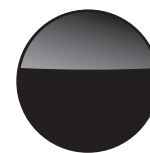


Spring Clean Your Email List: 5 Easy Steps

White Paper



Introduction

As the crocuses bloom, you have that irresistible urge to finally get rid of those year-old magazines and shine up those windows. Good instincts, and they work just as well for your email marketing list.

Email lists are a critical part, in fact, often times, the linchpin of an effective marketing campaign, whether it be a business-to-business outreach or online consumer sales. It takes considerable human capital and technology investment to build an email list and create content that will fulfill campaign marketing and sales objectives. Un-monitored, un-scrubbed lists are the marketing equivalent of dust bunnies. They're not staring you in the face, unless you're looking for them, but they're not doing you much good either.

Every mailing list has hundreds, maybe thousands, of recipients who haven't opened, clicked or responded to your email messages for some time. The subscribers don't file spam complaints or take the time to unsubscribe—but they actually increase your costs and reduce the accuracy of your open, click and conversion rates.

To preserve the investment in both human capital and technology, there are a number of steps to take to ensure that your email list is current and sizable enough to achieve success and to evaluate whether the content is leading to good results. The following white paper offers actionable strategies and tactics for re-activating inactive subscribers, protecting against list churn, and evaluating the competitive differentiation of the email campaign.

These tactics, when put into place, will help to maximize email subscriber activity and create a dynamic, interesting email campaign environment.

Spring Cleaning Your List

Companies usually begin with an 'ideal' list of potential email subscribers that they will target for the first round of email communications and then, often using a web analytics program, they will begin to see whether the email campaign is resulting in the desired action, whether it be a purchase decision or opting in for a survey or other activity.

Where companies usually find challenges is in the second and subsequent waves of email communications. Subscribers stop opening the emails. Addresses become inactive due to attrition, or worse, lack of interest. Over time, marketing departments have competing priorities, and perhaps they are not monitoring and refreshing the email list as often as needed.

Before you hit the delete button on these non-active addresses, there are a few things to consider and put into place:

Spring Clean Tip #1: Create an Inactive Subscriber List

Clean but Leave the Finish On: To insure you protect active addresses while scrubbing your list, a good practice is to segment your list using a most-active subscriber report, or similar, that will isolate those email addresses that had no actions associated with them—opens or clicks—for a period of time that you designate.

Put in the Recycle Bin: Inactive addresses may just need a little nudge. Rather than just tossing them out completely, you can create a new list comprised solely of these inactives. There are no hard and fast rules regarding what qualifies someone as inactive, but here are a few rules of thumb and steps to determine inactives:

- Pick a period of time, such as the most recent six months, that would provide recipients a reasonable period of time for someone to show interest in your email messages. This timeframe should also encompass a fair number of messages being sent, the number being dependent upon the frequency of your emails, but a minimum of 10 is probably a safe bet.
- Run your most active report and download it to Excel. Sort your list by number of messages sent to recipients. Delete all recipients that have received fewer than a certain number of messages during this time frame. If you've sent 10 messages you may want to delete everyone who has received anything fewer than 10, or you may feel that eight messages, for example, is a good sampling.
- Then sort your list in descending order by unique opens and messages with clicks. Then delete everyone except those that have not opened AND clicked a single link.
- You now have your list of inactive subscribers. Create an "inactive" demographic field in your email marketing system and Excel sheet and then upload these records from the Excel list.

You now have the ability to segment your campaigns with specific messages and frequency to your inactive members.

Maybe it Just Needs a Little Polish: Once you have your new inactives list, you can design an email marketing program to move them from inactive to active. You can create a "reopt-in" email program. If someone clicks the reopt-in link, the action would simply capture the action in a newly created data field.

One Warning Note: If they do want to unsubscribe, make it easy on them. Streamline your unsubscribe process. One that takes more than two clicks to complete is too long. Don't make people have to confirm their unsubscribe request, either. Invite anyone who has been on the list for a year or more to opt in again, and include an unsubscribe link for those who want out but just haven't gotten around to it. Make the unsubscribe link easy to find and use, or you risk getting nailed for violating the CAN-SPAM Act.

Spring Clean Tip #2: Keep Your List Alive

There typically are a lot of reason why addresses become inactive. It's a good bet that the people behind the addresses signed up originally with an objective in mind, that, for a variety of reasons, may not have been met by your content. Attrition occurs for a number of factors:

Diminishing Returns: Your newest members are usually the most active and involved readers. Drop-off is greatest in the first three months or so but stabilizes after about six months, depending on your mailing frequency.

