

E-Mail Marketing: A Paradigm Shift from Conventional Marketing Tools

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Abstract

E-Mail marketing, in shortest time, has established itself as a leading marketing tool because of its features like speed, affordability, cost effectiveness and excellent results. Justified as internet's "killer application"¹, the conventional marketing approach has undergone a make over since the emergence of e-mail marketing. Never in the history of mankind has such an avenue to sell and market their products to such a gigantic audience all over the globe. Consequently, customers are harnessing the potentials of mushrooming e-mail marketing.

E-mail and e-mail marketing is one of these emerging technologies on the rise that is being used by organizations and individuals world wide. Despite the fact that the Internet provides a new means for conducting business but basics of doing business remain unaffected. The notion of marketing has not changed as a result of using the Internet as a new marketing channel. Internet offers an unrestricted opportunity for business. By integrating the Internet technology into the marketing strategy, business firms are able to use the Internet as a tool to gain competitive advantage. Technology continues to grow on day to day basis and in order to bloom with it; one must chase its path.

This paper deliberates upon pertinent issues related with e-mail marketing such as email marketing tools in overall marketing mix strategies, types, benefits, steps for building a successful e-mail marketing campaign, consumers' frustration over spam issues, viruses and privacy issues, legal aspects and recent legislations, trends of Internet users in India, scenario of e-mail marketing in India, and possible solutions available in India.

Introduction

The advent of electronic communication such as Internet has brought about revolution in almost every sphere of life. Having grown at such a fast velocity, it gave birth to another technological innovation such as e-business or e-commerce to deal with communications that are vital to everything in this world. Furthermore, the technological evolution has opened new opportunities in on-line services such as e-mail which is one of the oldest and fundamental internet applications. E-Mail is far and wide used to communicate and exchange information globally. E-Mail marketing is one of the most significant commercial internet applications sustaining the relationship between consumers and suppliers.

E-Mail marketing is all about interaction, rapidity, communication and personalization. Because of these features, e-mail is considered to be one of the most chosen mediums for marketing products and services. The thought of e-mail marketing has changed the way marketing is done all over the world.

E-Mail marketing as a part of overall marketing mix is an effective instrument to create communication with prospective customers. It has become the first marketing method choice of marketers to prove branding concepts, drive traffic website, link to online promotions and increase sales thereby giving an edge over the traditional marketing methods such as direct mail or telemarketing.

Many companies have turned to cost-effective communication methods like e-mail marketing. By means of best e-mail marketing strategies, corporations will experience return on investment essential to justify the expenditures. To make the e-mail programme thrive, the marketers need to constantly develop their e-mail marketing strategies.

E-Mail Marketing: Meaning and Concept

E-Mail Marketing means use of electronic mail for communicating commercial or fundraising messages for the purpose of marketing. It covers every “commercial” e-mail sent by the marketer to the client, subscriber, member or website visitor. Thus, in its broadest sense, every e-mail sent to a potential client with the purpose of improving the relationship with the client and to influence customer loyalty is called e-mail marketing.

Successful e-mail marketing depends upon the concept of permission and value. Permission marketing (also called invitational marketing) envisions every customer, shaping the targeting behavior of marketers.² Permission means sending solicited commercial e-mail to customers who have explicitly requested them. Here, it differs from spam. Value means the organizations are sending solicited commercial e-mails of value with a relevant content to customers. Besides, organizations that are sending commercial e-mails without permission end up with disenchanting recipients who may take these mails as spam and further block the mails from delivery by many Internet Service Providers (ISP’s)

Email marketing is being increasingly recognized as a cost-effective marketing tool. Forrester (Niall 2000) describes email marketing as one of the most effective online marketing tools because of its high response rate, and expects email marketing to be worth 5 billion US dollars by 2004³. eMarketer (2000) estimates that 61% of all medium and large US companies use email marketing on a regular basis⁴. Jupiter, (Pastore 2001), predicts that spending on digital marketing initiatives such as coupons, promotions and e-mail will surpass that of internet advertising.⁵ The key to permission marketing is knowing customer interests and knowing their information needs (Sterne and Priore 2000)⁶.

Types⁷

Promotional E-Mail

Also called Direct Mail, this is the simplest form of e-mail marketing in which short promotional mails are sent to the recipients alerting them and promoting about new products, services, events, projects, special offers and to magnetize customers and to increase Customer Relationship Management.

