

Using Email for Marketing in a "Radioactive" Environment

By Ray Parenteau, President, ClickRSVP, Affiliated Company of ILS

To some banks and credit unions, today's e-mail environment looks positively radioactive. E-mail hoaxes like phishing (where fake e-mails trick people into divulging personal information) and other scams have had a negative impact on the way consumers view their In-boxes. Hence, the feeling by banks and credit unions that e-mail marketing is simply too radioactive to touch.

In our opinion, those financial institutions are losing out, while those that treat email marketing as a "pro-active" medium are benefiting. A recent study by e-Marketer (www.emarketer.com) tells us that consumers still look to e-mail for important information. More than 60% rely on email to stay in touch with family and friends. Just as interesting, about 45% of consumers see email as "a vital part of their everyday life" and prefer email over phone communication.

More important to financial marketers, these consumers also see email as "a great way for companies to stay in touch with customers." That's a pretty clear message that your customers want to hear from you. But just like the last guest at the party, you have to know when to leave, or you won't be invited back. There are four key points to remember to make your email program effective (rather than radioactive)

- **Create the Channel.** Sad to say, but the majority of financial institutions do not use email as a marketing channel. Given the statistics above, and some of the hard facts and anecdotal evidence we've seen, that is unfortunate. Consumers don't mind receiving email from their bank or credit union. In fact, many of them appreciate it. When we produce campaigns for financial clients, we see comments that you just would not expect from other types of marketing campaigns. It's not unusual for our clients to get "thank you notes" and specific positive comments from their email campaigns.

This underscores the fact that email is both a personal and interactive medium. The facts show that a significant segment of consumers prefer email and internet communication. It has become their "channel of choice," so why would you ignore their preferences?

By creating an email channel, you are acknowledging your customers' and members' preferences. More important, you are creating a valuable bond that can help you cultivate your relationship, and ultimately sell more products and services.

Although there are costs and work involved in setting up an email marketing channel, there are clear benefits. The e-Marketer study also demonstrated that email has the second highest Return on Investment (ROI) ratio when measuring revenue and cost-per-contact. It's no coincidence that the telephone, which is also a personal, interactive, and immediate marketing medium, has the highest productivity. The point is that once you get started, you will find email to be cost-effective.

- **Be Consistent.** When you create your email marketing program, make sure you have a plan on what you want to say, how you want to say it, and how often you want to send campaigns. There is a dual benefit to this approach. One major benefit is that you establish what emails from you are supposed to look like and sound like. So, if a “phisher” or scammer tries to lure your customer or member via email, their chances of success will be much slimmer.

Here are some basic “do’s and don’ts” to guide you:

- From the beginning of your program and at every point possible, be sure to state that no emails from you will ever ask for account information or verification.
 - Provide anti-phishing links and information in every email. (In a recent e-newsletter we did for a large credit union, the anti-phishing information link was the most popular link clicked.)
 - Develop one or two message templates to support your campaigns. One might be for your general newsletter, and the other one could be for promotional offers and specials. Either way, they should have the same general “look and feel” as your online pages.
 - Email regularly – at least four times per year and up to once a month. You can be more frequent with some programs, such as rate alerts or specially targeted groups.
 - Promote your email opt-in program. The more that your customers and members see that you are making this available, the more subscribers (and opportunities) you will have. You won’t get everyone to sign up, but your goal should be at least 25% of your households.
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- **Be Professional.** Getting through email clutter and gaining access your customer’s in-box is more challenging than ever. Your email campaigns need to be professionally executed if you want to reap the rewards. Here are some tips to help you get through:
 - Stay compliant with CAN-SPAM rules. That means (at minimum) honoring all opt-out requests immediately (you have 10 days by

law). Of course, it also means avoiding deceptive “Subject” lines and not falsifying sender information, but those parts of the rules are more aimed at spammers and scammers.

- Test all formatting, links and versions on various email software such as AOL, Yahoo, Hotmail. Each has its own quirks that can transform a nice-looking e-newsletter into computer gibberish.
- Provide both HTML and text versions of your e-mails. HTMLs are the graphic version of an e-mail and some email programs can’t (or won’t) accept them. By providing alternative text versions, you give people the option to get the e-mails either way.
- Use the same computer and sender name from campaign to campaign. That way, you can ask your recipient to “white-list” your incoming email. Being on your customer’s white list enables your email to get through many spam filters.
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- You should also make sure your messages contain the same basic “header” information from campaign to campaign. Email headers are to email what an envelope is to postal mail. They identify the sender and let the recipient know what to expect. That means the “sender” and the “from” name should not change from campaign to campaign. Also consider using a consistent subject line like: “E-News from MyBank.”

In most cases, the best way to ensure professional email campaigns is to get it done by professionals. If you don’t have the in-house expertise or resources, don’t hesitate to consult with a professional Email Service Provider (ESP).

- **Be Relevant and Valuable.** This is the most important aspect of effective email marketing. While it is tempting to “blast out” thousands of email pushing low home equity rates and high CD returns, that is a sure way to kill your email channel. Think about if you had a neighbor or friend in the auto business, who was always trying to sell you something. You would quickly tune that person out, and you would probably go elsewhere to get what you want. You may not even invite him or her to your next party.

However, if that same person chatted with you about cars in general and gave you some useful information as a friend, chances you would consider his or her advice. The same applies to the relationship you enjoy with your customer or member.

Email enjoys some of the lowest cost-per-contact available, so you don't always have to be selling something. Use your new channel to stay in touch, inform and educate. The selling will take care of itself, because as you cement the relationship and extend the dialogue with your customer and prospect, you naturally gain more sales opportunities.

Going back to item number one, the key is to create the channel of communication. Once you have it, you have a powerful tool at your disposal that allows you to reach your customers and members almost instantaneously.

Still think email is radioactive? Once again the statistics (from e-Marketer) suggest a different picture. As the industry continues to clean up its act and root out (and block out) the spammers, the numbers for those who are practicing permission-based marketing are showing improvement. It's time for financial marketers to embrace this channel as much as their customers have.

E-mail communications are the 21st century version of going to your community banker for information. Today, the Internet has supplanted the bank's lobby and teller line as way of interacting with customers. E-mail is another channel in a relationship spectrum and it's a pro-active one. Don't let the challenges of the medium keep you from using it to your advantage. It's well worth it.

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