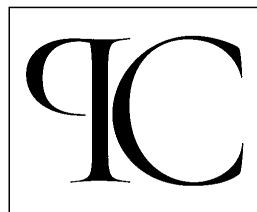


**ENTERPRISE PERMISSION  
MARKETING:  
BEST PRACTICES FOR MANAGING TARGETED  
E-MAIL PROGRAMS ACROSS THE  
ORGANIZATION**

**An Analysis Of Corporate E-Mail Programs**

**Profitable Channels**



**PROFITABLE  
CHANNELS**

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# ENTERPRISE PERMISSION MARKETING

## *Best Practices For Managing Targeted E-mail Programs Across the Organization*

### *Raising the Stakes in Permission Marketing: The Need to Better Manage Enterprise E-mail Processes*

The practice of permission e-mail marketing<sup>1</sup> is quickly becoming entrenched in the sales and marketing mix. At the same time, it is becoming a symptom for much of what is wrong with existing sales and marketing processes.

E-mail as a marketing vehicle represents a large opportunity for all lines of business. It is being aggressively adopted by Global 2000 organizations as a key tool for communicating with customers. If marketers fail, however, to do a better job managing their e-mail processes and policies, they will miss out on the potential of e-mail to grow their business, reduce customer contact costs and enhance customer relationships in the long run. As a consequence, permission e-mail and the full spectrum of online marketing processes are in great need of greater attention from senior management.

Permission e-mail pervades Global 2000 organizations today. A comprehensive study of corporate e-mail programs and online customer behavior by IMT Strategies (A META Group Affiliate) confirms that e-mail is emerging as a high-value, low-cost channel for sales, marketing and service delivery channel by most Global 2000 companies. Most organizations report using e-mail to reach both business and consumer audiences. Marketers are excited about the effectiveness of e-mail as a customer retention tool, particularly when compared to alternatives such as banner ads, telemarketing and direct mail.

The research also shows that, as the decade progresses, e-mail will serve as the "poster child" for much of what is wrong with the sales and marketing processes currently in place at large organizations. Interviews with e-mail marketers uncovered a mountain of problems with the way companies organize, govern and process e-mail programs that impede their ability to manage this powerful marketing medium effectively.

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<sup>1</sup> *Definition:* Permission-based marketing, for purposes of this discussion, is defined as when the customer or prospect clearly consents to having an online relationship with a company, is able to state clear preferences for the type, frequency, and context of those communications, and has a high degree of control over the relationship.

These E-mail marketing managers complained that they are struggling to govern online marketing programs and enforce meaningful permission policies on an enterprise level while at the same time growing their e-lists into the millions to stay ahead of the competition. Hurdling these obstacles will be important because they represent the critical stumbling blocks to ultimately executing more sophisticated multi-channel marketing campaigns and customer relationship management (CRM) programs.

Marketers are not getting the help they need. As e-mail programs become more sophisticated, marketers are looking for more help managing complicated e-mail marketing processes across large organizations. Most of the more than 200 e-mail service and solutions providers offer limited support for the critical managerial issues that enterprises are struggling with most. These first generation solution providers will need to mature quickly in order to bring a new set of capabilities to the table.

#### **WHY THIS IS IMPORTANT TO YOU**

**This is important to sales and marketing executives because e-mail is a vital component of an increasingly sophisticated set of online/offline targeted, cross-functional marketing programs. E-mail must be fully integrated and managed at the enterprise level if it is to become a distinct and effective tool in the marketing mix. Until enterprise-level permission policies and centralized processes are established, organizations from start-ups to Global 2000 firms will struggle to reach target markets with e-mail and other powerful interactive marketing approaches.**

To tap the true power of e-mail, companies must make permission e-mail processes and strategies a priority on the executive agenda. In the short term, winning organizations will harness the power of these online marketing assets through better process management. In the long term, executive management needs to lay the groundwork for sustainable permission marketing programs that close the gap on customer expectations to attain competitive advantage.