E-Newsletters

Also known as E-Zines or Retention E-Mail Marketing, these information-rich newsletters are designed to inform, educate or entertain current customers with a purpose of customer retention. It acts as a strategy to involve customers. E-Newsletters remind customers about their products, services, make new announcements and provide up to date information about market industry to their clients.

Be in Touch Mail

This is one of the best methods entirely free of spam used for sending promotional mails along with opt-in mails. Also known as advertising through other people's e-mail, this strategy is adopted to gather permission based e-mail lists.

More advanced forms of e-mail marketing include the so-called trigger e-mails in which marketer sends e-mail to the recipients to remind them about finishing the purchase process as the item they were intended to buy is still pending in online shopping cart.

Benefits

If used correctly, e-mail marketing offers great benefits:

- Cost effectiveness i.e. quicker and economical than direct communication
- Personalization / highly customized
- Quick response cycles
- Results are immediately trackable and measurable
- Drives more qualified web site traffic and registration
- Saves time as the delivery time for an e-mail message is short
- Easy to implement because of restricted resources
- Maximize and strengthens awareness and builds customer relationships
- Increase leads and sales
- Paper free i.e. green communication

Steps for Building a Successful E-Mail Marketing Campaign

There isn't an exclusive, all-encompassing, procedure for successful email marketing campaigns; there are, though, scores of steps that can be taken to guarantee success⁸.

Step 1: Gather List of E-Mail Addresses

Building up quantity and quality list of qualified e-mail addresses is perhaps the leading challenge. There are two probable approaches:

Building and Maintaining In-House List

A high-quality in-house list can give competitive advantages. For any successful e-mail marketing campaign, there is a need to build permission based list of e-mail addresses to achieve desirable results wherein the website visitors sign up for additional information about the company, its products and services. This way a relevant list of pre-qualified customers who have shown interest in the company can be collected. The only drawback is that building such lists is a lengthy procedure. A logical place to start gathering e-mail addresses is with:

Current Customers: They have already given permission to receive messages.

Potential Customers: They have already signed-up on the website or in- store locations wherein visitors may automatically subscribe to newsletters.

Moreover, the customers may be made acquainted with the privacy policy by providing clear and easy method to "opt-out" of further e-mail. The customers may be encouraged to sign-up for a newsletter by offering them something free but of value to the customers like discounts, chance to win prize, coupons, etc.

Purchasing / Renting E-Mail Lists from another Company

Even though this can be considered a quick fix solution but in reality it ratchets down the expectations. By and large, rented or purchased lists don't perform as well as the in-house lists. Hence, when renting an e-mail list, make ensure that:

- the company from whom the list is rented follows the existing legislation and adheres to anti-spam practices
- the list contains qualified e-mail addresses
- the lists are up-to-date and include recently "opt-in" e-mail addresses
- whether the company guarantees useful outcome by providing percentage of responses or click throughs.
- whether the lists are provided for one-time use or otherwise
- whether the e-mail addresses are acquired legitimately

Step 2: Define Goals for the Campaign

The goal is to be defined as to whether the campaign is to increase brand awareness, driving more customers to the website, to increase sales, improve CRM etc. followed by determining the success factors for e-mail marketing campaign by gathering the statistics of several weeks or months for driving the customers to the website.

Step 3: Choose Customer Segment to Reach

Define the customers that you are targeted to reach by understanding the requirements of customers, crafting suitable response, writing mails professionally, offering "call to action" and by eliminating errors. Rather than sending generic e-mail offers to the entire list, send targeted e-mails to prospective customers for desired results. The purpose is to keep the customers interested and motivate them to keep coming back to you.

Step 4: Techniques of Creating E-Mail Message

E-mail message must be free from spam and when it lands in customer's inbox, it must be of immediate interest to them. The various techniques adopted by e-mail marketers to increase response rates for successful email campaign are as follows:

"To" Line

It should include customer's name. This increases the chances of e-mail being read.

"From" Line

It should clearly indicate company's name from whom the e-mail is sent. The decision to open or delete e-mail is based upon "From" Line and if customer does not recognize the sender, they are less likely to open it fearing spam or virus.

"Subject" Line

This is the most important component of any e-mail. Writing subject line is an art in itself. It should accurately describe the intention of e-mail to grab customer's attention. It should be short, relevant and unique. One should stay away from using capitals and symbols. Putting words like "free" and "complimentary" in the subject line may be avoided.

