White Paper:
Email-Based Lead Generation: Marketing's Magic Bullet?
INTRODUCTION

Industry researchers continue to validate email marketing as a way to achieve effective results at a lower cost. For example, when comparing email with direct mail, marketing publication ClickZ states that email costs one-fifth as much per unit.¹ Prominent research firm Gartner, Inc. also recently concluded that a full email campaign, from creation to delivery to response, requires one-tenth the time of a direct mail one.²

Given the current state of increased pressure to ensure relevance, and to measure results on marketing efforts, email for lead generation and nurturing is a potential “magic bullet.” Many have assumed it a simple procedure — rent an email list from a broker or use whatever names in your house list, blast out a message to the lists, get a guaranteed response.

But that’s not exactly how it works. Email-based lead generation requires considerable research and planning. Many email marketers fail because they erroneously equate rapid outcomes with rapid preparation.

This paper provides the guidance you’ll need to realize the benefits of email. We’ll describe the prerequisites to a successful e-mail marketing effort. We’ll examine the list selection process and discuss how to craft a compelling message. And, we’ll outline other issues you must keep in mind in order to maximize your efforts.

DEFINING YOUR STRATEGY

Establishing a strategy that will run the course of your effort is the first step in developing an e-mail marketing program. Areas you need to consider:

POSITIONING

What key benefits does your product offer, and how do you support those claims? How do you position it against competing products? And broadly speaking, what is the current state of your market? What market opportunity are you targeting? Where does your company position itself?

OBJECTIVES

Are you leveraging email for lead generation and lead nurturing? What other marketing activities will you be conducting at the same time, and how will email complement them?

Most importantly, what specific goals do you want to achieve? “Build company awareness” is not a specific goal, but "Secure 200 qualified leads" is.

AUDIENCE

Business-to-business advertisers often gravitate toward one narrow group: C-Level executives (CEO, CFO, CIO, etc.). Why? Because top managers ultimately decide whether or not to buy a product.

¹ “Email Can Do That?,” Rebecca Lieb, ClickZ, December 7, 2001.
² “Email Savings Threaten a $196.8 Billion Direct Mail Market,” GartnerG2 (a service of Gartner, Inc.), March 2002.
But the reality is more complicated. C-Level executives may make the final purchase decision, but they base their choice on the feedback of those who will actually use the product. And those individuals have a different set of concerns.

Your implication: You must adapt your message to multiple audiences. What categories of people participate in your product’s evaluation process? The answer to that question will influence which lists you select.

RENTING LISTS

UNDERSTANDING DATA CARDS

Any agency offering list rental should provide a data card. At the very minimum, a data card will tell you:

- The total number of individuals on the list.
- The breakdown of individuals by category — such as industry, job function, or company size. Each category is called a “select” or “selection.”
- Fixed and variable pricing.

List managers price by cost per thousand names, or CPM. Your fixed cost is usually a base fee plus a transmission charge, with the transmission charge based on your desired mail format (text or HTML). You’ll then pay additional fees depending on how much you want to segment your mailing.

We illustrate using the Software Magazine data shown on the next page. Say you want to send HTML-formatted messages to three groups: CIOs, CEOs in the manufacturing industry, and IT managers in companies with 20,000+ employees that use Unix. Assume 500 CEOs fall into the second group, and 3,000 IT managers into the third.
Even though you've chosen three segments, the list manager doesn't compute three different prices. She computes one price based on the total number of names and the overall number of requested selects. In this case:

- **Total number of names:** 7,747 (4,247 CIOs + 500 CEOs + 3,000 IT Managers)
- **Overall number of selects:** 4 (Job function, Industry, Number of employees, and Operating System)

So your price would be:

\[
\frac{7,747}{1,000} \times [\$300 + \$115] + (\$10 + \$10 + \$10 + \$25) = 3,641.09
\]

**Method of calculation:**

Total 1,000-name increments \* [(Base fee + Transmission fee) + (Select1 fee + Select2 fee + Select3 fee + Select4 fee)]

**Note:** A list manager will often negotiate pricing. For example: She might waive the transmission fee if your volume is high enough. But, as we'll address later, additional services you might want aren't necessarily included in the base fee.
GETTING THE INFORMATION YOU NEED

To properly evaluate a list, you’ll need to know more than a data card may tell you. Topics you’ll need to discuss with the list manager include:

THE NATURE OF THE LIST

Why do professionals join the list? What kinds of information do they expect to receive?

