receive information from the company, or to participate in raffles or sweepstakes.

Perhaps most interesting of all is the fact that nearly one-fifth agreed to provide the information *because it was asked for.* This underscores how important permission is to the process of acquiring customers.

Circumstances When US E-Mail Users Give Companies Their Addresses, 2004 (as a % of respondents)

Had to provide e-mail address as part of account registration or to fulfill an online transaction or access online content

81%

Provided e-mail address voluntarily to receive information from that company via e-mail

70%

Filled in e-mail address on a business form, such as a bill, warranty, or registration

49%

Provided e-mail address in person as part of a raffle, sweepstakes, or contest

28%

Company representatives asked for e-mail address in a store

18%

Company representatives asked for e-mail address over the phone

17%

None of these

4%

Note: n=2,543 e-mail users ages 18+
Source: Quris and Executive Summary Consulting, November 2004

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It's important to note that e-mail addresses are hugely valuable starting points for all companies who are looking to acquire new customers – not just online retailers but any marketer looking to increase revenue by adding customers. As an example, a DoubleClick survey found that consumers were only slightly more likely to have received permission-based mail from online merchants than from brick-and-mortar retailers. Permission e-mails from catalog companies were a bit less common, but not much.

Types of Merchants from Whom US Consumers Receive Permission-Based E-Mails, July-August 2004 (as a % of respondents)

Online merchants	57%
Bricks-and-mortar retailers	55%
Catalogers	45%

Source: DoubleClick, October 2004

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Step Four: Relevance, Relevance, Relevance

Personalized Messages Are Compelling Messages.

Why should marketers care about cultivating relationships with customers? Because the only messages that consumers want to receive are those that are highly targeted.

Consider these responses to a poll by Yankelovich. Some 69% of respondents expressed an interest in skipping or blocking marketing, while 65% said they felt constantly bombarded with too much advertising.

US Consumers' Attitudes Regarding Marketing and Advertising, February 2004 (as a % of respondents)

Are interested in products and services that would help them skip or block marketing

69%

Think there should be more limits and regulations on marketing and advertising

65%

Feel constantly bombarded with too much marketing and advertising

65%

Are concerned about practices and motives of marketers and advertisers

64%

Feel the amount of marketing and advertising is out of control

61%

Feel that marketers and advertisers don't treat consumers with respect

61%

Have a much more negative opinion of marketing and advertising now than a few years ago

60%

Feel that most marketing and advertising has very little relevance to them

59%

Spam has turned them off to all forms of marketing and advertising

53%

Marketing and advertising does not help them shop better

53%

The shopping experience is less enjoyable because of pressure to buy

36%

Would be willing to have a slightly lower standard of living to live in a society without marketing and advertising

33%

Note: n=601 ages 16+
Source: Yankelovich, April 2004

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Clearly, the key to overcoming this distaste and frustration is to provide relevant information. "Just as 'location' is the mantra of real estate, 'relevance' is now central to marketing," says eMarketer Senior Analyst David Hallerman.
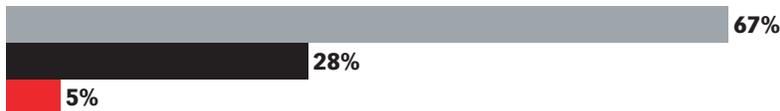
Now, consider this DoubleClick survey, which sought to understand why consumers were willing to pay attention to some messages and not others.

Elements in Permission-Based Marketing E-Mails that Affect US Internet Users' Likeliness to Respond, 2003 (as a % of respondents)

Contains your name or address
- 16%
- 71%
- 13%

Contains relevant information
- 67%
- 28%
- 5%

Contains information based on interests specified to that company
- 73%
- 23%
- 4%

Makes purchasing recommendations based on past purchases
- 28%
- 57%
- 15%
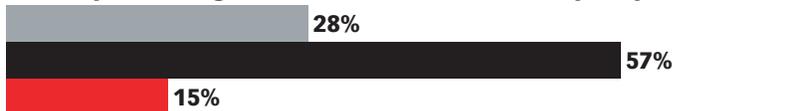
■ Increase　　　■ No effect　　　■ Decrease

Note: n=1,000 adults with average age 42.7
Source: DoubleClick, Beyond Interactive, October 2003

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In this study (which focuses on consumer willingness to respond to e-mail), relevancy is clearly the key. First of all, 67% explicitly say that "relevant information" increases the chances that they would respond. But even more, 73%, say that what they are looking for is "information based on interests specified to that company."

