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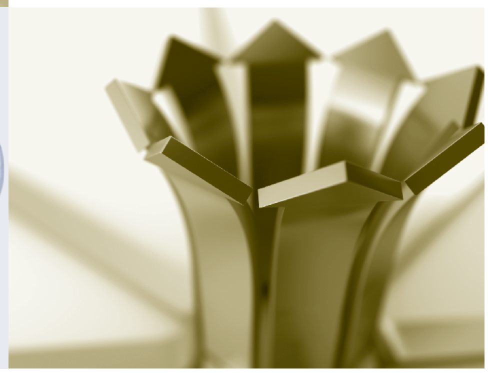


The Leaky Bucket:

Managing B2B Email Lists in a Deliverability-Focused World

By: Anthony Nygren

It doesn't get much more "analog" than a water bucket with holes. But when pondering the fate of email lists in a world in which email deliverability and email reputation are paramount, that image of the leaky bucket is exactly what comes to mind. In this world, the fate of your emails lies less on whether there is anything "spammy" about them — the lesson of the early days of email marketing — than whether they pass an ongoing test of relevance for your recipients.

The consequence of this focus on relevance is a reduction in the size of your email lists as you prune out those for whom the messages don't seem to pass this test. Over time, contacts will continue to leak out of your list bucket due to inactivity. Lead generation campaigns help you to "pour in" new contacts, but unless you find ways to plug the holes and recycle what has leaked out, you are fighting a losing battle.

This white paper offers email marketers a toolbox of best practices to combat the leaks in the bucket and maintain or even increase the size of their email lists. Marketing leaders with responsibility for in-house email lists will learn:

- How to use positive and negative respondent behavior to improve response
- How to implement an email preference definition initiative
- The benefits of thinking beyond the email channel to regain respondent interest
- What to do when all other tactics have failed

The One-Minute Overview of Reputation and Deliverability

Within the last five years, the email deliverability conversation has shifted away from message-based concerns about spam scores towards server-based concerns about emailing reputation. In fact, ReturnPath estimates that, today, more than 80% of email deliverability is based on a company's emailing reputation rather than spam scores.

Emailing reputation is based on the accumulation of data (or a lack thereof) pertaining to the reception of a server's emails. If a large proportion of recipients mark emails from a server as "junk" or "spam", it downgrades the reputation of the server. Likewise, high bounce and unsubscribe rates also negatively impact reputation. More and more, the proportion of respondents (unique viewers and clickers) is being factored into the determination of email server reputation.

Even more significantly, the promulgation of the idea of server-based reputation by the large ISPs means that bounce rates, spam complaints, and even low-response emails have become a ticking time bomb of email deliverability. Now, the bounces, complaints, or non-responses of a collection of individual users are spread via the ISP or receiving corporate email server to an entire domain. In the case of corporate email servers, email filtering software such as Postini or SpamAssassin then carry the single-domain reputation issue out to all the other domains using the service. Over time, the reputation issues at a single domain "explode" across the internet and threaten the deliverability of any email to any domain.

From an operational perspective, this not only raises the stakes of good email hygiene, it means that ongoing vigilance is a requirement. It means that hard bounces must be removed from your list immediately; that long-time non-responders must become a behavioral segment and must be removed from the regular email flow; and that action must be taken to address chronic non-responders. It means, in short, that you must fix the leaky bucket.

Mending the Leaky Bucket

As an email marketer, it's your job to use whatever tools you can find to constantly reduce the severity of the leaks and to recirculate as many of the leaked contacts back into the bucket as possible. Here are some proven tools that can help:

- Selectively Explicit and Implicit Preferences
- Modifying Deployment Elements
- Email Engagement without the Email
- Sifting for Answers
- The Last Gasp and the Last Chance

Keeping your email list at a sustainable number while maintaining your email server reputation and deliverability often requires rethinking what you email — and how you do it.

Tool #1: Selectively Explicit and Implicit Preferences

Most best-practice discussions of email deliverability and list management advocate strongly for asking recipients to define their email preferences — the kinds of topics they're interested in and the frequency with which they're interested in receiving emails. But for many companies with small email lists, the reality is that the decision to give people who are currently receiving emails (albeit not reading them) the option to refuse certain emails is an extremely difficult one to make. What if many say they don't want emails promoting your products?