LIST PROCEDURES

How do professionals join the list? How easy is it to unsubscribe? Is the list truly “opt-in”? What’s the privacy policy?

Have the list manager explain the process of joining a list — or see how it works by joining it yourself. And be wary of lists professionals join by default. For example, a publication could automatically add new readers to its email database. Such lists are labeled "opt-out" because one must proactively request not to receive marketing messages.

A professional that hasn’t explicitly consented to receive promotional emails may not be receptive to yours. At worst, she could consider them spam.

LIST MAINTENANCE

Ask how often the list is updated. You can then gauge the accuracy of the data card’s subscriber breakdown.

Also assess the list’s “hygiene” — how frequently are inactive email addresses removed from the list? A professional often subscribes to lists using her business email address. If she leaves her job, that address becomes useless. Meaning you, the advertiser, may be paying to send a message that won’t reach its destination.

LIST EFFECTIVENESS

Evaluate how responsive the list’s subscribers have been in the past. What kind of results have other advertisers achieved? Ask the list manager for samples of emails distributed.

FREQUENCY OF LISTS USE

Find out how often list subscribers receive marketing messages. One per day? One per week? So-called "popular" lists have a significant downside: Their subscribers constantly receive promotional emails, making it harder for yours to stand out.

COMPETITOR ACTIVITY

Has one of your competitors recently rented the list? Request a copy of the email(s) this company sent. You may want to adjust your offer if a competitor just promoted a similar one.
ADDITIONAL SERVICES

CPMs across lists vary widely. One primary reason: Some list managers include additional services in the base price, while others offer them separately. You'll want to clarify what the list's price does and does not include.

Examples of bundled or a la carte offerings:

- Opentracking. How many recipients opened the HTML or rich media version of your message?
- Click-through tracking.
- Address suppression. Can you prevent certain subscribers from receiving your message? For example, you might choose to suppress email addresses with competitors' domain names.

Retain a list broker to help you with the list evaluation process. Because many brokers specialize in particular industries, they'll have a deep grasp of the lists they represent and will be able to answer many of the above questions.

A good list broker serves as your faithful advocate. She'll press list managers to provide the information you need — ensuring you make the right decisions.

THE CREATIVE: HOW TO CRAFT THE RIGHT MESSAGE

When developing creative for each audience, keep this in mind: Professionals join email lists because they want value. They seek information and products that will help them achieve their goals. With numerous emails demanding their attention, any one that doesn't explicitly address their needs will be ignored.

In other words, when crafting a promotional email, don't talk about your company's product. Talk about the person receiving your message. What will your product do for her?

THE SUBJECT LINE

How do you get someone to open your email, let alone read it? With just a few words, your subject line must tell the recipient this: Your message is directed at professionals just like her. It must tell her what she'll learn — if she opens the email.

Let's assume you're selling a knowledge management software product. You've identified three types of professionals that influence the purchase decision: Software engineers, IT managers, and C-Level executives. And you're contemplating what messages will resonate with each audience.
For example, you know IT managers in particular spend a lot of time maintaining information repositories. You also know that, as these repositories grow, they get more and more unwieldy. Meaning even more time must be devoted to managing them. But since your product standardizes the way employees archive information, IT managers wouldn’t have to direct so much energy toward maintaining it.

Your email to this group might therefore use a subject line like "Information Management: End Your Headaches."

But because a software engineer or C-Level executive would appreciate your product for other reasons, you’d pitch each of them differently.

**GENERAL EMAIL COPYWRITING TIPS**

Your email has one purpose. Provide just enough information to compel the recipient to click your offer link. So tell your story succinctly.

Provide a powerful introductory sentence that confirms what your subject line implied: You speak the recipient’s language. Inject an engaging rhythm by varying sentence and paragraph length. Boldface key headings and phrases to ensure your message can be quickly absorbed. And since large blocks of text intimidate the eye, paragraphs should have no more than 3-4 sentences.

To increase the chance of a clickthrough, state your offer as soon as possible; your first 3-4 paragraphs should be enough to convince a person to take action. You can then repeat the offer for those who read to the end.

Remember that a variety of people participate in a purchase decision, so consider adding copy that compels the recipient to share your message. For example: At the end of a message directed at C-Level executives, you might say, "P.S. Don’t take our word for it. Forward this message to your IT personnel so they can evaluate (Product name)."

