



International Journal of Engineering, Business and Enterprise Applications (IJEBA)

www.iasir.net

TOWARDS SUSTAINABLE EMAIL MARKETING THROUGH PERMISSION MARKETING

Dr. Vasanth Kiran and Dr. Krishna Kishore
Alliance University, Bangalore, India

Abstract: Email marketing is a legitimate, lucrative, and widely used business tool that is in danger of being overrun by unwanted commercial email (also known as spam). Email marketing is increasingly recognised as an effective Internet marketing tool. Conventional approaches to maintaining the robustness of legitimate email attack pieces of the problem. Email marketing is an excellent, low-cost way to reach consumers, but spammers are currently looting much of its potential. The challenge is to develop an email marketing process that is consensual, efficient, and constitutional.

This paper reviews the email marketing literature which highlights the importance of obtaining recipients' permission and also mentions some of the best statistics from the literature highlighted in points about benefits if Email marketing. Email marketing fact finding are used to create an email marketing process model based on the Vriens et al. (1998) direct mail process model.

Keywords: Email; Marketing; Spam; Permission

I. Introduction

Email marketing is being increasingly recognised 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 2004. eMarketer (2000) estimate that 61% of all medium and large US companies use email marketing on a regular basis. Jupiter, (Pastore, 2001), predicts that spending on digital marketing initiatives such as coupons, promotions and e-mail will surpass that of internet advertising (advertisements placed within website content such as banners, interstitials, rich media, pop ups, etc).

But the most powerful tool for marketing, the most powerful tool for branding, the most powerful tool for direct response, and the most powerful tool for building customer relationships turns out to be plain old, ordinary email. It's cheap, it's easy, and everybody on the Internet has an address. Bad email is the bane of our existence. We hate it because we love our email. A PricewaterhouseCoopers survey found 83 percent of Internet users felt email was their primary reason for using the Internet. Given the choice, an overwhelming majority turned down books, radios, and televisions in favor of an Internet connection with email on a desert island. (Sterne and Priore, 2000)

In their report Opt-in Email Gets Personal Forrester Research (Niall, 2000) said opt-in email "will spread like wildfire." They believe using opt-in email for marketing "will explode" because companies will be lured by high response rates, low costs, and the ease with which any firm, large or small, can get started.

II. Literature

Email Marketing

You want to market your business, but offline advertising can be expensive and time-consuming. Email marketing, however, is exactly the opposite. Whether you're a local brick-and-mortar business or an online company, you can use email to send subscribers directly to your website or business for a speedy purchase. Email allows you to reach more people for less, and the return can be exponential. 72 percent of respondents to an Econsultancy survey in early 2011 described

Email's return on investment as excellent or good. The advantages of email marketing have been recognized by a number of authors. Jackson and DeCormier (1999) recognised that email provided marketers with communication that permitted relationship building and real-time interaction with customers. Wreden (1999, p3) described email marketing as the 'Internet's killer application' because of the precision with which email can be tailored, targeted and tracked. Low costs and digital processing allows companies to send out huge numbers of emails. The medium is push rather than pull, the consumer does not have to instigate the interaction, and currently response rates are high (Di Ianni 2000; Rosenspan 2000). Peppers and Rodgers (2000, p 4), claim that 'clear benefits, including high response rates and low costs are rapidly turning email marketing into an invaluable tool'. Email marketing can be used for acquisition or retention; this paper focuses on acquisition email marketing, marketing designed to win rather than retain customers.