Companies in this situation can strike a balance between best practice and the reality of business strategy by implementing a targeted preference solicitation program. Instead of offering universal access to a preference-definition form, we recommend sending a targeted invitation to define preferences only to those who are most at-risk of eternal inactivity. Similarly, an option to define preferences can become part of the opt-out process as an alternative to totally unsubscribing.

A complement to the explicit solicitation of preference definition is an approach that focuses on understanding what the recipient has responded to rather than on the fact that he/she hasn't responded recently. For example, analyzing customer response data could reveal that a segment of inactive recipients (those who haven't viewed or clicked on an email in a long time) used to respond with some frequency to a monthly newsletter. A reasonable hypothesis would be that they stopped paying attention to the newsletter because either they couldn't differentiate it from all the other emails they received from you or it didn't rise above the clutter. In this situation, testing the efficacy of sending them only the monthly newsletter would make sense. Likewise, looking back at how the contact got on the email list in the first place can yield some avenues for re-engagement: if they signed up to receive a white paper, it may be worth trying to limit them to only those emails offering a white paper download.

It goes without saying that sending recipients only what they want is a great way to regain interest and re-establish engagement among non-responders. Doing it in a way that ensures that the leaks get smaller rather than bigger, however, requires strategic thought and careful analysis.

"Do unto your email recipients as ***they*** would have you do unto them."

Want to regain interest and engagement? Try giving recipients the option to choose only what they want to receive.

EMI Case Files: Non-Responder Newsletter

In analyzing response data from monthly emails we had been sending to long-time non-responders (more than 12 months without viewing or clicking on an email) to drive them to opt themselves back into the email list, we discovered that almost 50% of the audience was viewing the emails and even clicking on links with some frequency but not opting back in to receive the regular stream of emails. We realized that this was likely an implicit indication of preference for decreased frequency: when they received one or two emails per week, they did not view or click, but when they received just one email per month, they did.

As a result of this analysis, we developed a separate email campaign that targeted contacts exhibiting this behavior. The newsletter format of the new email presented a summary of all of the key emails that had been sent out during the previous month. Our primary objective of the email was no longer to get them to opt back in to the regular email stream, but to entice them into opening, clicking, and being engaged once monthly with the products and content.

Tool #2: Modifying Deployment Elements

A famous quote, often attributed to Albert Einstein, defines insanity as doing the same thing over and over again and expecting different results. If you have a segment of email recipients who are not responding to your emails, why continue to send them emails that look the same at the same day and time and expect them to respond? Insane may be a bit strong, but certainly such an approach is futile at best. In the face of such behavior, it is important to try new emailing approaches to see if the standard delivery method may be responsible for non-response.

For example, if your typical mass-deployed email prominently features images or other graphics, it is worth trying one email without images. Often, image-rich emails are identified either by corporate mail servers or by email applications (e.g., Outlook) as spam and put into Junk Mail folders, never to be seen again. Additionally, some recipients may be discouraged from interacting because they rely on smartphones for checking their email and graphic-heavy emails often don't render as well on a mobile device as they do on a desktop machine.

Similarly, if you maintain a best practice-driven schedule of deploying emails during working hours on Tuesday through Thursday, you may succeed in reaching some non-responders by testing different deployment days and times. In some industries, reaching people before the business day starts gives them the few extra seconds for email viewing that you need to capture their attention. For some target markets — especially SOHOs (small office/home offices) in which the potential buyer is wearing many hats all week — sending on Fridays or even on the weekend increases the chances of response.

As with any marketing initiative, success depends on interacting with your target audience at a moment when it is receptive to your message. By testing new creative and deployment times, you create more vectors for intersection with previously unresponsive segments.

If at first your email strategies don't succeed, try try again ... but don't email the same thing over and over and expect any change in the results.