In other words, consumers are most likely to respond to companies that pay attention to what the consumer has said – permission and relevance are closely related, driving strong relationships between marketer and consumer.

Step Five: Capture The Right Amount of Information

To Deliver a Compelling Message, You Need to Know Your Audience.

How much information should you gather when establishing a relationship with a potential customer? eMarketer CEO Geoff Ramsey recommends a "drip, drip, drip" approach, gathering data incrementally as the relationship deepens.

"Don't go overboard in the first shot," he says. "Use an approach whereby you get incremental information through each exchange. Over time, assuming you integrate your marketing channels and carefully track each exchange, you can gain a great deal of information about the prospect, and she, in turn, will feel she knows you and that you understand her needs."

A survey by TRUSTe, an online privacy certification organization, and market researcher TNS found that more than half the Internet users surveyed felt they were asked for too much information when they were asked to register online.

US Internet Users' Perceptions about Amount of Personally Identifiable Information Asked at Web Sites, October 2004 (as a % of respondents)

Asked for too much information when I register or make purchases onlinetransactions

52%

Asked for an appropriate amount of information when I register or make purchases online

46%

Asked for less information than is needed to provide me with the best service

1%

Note: n=1,092
Source: TRUSTe, Taylor Nelson Sofres (TNS), October 2004

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Given that so many users object to sharing information, why do they do it? For many, it is an acceptable bargain for information or content that they want. Nearly three-quarters of Internet users are willing to share information in order to receive something in return.

US Internet Users' Attitudes Regarding Registration at Web Sites, October 2004 (as a % of respondents)

Do not like registering because I have to give personal information, but will do so if it is necessary to obtain content or information really wanted

71%
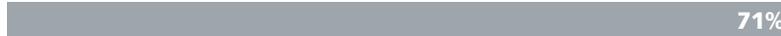
Never or almost never register even if I'd like to access content on the site because I have to give personal information

15%

Like registering my information on Web sites because it allows the site to remember me and to customize the content I receive when I visit it

14%

Note: n=1,092
Source: TRUSTe, Taylor Nelson Sofres (TNS), October 2004

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Any marketer would prefer to gather the maximum amount of information from potential customers, but remember that their patience is limited. You have only a moment or two before they become frustrated by the process. For more than a quarter of men and women, two minutes is the most that they will be willing to spend answering questions.

Amount of Time that US Internet Users Are Willing to Spend Answering Questions Regarding Their Interests in Exchange for Personalized Content, by Gender, May 2004 (as a % of respondents)

Male
More than 10 minutes 6%
None 19%
Less than 2 minutes 31%
2-5 minutes 34%
6-10 minutes 10%

Female
More than 10 minutes 10%
None 11%
Less than 2 minutes 29%
2-5 minutes 36%
6-10 minutes 14%
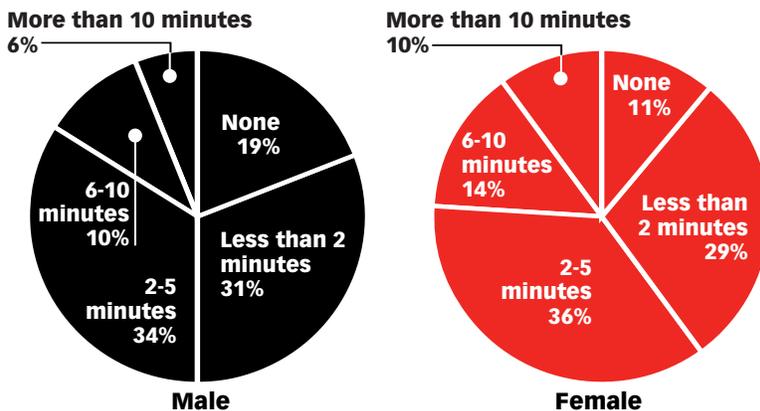
Note: n=673
Source: ChoiceStream, July 2004

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Even among those willing to register, some types of information are more off limits than others. A Ponemon Institute survey points to the kinds of information people will share and the kinds they won't. More consumers are willing to reveal their home location and telephone or their gender than their age or educational background. Personal information such as sexual orientation, religion, and reading preferences, are clearly out of bounds.