Table 1 Comparison of Direct and Internet Marketing Techniques

	Direct Mail	Telemarketing	Email	SMS	Internet Advertising
Reach	All households	Most households	Internet users	Mobile users	Internet users
Response rate	Approx 2%	10% -20%	3.5% - 10%	10% - 20%	0.3%
Cost per message	Medium 60p	High £6	Very Low 3p	Low 6p	Very Low 1p/impression
Time to organize	Slowest – print/post	Slow-scrip/brief	Quick	Quick	Medium
List availability	Very good	Good	Limited	Very limited	N/a
Response time	Slow	Quick	Quick	Quickest	Quick
Materials	Any: visual, objects	Voice only	Text, video visual, audio	Short text only	Text, visuals
Personalization	Yes	One to One	Yes	Yes	No
Consistency	Consistent	Variable	Consistent	Consistent	Consistent
Persuasive impact	Medium	High	Low	Low	Low
Interactivity	No	Yes	Yes	Yes	Yes
Access	Home	Home	Home/work	Everywhere	Home/work
Intrusive	Low	High	Medium	Medium-high	Very low
Immediacy	No	No	No	Yes	No
Targetable by location	No	No	No	Yes	No

Sources: Authors, Stone (1990), Yeshin (1998), Roberts (2001), Niall (2000), Peppers and Rodgers (2000), Rask and Dholakia (2000) and Industry sources.

Table 1 compares email to other forms of direct and Internet marketing. The basic characteristics of email marketing are low costs, shorter turnaround (in the time involved to prepare, send the messages and receive the responses), high response rates and customizable campaigns. The advent of HTML, audio and video email improves the scope for creativity in email marketing. Ultimately it is conversion, rather than response rate, that will determine the cost efficiency of acquisition email marketing; this will depend on the targeting, the message, and the receptivity of the recipient. Briggs and Stipp (2000) have argued that the 'lean-forward' nature of the Internet increases involvement in streamed Internet advertising; this could equally apply to email marketing.

Email is a relatively new medium, in the future; consumer response is likely to be adversely affected by increasing traffic volume (Rosenspan, 2000). Mehta and Sividas (1995) suggest that spam messages are unwanted, untargeted and therefore negatively perceived. 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' appropriateness.' Jupiter Communications (2000) estimate that the average US surfer will receive up to 1,600 unsolicited emails every year by 2005. Windham (2000) believes that unsolicited email is considered an invasion of privacy, and has already become a serious problem for some customers; spam taints the reputation of email marketing. To avoid being perceived as spam, several authors recommend that companies should restrict the messages they send (Wright and Bolting 2001); in addition, marketers should obtain recipients' permission.

Some Unassuming facts about Email Marketing

- 44% of email recipients made at least one purchase last year based on a promotional email.
- 33% of email recipients open email based on subject line alone.
- Roughly half of an email list will be active – either opening or clicking on emails.
- Subject lines fewer than 10 characters long had an open rate of 58%.
- Personalized subject lines are 22.2% more likely to be opened.
- For B2B companies, subject lines that contained “money,” “revenue,” and “profit” performed the best.

- 64% of people say they open an email because of the subject line.
- 7 in 10 people say they made use of a coupon or discount from a marketing email in the prior week.
- 39% of marketers have no strategy for mobile email.
- 72% of B2B buyers are most likely to share useful content via email.
- 56% of businesses say they plan to increase their use of email marketing in 2013.
- Monday emails had the highest revenue per email.
- 27% of consumers were more likely to say their favorite companies should invest in more email.
- 1 in 2 marketers uses animated gifs in their email campaigns.
- This year, about 84% of all email traffic will be spam.
- Email ad revenue reached \$156 million in 2012.
- Emails that include social sharing buttons have a 158% higher click-through rate.
- Women click 10% more often than men on mobile emails.
- Email marketing spend grows 10% year over year.
- 20.40% of B2B marketers rated the leads generated by email marketing as high quality.
- For every \$1 spent, \$44.25 is the average return on email marketing investment.
- 82% of consumers open emails from companies.
- 64% of decision-makers read their email via mobile devices.
- There are 3.6 billion email accounts in 2013.
- By 2016, the number will reach 4.3 billion.

Quality communication with your prospects and customers can get you closer to that nirvana of people actually looking forward to your message (Nelson, 2013).

Spam

Anyone who uses email knows that spam, unsolicited commercial messages, is a frustrating and growing problem. Offers of herbal Viagra, miracle organ enhancement schemes, and those urgent and confidential” financial scams clog inboxes and waste valuable server space.