### ***The Current Situation: So Much E-mail, So Little Management***

The proliferation of e-mail is starting to become a "canary in the coal mine" that will focus senior management's attention on the risks, costs and opportunities of permission e-mail marketing. This is because e-mail is cheap, ubiquitous and dangerous enough to highlight the need for organizations to change the way they manage their online marketing processes. E-mail programs are popping up across organizations much in the same manner that "brochureware" web sites sprang up in every department in the mid-1990s. The IMT Strategies research shows that most organizations have been actively using permission e-mail campaigns for more than 6 months and over 20% have been e-mailing customers for over two years.

Because e-mail marketing campaigns trace a course across an organization, they require high levels of enterprise-wide coordination to be effective. Consider the cross functional journey of an e-mail relationship. A customer may register on a web site for more information on a product or to get something in return for their e-mail address. This information is ideally checked to ensure it is correct, unique and deposited in a central direct marketing database.

At the appropriate time, an e-mail campaign could be originated by any one of a variety of channel organizations – sales, Internet, direct marketing and customer service or, in some cases, a business partner. To make this happen, a marketing analyst will thoughtfully select that name for a relevant and interesting promotional campaign. The e-mail campaign, with the proper privacy and permission etiquette, would be sent using in-house software or a third-party service bureau. The customer will either ignore the e-mail, respond, or in some cases get angry and complain. Also this customer has the choice to respond directly online, call an 800 number or follow up in person at a retail outlet. If and when they do respond – depending on the circumstances – the call can be handed off to customer service for an apology or a field salesperson for a visit.

The problem is that organizations are not structured to work this way. Organizations are finding that existing approaches to sales and marketing programs do a poor job of managing and executing e-mail programs. Today, this journey looks more like the hazardous trek of Ulysses in *The Iliad* and *The Odyssey* than a drive on a lazy Sunday afternoon. The path across these organizations is filled with pitfalls, perils, detours and dead ends.

### ***Assessing The Opportunities vs. The Costs: The Need To Properly Value, Size And Scope Permission E-Mail Programs.***

Executive marketing management must better understand both the opportunities and costs of permission e-mail to properly value, size and scope their e-mail programs. The process problems outlined in this report, coupled with continued changes in online customer behavior, are making e-mail marketing far more costly and problematic than marketers initially thought. However, all the evidence of the effectiveness of e-mail as a tool for sales, marketing, servicing and communication, suggests that the view is worth the climb.

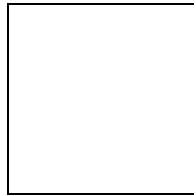
The opportunities of permission e-mail include increased sales and marketing performance, reduced service costs, improved brand image and better customer relationships. Leading marketers will distinguish themselves by experimenting to become more intelligent with targeting techniques and customer behavior regarding e-mail. Competitive advantage can then be gained by investing in strong permission relationships, which will be viewed as "assets" on the balance sheet rather than a depository of e-mail addresses in a database.

These benefits do not come without their risks and costs. The window of opportunity to invest in and gain relationships is closing as customers increasingly shut down unwanted marketing messages, closing the door on new introductions. Chaotic e-mail processes and execution will lead to brand damage and diminished campaign performance. If organizations continue to fail at codifying permission-marketing approaches, they will lag behind competitors, specifically in marketing sophistication and strength of their e-mail database assets as well as “share of inbox.” The research brings these risks and opportunities to light:

- **Global 2000 investment in permission e-mail marketing programs is growing, and will continue to grow.**

Corporate spending on e-mail programs is increasing. U.S. corporations spent more than \$1.4 billion with more than 200 different e-mail service and solutions providers to

**Figure 1: Total U.S. Corporate Spending on E-mail Marketing Programs (Year 2000)**



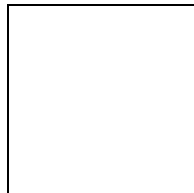
Source: IMT Strategies Industry Analysis, eMarketer, SEC Filings

support their e-mail marketing programs in the year 2000. Most of these external costs were spent purchasing names, campaign management software and outsourced fulfillment of very large e-mail campaigns. For every dollar spent with outside service providers, we estimate that corporations spent another \$2 on internal support for e-mail. Many of these are “hidden costs”

associated with campaign management, content development, channel programs, permission policy management, systems integration and database development.