Types of Personal Information that US Consumers* Would Not Provide to a Web Marketer to Receive Targeted Banner Ads, 2004 (as a % of respondents)

Category	%
Sexual orientation	98%
Legal history	95%
Social security number	93%
Credit card number	91%
Family members	91%
Financial history	90%
Religious affiliation	88%
Reading preferences	86%
Political activities	81%
Work history	69%
Educational background	42%
Age (date of birth)	32%
E-Mail and IP address	26%
Gender	26%
Home location and telephone	16%

*Note: n=485; *among those consumers who would be otherwise willing to provide personal information to a Web marketer to receive targeted banner ads*
Source: Ponemon Institute, Revenue Science, Chapell & Associates, September 2004

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Step Six: Pay Attention to Privacy Concerns

Consumers Won't Share Their Personal Information—or Buy— if They Don't Trust You With Their Data.

Consumers have long been nervous about sharing personal information with marketers, and that nervousness has only grown in recent months amidst a string of high profile security failures in which companies either lost or exposed vast amounts of customer data.

"Marketers have to focus on consumers' growing fear of identity theft," says Noah Elkin, author of eMarketer's "Privacy and Security" report. "That fear is leading more people to withhold information about themselves—resulting in marketers knowing less about target audiences."

"Consumers appear to be more aware and more comfortable that their credit card information will not be stolen if used at a store or online," says Doug Cottings, Senior Vice President of Ipsos Financial Services. "But companies need to continue to communicate with their customers about their security programs to reinforce that it is safe to do business with them and customer information protection is a priority."

To understand how jittery consumers have become, consider this survey by Harris Interactive and Earthlink. Nearly nine in ten respondents said they were worried about identity theft, and nearly three-quarters expressed concern about hoaxes and scams.

Online Concerns that Worry US Internet Users the Most, 2004 (as a % of respondents)

Computer viruses	90%
Identity theft	87%
Spyware	85%
Being victimized by a hoax or scam	70%

Note: n=1,200 Internet users ages 18+
Source: EarthLink, Harris Interactive, July 2004

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Another Ponemon survey shows the high level of importance consumers place on privacy.

US Internet Users' Opinions Regarding the Importance of the Privacy of Their Personal Information, March 2005 (as a % of respondents)

The privacy of my personal information is important to me

60%

The privacy of my personal information is very important to me

20%

The privacy of my personal information is not important to me

14%

No comment

6%
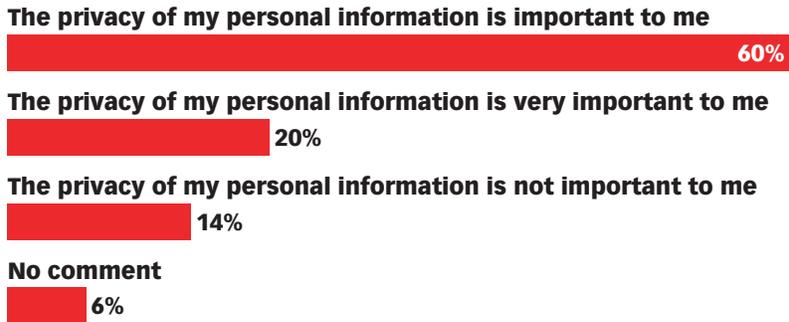
Source: Ponemon Institute sponsored by Watchfire, April 2005

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For marketers, the solution is to be clear and unequivocal about how information will be used – and as simple as possible. Without trust, the relationship cannot grow.

Step Seven: Convert "Prospects" Into "Customers"

Reaping the benefits of your permission-based campaign.

Conversion is essentially the culmination of all your efforts up to this point.

By basing your efforts on consumer permission, your prospects have willingly begun a process that leads to them becoming customers. You have maximized the potential customer pool by seeking out these willing partners in a variety of ways, and through multiple channels.

Having established contact, you have gathered information about your prospects, and based on that information, your communications have been immediate (it's important to pre-plan your CRM strategy) and relevant—and welcomed. And throughout the process you have respected their concerns about privacy and limited your inquiries so as not to put them off.

The chart below refers only to e-mail, but it paints a fairly complete picture of what it is that consumers respond to, and why permission and careful aggregation of information generates buyers.