Several companies suffered from considering their e-mail advertisements as a spam. While others advertising those companies by employing spam technique to advertise the products, which makes an abusive use of the e-mails of users. In general, spam system classify the e-mails into wanted and unwanted messages, wanted messages are found in the inbox of the e-mails, while the unwanted messages are directed to the spam box. In many cases, anti-spams have several wrong estimations, although, the great roll of the anti-spam systems in term of privacy, security and protecting e-mails from any attacking cannot be ignored. Spam now accounts for more than 56 percent of all email (Brightmail.com). That tide of trash has launched a rather frenzied search for answers. Indeed, the problem has become so irritating that even less technical types in Congress and state legislatures are busy looking for solutions. But the problem doesn't stop at national boundaries.

Opt-in vs. spam technique

Before starting e-mail marketing campaign, the marketers should clearly understand the difference between opt-in e-mail marketing and spam. If they fail to do that, they may hurt the business and their reputation for a long time. (Barnes and Scornavacca, 2004). Spam is a very unethical way of internet marketing. Simply stated, it means sending promotional e-mail messages to people who did not request for them. If the marketer tries to send unplanned e-mails or spam, the ISP (Internet Service Provider) may ban these e-mails and will never be able to send messages from your e-mail account again. Opt-in email marketing is better than spamming. Opt-in is different from the spam; since it is permission based, which means that people have agreed to receive e-mails from you (Barnes and Scornavacca, 2004). In many businesses, marketers are preferred to market this way as it brings very good results. Some of the top marketers have achieved 40% response rates using opt-in e-mail marketing. An additional advantage of opt-in over spam technique is that:

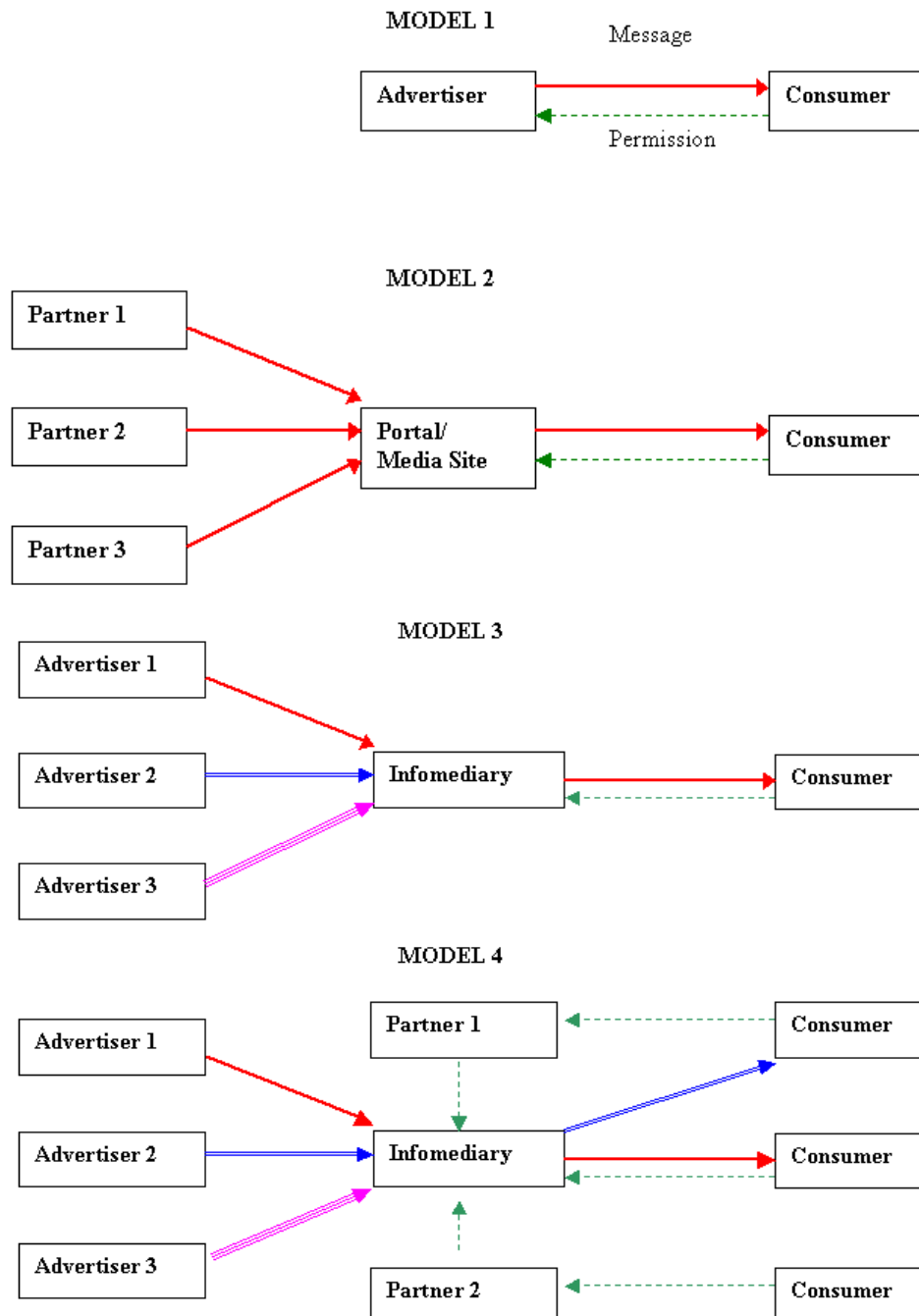
1. Spam brings very low response rates
2. It is not targeted, which means that e-mail message goes to anybody, those who are interested in your offer and those who are not.