- **Permission e-mail is proving to be a cost-effective customer retention and relationship management tool.**

**Figure 2: Typical Net Conversion Costs by Medium (Year 2001)**



Source: IMT Strategies Estimates 2001

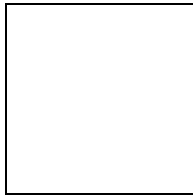
E-mail marketing ROI remains high relative to other targeted marketing vehicles, such as online advertising and direct mail, particularly when focused on customer retention and cross-sell programs. Permission e-mail campaigns focused on existing customers are ten times

more effective than direct mail campaigns.

- **There is a growing gap between customer expectations for permission marketing and the permission marketing programs that Global 2000 marketers deliver.**

The research shows that most G2000 permission e-mail programs are not sophisticated enough to meet the needs and preferences of the rapidly evolving online customer. Online customers and prospects are raising the bar for what constitutes “world class” permission marketing and putting pressure on marketers to keep up. The study findings show that most Global 2000 organizations are not moving up the e-mail “learning curve” fast enough to keep up with their customers and best-in-class e-mail programs. For many, this e-mail competency gap will lead to diminished campaign performance, weaker online customer relationships and brand damage.

**Figure 3: Consumer Reactions to Unsolicited Commercial E-mail (UCE, a.k.a. spam) vs. Permission E-mail (2001)**



Source: IMT Strategies Customer Opinion Survey 2001

The standard for e-mail marketing excellence – as defined by the customer – has moved in the past two years. Asking permission increasingly counts with customers. Most e-mail users indicate they respond to e-mails if they are asked permission properly and feel favorably about the brands that take the time to invest in the relationship. Alternatively, the e-mail user survey reveals that customers are taking greater action to limit or cut off all but the most trusted online relationships. For example,

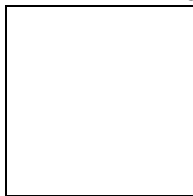
having basic permission and privacy policies (e.g. an opt-in policy) is becoming just the price of entry for marketers, as opposed to a differentiator it used to be a year earlier.

For many organizations, the window of opportunity to invest in and gain relationships is closing. The customer behavior research in this study indicates that customer tolerance for permission e-mail that is untargeted, poorly timed or irrelevant diminishes over time. The line separating unsolicited and permission e-mail has become a moving target. More than three-quarters of users delete unwanted e-mails without reading them, and they are taking control in other ways to avoid receiving more superfluous e-mail marketing.

- **Without better process and policy management, many marketers risk destroying the e-mail channel before it has time to mature.**

Even marketers with several years of permission e-mail marketing experience are not evolving their permission policies and campaign practices fast enough to keep up with what customers demand. Many marketing organizations have failed to put in place the most fundamental e-mail policies and proven campaign best practices. Customers reported that marketers still abuse the e-mail channel.

**Figure 4: Permission E-mail Policies Companies Currently Use**



Source: IMT Strategies Benchmark Survey of Marketers 2001

The research shows that as the number of e-mail databases proliferate over time, campaign response rates erode and resources applied to the problem increase. Most organizations, however, report that no one has taken full charge of e-mail at the highest levels. The majority of marketers reported operating without controls or policies governing how their direct sales

organization uses e-mail. Most want corporate or interactive marketing heads to take control.

On a practical level, a variety of players have their hands in the process. Staff roles created to solve the problem such as "e-care officer" or "chief customer officer" are toothless, under-resourced or under-supported. While most organizations have now established basic privacy and opt-out policies, far fewer have programs that make a difference in two key areas: campaign effectiveness and relationship building. Less than half have employee rules governing how e-mail is handled. Even fewer manage the frequency and relevance of e-mail campaigns - the two issues most likely to make customers "opt-out" of e-mail relationships or simply delete the message.

- **A second generation of e-mail services and solutions providers will be needed to effectively meet the needs of sophisticated corporate e-mail marketers.**

The landscape of e-mail services and solutions providers is cluttered with hundreds of small firms. Today, these third-party e-mail marketing solutions vendors offer only partial support, principally in the form of renting names and executing campaigns. Ultimately a second generation of e-mail specialty agencies, service bureaus, media networks and integrated CRM software solutions will emerge to meet the more sophisticated demands of corporate e-mail programs. The current restructuring,



however, of the e-mail industry will take 12 to 18 months. This report aims to help marketers rethink the criteria they use to select e-mail vendors so they can get the right types of help. It outlines 12 ways third-party e-mail service and solution providers should be able to offer better support to enterprise e-mail process.