“First Few Lines”

First few lines decide whether the customer will open and read the mail or not. Hence, a tailored salutation should appear in the preview window of recipients e-mail inbox so that the customers open and read on the mail.

“Body” of E-Mail

It should commence by addressing the customer. The message should be as short as possible.

“HTML vs Plain Text”

Permit customers to decide on their desired form whether they want to receive HTML or plain text message. HTML creates vibrant e-mail messages and is an excellent way to extend branding. Avoid sending graphics in e-mail as the file size is larger and takes longer to download and open.

“Call to Action”

The e-mail message must end with call to action. It can take various forms. One of the most popular call to action is to entice recipient to click upon link in e-mail to receive something, register for event etc. If link is clicked, make sure that it takes the customer to specific page on the website that provides the relevant information or offer mentioned in e-mail. Other form of call to action is to dial a toll free number for more information or place an order online.

Step 5: Tracking and Measuring the Success

E-mail tracking is a challenging process for companies sending campaigns. The best method to gauge success for a company is to establish the metrics and then watch as they rise and decline. Outlook, Gmail, Yahoo etc have no tracking metrics, so they cannot tell how many mails were opened or deleted⁹. Following are the important metrics to track for e-mail campaigns:

- **Overall Sent:** The number of e-mails sent.
- **Bounced:** Number of e-mails bounced back as they were undelivered.
- **Delivered:** Number of e-mails sent minus bounce back e-mails equals the number actually received by the customers
- **Opened:** Actual number of e-mails opened by clients
- **Opt-Outs:** Number of customers who opted out of receiving future e-mails from your company.
- **Click Through Rate (CTR):** Number of customers who responded to call to action
- **Conversion:** Number of customers motivated by e-mail and acted on it.

Step 6: Guarantee Deliverability

The quality of e-mail list management tools is the capability to ensure delivery for precise time and date. This feature ensures that the business message arrives in the subscriber inbox at appropriate time. E-Mail can be sent any time of the day and all days of the week. The most excellent time to send business e-mails is either late in the morning or early afternoon and preferably from Tuesday to Thursday as public is busy on Monday and weekends. The strategy is to send trial mails at different times and different days of the week to track which day and time is appropriate for sending such business mails.

Issues Involved

Spam

The unauthorized e-mails which are never invited are called “SPAM”. Spam messages are unwanted, untargeted and therefore negatively perceived¹⁰. Turban et al, (2000, p360) define spam 'as the practice of indiscriminate distribution of messages without permission of the receiver and without consideration for the messages' appropriateness¹¹. Measures to be taken to curtail the wave and stay lucid of spam are:

- Follow responsible e-mail marketing
- Follow National Legislation policy regarding use of commercial e-mail
- Use authentication standards like sender ID, domain keys etc.
- Use recognizable domain indicating company name or product name
- Use clear objectives to the subscribers/clients
- Provide opt-out facility
- Follow guidelines of e-mail marketing
- Avoid using capital letters, exclamation points etc in subject line

Viruses

Select software with built in anti-virus and attachment filter that scans all messages and attachments to prevent virus before they are sent to clients as I will generate ill-will from customers if they inadvertently receive messages with a virus. For this, try to avoid large attachments, instead, send e-newsletter by linking important web pages.

Privacy Issues

Understand the level of tracking procedures to implement in campaign. Personal tracking means associating each individual event with specific recipient who triggered it or choose anonymous tracking or blind tracking in which events are measured but are not associated with specific recipients.

Recent Legislation

The glitch of spam is getting shoddier!

Find out how to stop spam mails!!!!

E-mail marketing is incomplete in the absence of legislation. Many countries in the world have anti-spam legislation for e-marketers sending commercial unsolicited e-mails. Consequently, to fight the hazard of spam e-mails, CAN-SPAM Act of 2003 (Controlling the Assault of Non-Solicited Pornography and Marketing Act) was established in USA to legalize the inter-state business by imposing restrictions and penalties on communication of unsolicited commercial e-mails through internet. Such criminal penalties include trials, damages, fines and even imprisonment for upto the period of five years. The Act was effective from January 1, 2004. Three significant provisions of the Act are:

- Sender must incorporate their physical names and address within the mail
- Opt-Out preference may be provided to the recipients for address deletion
- Subject lines should not be deceptive

As far as India is concerned, currently, there is no anti-spam law in India to restrict the spammers who compel the same message on unwilling people. For that reason, keeping in view the US Law, Union Ministry of Communications and Information Technology are taking initiatives to establish a law that will regulate commercial e-mails and would impose penalties on those sending unsolicited e-mails. Additionally, a Working Group consisting of Secretary, IT and member, IT

industry are also making efforts to formulate an outline on the basis of which the amendments to the IT Act will be decided.