The greater part of the receivers would not even look at these e-mails and thus, reaching excellent response rates using spam advertisement seem impossible.

III. Permission Marketing

Godin, (1999, p 43) coined the term 'permission marketing' which is based on consumers giving their consent to receive marketing information. Permission marketing 'offers the consumer an opportunity to volunteer to be marketed to' and it is therefore 'anticipated, personal, and relevant'. The idea of consent is not new; customer

permission had been introduced in the context of privacy issues in direct marketing (Milne and Gordon, 1993). The key to permission marketing is knowing customer interests and knowing their information needs (Sterne and Priore 2000). It is particularly relevant to Internet marketing because the low marginal cost of messages creates a potential volume problem for both consumers and marketers. Permission marketing improves the targeting and relevance of promotional messages, thus improving response and conversion rates. The interactivity of the Internet facilitates communication of consumer permission and preferences.

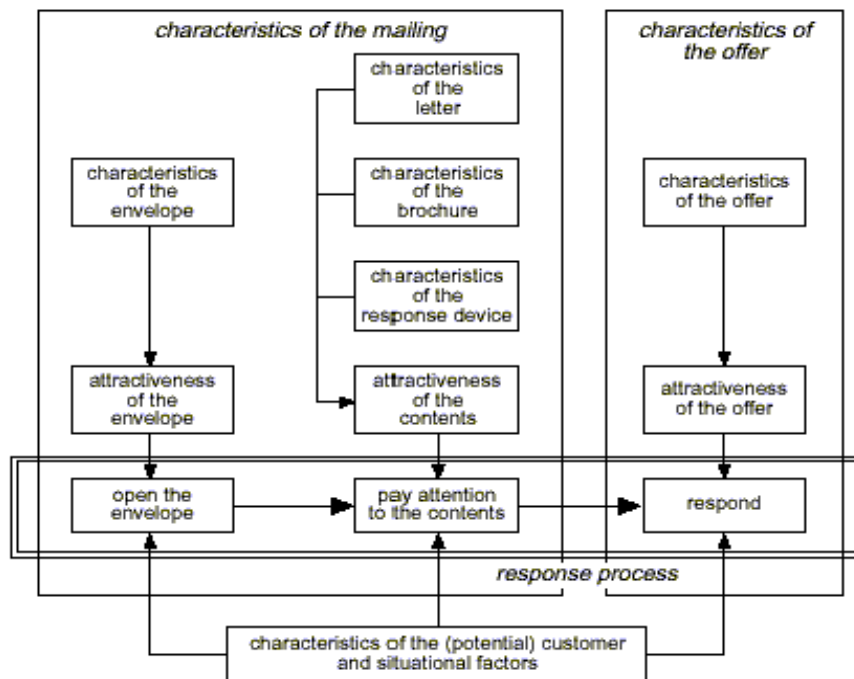


Source: Krishnamurthy (2001)

A survey by IMT Strategies (1999) found that permission email has a higher response rate than non-permission email; more than half of their respondents felt positive about receiving permission email. Successful permission marketing is about building long-term relationships with customers once the initial permission has been granted. The consent, trust and two-way exchange of information develop the relationship between the consumer and the company. Hagel and Singer, (1999) discuss the emergence