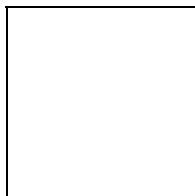
### ***Short And Long Term Strategies For Success: A Blueprint for Making Permission E-mail Programs Work at an Enterprise Level***

Executive governance of e-mail processes across the enterprise is essential to making sophisticated online marketing programs work. Without this formalization, organizations will continue to struggle with managing permission and privacy policies, as well as the relevance and frequency of e-mail messages. Executives in charge of e-mail should consider the following near- and long-term actions:

- **In the short term, winning organizations will harness the power of these online marketing assets through better process management.**

This will involve establishing rules governing enterprise e-mail marketing processes and putting someone in charge of those processes. This individual or department should also be responsible for architecting a meaningful permission policy and getting the right help from outside service and solutions providers. In addition, more professional management of e-mail programs will require much better measurement and reporting systems, formalized planning and budgets, and a more concerted effort to learn and codify e-mail campaign best practices. Leading marketers will implement a 12-step process for better managing e-mail programs on a company-wide basis.

**Figure 5. The Enterprise E-mail Management Process**



This process should extend from name acquisition and maintenance activities, through e-mail campaign planning and execution to performance measurement and policy administration. The following are key steps most organizations still need to take:

1. PUT AN ENTERPRISE E-MAIL PROCESS IN PLACE: Define a role for e-mail and lay out an enterprise process for managing the e-mail channel;

2. PUT SOMEONE IN CHARGE OF THIS PROCESS: Appoint a VP of e-mail marketing to govern policies across the enterprise, manage the e-mail channel and hold agencies and business units accountable for performance;
3. CREATE A POLICY BLUEPRINT FOR SUCCESS: Architect policies that will pave the way for sustainable revenue growth, cost reduction and relationship enhancement;
4. GET THE RIGHT HELP FROM THE OUTSIDE: Evaluate solutions providers and agencies based on their ability to support permission marketing business processes across the enterprise;
5. MEASURE E-MAIL CAMPAIGN PERFORMANCE AND CHANNEL ECONOMICS: Put in place meaningful measures of e-mail campaign and channel performance that align with both business objectives and return;
6. DEVELOP AND BOTTLE E-MAIL CAMPAIGN BEST PRACTICES: Codify e-mail campaign best practices across the organization to move up the learning curve faster;
7. FORMALIZE E-MAIL BUDGET AND RESOURCE ALLOCATION: Make permission e-mail programs part of the corporate planning and budget process.

■ **In the long term, executive management needs to lay the groundwork for sustainable e-mail success and competitive advantage.**

While the short-term imperative is to define and fix marketing processes and put some professional management in place today, future success will require organizations to focus investment and management attention on several strategic issues. These will involve integrating e-mail programs into broader CRM initiatives and experimenting with e-mail as part of “multi-channel” marketing campaigns that customers will increasingly demand.

From a management perspective, organizations will have to “crack the code” on how to personalize their e-mail marketing campaigns enough to be relevant and effective without breaking the bank. Best-in-class marketers will find ways to allow customers to actively control many different elements of the online relationship including (but not limited to) who can contact them, what types of communications they receive, how frequently that communication can occur, and what content is relevant.

The study identified five keys to long-term success with e-mail marketing:

1. MULTI-CHANNEL MARKETING MANAGEMENT: Marketing executives must develop a strategy and process to integrate e-mail into other offline and online media campaigns;

2. CRM INTEGRATION: E-mail programs will have to be incorporated into broader CRM initiatives and processes;
3. MANAGING CONTEXT AND PERSONALIZATION: Customers demand better personalization, event-triggers and greater attention to relevance in their commercial e-mail relationships;
4. CUSTOMER CONTROL OVER PERMISSION RELATIONSHIPS: Letting customers enable and control increased levels of permission and personalization is becoming more important;
5. ENTERPRISE E-MAIL GOVERNANCE: Senior management must put in place enterprise-wide permission e-mail management and policy administration.

These short and long-term strategic management imperatives are important to sustained competitive advantage and the viability of the e-mail channel in the future. They are covered in greater detail in the complete report: *Enterprise Permission Marketing: Best Practices For Managing Targeted E-mail Programs Across The Organization*, available at [www.metagroup.com](http://www.metagroup.com).