CAUCE-The Coalition Against Unsolicited E-mail is an adhoc volunteer organization established to support legislation to the problem of Spam. Before the issue of spam turn out to be a crisis in the country like India, it is necessary to nip the problem in the bud by promoting CAUCE as it is dedicated to provide technical solutions to fight the spam problem.¹²

Companies Experiencing E-Mail as Marketing Tool

Raj Technologies, Ahmedabad

It is an affordable email marketing solution. Having established relations with the major ISPs, they ensure maximum deliverability by creating, sending, and tracking permission-based email marketing campaigns. They offer advanced reporting, message scheduling, the ability to create unlimited interest groups, bounceback handling, an autoresponder, list segmentation, surveying, subscription management, and an array of easy to use newsletter templates among many other major industry-standard features. (www.rajtechnologies.com)



Opal Infotech, Bangalore

An experienced email marketing company from India handling the task very effectively and economically by providing internet email marketing services directly to the target customer base. They research, develop database for email marketing campaign. This is the most cost effective online internet marketing media to reach prospective customers directly. (www.webmasterindia.com)



Web Design Co. India, New Delhi

The technique of e-mail marketing is based on the concept of marketing and advertising. The powerful, professional, impressive and convincing messages are created. The best delivery rates are offered, the results of which are evaluated with the help of instant reports. The messages have excellent standards of deliverability based on content that integrates seamlessly with updated technology and supports XHTML, HTML, Flash and audio. (www.webdesincompanyindia.com)



Techno Infonet, Ahmedabad

It is permission based E-mail Marketing Software Solution. This E-mail Marketing software provides the complete detailed view regarding emails, including the successful deliveries, who have opened them, and who have deleted them so on and so forth. (www.technoinfonet.com)



Indian Scenario: Scope and Potential

Being a developing country, Indian industry has been late in making the transition to the new media. Gradually, India has reached the position where the companies are looking forward to the concept of e-mail marketing strategies to enhance their sales as well as to meet new conditions like e-business and Customer Relation Management. Hence, the trend is already on rise in India.¹³

The Government of India is taking initiatives and also trying to encourage the Information and Communications Technology segment to bring about the improvements and to augment the interests of the marketers in it. The Indian Educational System is also contributing towards the growth of this sector by introducing the subjects like Information Technology, Mathematics etc. Many students now opt for IT industry and bring with them the enormous pool of proficiency and technical know-how. Additionally, with IT expertise, an increasing number of young people are entering and excelling into this profession leading to interconnected and corresponding growth in the related fields.

The scope and potentials for e-mail marketing in India lies in the fact that the utilization of internet is rapidly penetrating in the Indian population. Internet, which is the driving force for e-mail use is entering into new segments viz industries, classes viz. population and new applications viz. purpose. Internet usage and e-mail marketing are directly related and have become synonymous of each other. An eye flash on the following facts and figures¹⁴ to map the relevance of Internet usage (Table 1) will give real sense of scope of e-mail marketing in India:

Table1: Internet Usage Trend in India

The following enablers are motivating paradigm shift from non-internet users to internet users: <ul style="list-style-type: none"> • technology enablers • access enablers • content enablers • awareness enablers
36% increase in PC owners and 25% increase in internet subscribers has been observed in 2008 as compared to previous year.
There are total 87.1 million computer literates, 55.5 million claimed users and 39.3 million active users in India as per NRS-2006
Internet has penetrated in rural market with 5.5 million claimed users and 3.3 million active users
Small town Users are getting exposed to the internet which substantially increased to 42% in 2008 as compared to 39 % in 2006.
Claimed net users from less affluent class increased to 50 million in 2008 as compared to 32 million in 2006
70% of claimed net users in urban area access internet on regular basis
Youth is driving internet growth as there are 27% college going and 30% young men (urban) users in 2008
E-Mails tops in the list of 'purpose of internet access' and it stands at 91%.