of 'infomediaries' or information brokers who elicit the permission of consumers and preserve their privacy. In effect, these companies are 'permission' brokers; an example is yesmail.com. Krishnamurthy (2001) presents a model where consumer interest in a permission-

marketing program depends on five factors: message relevance; monetary benefit; personal information entry costs; message processing costs, and privacy costs. He also introduces the concept of permission intensity, which he defines as 'the degree to which a consumer empowers a marketer in the context of a communicative relationship'. In addition the permission may be more or less explicit. In-order to obtain as many permission email addresses as possible marketers sometimes provide options that are unclear with a default 'opt-in'. A study by Cyber Dialogue found that 69% of US Internet users did not know they had given their consent to inclusion on email distribution lists. The effectiveness of direct marketing depends on the targeting, the nature of the offer, the creative, the timing and the volume of communication (Fraser-Robinson 1989; Stone 1996; Roberts and Berger 1989). Vriens *et al.*, (1998, page 325) develop a theoretical framework for the response process in direct mail, see Figure 1, distinguishing between factors that affect the three stages: opening the envelope, paying attention to the contents and the response.

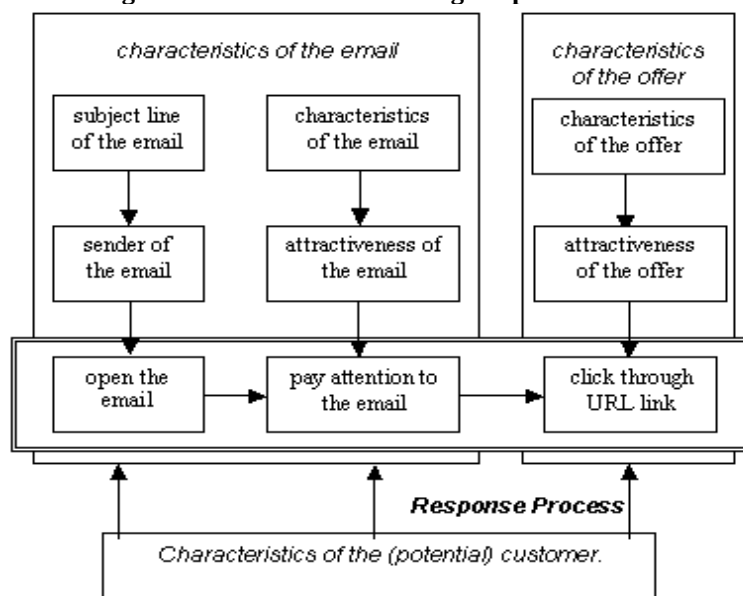
Figure 1 Direct Mail Response Process



Source: Vriens *et al.* (1998)

Figure 2 adapts Vriens *et al.*'s model to form a basic email marketing response process. There are three stages: opening the email, paying attention to the email and the response.

