

Opt-in to best practice marketing

Report by Alan Pedersen

CAN A PERMISSION-BASED APPROACH to e-mailing put an end to intrusive marketing practices and improve return on investment? Nick McConnell, European Business Manager for Digital Impact, believes it can.

Digital Impact is a provider of e-mail marketing solutions for companies such as Citibank, Mastercard, and Hewlett Packard. Like many other e-mail outsourcing companies, it handles the technology side of marketing, mailing out through its own domain and providing tools and services to help companies analyse the effectiveness of their campaigns. The difference with Digital Impact is that it takes a permission-based approach to marketing, sending information only to consumers who have opted-in to receiving such communications.

BEST PRACTICE

In most countries, opt-in marketing is not yet a legal requirement. But, “from a best practice perspective,” says McConnell, “we believe that a permission-based approach is a far more thorough and rewarding means of establishing a relationship with somebody.”

However, if companies are not obliged to obtain permission when e-mailing, what incentives are there to adopt what appears to be a more limiting marketing practice? McConnell says that a permission-based marketing model offers businesses some significant and compelling advantages, including better targeting and improved return on investments. He suggests that by targeting people who have expressly indicated an interest in a particular product, then “the rewards are going to be that much greater.”

Permission-based marketing enables companies to improve consumer trust; the all important corporate mantra regarded as a key to the future of e-commerce. Research by Harris Interactive

has found that 91 per cent of respondents would shop with companies that respect personal privacy. Companies, argues McConnell, turn to opt-in marketing “because they want to remove themselves as far as possible from being considered to be spamming or sending unsolicited communications.”

It is a solution that works, says Luca S Paderni, Senior Consultant at Forrester research. “Campaigns built on explicit consumer permission,” he says, “win every time compared to the ‘spamming’ mentality of opt-out e-mail campaigns.”

DEVELOPING RELATIONSHIPS

Respecting consumer privacy through permission-based mailing can play an important part in turning a short term marketing relationship into an ongoing service relationship. Hewlett Packard (HP), one of Digital Impact’s clients, uses permission-based e-mailing as part of its “long term” marketing strategy. “We’re not here to sell products quickly or over night,” says Christophe P Meili, European Customer Knowledge & Relationship Management Manager. He says that trust is the key to establishing ongoing relationships. In order to gain this trust in the first place, says Meili, “we do not establish a relationship without their permission.”

One problem with permission-based marketing, however, is that many companies have a significant amount of contact information that is not opt-in. So, how do they get around this problem? Digital Impact’s answer, says McConnell is to send out a “non-commercial welcome message” to consumers, introducing the company and requesting permis-

sion to start mailing them. Only those who reply receive further communications. The success of this approach, he says, will depend upon how old, accurate, or relevant the information is, and also upon the actual style and content of the messages. But, on average, between 50-70 per cent of consumers will actively opt-in.

IMPORTANCE OF PRIVACY

Because of the privacy risks associated with e-mail, McConnell stresses the need to be whiter than white, especially when trying to avoid having large volumes of e-mail (often a key indicator of spam) being blocked by Internet Services Providers (ISPs). “We are e-mailing through our own domain,” he says, “so clearly we don’t want to be labelled as a spammer.” By maintaining good relationships with ISPs, he says that Digital Impact can bypass their filters and get a clear pipe through to consumers.

In order to preserve this “white knight” image, adhering to privacy regulations and best practice is paramount. McConnell regards Digital Impact as “top of the tree when it comes to privacy,” not only because of its own privacy practices, but because it ensures their clients meet the same standards, by checking their privacy policies and making sure that best practice is met through contracts. If there is any doubt, or suspicion, says McConnell, “we won’t work with them.”

For more information, contact Nick McConnell at: Tel: +44 (0)20 7025 8520, e-mail: nmcconnell@digitalimpact.com, website: www.digitalimpact.com