Factors that Drive US Online Households to Open Marketing E-Mails, 2002 & 2003 (as a % of respondents)

I recognize the sender

2002: 50%
2003: 52%

E-Mail from a company I agreed to get e-mail from

2002: 52%
2003: 50%

E-Mail about a product I'm interested in

2002: 49%
2003: 40%

Something friends or family might like

2002: 23%
2003: 26%

E-Mail received at home

2002: 24%
2003: 18%

E-Mail received at work

2002: 11%
2003: 18%

The subject line includes a promotion

2002: 21%
2003: 11%

If the subject line is personalized to include my name

2002: 12%
2003: 9%

If the subject line is clever or amusing

2002: 12%
2003: 8%

If the subject line contains the word "free"

2002: 13%
2003: 7%

I get it first thing in the morning

2002: 6%
2003: 6%

I get it during lunch or down time at work/school

2002: 5%
2003: 4%

■ 2002   ■ 2003

Source: Forrester Research, March 2004

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Step Eight: Keep It Clean

Maintain Up-to-Date Databases For Maximum Impact.

Smart marketers clean their valuable databases frequently. Nearly three quarters clean their lists at least once a month.

Frequency with which US Companies Clean Their In-House E-Mail List, March 2004 (as a % of respondents)

In real time	24%
Daily	5%
Weekly	9%
Monthly	30%
Yearly	16%
We don't clean our list	16%
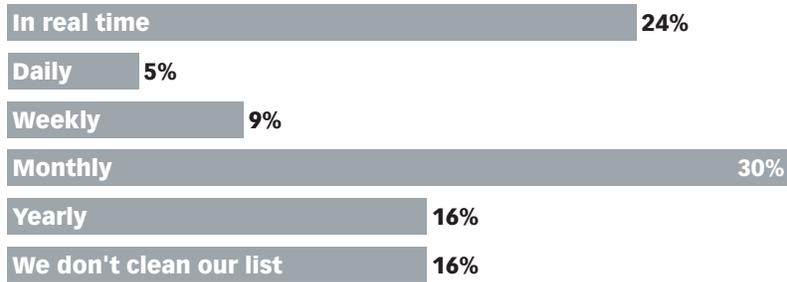
Note: n=2,600
Source: MarketingProfs.com, June 2004

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Marketers use a variety of techniques to keep their lists clean. The most common is also the simplest: some 76% say they delete persistent e-mail bounces.

Methods Used by US Companies to Clean Their House E-Mail List, March 2004 (as a % of respondents)

Delete persistent bounces	76%
Use multiple opt-in procedures	26%
Notify recipients and ask for reconfirms	20%
Delete persistent non-opens	14%
Delete persistent non-buyers	6%
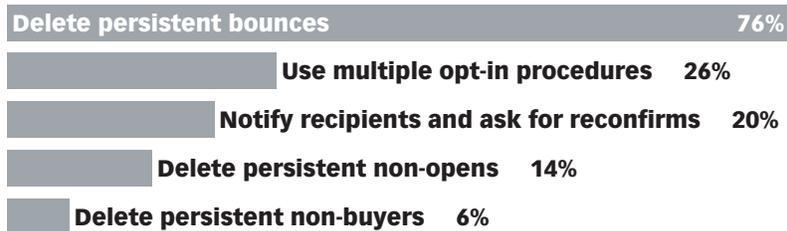
Note: n=2,279
Source: MarketingProfs.com, June 2004

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As with e-mail information, so with all data gathered. Stale information can lead to irrelevant or irritating messages, souring a carefully developed relationship.

In a recent report on e-mail marketing trends, DoubleClick noted that "nearly all marketers find that the most recent names added to the file perform better than the older names, across all metrics (open, click-through and non-bounce rates)." Of course, that doesn't mean cleansing lists of all old names—after all, these may well be some of your best, most loyal customers.

For its part, Prospectiv urges marketers to establish rules for handling feedback and responses (including opt-outs and bounces) that meet both business needs and the law, both federal (CAN-SPAM) and local.

Prospectiv argues that the key is this: do not send a communication to those who do not want it. This means immediate removal of opt-outs, very frequent removal of bounces, and classification of both messages and members based on response.

Every company's requirement is different, so there are no absolute rules for this kind of cleansing. But frequent maintenance is critically important.

Prospectiv advises that "hard bounces" be removed with each new mailing. So, for a company that mails weekly, bounces should be removed weekly. "Soft bounces" (for instance, a message that is returned with the recipient's "on vacation" message) require more finesse. A weekly mailer might want to remove a record after three consecutive soft bounces.

Communications strategies should take into account member responses. For instance, members should be classified by length of membership, how often they respond, and the types of email they respond to. These variables can guide decisions about who gets which message when.