According to MarketingSherpa:

- Open rates are highest in the first 30 days after a recipient joins your list. MarketingSherpa has clocked an aggregate 58% open rate during this time period.
- At the 60-day mark, the open rate drops to an aggregate 45%.
- Six months out, the open rate drops lower, to 37%.
- After two years, the open rate settles around 33%, an overall decline of 43%.

Lyris has had similar findings:

- For 0-2 months, open rates can average around 50%.
- After 3-6 months, open rates start to drop
- From 7-12 months, average open rates decline to less than 40%.
- At 13-24 months, open rates descended to around 30%, on average

Based on the MarketingSherpa and Lyris data, you should probably expect a 20- 25% decline in open rates from subscribers two months after they've opted in to your list. After two years, expect open rates to decline between 35%-45%.

The Thrill is Gone: It's painful to admit, but subscribers leave because your content, which may have started off well, simply did not deliver over the longer term. Or even worse, your subscribers join because of a contest or special offer, one that didn't have much to do with your newsletter content or regular offers, and basically bail after the first few messages.

If you're not sending the content you originally promised when you solicited their opt-in or content that is spot-on relevant to your readers, then expect that they will soon enter the ranks of inactives.

Natural Attrition: Even if you're doing a great job on content and address monitoring, inactives will occur due to environmental factors out of your control:

- The subscriber has left the company but their email address is not disabled
- They've abandoned or simply rarely access that particular email account

Spam Not in a Can: For various reasons, the email has been blocked or filtered since day one.

- Perhaps your message includes some recurring content that causes it to get filtered by a spam filter—either at the ISP, corporate or end-user level. Since a bounce message may not be returned, your emails will continue to be sent, but not reach recipients.
- Your emails are delivered, but to a "bulk" or "potential spam" folder in the recipient's inbox. Many recipients may choose to ignore these folders, assuming that all emails in the folder are spam messages.
- Image Filters – Many ISPs and email clients now include filters that disable images from loading and display warnings that the message may contain inappropriate images. As a result, some recipients may simply delete the message rather than enabling images and opening the message (disabled images also means that the email will not be counted as an open).

With all of the foregoing in mind, there are a variety of things you can do to keep your list active and engaged! But, accept that your list will always have some churn.

Spring Clean Tip #3: Re-engage Inactive Subscribers

Once you have effectively scrubbed your lists and also have created a new 'inactive,' potential re-opt list, you can implement tactics to re-engage them.

One initial tactic is a simple email letter asking them to re-opt. Here is a sample email:

NOTE: Use text-only format in case an HTML issue triggered a spam filter.

Sample Letter:

Subject line: Special Notice Regarding Your Subscription (or something similar).

Personalized greeting and subscriber details.

Date when the subscriber joined the list.

Dear Reader,

As a valuable subscriber to Lyris' Intevation Report, we want to make sure we are meeting your needs. Our records, however, show that you've been a subscriber since February 28, 2006, but have never read our newsletter. If you would like to continue to receive our award-winning newsletter, please click the link below to re-opt in:

<<provide link to your sign up form>>

Not sure? View some recent issues of the newsletter:

<<provide link to your newsletter archive>>

No longer wish to receive the Intevation Report? To unsubscribe, send an email to: unsubscribe@emaildomain.com with the address: email@address.com in the subject line or simply do nothing and we will remove you from our subscriber list.

Thank you,

Jane Dover, Marketing Manager

jane@emaildomain.com

Here are 12 Ways to Target Inactive Subscribers

1. Special Offers – If you are a retailer, for example, consider a special offer such as discounts or free shipping. If you are a B2B marketer you might offer a special white paper that will motivate the recipient to re-engage with your communications.
2. Survey Subscribers – Create a survey for inactives to help provide insight into why they have become disengaged.
3. Update Profile – Using incentives, drive subscribers to your profile update page where they can change email addresses, update format preferences, demographics and interests. This updated information will enable you to send them targeted and relevant emails.
4. Understand Their Demographics/Profile – Perhaps a large percentage of your inactives share a common trait. Perhaps they opted in as part of registering for a white paper or seminar or promotional offer. Or perhaps a majority are women, while your content is oriented toward men.
5. Try Different Send Days/Times – If you always mail on the same day or time of day, try some different distribution times and see if it spurs more response.
6. Modify Frequency – Now that you've segmented your list by actives and inactives, consider adjusting the frequency of your sends. If you normally send twice per month, you may want to test sending three times to active subscribers, but only once to inactives.
7. Create Different Content – If your analysis has been able to uncover some common threads among inactives, consider packaging the content differently for this group. For example, a newsletter from a job search-oriented business might logically find many subscribers becoming inactive after completing their job search. For these recipients, the company might want to

focus its newsletter content on managing people, careers and the hiring process. Uncovering this type of trend should lead to providing different newsletters or dynamic versions based on a person's profile or stated preferences.