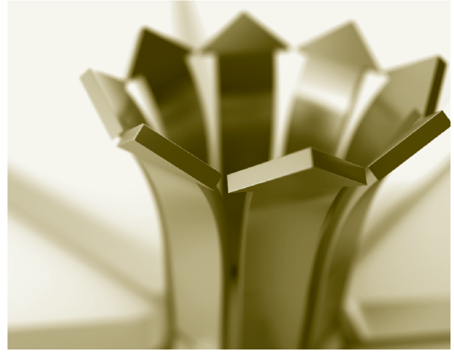
EMI Case Files: New Email Design

When we were launching a non-responder re-engagement campaign for a client, the first thing we did was to examine the existing standard email design to identify the key elements so that we could develop something deliberately different. In this case, the email:

- Was fairly mobile friendly, but had a two-column layout
- Had a prominent image accompanying the headline copy
- Employed a very impersonal and promotional tone

Having identified these elements, we built a new design for targeting the non-responders. Instead of a two-column layout, we used a single-column design with left-aligned text; we didn't include any images and used text links almost exclusively; and we personalized the email by using a "Dear Jim" copy format as opposed to a more promotional copy approach.

Since adopting the new approach targeting non-responders, we have succeeded in re-activating almost 2,000 email addresses from a high-value pool of nearly 50,000 over a period of 14 months.



Consider growing relationships with customers unresponsive to email through other methods, then use email once trust has been built.

Tool #3: Email Engagement without the Email

In addition to defining preferences and pursuing new re-engagement tactics, it's also important to remember that there are many people who don't enjoy reading and interacting with email. They get too many; they find it difficult to scan; they didn't grow up using email and aren't completely comfortable with it; they taint all commercial email with the "spam" brush — there are a variety of reasons for non-engagement with emails that are based on the medium itself. In light of this, it's vital to explore alternatives to the low-cost siren song of email such as direct mail, telemarketing/call centers, and even social media platforms like Facebook, Twitter, and LinkedIn.

There are two important reasons to consider these types of media as possible solutions to the challenge of email engagement:

- Any form of engagement that helps you maintain a viable communications relationship could, at some point, open the door to email engagement.
- Demonstrating responsiveness to the implicit media preferences of recipients will make them more favorably inclined to all your communications — if you continue to send them email they will be less likely to mark it as spam.

Obviously, because non-email media generally carry much higher variable costs, it's necessary to be selective about when and how to utilize these channels. Targeting the highest-value email non-engagers would be one logical approach. Segmenting based on the customer lifecycle is another possibility; for example, target those whose recent email activity has declined in the hope that they would be more likely to respond and then re-engage by email.

Whatever the approach, it's important to apply non-email channels to maintain the relationship with the customer. In the short term, this may not significantly impact the growth of your email list, but the benefit to your business could be powerful: You are helping to ensure that all interested customers receive important communications, as well as enabling more realistic marketing budgeting and ROI projections through an understanding of communications preferences.

EMI Case Files: Re-Engagement through Outbound Telemarketing

We achieved success in the first year of one re-engagement initiative through a combination of new email designs and direct mail. However, to re-activate more of the non-responder population, we pursued an outbound telemarketing program leveraging the client's existing internal sales resources to re-engage non-responders through a downloadable content offer.

EMI provided the sales team with a call list, bulleted talking points, and a ready-to-send email with a link to the offered content. After agreeing to receive the email, non-responders only had to click on the link in the email and enter their email address on a web form to download the material.

The calling campaign not only generated incremental engagement activity in the form of the content download, but it also re-activated the non-responders so that they were receptive to viewing and responding to emails. During the campaign, 5.5% of the targeted contacts downloaded the material; of those, more than 25% became active on regular emails subsequently sent to them.

There are many variables that affect the effectiveness of re-engagement campaigns. Analyze what you have done to see if small changes, such as time of day, may improve your results.

Tool #4: Sifting for Answers

Even after you deploy all of the tools discussed above, some customers will inevitably remain unengaged. This is the time to engage in research and data analysis to try to uncover any opportunities you may have missed.

A good place to start is with a detailed look at the results of the re-engagement campaigns already deployed. Some avenues of investigation could be:

- Time of day: Did an email that was sent to the non-responders later in the day do better or worse than one that was sent earlier?
- Non-responder profiling: Could you reach out to non-responders earlier in their cycle of inactivity and have a better result?
- Response analysis: For campaigns targeting non-responders, have certain messages or kinds of content attracted more clicks?

In addition to the analysis of campaign response behavior, primary research with the unengaged population can prove to be a valuable source of strategic insight. In pursuing a re-engagement strategy, such research would likely seek to understand:

- Whether those targeted for re-engagement are chronic non-responders. That is, do they sign up with other companies as well and then not view or click on emails?
- What are the content, messaging, and media elements that drive their response to other companies' emails, assuming they are not chronic non-responders?
- What is their actual, current level of interest in your product and their position in the buying process?