### ***Where to get help: How services and solutions need to evolve to meet the more sophisticated demands of corporate e-mail programs***

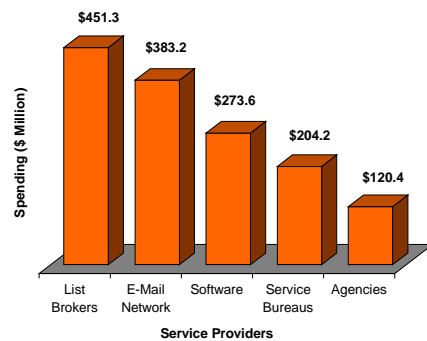
The needs of the market are changing as e-mail programs are becoming more sophisticated. Today, unsophisticated marketers who are just starting to build e-mail programs tend to buy names and rapidly scale execution. However, there are many other areas where these marketers need third parties to add value to the enterprise e-mail management process.

The study revealed that more experienced corporate e-mail managers are starting to evolve the criteria they use for selecting e-mail solution providers. In response, second-generation business models are emerging to meet the more sophisticated demands of corporate e-mail programs with better support for enterprise e-mail management processes. The ultimate winners among service providers will find ways to help corporations more effectively manage the e-mail channel and permission policies.

- **Sorting the wheat from the chaff: an overview of the rapidly evolving e-mail landscape** The e-mail service and solution industry has grown to \$1.4 billion but remains fragmented and specialized. The e-mail solution and service provider landscape is cluttered with hundreds of competitors. Today, the majority of G2000

spending on permission marketing is concentrated on acquiring names and accessing prospects through distribution networks.

**Figure 32: Corporate Spending on Third-Party E-mail Service Providers and Solutions**



E-mail list brokers represent 31% of total third-party e-mail marketing spending. E-mail networks make up 27% of spending. Outsourced services and software that help marketers execute and manage e-mail campaigns make up a third of total spending. Marketing agencies that support e-mail programs make up less than 10% of total spending.

Source: IMT Strategies Industry Analysis, eMarketer, SEC Filings

Despite its size, the e-mail service and support industry is still fragmented and immature. According to the research, there are well over 200 companies competing with some form of e-mail marketing software, service or data solution. A limited number of providers have distinguished themselves in terms of size, market penetration and the breadth of services they provide. For example, only 25 third-party organizations have e-mail-related service revenues of \$25 million or more. (See details of these services in the “Overview of E-mail Service and Solutions Providers” in the section V.I. Research Results. This includes a directory of nearly 100 leading service and solution providers available to support enterprise e-mail programs.)

#### ■ Today, These Third-Party Solution and Service Providers Offer Only Partial Support.

In the near term, the current raft of software and service providers that advertise permission-marketing capabilities can offer marketers limited relief and solutions. The current generation of vendors cannot support the needs of larger, more complicated organizations as they struggle to put e-mail processes in place. Overall, the marketers surveyed were disappointed (or at a minimum ill-informed) about the potential of external service and solutions providers to help them manage their enterprise e-mail processes and administer world-class permission marketing policies.

A survey of the capabilities of nearly 100 e-mail service and solutions providers found that most of these third-party services and solutions cannot fully support the enterprise e-mail process today. . Most of these vendors focused their offerings in two areas: acquiring names and e-mail addresses, and outbound campaign execution. Over 50 billion commercial e-mails – almost two per business day for every e-mail user – were sent out this year in 2001. An estimated 20 billion of these commercial e-mails were distributed

by more than 25 major third-party service bureaus and e-mail opt-in lists, such as DoubleClick, YesMail (CMGI), NetCreations, Topica, Penn Media and 24/7 Media. If one adds up the purported number of e-mail addresses in lists being offered by the top 20 list brokers and e-mail content networks, the total exceed the number of available e-mail users in the U.S. many times over.