**DESIGN AND LAYOUT**

Sending HTML-formatted emails can give you flexibility to display graphics and text in efficient and eye-catching ways.

You can arrange your email into columns and sections, highlighting key product benefits by setting them apart from the main body copy. Insert visuals that reinforce your copy and appeal to your target audiences. Use animation to drive home your corporate brand messaging. And so on — we're merely scratching the surface of what HTML lets you do.
You may also consider full multimedia emails — giving your recipients an engaging, television-like experience. More and more marketers have found that Flash-based emails can have higher response rates. Whether you consider rich media over HTML depends on 1) the purpose of your message and 2) the estimated proportion of your audience that can properly view multimedia content.

Finally, you may choose simple text formatting. Plain text won’t give you many design and layout options, but if you appropriately use asterisks, dashed lines, and capital letters, you can still craft a clean and compelling email.

**MEASUREMENT: MAXIMIZING YOUR INVESTMENT**

**Achieving and Tracking Results**

Ultimately, your lead generation campaign is only as effective as the Web page your prospect reaches after she clicks your offer link (called your landing page). No matter how much thought you’ve put into strategy definition, list selection, and creative, your effort will fail if your landing page doesn’t convert a potential prospect into a qualified lead.

The landing page must finish what the email started. To ensure the landing page copy reinforces the email copy, you may choose to create a slightly different landing page for each audience. Clearly and concisely explain what actions a prospect should take — and then make it easy for her to do so. This means you should carefully consider each field in your registration form. For example: In the “Job Function” field, try to include every possible role one of your prospects might have.

Of course, even the strongest landing page won’t drive every one of your prospects to complete the process. And that’s why comprehensive tracking is so important: It lets you examine each step along the way.

We mentioned earlier that a list manager may provide “click-through tracking.” Here’s how it works. Say you want to compare response rates between links. Or you want to know how many members of a particular list click through to your landing page. Or you want to determine the percentage click-through from each designated group within that list. Using unique “promo codes” embedded within your promotional emails’ links, response can be measured to a granular degree — whatever your objectives.

And you can track your emails’ effectiveness from the very beginning. As noted earlier, a list manager may also offer “open tracking.” In that case, unique codes track how many people open your email, let alone respond to it.

By tracking metrics from open rates all the way to conversion rates, you’ll be able to assess every component of your lead generation campaign. And that will allow you to make informed decisions about future campaigns.
TESTING AND MINING

If you're new to the practice of email-based lead generation, understand that it requires a period of apprenticeship.

Specifically, because so many variables are involved (subject line, offer wording, even the offer itself), you won't achieve your goals unless you allocate an ongoing budget to testing. We've discussed how you should craft different messages for each audience involved in buying your product. But, for purposes of testing, you might also alter the variables within those messages.

For example: Half of the messages directed to one audience could have one subject line, and half could have another. Which one incites greater interest?

Mine your results closely any time you test a message. With that intelligence in hand, you'll be able to continually improve your response rates.

CONCLUSION

Assume you follow all the guidelines we've discussed. What results can you hope to achieve?

While a good "rule of thumb" response rate for email rental lists is 1 to 2%, we've observed one company achieve response rates as high as 3.8%; other companies have achieved even higher. But these numbers must be viewed in context. The organization in question rented a total of six lists, with varying outcomes. Response rates ranged from the already noted 3.8% down to 0.5%.

So we stress: There are no guarantees. You cannot predict a list's behavior. But by tailoring your messages and testing them across multiple lists (as this organization did), you'll increase your odds of success. Look at your overall numbers. The company above achieved a 2.7% average response rate, followed by a 25% average conversion rate.

Similarly, persistence is key. Just as you wouldn't run a print advertisement only once, you shouldn't rent an email list just once. Professionals' needs change. A decision-maker that doesn't respond to your offer today may do so down the line.

An ongoing investment without a definite return. Email-based lead generation seems like any other marketing endeavor, doesn't it? But with the right combination of knowledge, planning, and luck, it could very well be your proverbial magic bullet.
ABOUT NETLINE

NetLine Corporation is a premier provider of lead-generation and online marketing services for advertisers, marketers, and publishers, specializing in delivering high-quality leads and maximizing the results of customer interactions. NetLine goes beyond conventional online advertising and e-mail. Through NetLine's Lead Source, Sub Source, Email Marketing services, and Enterprise Marketing Management Solutions, NetLine enables highly effective marketing programs throughout the customer acquisition and relationship lifecycle.

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