Source: Internet in India-2008 (Summary Report of I-Cube 2008) Joint Research conducted by Internet and Mobile Association of India (IMAI) in association with IMRB

E-Marketing which includes e-mail marketing also, is contributing to business to consumer as well as business to business marketing. As per survey report of IMAI and eStatsIndia.com¹⁵ (2008):

- 99% of B2B suppliers use Internet for communication. E-Mails and instant messaging solutions are most commonly used.
- 73% of B2B suppliers use internet to run their own website.

- B2B E-commerce market size has grown from US \$78 billion in 2007 to US \$89 billion by 2009
- Online marketing results in generating business worth Rs.49.69 crores with an average order value of Rs.3.41 lakhs in domestic market yearly whereas in international market it was Rs.165.11 crores with an average order value of around Rs.3.84 lakhs. (Fig.1)

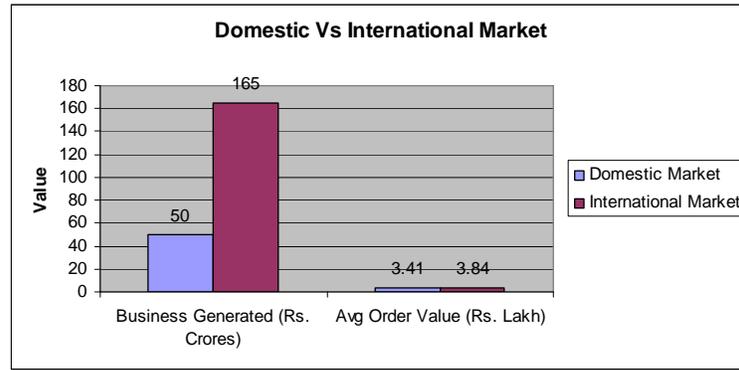


Fig.1: Online Business Generated
(Source: IAMAI-eStatsIndia Survey, 2008)

- The online B2B suppliers generated the business from total of 1492 orders in domestic market annually whereas in international markets, the business was generated with total of around 4842 orders (Fig.2)



Fig.2: Online B2B Marketing
(Source: IAMAI-eStatsIndia Survey, 2008)

There is tremendous growth in Indian e-marketing though it is still in an infancy stage. The number of internet users in Dec.2007 was around 3,649,715 units which increased to 4,910,758 units by Dec.2008. It is expected that by the end of year 2009, the internet users would increase to 6,169,545 units. (Fig.3)

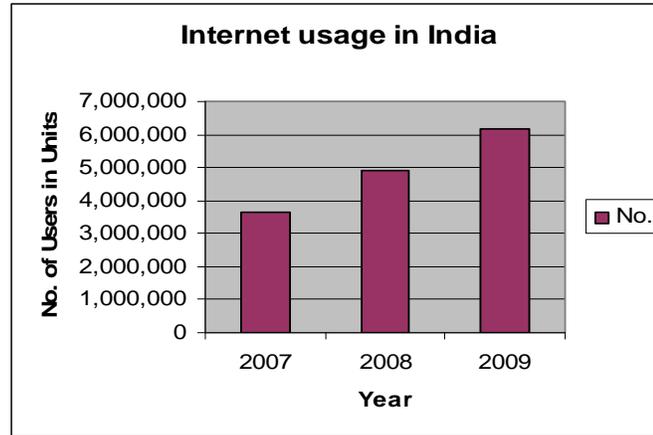


Fig.3 Growth in Internet Users

(Source: eStatsIndia's Internet and E-Commerce Market Model Version1.0)

Conclusion

Over the last few years e-mail marketing has become a big business. It has slowly become the most popular method of online marketing. Before the advent of internet, businesses relied on “Location” whereas today, in the world of e-business, it is “Marketing” and only “Marketing”. E-mail marketing has proven to be the most effective tools in an overall marketing mix. However, poor marketing practices, spam hitting the inboxes of the recipients pose a significant threat to the future of e-mail marketing.

As e-mail marketing grows, so will the challenges too. The e-mail marketers need to be very competitive and strategic and have to pay attention to the e-mail fundamentals in order to cut through the clutter. In the end, we conclude that the perception that e-mail will remain one of the cheapest accessible resources for building customer relation and to increase sales in the times to come is skeptical. This will hold factual only for those corporations who are capable of successfully adapting their strategies to the quietly shifting currents that strengthen the e-mail marketing space.

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