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The Five E's of Sound E-Mail Marketing

By Ray Parenteau

Opinion

E-mail marketing has become a popular (and sometimes unpopular) medium for marketing. So how can financial institutions use e-mail to gain a competitive edge without their communications falling into the "unpopular" category? By doing what they've always done best: building and maintaining a trust relationship before even one e-mail hits a customer's in-box.

Financial institutions are in the best place possible when it comes to communicating with their customers. The good ones have an established trust relationship with their customers and the communities they serve. This is a perfect platform upon which to build a successful e-mail campaign.

E-mail is a very personal medium. That's why people get so emotionally charged about spam. All of us are besieged with too much of it and, as a result, only those who have a trusted relationship get through. The rest end up in the Delete box, often discarded by filters before they are even seen.

Communications from someone's own bank or lender don't get filtered out, if the relationship is a positive one. As a result, financial institutions are in a prime position to use e-mail as a communication vehicle.

People are used to getting one-on-one online communications from their banks and lenders because the product of financial institutions is primarily information – rates, how to use money, account balances, etc.

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In addition, consumer acceptance of online financial transactions is growing. In fact, e-mail is quickly becoming the communications channel of choice for many borrowers. This is quite unlike a store where the clerk is the communications channel. The speedy, timely delivery information, in itself, becomes part of the value proposition you deliver to your customers (and prospects).

So, how can your financial institution make the most of this new and very personal media? Make sure your e-mails follow the Five E's – Marketing e-mail should be expected, exceptional, evolving, enabling and effective. Here's more:

• *Expected.* If you're going to communicate with the customer via e-mail, make sure it's expected. You need to get permission (we call it an "opt-in") from the customer. If they know it's coming and they recognize who it's from, they will have no problem with you sending it. That means getting permission to send the e-mail. E-mail is not effective if it's not done on a permission basis.

How do you get opt-in from your customers? Request their e-mail address at various contact points with the customer. Have a sign-up form on your Web site. This is different than the typical "contact us form" you see on most bank Web sites. You should specifically ask for an e-mail address and offer the Web site visitor the opportunity to specify what they would be interested in receiving and how often. For instance, you could offer a newsletter, rate alerts or specific information about financial services (retirement planning, educational planning, etc.) The idea is to match your e-mails with the customer's interests.

At the branch level, include a sign-up card for an "e-club" to offer branch customers. Online banking is a service that goes hand-in-hand with e-mail. If you plan to use those addresses, offer e-mail communication as a value added service.

When you do these, make it a point to state your privacy policy. Be absolutely clear about things like not sharing their e-mail address with third parties. Also make sure you provide an easy way for them to opt-out.

Once you have the e-mail address, you should plan to e-mail at least on a quarterly basis. Of course, it depends on what's being mailed. A rate sheet, for instance, could be sent weekly or monthly; newsletters and information can be sent two to three times a year, and promotional campaigns can go out four to eight times a year, if they're solid offers.

• *Exceptional.* Deliver something of value to the recipient when you e-mail them. Make it relevant, exciting, enticing and timely. E-mail is especially effective at delivering timely information like rate changes, or product offers that depend on rate movements.

Communications should be relevant to the recipient, not the sender. So, don't use e-mail for things like announcing new employees or donations to local charities. (Save that for your e-newsletter.)

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An effective e-mail gives the recipient something that impacts them, like a new product that's relevant to them, rate changes or a new service that fits their needs. E-mail is a great way to offer special promotions such as bonus rates, free home values or time-limited special offers. However, not all e-mail needs to be promotional (nor should it be). For example, we just did an e-mail newsletter for a bank client on how to prevent identity theft. That's information that's relevant to the customer and that adds value to their relationship with their financial institution.

• *Evolving.* Every e-mail message should build your relationship with your customer or prospect. For financial institutions this could be things like rate information, market updates, product updates, usage tips and other "service" information. These help cement the relationship. Every e-mail message from a financial institution should contain information that opens up a new facet of the relationship between it and its customers. Think of these e-mails like successful salespeople use "just thinking of you" notes to their customers. There are ways to personalize the relationship. They provide information that relates what the bank is doing and lets customers know what that means to them.

For example, if a bank knows that its target is homeowners, e-mailing these customers with information on home values and declining interest rates would be ways of evolving the relationship, while encouraging them to refinance their homes. Or, a lender could use an e-mail to announce new homebuyer seminars. Incidentally, when we did this for a client, we made sure that e-mail recipients could sign up for the seminar right online.

• *Enabling.* An e-mail that enables the relationship provides a mechanism for your customer or prospect to act on the message. When they read it, does it provide them with a way to get more information? Or apply now? That's what I'm talking about.

The beauty of e-mail is that recipients can respond on-the-spot without doing anything other than click. My roots are in the indirect response business. When it came to direct mail campaigns, there were only three ways to respond: an 800 number that you could encourage people to "call right now;" a response card that you had to push them to drop in the mail; or a coupon or offer card that needed to be redeemed at a local branch.

Today, the Web has grown to be a significant response channel. If you do any type of direct response marketing (mail, e-mail or broadcast), make sure you direct respondents to a Web site or page designed to process those responses. With e-mail, it's simple and seamless. The e-mail contains embedded action links that make the recipients want to take action right on-the- spot. By putting in links that allow recipients to "apply now" or "get current rates," responding becomes an impulse buy like grabbing that candy bar at the checkout counter in the supermarket. E-mail done right means generating desire and asking for the order with very little work required for the prospect to take action.

• *Effective.* E-mail provides some of the best tracking mechanisms to measure effectiveness of any marketing tool. Analyzing response patterns to e-mails can help lenders to sharpen their promotions, even while they are going on. Also, because the send/response cycle is so short (we're talking a matter of hours), offers and promotions can be tested with small portions of your audience before a complete campaign rollout.

A well-planned e-mail campaign lets you know what works and what doesn't because you can track anything. Want to know who opened it? Or whether it was forwarded to a friend? Or what action links the recipient clicked? No problem. It's all there and all trackable.

As I said, my background is in direct response marketing. Even under the best of circumstances, the typical direct mail campaign couldn't deliver measurable results in less than nine days. With e-mail campaigns, you know in 24 hours whether they worked.

The timeliness of the medium also means you can produce up-to-the minute campaigns. We did an e-mail campaign for a financial institution in response to dropping interest rates. They wanted to lock in CDs before the money went out the door. The rate drop was announced in the morning and we had the rate-specific offer in the e-mail to their CD customers by 1:13 p.m. Responses started rolling in by 1:34 p.m.

In fact, that campaign is a good example of the whole e-mail process when it's done right. Those e-mails were expected (they went to CD customers who had signed up for e-mail alerts); exceptional (they delivered something of value – the ability to lock in a good rate); evolving (the e-mail made the offer right away as a way to show continual care of their customers) and enabling (the e-mail has a way to click one button to activate the new CD rate. And when it comes to effective, we were able to measure results quickly. We had the entire campaign done in 72 hours. We knew who moved on it and we were able to quickly compare what it cost to what it generated. I'd call that a sound e-mail campaign that made everyone happy. ■