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E-MAIL ADVERTISING TAKES ROOT

By Jim Wyss



HAPPY STORE OWNER: 'When we saw how [e-mail marketing] worked and realized how relatively easy and inexpensive it was to reach customers versus mailing, it was a real eye-opener for us,' says Donn Flipse, who owns field of flowers shops in Davie, Coral Springs and Boca Raton.

An increasing number of companies are discovering the benefits of 'incentive-ized' e-mail

So you traded your e-mail address at the local deli for a chance to win a month's supply of sausage and now there's a message in your in-box urging you back for the sauerkraut sale.

In the world of online advertising that e-mail has many names: opt-in e-mail, permissioned e-mail or even "incentive-ized" e-mail.

Just don't call it spam, say the growing number of marketers who are trying to help merchants harness the power of e-mail advertising.

Spam - the reviled junk mail that gums up in-boxes and is expected to cost corporate America more than \$15 billion this year -- may be one of the reasons e-mail marketing hasn't had the same luster on Madison Avenue as other forms of online marketing.

While banner ads and search-engine marketing are expected to rake in \$4.9 billion and \$5.7 billion, respectively, this year, e-mail marketing is only expected to pull in \$1.5 billion, according to Forrester Research.

But increasingly, small businesses are finding e-mail marketing represents a cost-effective and powerful way to promote their wares and stay in touch with clients.

About two years ago, flower shop owner Donn Flipse was approached by the Davie-based e-mail marketing company **Equilibrix**.

"The concept of a flier that went out by e-mail, as opposed to being mailed out, was fairly novel and foreign concept to me," says Flipse, who owns Field of

Flowers shops in Davie, Coral Springs and Boca Raton. "But when we saw how it worked and realized how relatively easy and inexpensive it was to reach customers versus mailing, it was a real eye-opener for us."

BUILDING DATABASES

Buying e-mail addresses from a third party is illegal, so good marketers will help merchants design strategies to build their databases.

For Flipse, the trick was offering customers free flowers. Now, through **Equilibrix**, he sends out e-mails every two weeks to some 18,000 of his contacts. The e-mail service -- a mix of news and promotions -- has helped Flipse retain customers and drum up sales with coupons, he says.

Unlike spam, the e-mail only goes out to clients who have signed up to be on his list and reconfirmed their interest. Each message also gives customers the chance to opt-out of the service -- a requirement under the Federal Trade Commission's CAN-SPAM Act.

But according to **Equilibrix** President Myriam Cohen, by carefully controlling the flow and content of messages, fewer than seven out of every 1,000 e-mail recipients remove themselves from the list.

"The whole point is that you have to respect your customers and not be annoying," she explains from her home office. "Sometimes [merchants who use **Equilibrix**] will ask me if they can send something out every day, and I just say you're crazy."

When it comes to e-mail marketing, less is more, says Shar VanBoskirk, an industry analyst with Forrester Research.

"Spam, in the consumer's mind, is any e-mail that they can't remember signing up for or don't find value with," she says. "There's a hazy boundary between being a permissioned marketer and a spammer, and it's the marketer's responsibility to observe that boundary."

OPTION FORGOTTEN

Juliette Stuart, 28, doesn't remember when she lost

interest in the regular e-mails she receives -- and requested -- about online English classes. But rather than opt out of the list, she handled the e-mails just like she does regular spam -- she flagged them to be sent automatically to her junk-mail box.

"I was just cleaning out my junk mail today, and there were about 40 messages from them," she says. "I can't say that it bothers me that much, because I never see them."

But weeding out the e-mail dodgers is exactly where marketing firms can make a difference. Most services give merchants access to real-time tracking information, so they can see how many people open the e-mails, how many click on the embedded hyperlinks and how many forward them to others.

It's the kind of instant feedback that **Per Soderman**, the owner of University Car Wash in Davie, appreciates.

Soderman spends about \$250 -- or roughly 10 percent of his monthly advertising budget -- to send out e-mail coupons to the 4,000-clients on his database. Using **Equilibrix's** tracking system, he finds that about 60 to 80 percent of his clients open the e-mails, and the redemption rate on his coupons is about 20 to 30 times higher than a direct-mail campaign.

But he hasn't abandoned direct mail altogether. "I think there is still a place for all forms of advertising," he says. "But I think e-mail [marketing] is phenomenal. Merchants [who] are still skeptical are missing the boat."

And that boat comes in all shapes and sizes. While basic e-mail marketing packages can start as low as

\$25 a month, merchants can also create robust campaigns running into the thousands.

"We work with everybody from the . . . Bahamas to small mom-and-pop stores," says **ReachOn's** Peraza. "But even if you have just 100 people in your database, you have access to all sorts of features that allow you to build customer loyalty through contact."

Flipse has found that his e-mail campaigns are often used as a back-door customer hot-line. "We occasionally get customers [who write back] saying thanks for the message, but let me tell you about a bad experience I had in your store last week," he says. "Without that easy method of communication, we might never have heard about it."

But just because merchants have access to a computer doesn't mean they should become their own e-mail marketers, warns **Forrester's** VanBoskirk.

For starters, the Federal Trade Commission has very strict rules and harsh penalties for those who cross the line between marketing and spamming. A reputable e-marketing firm will ensure you're in compliance, she says.

Part of the marketer's job is also to ensure the message is effective. While the average open rate for commercial e-mail is about 2 to 5 percent, a good marketer can boost that rate closer to 25 percent.

Still, e-mail marketing can't replace face time and truly understanding consumers' needs. "Yes, it's a great way to be in touch with customers regardless of the size of your business," VanBoskirk says. "But, of course, you have to know what it is they want."