**Figure 33: How Solution Providers Currently Add Value to the Enterprise E-mail Management Process**

12-STEP MARKETER E-MAIL PROCESS REQUIREMENTS	AVAILABILITY OF THIRD-PARTY SOLUTIONS
1. Acquire Names and E-mail Addresses	●
2. Analyze and Plan Campaigns	●
3. Campaign Creative and Personalization	●
4. Campaign Execution (Outbound)	●
5. E-mail Response Management (Inbound)	●
6. Integrate E-mail Campaigns Across Channels	○
7. Reach Prospects Through Third-Party Intermediaries	○
8. Store Customer Data	●
9. Integrate Customer Data from Many Different Sources	●
10. Maintain and Clean Lists	○
11. Track and Measure Campaign Performance	●
12. Administer Processes and Policies	○

The better organizations serving this market will offer more campaign planning, data management and performance measurement. Few have these competencies today. Few providers can support more than one or two elements of the enterprise e-mail management process. The survey of the capabilities of nearly 100 e-mail service and solutions providers suggest that there are opportunities for solutions providers who can deliver against several elements of the e-mail marketing process, including:

- Campaign creative
- Tracking and measuring campaign performance
- Process administration and policy governance

- Integrating (and responding to) e-mail campaigns across channels
- Integrating data across organizations

Global 2000 marketers indicated they need help in new areas. Large marketing organizations will need performance measurement and process management help from third parties to succeed. For example, while marketers have been buying names and execution, they reported that they value behavioral targeting and advanced analytics most among all the features and functions offered by third-party solutions.

- **Second-Generation Business Models Are Emerging to Meet the More Sophisticated Demands of Corporate E-mail Programs.** The needs of the market are changing as e-mail programs become more sophisticated and marketers seek help managing complicated e-mail marketing processes across large organizations. As a result, the current set of solution providers will need to evolve in order to bring a new set of capabilities to the table. These “second-generation” service and solution providers will differentiate themselves by adding value to many steps of the enterprise e-mail management process and taking greater accountability for e-mail performance and results.

The industry has started going through a consolidation and transformation as the needs of marketers become more sophisticated. First-generation business models are consolidating into the scale e-mail service bureaus, full service e-mail agencies and more comprehensive solution suites. These larger firms are better prepared to support the future needs of corporate e-mail marketing managers.

More than 30 acquisitions or business failures have taken place in the e-mail marketing services sector in the last two years. Many first-generation providers such as 24/7 Media, Engage and Netcentives are struggling financially. Others, such as DoubleClick and Experian, are acquiring capabilities to broaden their offerings and support more elements of the online marketing mix (e.g., direct mail, e-mail, targeted online advertising).

On another front, a wave of new players has emerged focused on delivering more sophisticated e-mail approaches and models to marketers. These include more than 50 small second-generation e-mail specialists focusing on viral marketing, rich media, wireless communications, streaming media and other leading-edge e-messaging specialties.

Most of the vendors on the pages below that do survive will migrate over the next two years into one of four broad categories of services: 1) E-mail Specialty Agencies, 2)

Media Networks, 3) Integrated CRM Solutions Suites, or 4) Targeted Marketing Service Bureaus, each explained below.

1. E-MAIL SPECIALTY AGENCIES: Advertising and marketing agencies serving the permission e-mail marketplace will evolve into two primary models:
  - a) *E-mail Specialists*: boutiques specializing in permission e-mail such as viral marketing, rich media, and wireless;
  - b) *Full Service E-mail Agencies*: hybrids that combine agency, infrastructure development and application service providers, including hosted e-mail environments with robust measurement and reporting.

This emerging breed can deliver more comprehensive support to e-mail programs by offering a combination of agency and outsourcing services under one roof with a specialization in e-mail. These include the full range of agency services (e.g. creative and content development, media placement, list sourcing and account management) with outsourcing (e.g. third-party campaign execution, database hosting), with management capabilities (campaign planning and analysis, robust measurement and reporting). Organizations that are assembling these capabilities include Bigfoot Interactive, Quris and Beyond Interactive, among others.

2. MEDIA NETWORKS: Permission e-mail media networks will emerge, usually as part of larger media networks (e.g., MSN, Yahoo!, AOL) that assemble independent discussion lists, newsletters and other e-mail properties, along with Web portals and other new media. These networks will offer expanded market coverage and simplified buying of media. They will also improve depth and breadth of lists, customer profiles and services. Organizations that emerge as leaders in this area could include what remains of the large list brokers and interactive marketing networks (DoubleClick, L90, Penn Media, CMGI/YesMail, 24/7 Media) as well as the major media and entertainment players (AOL, Disney, NBC, etc.) as they move into offering more comprehensive marketing services and acquire discussion lists and networks.

