

Email Requalification

By Neil Monnens (February 2010)

Email has been described as the "killer app" for direct response—and for good reason. In theory, if you email to one million addresses, you will reach one million people.

If you purchase one million ad impressions on the Web, however, you don't know if you'll reach one million people one time, 500 thousand people twice, or 50 thousand people 20 times and so on. So if an advertiser's goal is reach, email is hard to beat.

Department store pioneer John Wanamaker is supposed to have said, "Half my advertising is wasted. I just don't know which half."

But what if 50% waste turned into 75% waste?

Email "open rates"

Email "open rates", refer to the number of calls to the server from respondents who open "read" an HTML email, average 25% according to email marketing company MailChimp. That means if you buy an ad in an email based on a CPM of the subscriber number, 75% of your dollars are wasted.

The reasons for low open rates vary:

- Spam averages 78% of all e-mail sent. As a result, corporations and ISPs implement filters and anti-spam software to intercept messages, making it more difficult for legitimate marketers to reach customers.
- People get tired of a newsletter and either delete or mark the sender for automatic deletion.
- People change email addresses and their old Hotmail/AOL/Earthlink account continues to collect their long forgotten email newsletters.

Most email list publishers promote their email newsletter lists as consisting of highly qualified individuals who have double opted in. But how many of their double-opted-in subscribers still wish to receive the email a year or two after signing up?

It is easier to click on "this is spam" or "block sender" than unsubscribe from most email lists, so many of those lists are littered with "recipients" who never actually receive or open the newsletters.

Average Email Campaign Stats of MailChimp Customers by Industry
(sorted by Open Rate)

<u>Type of Company</u>	<u>Open Rate</u>	<u>Click Rate</u>	<u>Soft Bounces</u>	<u>Hard Bounces</u>	<u>Abuse Complaints</u>	<u>Unsubscribes</u>
Food	36.62%	7.90%	0.84%	2.02%	0.09%	0.63%
Self-Explanatory	34.80%	6.02%	6.14%	17.33%	0.04%	0.20%
Photography	34.17%	6.82%	1.73%	3.59%	0.07%	0.36%
Video Production	33.09%	6.81%	2.48%	2.63%	0.09%	0.43%
Church	32.95%	4.48%	1.18%	2.89%	0.05%	0.26%
Freelancer	32.95%	6.33%	3.16%	7.15%	0.07%	0.50%
Architecture	32.05%	1.52%	6.16%	8.04%	0.00%	0.25%
Creative Other	29.94%	0.86%	1.11%	0.60%	0.03%	0.10%
Beauty/Health	29.88%	6.94%	2.63%	8.54%	0.15%	0.85%
Telecommunications	29.77%	5.46%	2.98%	9.35%	0.10%	0.53%
Hardware	28.05%	3.57%	1.29%	2.01%	0.02%	0.18%
Music	27.94%	5.17%	2.05%	7.73%	0.12%	0.39%
Janitorial	27.82%	0.10%	10.18%	16.26%	0.05%	0.00%
Non-profit	27.66%	4.06%	2.24%	4.31%	0.06%	0.24%
Other Groups	27.66%	6.83%	1.72%	13.16%	0.08%	0.34%
Retail	27.61%	5.76%	1.48%	2.80%	0.08%	0.42%
Recruitment/Staffing	27.59%	4.61%	2.82%	6.49%	0.07%	0.74%
Hotel	27.50%	7.17%	2.90%	5.31%	0.08%	0.49%
Web Design	27.42%	6.90%	2.45%	5.05%	0.09%	0.37%
Accounting	27.36%	4.13%	3.91%	10.67%	0.04%	0.35%
WineRelease	27.10%	5.40%	1.10%		0.19%	0.28%
Manufacturing	26.70%	4.92%	3.15%	5.61%	0.09%	0.46%
Government	26.64%	4.30%	1.33%	1.95%	0.03%	0.22%
Restaurant	26.17%	3.40%	1.33%	3.44%	0.08%	0.41%
Art	26.12%	6.86%	2.04%	4.49%	0.09%	0.41%
Education	25.86%	4.72%	2.11%	4.39%	0.05%	0.26%
Legal Services	25.48%	3.97%	4.14%	4.60%	0.04%	0.35%
Graphic Design	25.35%	4.34%	2.49%	11.71%	0.12%	0.41%
Travel	24.97%	4.96%	2.17%	3.74%	0.10%	0.39%
Healthcare/Medical	24.66%	6.96%	10.47%	9.00%	0.23%	0.41%
Insurance	24.43%	2.92%	2.85%	5.71%	0.04%	0.37%
Construction	23.86%	4.44%	2.95%	5.33%	0.19%	0.85%
Advertising	23.79%	4.20%	2.77%	6.67%	0.08%	0.36%
Real Estate	22.84%	4.24%	2.02%	4.31%	0.08%	0.30%
Consulting	22.34%	3.30%	4.29%	6.57%	0.03%	0.29%
Entertainment/Events	21.96%	0.42%	3.27%	7.58%	0.09%	0.14%
Publishing	21.05%	1.60%	1.11%	3.22%	0.03%	0.18%
Technology	21.05%	2.75%	4.01%	6.60%	0.07%	0.40%
Public Relations	20.99%	3.13%	4.00%	8.21%	0.11%	0.30%
Creative Agency	20.97%	3.12%	2.69%	5.16%	0.06%	0.38%
Financial Services	20.87%	2.47%	2.76%	3.98%	0.06%	0.33%
Marketing	20.52%	2.97%	3.32%	8.29%	0.16%	0.40%
Internet/Web Svc.	20.34%	5.65%	1.46%	3.18%	0.06%	0.27%
Healthcare	19.91%	3.99%	1.47%	3.81%	0.12%	0.50%
E-commerce	19.80%	4.78%	1.48%	3.21%	0.10%	0.37%
Multimedia	19.46%	3.54%	1.24%	1.60%	0.06%	0.25%
Other Marketing	18.49%	3.66%	2.39%	3.15%	0.04%	0.21%
Software	18.22%	3.26%	3.00%	6.01%	0.08%	0.43%
Arts_Music	16.22%	2.09%	0.97%	1.86%	0.08%	0.26%
Entertainment	15.42%	3.27%	1.10%	5.59%	0.12%	0.25%
Other	15.29%	2.36%	1.74%	3.19%	0.07%	0.29%
Average	25.29%	4.30%	2.76%	5.76%	0.08%	0.36%