Figure 2 Basic Email Marketing Response Process



Permission Email: Opt-out versus Opt-in

A sharp line divides real email marketing and spam. Spam is unsolicited. That means the recipient never asked for it.

Once you start haggling over how a recipient asks, that sharp line starts to blur. There is a difference between opt-in and opt-out. There is a difference between requesting a white paper and agreeing to a lifetime supply of monthly newsletters. There is a difference between sending messages that are well received and messages that spell harassment.

The modern marketer takes acceptable practices on the Internet very seriously. While the differences between spam, opt-in, and opt-out sound like a quarrel over shades of gray and splitting hairs, it's really a question of brand management and customer respect. We'll be up front. We believe in a well-defined, hard line that says opt-in is where it's at. Anything less is asking for trouble.

Anatomy of a Permission Email Campaign

Once the rules of engagement have been laid down, it's time to start planning. Your plan may be a romantic daydream. "Let's send out some emails and see what happens." Or it might be a sophisticated program of analysis, design, and development and a process of rapid, continual improvement.

Create a campaign that has a start, a middle, and ongoing enhancements built in. Don't waste your money - or your time - on ill-conceived efforts that do not add up. Strategy counts. Clear objectives are crucial. You need to plan differently for how you'll use email in different segments of the sale cycle.

A repeatable process of planning the scope, scale, and timing of your campaigns will allow you to create better and better marketing programs, achieve better and better results, and establish better and better relationships with prospects and customers. Crafting a good plan is more than half the battle. It separates the marketers from the master marketers.

Setting Your Sights: Targeting Your Message

The Internet is not a mass medium. It is a medium chock full of tiny niche markets. People gather in small groups of common interest. People choose to sign up for newsletters and announcements about ever more specific subjects. If you're looking to reach Northern Ireland motorcycle enthusiasts, people writing screenplays, or folks using PowerPoint on Macintoshes, they're out there.

Renting an opt-in email list from a major vendor allows you to tightly target your message. Choose the right list, get the best results. The best result is adding new names to your growing database. This is the heart of your marketing program. This is where you are going to make the most of one-to-one marketing and practice electronic customer relationship management. Email marketing is the most effective way to start these relationships and your ability to provide personalization through data mining is the most effective way to ensure customer satisfaction and increase loyalty. Start with a clear understanding of how list selection works, then make sure you choose a list vendor with the skills, experience, and tracking tools you'll need. Then all it takes is killer creative.

Writing an Email Masterpiece

There are dozens of books written about writing compelling direct mail. This is the first book to recognize email as a different medium. It's as different from postal mail as Web sites are from printed brochures.

Writing a winning email message requires attention to format and style, of course, but little things suddenly mean a world of difference. What do you put in the Subject: line? Each word makes a critical difference in whether your message is opened at all. Once it's opened, you only have seconds to capture the reader's imagination. You have to grab their attention and keep it.

Deliver value with every email, pay heed to layout, design, and personalization, and you will be rewarded with the most effortless call to action a marketer ever had to offer: Click Here. The success of your campaign has multiple break points. It hinges on whether recipients open the message and whether they click. But it doesn't stop there.

The success of your email marketing campaign is going to depend a great deal on what happens after that click. Do you send them to your homepage? That's a start. How about taking them to a personalized, focused, and carefully crafted landing page to make the sale? Otherwise, you might be leaving them to hunt down that special offer on their own.

E-Newsletters, E-Promotions, Viral Marketing

Reaching out to new customers works very well through email, but the power comes when you start sending out periodical messages to a growing list of interested prospects and customers.

Newsletters keep people informed. They keep your name top-of-mind and they give you a monthly opportunity to sell something. Spend some time formatting your newsletter so it's readable. Make sure your newsletter is a

newsletter and not just a sales letter. Make sure it provides value. Then try out a multitude of ways of getting people to subscribe. Encourage them to get others to sign up.