8. Try Different Formats – Test using a text version, for example, that is very simple but with specific links and messaging intended to drive action.
9. Test Different Styles of Subject Lines – If you've used a particular style of subject line, try a different approach with the inactives. Creative subject lines could be one of your most effective strategies in getting recipients to re-engage.
10. Monitor Seed/Proof Lists – Send your messages to proof and seed lists for key domains. Monitor if content or images are causing your messages to be filtered or treated differently with specific ISPs and companies. If problems are detected, consider developing different versions of the messages that may not trip filters.
11. Send a Postcard – Consider sending them a postcard that offers an incentive if they'll update their email preferences and profile.
12. Move Re-engaged to Active Status – After each email message sent to the inactives, change the demographic status of those recipients that clicked a link to "active." This helps keep your focus on converting the inactives and tracking your success in those efforts.

Spring Clean Tip #4: Analyze Overall Email Marketing Program

While you are scrubbing lists, creating re-opt-in letters and using different other tactics to re-spark inactives, it's a good time to analyze whether your email program is generally up to snuff. Here are a few tips:

Recency Reports: First, you need to have the date your subscribers opted-in to your list. Then, select a few different email campaigns, and run filter-based reports on when subscribers opted in for each of the time periods you want across each of selected messages.

What if your list-reporting software doesn't allow you to run these granular-level reports? Try plotting list growth and open rates on a chart and see where the lines go. Do open rates hold steady or decline while the total membership goes up? You're seeing the same type of decline.

Frequency: Are you sending messages at a frequency beyond what most users expect? Or, are you not sending frequently enough? Quarterly or bi-monthly is fine for print newsletters, but readers are likely to forget who you are in the online world with frequency that low.

Poor Start: After capturing a new subscriber, or even a re-opt, did you wait too long to send your first message?

Beating the Competition: Is your newsletter or promotional email better and/or more unique than the competition's? You compete with similar promotional emails and newsletters, and some of your readers are migrating to those that are doing a better job. They stop opening your emails, but don't unsubscribe as they still have hope you'll have something of value to offer them.

Analytics: Track open rates by subject line and compare click rates on articles and offers. Determine which subject lines, articles and offers drive the highest open and click-through rates and then align your future message content accordingly.

Spring Clean Tip #5 Determine Churn

Now, mindful of the inevitable attrition of your list, your next step is to analyze 'churn' and determine how much of that list will need to be replenished on a regular basis.

Everybody talks about click, open and conversion rates when measuring an email message's success or failure. For many companies though, their email program's success is ultimately determined by the quality and size of their list.

Lyris, in our EmailLabs application, has developed a metric that's a critical measure of your ability to grow your list: the "email list hurdle rate." It measures the loss rate from your list that you need to overcome to grow your list. You need to know

your list's hurdle rate, because it will tell you how many new subscribers you will need to attract, both to replace the ones who leave and to grow your list.

List Churn is the number of subscribers who leave your list over a certain period, usually measured monthly or annually. If you have 10,000 addresses on your list, and 3,000 drop out in a year (250 a month), then your annual churn rate is 30% and monthly is 2.5%.

That may sound like a lot of loss, but research by companies that specialize in email change-of-address services say it's a pretty typical annual turnover, especially on mailing lists with high percentages of free email accounts such as Hotmail and Yahoo!

What accounts for churn? A small percentage, typically about 2% to 3% annually, comes from people who unsubscribe from your list. Another 20% to 30% or more of addresses may be lost each year to hard bounces. Subscribers either entered their addresses incorrectly when opting in, or the address is no longer valid, causing the bounce.

Lastly, are spam complaints. Everyone gets them, even the most legitimate of permission marketers. It is obviously mandatory to unsubscribe these complaint filers from your list and then include them in your lost subscriber calculations.

You can figure your monthly churn or loss rate by monitoring your email performance reports. To determine your monthly or annual number of lost subscribers, add up your hard bounces, unsubscribes and spam complaints. Then divide the total number of lost subscribers by your current list size to find what we call your hurdle rate. This is the loss rate from your list that you need to overcome to grow your list.

If you know your loss rate, your new subscriber numbers suddenly take on greater significance. Are they keeping up with and surpassing your churn rate? How much progress are you actually making each month compared to your loss rate?

In Conclusion

To summarize, your email subscriber list is a dynamic activity in which subscribers are actively participating, practicing benign neglect, or simply not present due to having left that particular company.

As an email marketer, you need to be constantly refreshing your list, appealing to inactives to re-engage, and taking the time to step back and review your marketing program to see that it exceeds the competition.

If you put all these tactics to work, you have the best opportunity to engage your subscribers and achieve results.

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