What should a publisher do (and what should a media planner request)?

List vendors and email newsletter publishers should re-qualify their subscribers every year, just as trade publishers re-qualify their circulation. A simple "reply yes or no if you want to continue to receive this email" should suffice, with the recipient taking action to prove that he/she wishes to continue receiving the emails.

Email vendors should then publish their results to show the true value of their lists and educate media planners and advertisers on the benefits of a clean list. Just as each industry has acceptable 'first year written request' (the percent of the circulation that is requalified, or new, within the past year) percentage figures, email requalification standards should follow suit.

As a hobby, I started WineRelease.com, in August 2000 and built an email list of 1,800 subscribers to my monthly newsletter of upcoming wine releases. As a media planner, I re-qualified my list each year from 2003-2006 and then again in November 2009 by sending an email to each subscriber and requesting they state whether they wish to continue to receive the newsletter (I sent three follow up emails to non-responders). Here are the results:

<u>Replies</u>			
<u>Year</u>	<u>Yes</u>	<u>No</u>	<u>No Reply</u>
2003	75%	6%	18%
2004	70%	5%	24%
2005	75%	3%	21%
2006	72%	3%	25%
2007	<i>No survey fielded</i>		
2008	<i>No survey fielded</i>		
2009	<u>37%</u>	<u>2%</u>	<u>61%</u>
Average	66%	4%	30%

In the early years, I was pleased to receive a 73% average response with 22% not responding. But after a 2 year re-qualification hiatus, only 37% replied "yes" in 2009 with 61% never responding. Using the early years as a basis for an average 27% yearly loss, it makes sense that only 37% renewed in 2009.

Publishers should base their CPM off their "yearly qualified rate base" and can throw in "bonus" emails of the non-respondents as added value. I would rather pay \$200 CPM for a clean list than \$50 for a list that has never been requalified.

List vendors and e-newsletter publishers who requalify their audience would have a competitive advantage over their non-requalified competition, and advertisers would receive a better response from their ad campaigns. Both will lead to increased advertising satisfaction which would result in increased publisher revenue.

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