Besides the Company Times, it turns out a lot of people really do like straight sales pitches. What's the next special of the week? What's on sale? What contests or sweepstakes can they win? While these are powerful tools, they can cut both ways. You could end up with a database full of nonqualified non-prospects. Above all, confirming consent is critical. Do it well, and you can move up the chain of customer communication to viral marketing.

Viral marketing is good old word of mouth on steroids. When people can communicate at the speed of light all over the world, marketers have the opportunity to fuel their discussion with something worth repeating. Everything from free email accounts to virtual gift baskets have a way of spreading the word about you in the most credible way of all, because the customer is the one doing the spreading.

Some companies are doing such a good job at viral marketing that they offer advertising space on their email. Newsgroup discussions, email list discussions, reminder services, e-coupons, and e-games are all available for promoting your products and services. You want to use every means possible to bring people to your Web site, where you can give them your brand message, get them to sign up for your newsletter, and sell them. The smallest change in the way you write your ad can have a huge effect on how they perceive your Web site once they show up, so properly setting expectations and creating a proper context becomes a fine art.

Testing Your Talent, Reckoning Your Response, Managing Your Mail

Do all of your direct marketing pieces fit into standard number 10 envelopes? Or do you use a straight postcard? Or do you go for the threefold, four-color glossy with a perforated business reply card? Maybe you're willing to try a combination. Email may seem tame by comparison, but there are still a variety of choices, and not all of them work in all cases. The only way you're going to know if a particular message, formatted in a particular way and with a particular subject line, is going to work on a particular audience is to test it.

The number of testing variables is daunting. What? In plain, old, boring email? If you're producing a television commercial, the variables are astronomical. So much so, that testing everything is actually impossible. What if the actress were wearing a green dress instead of blue? What if there were clouds in the sky? What if the kid next door walked by and looked longingly at the new product in her neighbor's yard?

But with email, the testing is very possible. Daunting, but possible. Just be aware of the various variables, and set up systems so you can isolate those variables and record them properly. Analyzing the response from each trail takes skill, patience, and a little help from the technical side. How many people actually opened the email? How many clicked on the link? How many made it all the way to the landing page without bailing out? How many made it all the way to check out with a full shopping cart? How many of them had a question or two for you along the way?

A complete email marketing plan means being completely ready to answer questions and solve problems. They'll contact you about the trouble they encounter on your site. They'll want to know if they can exchange the sweepstakes prize if they win. They'll want to know if they can get a discount by buying in bulk. They are your customers. Be ready to roll out the red email carpet and treat them like the valued customers they are. (Sterne and Priore, 2000)

IV. Stories from the Front Lines

Theory and practice are often different. We present logical reasons for our advice and we back it up with research where available, but there's just nothing like getting the word from the horse's mouth.

The industry is young. The stories are rare. Those who are doing very well are anxious that their secret marketing weapon not be shared with too many others, and those who are not doing it well are keeping their heads down. But a few brave souls are willing to share what they have experienced and we're all better off for their generosity.

V. A Look toward the Future

This industry is in its infancy and just learning to walk without falling down too many times. Soon, its legs will be stronger, its balance more keenly developed, and it will break into a run.

There are a number of possibilities on the horizon. Some of these trends are obvious: Email will grow as a communication tool; personalization databases will get more precise; digital signatures will allow us to include more transitive content. Other trends can only be guessed at. We took our best shot. A well planned e-mail marketing campaign can bring tremendous success by boosting sales for on-line or offline business. However some things should be considered before starting any e-mail marketing.

References:

- [1]. Barnes S. J, Scornavacca, E. (2004). "Mobile marketing: the role of permission and acceptance." *Int. J. Mobile Comm.*, 2(2): 128-139.