Step Nine: Measure for Measure

Metrics Matter. Here's what to track.

A MarketingSherpa survey found that 24% of US e-mail marketers don't keep track of how many recipients open their messages, while 31% don't track how many recipients actually click through messages, and an astounding 52% don't bother to figure out the conversion rates of those clicks.

Metrics Tracked by E-Mail Marketers in the US, 2004 (as a % of respondents)

Open rates	75.6%
Click-through rates	68.6%
Conversion rates of clicks	48.0%

Note: n=2,293
Source: MarketingSherpa, November 2004

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eMarketer Senior Analyst David Hallerman has one word to describe these statistics: "Unbelievable!"

If cost is the rationale for not tracking statistics, he argues, "spend less on mailings and devote some of your budget to finding out what works and what doesn't."

Don't operate in a vacuum – and don't measure yourself against industries or sectors that may have very different success rates. A survey by Bigfoot Interactive found wide variation from industry to industry in e-mail open rates.

E-Mail Marketing Delivery, Opt-Out, Open and Click-Through Rates in the US, by Industry, Q1 2004

	Delivery rate	Opt-out rate	Unique open rate	Unique click-thru rate
Auto	83.13%	0.31%	42.45%	19.13%
Financial services	92.40%	0.04%	36.23%	9.15%
Media	93.25%	0.02%	30.93%	12.12%
Retail	84.37%	0.18%	30.40%	11.15%

Source: Bigfoot Interactive, May 2004

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Step Ten: Don't Stop Now!

Once You've Got Your Customer, Deepen Your Relationship.

The value of customer data erodes over time if it is not kept fresh. Likewise, the value of a customer erodes without regular contact.

Having acquired your new customer, don't neglect him. The rules don't change just because the prospect is now a customer. Remember, respect privacy, seek permission, and use as many tools at your disposal to maintain and deepen that relationship.

Types of Permission E-Mail Programs US E-Mail Users Find Most Worth Reading*, 2004 (as a % of respondents)

Transaction confirmations (e.g., purchase receipts, shipping notification)

46%

Account status messages (e.g., monthly account statements, balance notifications, updates about products)

40%

Scheduled subscription newsletter from a corporation, club, association, or the like

23%

E-Mail coupons for use either online or offline

20%

Scheduled discount alerts/circulars, daily, weekly, monthly price bargains

18%

E-Mail product catalogs, regular updates of new products, seasonal inventory, sales specials

18%

E-Mail entertainment programs or newsletters (e.g., humor, film reviews, movie clips, serialized stories)

16%

Independent media outlet newsletters (e.g., from a newspaper, magazine site, or individual writer)

14%

Customizable information updates/alerts (e.g., news headlines, stock quotes, sports, portfolio summaries)

13%

Time-based e-mail reminders (e.g., reminders of anniversaries, appointments, product replacements)

12%

Unscheduled general company announcements, promotional offers, etc.

9%

Customizable shopping updates (e.g., product catalogs that you personalized to your interests)

8%

E-Mail advertising clearinghouse

3%

*Note: n=2,543 e-mail users ages 18+; *respondents allowed up to three responses*
Source: Quris and Executive Summary Consulting, November 2004

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Increasingly, consumers are multi-channel shoppers, and your efforts should reflect that. Recent research from ForeSee points up the huge variety of touchpoints between consumer and marketer.

Product Research Resources Used by US Multi-Channel Shoppers, December 2004 (as a % of respondents)

Store	41%
Web site	38%
Circular/advertisement	10%
Catalog	3%
Shopping comparison Web site	3%
Competitor store Web site	3%
Recommendation from friend	2%
Call center representative	0%

Note: n=4,000+ consumers
Source: ForeSee Results, January 2005

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As your relationship deepens, messaging can become increasingly personalized. Don't just use the basics. This is the key to a long and fruitful relationship with your new customer.

Methods Used by US Companies to Personalize Their E-Mail Campaigns, March 2004 (as a % of respondents)

Recipient name

Use	Do not use
71%	29%

Customized content

Use	Do not use
46%	54%

Customized advertising

Use	Do not use
25%	75%

■ Use   ■ Do not use

Note: n=2,634
Source: MarketingProfs.com, June 2004

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About Prospectiv

Prospectiv specializes in connecting brands with the right customers. Its performance-based, online marketing solutions help you find and build profitable relationships with valued customers, generate high-quality leads and, ultimately, increase sales.

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