3. **INTEGRATED CRM SOLUTIONS SUITES:** Targeted e-mail distribution software, applications service providers (ASPs) and related technologies will be integrated into CRM solutions suites. Well-capitalized e-mail response management or enterprise e-mail marketing software providers could also compile comprehensive solutions suites that address the broader range of corporations' e-mail, e-care and CRM needs. These suites will combine outbound mail engines, inbound mail response management systems, campaign management and business intelligence for enhanced reporting. Other capabilities such as dynamic content management and personalization capabilities will be folded into these solutions.

Organizations leading the consolidation of these capabilities include e-mail service bureaus/ASPs (e.g., Responsys, Digital Impact and e-Dialog) and consolidated marketing automation platforms (e.g. Market First and Unica). Additionally, major CRM solutions suite vendors (e.g., PeopleSoft/Annuncio, Siebel, Oracle, E.piphany, Pivotal) will consolidate or partner with e-mail-specific solutions (e.g., e-mail response management, marketing automation, enterprise e-mail marketing software and personalization tools).

4. **TARGETED MARKETING SERVICE BUREAUS:** Because G2000 e-mail managers will need more help managing enterprise e-mail processes, the larger e-mail outsourcers and service organizations will consolidate with other targeted marketing solutions (e.g., Web marketing networks and direct marketing specialists) into a new breed of targeted marketing service bureaus. These outsourced service providers will be built around scale data management, delivery infrastructure and list brokerages. They will likely also provide independent e-mail list brokerage services, enterprise e-mail service bureaus and ASP services (e.g., hosted data management). Acquisitions and mergers in this category will be driven primarily by traditional direct marketing service companies (e.g., Experian, Harte-Hanks, Acxiom) and new interactive marketing-focused entrants (e.g., DoubleClick and Digital Impact).

### ***Picking The Right Partners: 12 Ways Third-Party E-mail Service and Solution Providers Can Better Support the Enterprise E-mail Process***

These second-generation solutions providers will offer more capabilities that can better support the e-mail management processes. The following summary provides marketers with some guidelines for getting the right help, as well as profiling specific best practices. It represents an overview of how best-in-class service and solution providers can help marketers at each step of the enterprise e-mail management process. Over time, the best partners will be characterized by their ability to materially support (or actively manage) many of these elements.



**STEP 1: ACQUIRE NAMES AND E-MAIL ADDRESSES**

Building the e-mail database through access to third-party names or by collecting and aggregating e-mail addresses internally (e.g., at Web site, call center, retail)

**STEP 2: ANALYZE AND PLAN CAMPAIGNS**

Targeting, planning, and timing e-mail campaigns

**STEP 3: CAMPAIGN CREATIVE AND PERSONALIZATION**

Developing e-mail campaign copy, creative and personalization

**STEP 4: CAMPAIGN EXECUTION (OUTBOUND)**

E-mail campaign execution and administration (e.g., change of address, bounces and unsubscribes)

**STEP 5: E-MAIL RESPONSE MANAGEMENT (INBOUND)**

Responding to inbound inquiries resulting from e-mail campaigns and coordinating response with other channels (e.g., tele-center, direct sales, retail)

**STEP 6: INTEGRATE E-MAIL CAMPAIGNS ACROSS CHANNELS**

Coordinating multi-channel campaigns for consistency, market coverage and seamless execution

**STEP 7: REACH PROSPECTS THROUGH THIRD-PARTY INTERMEDIARIES**

Providing third-party delivery vehicles and programs such as partner co-marketing, sponsored newsletters and discussion lists

**STEP 8: STORE CUSTOMER DATA**

Storing customer profile and permission data in a database or repository

**STEP 9: INTEGRATE CUSTOMER DATA FROM MANY DIFFERENT SOURCES**

Architecting and integrating customer data from many different sources inside and outside the organization (e.g., CRM system, Web site, call center)

**STEP 10: MAINTAIN AND CLEAN LISTS**

Cleaning and maintaining e-mail data through site tools, filters and site validation controls