- [2]. Briggs, R., Stipp, H.(2000), "How Internet Advertising Works: New Evidence and Directions for Future Study", *Esomar Pre-Congress Workshop*.
- [3]. Brightmail. (2003), retrieved from http://www.brightmail.com/pressreleases/121803_spam_2003.html
- [4]. eMarketer (2000), *eMail Marketing Report*, eMarketer, New York, N.Y.
- [5]. Godin, S. (1999), *Permission Marketing: Turning Strangers Into Friends, and Friends into Customers*, Simon and Schuster Publishing Company, New York, N.Y.
- [6]. Hagel, J and Singer, M. (1999), *Net Worth*, Harvard Business School Press, Boston, MA.
- [7]. IMT Strategies (1999), "eMail Marketing Report", IMT Strategies, Stamford, CT.
- [8]. Jackson, A. and DeCormier, R. (1999), "E-mail Survey Response Rates: Targeting Increases Response", *Journal of Marketing Intelligence and Planning*, Vol.17 (3), p. 135-139.
- [9]. Jupiter Communications (2000), "Media Metrix Executive Summary", Jupiter MMXI.
- [10]. Krishnamurthy, S. (2001), "A Comprehensive Analysis of Permission Marketing", *Journal of Computer Mediated Communication*, v.6, n.2
- [11]. Mehta, R. and Sivadas, E. (1995), "Direct Marketing on the Internet: An Empirical Assessment of Consumer Attitudes", *Journal of Direct Marketing*, Vol 9(3), p. 21 -31.
- [12]. Milne, G.R. and Gordon M.E. (1993), "Direct Mail Privacy-efficiency Tradeoffs Within an Implied Social Contract Framework", *Journal of Public Policy and Marketing*, v.12, n.2., p. 45 - 53
- [13]. Nelson, A. (2013), *25 Mind Blowing Email Marketing Stats*, available at http://blogs.salesforce.com/company/2013/07/email-marketing-stats.html?goback=%2Egde_4259047_member_259887844
- [14]. Niall, J. (2000), *The Email Marketing Dialogue*, Forrester, Cambridge, M.A.
- [15]. Pastore, M. (2001), "Ad Spending to Rebound, Digital Marketing to Soar", *Cyberatlas*, available at http://cyberatlas.internet.com/markets/advertising/article/0,,5941_862241,00.html
- [16]. Peppers, D. and Rogers, M. (2000), *Email Marketing Maximized*, Peppers, Stamford, C.A.
- [17]. Rask, M. and Dholakia, N. (2000), "Next to the Customer's Heart and Wallet: Frameworks for Exploring the Emerging M-commerce Arena", working paper. Available at <http://ritim.cba.uri.edu/wp2001/wpdone1/wpdone1.htm/Copyright>
- [18]. Roberts, M.L. and Berger, P.D. (1989), *Direct Marketing Management*, Prentice-Hall, Englewood Cliffs, N. J.
- [19]. Rosenspan, A. (2000), "Permission is Not Enough", *Journal of Interactive Marketing*, Vol.3(2), p. 215-218
- [20]. Sterne, J and Priore, A. (2000), *Email Marketing: Using Email to Reach Your Target Audience and Build Customer Relationships*, John Wiley & Sons, Inc. New York, NY, USA.
- [21]. Stone, B. (1996), *Successful Direct Marketing Methods*, NTC Publishing Group, Chicago
- [22]. Turban, E., Lee, J., King, D. and Chung, H M. (2000), *Electronic Commerce: A Managerial Perspective*, Prentice-Hall, New Jersey, N.Y.
- [23]. Vriens, M., Van der Scheer, H.R., Hoekstra, J. C. and Bult, J. R. (1998), "Conjoint Experiments for Direct Mail Response Optimisation", *European Journal of Marketing*, v.32, n.3, p. 323- 339.
- [24]. Windham, L. (2000), *The Soul of the New Consumer*, Allworth Press, New York, N.Y.
- [25]. Wright, N. D. and Bolfig, C. P. (2001), "Marketing via Email: Maximizing its Effectiveness without Resorting to Spam", working paper, James Madison University.
- [26]. Yeshin, T. (1998), *Integrated Marketing Communications*, Butterworth-Heinemann, Oxford, U.K.