This research could yield important new directions for segmentation and campaign testing. In analyzing the data, though, it's vital to take an objective approach. One can make data support almost any argument — so if you approach the analysis with a goal of finding something, you will probably succeed. The true opportunities are likely to be those that are founded on definitive conclusions based on the simplest analysis.

EMI Case Files: Targeting At-Risk Non-Responders

When it comes to re-engagement, it's true that "an ounce of prevention is worth a pound of cure." While it's important to target those who have been non-responsive for a long time, it's equally important to focus attention early in the cycle of inactivity to try to regain attention before non-responsive behavior becomes habitual.

In the course of analyzing results from an early-intervention re-engagement effort, one of the segmentation analyses EMI performed was on length of inactivity. Our hypothesis was that those who had been inactive longer were less likely to respond. Subsequently, when we analyzed the data, we did find that those with five months of inactivity were more likely to respond than those with six months; those with four months were more likely to respond than those with five. Based on this analysis, we shifted the early-intervention target from six months all the way up to two months of inactivity. The result was a 375% increase in the campaign response rate.

Drastic times call for drastic measures: the Last Gasp and the Last Chance(s) emails.

Tool #5: The Last Gasp and the Last Chance

Applying the tools above represents a significant effort and investment of resources. Once you've reached that stage, it's time to consider not the next step but the last step — the last initiative you're willing to undertake before writing a contact off entirely. At this point, there are two options available: the Last Gasp and the Last Chance.

The Last Gasp is the term we use to describe a final active effort to win non-responders back. Most commonly, this last gasp will feature an incentive offer for driving response. Offering an incentive is not something to pursue without carefully weighing the pros and cons. In this case, you would be weighing the business value of getting the person back on your email list against the very real possibility that any response is only driven by the desire for the incentive. Once the incentive is received, the responder may very well return to inactivity. Moreover, you may be training non-responders to wait for an offer before responding.

For those who don't respond to the Last Gasp — if that was in fact offered — it is then time to consider pulling out the ultimate arrow in the re-engagement quiver: the Last Chance email. This, too, is a scary step, especially if you are a company that nurtures a relatively small email list. A Last Chance is, after all, the end of the road; a non-response shuts down all email communication.

If you do implement a Last Chance approach, think of it as a campaign comprising multiple emails in a series rather than as single email. Over the course of two or three emails, introduce the recipients to the idea that you will be ending their email communications and then incrementally increase the pressure on them to respond. With the final email in the series, you close the book on the non-responders and treat them like unsubscribers, secure in the knowledge that you have done everything you could to re-engage them.

Keep the Toolbox Close at Hand

To truly address the loss of contacts through normal attrition and stricter list management, there's a good possibility that you'll have to use all of the tools described above. Investing in all these tools requires substantial resources, however. At all times, each aspect of a re-engagement program needs to be evaluated on a cost-per-reactivated basis and compared to the cost of bringing in an incremental lead. After all, the bucket can be filled with re-activated contacts or new leads. Both count as one email address. Thus, any tool you use that doesn't beat the economics of a lead generation program is a candidate for placement back in the toolbox.

Re-engagement efforts are an ongoing imperative, much like the quest for good emailing reputation that drives it. Without constant vigilance around list management, subscriber management, and bounce handling, your emailing reputation will erode as small failings and missed signs of small errors turn into larger issues.

Similarly, for re-engagement to succeed, you must always be analyzing and examining the data to identify new tools to try and new ways to deploy the tools already in use. In fact, not only is the discipline required for maintaining an emailing reputation similar to that required for re-engagement, the effort expended on both must be directly proportional: the more stringent your reputation initiatives, the bigger the leaks in the bucket, and the more effective your tools must be to keep the bucket full — and to keep your email program vibrant, productive and profitable.

About the Author

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About EMI

For more than 20 years, EMI has been working with Fortune 500 companies and financial services leaders to drive results through our clients' sales and service channels.

We specialize in implementing relationship marketing solutions that integrate digital and human channels to drive acquisition, cross-sell and profitability

To learn more about what EMI can do for your company, call 617-224-1101 or visit us on the web at emiboston.com.

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