**STEP 11: TRACK AND MEASURE CAMPAIGN PERFORMANCE**

Enterprise measurement and reporting of e-mail campaign performance and economics (e.g., conversion rates, campaign profitability, ROI)

**STEP 12: ADMINISTER E-MAIL PROCESSES AND POLICIES**

Enterprise governance of permission and privacy policies, adherence to common campaign standards, frequency, context and ROI of e-mail campaigns

## *About This Study*

### *Research Objectives*

The objective of this study is to provide executives with a complete picture of the critical business issues and opportunities that e-mail marketing present, and to provide a blueprint for how to better manage permission e-mail marketing programs on an enterprise level. This summary is based on a comprehensive set of original primary research on e-mail marketing best practices, online customer buying behavior, and e-mail campaign performance, as well as an assessment of the hundreds of e-mail service and solutions providers serving this market.

This summary provides a baseline of information that highlight several key policy, resource, process and investment trends that will shape the development and sizing of corporate e-mail marketing processes, programs and investments in the next three to four years. Finally, the report outlines clear recommendations on the actions management must take to build successful enterprise e-mail programs, and provides vendor selection criteria to assist organizations in their search for the right service and solutions partners to support their e-mail efforts. Specifically the report outlines how:

- Permission e-mail represents a large opportunity and is being aggressively adopted by global 2000 organizations as a tool for communicating with customers.
- Online customers and prospects are raising the bar for what constitutes “world class” permission marketing and putting pressure on marketers to keep up.
- Marketers risk destroying the e-mail channel before it has time to mature.
- Why the future depends on better enterprise e-mail process management
- Marketers will need to use new selection criteria for finding solutions providers that add value to the enterprise e-mail management process.

### *Research Methodology*

To develop a complete picture of the most recent e-mail trends, customer behaviors, management practices and the permission marketing approaches, IMT Strategies (A META

Group Affiliate) undertook four sets of research between the fourth quarter of 2000 and the first quarter of 2001.

- CUSTOMER OPINION SURVEY: To better understand how online customer behavior is evolving, NFO Research was commissioned to conduct a random telephone survey of 308 U.S. resident active e-mail users about their preferences and attitudes.
- BEST-IN-CLASS MARKETER INTERVIEWS: In-depth phone interviews were conducted with 30 marketing executives at Internet savvy Global 2000 and leading dot-com firms known for successfully marketing their products online. This survey took place in the first quarter of 2001.
- BENCHMARK SURVEY OF MARKETERS: A web-based survey was conducted that studied characteristics and responses details of recent e-mail campaigns from 313 online marketers to better understand e-mail campaign practices and the drivers of response.
- ANALYSIS OF E-MAIL SOLUTIONS AND SERVICE PROVIDERS: More than 200 e-mail service providers were analyzed in collaboration with META Group analysts to profile the capabilities of these vendors, size the industry, identify best-in-class solutions and capabilities, and forecast the winners and losers in the long term.

## *About The Author*

Stephen Diorio

Stephen Diorio (Westport, CT) is an established authority in sales and marketing strategy who helps leading organizations find ways to use technology to grow. He has helped over 100 of the world's leading marketers and their agencies to develop growth strategies that take advantage of technology, including; IBM, American Express, Gillette, GE and the Interpublic agencies. He is the author of *Beyond e: The 12 Ways Technology Will Transform Sales & Marketing Strategy* (McGraw-Hill) which provides a blueprint for using technology to grow and was selected as one of the top business books of 2002 by Business Book Review. He authored the report "Enterprise Permission Marketing: Best Practices For Managing Targeted E-Mail Programs Across The Organization" and has published a number of research studies on key trends in the marketing services and solutions sector including; CRM, permission marketing, e-business and interactive direct marketing strategies and is widely published and quoted in the media.

Mr. Diorio, Partner in Profitable Channels LLC, a firm that helps help marketing leaders leverage new channels and technologies to grow their businesses and produced leading edge best practices research. Mr. Diorio has held marketing management positions at Citicorp Direct Marketing and GE Sales and Marketing and was a principle and owner of Oxford Associates (Now Market Bridge Consulting) a sales and marketing strategy consultancy.

Mr. Diorio is an Adjunct Professor at the George Washington University e-business institute and holds an MBA in Marketing from the University of Chicago and a B.S. in Engineering from Bucknell University.