



A Harte-Hanks White Paper

The Future of Email and Integrated Direct Marketing



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One important question that is top of mind for most every marketer today: How do we integrate channels to create a better overall customer experience?

Marketers want to know the future of email and integrated direct marketing – and how electronic mail, direct mail, mobile and social media might come together to create a cohesive experience for customers and prospects. Specifically, marketers want to know what multichannel engagement might look like five years from now so they can begin to implement strategies and tactics to best position for success.

This white paper offers an insightful perspective on digital and all direct marketing channels. It includes a review of trends and key observations into the integration of email, mobile and social media.

Email Trends

Today, some 90% of Americans use email as a mainstream communication channel. The number of active individuals who use email is expected to grow from 145 million in 2009 to 153 million in 2014. The volume of marketing messages will grow to more than 9,000 annually *per person* in 2014. While these figures offer tremendous potential to marketers, it is estimated that by 2014 there will be \$144 million wasted on email that never reaches the intended recipients. This highlights the importance of working with reputable ESPs that can work with and on behalf of marketers to maximize the value derived from this critical communications channel.

In a soft economy, email is viewed as being indispensable. For one, email is a low-cost communication tool that can be used by both business and consumer marketers. Email makes more financial sense to marketers looking to save on rising postal costs – cost per email is usually a fraction of the cost of a direct mail piece. What's more, it appears that consumers are always ready to receive marketing messages as their computers are never turned off – either at work or in the home. In addition, increased demand of social sites reinforces the need of primary email inboxes as social sites usually require an email account for activation, and uses this as a primary means of communication for activity (such as comments or posts).

Another important point is that the differentiation between traditional and social inboxes is blurring. Consumers are adopting emerging Internet service provider (ISP) social capabilities, leveraging their primary email account as the inbox. Social sites are expected to open up their previously closed networks to external simple mail transfer protocol (SMTP) messages. Yet while the number of social inbox users is increasing at a faster rate than primary email users, primary email usages will remain the predominant form.

Cutting through clutter

An observation about unwanted email: unfortunately, SPAM will continue to clog consumers' inboxes. Marketers with questionable sending practices will likely increase due to the uncertain economy. An increase in the number of SPAM messages that reach inboxes will result from ISPs with fewer resources as well as the constantly changing tactics of spammers. Cutting through the clutter will require an increase in the *relevancy* of marketing messages through better segmentation and effective use of personalization. Marketers need to recognize, however, that many competitors will be vying for the attention of consumers through retention-based email messages. Increasing overall email frequency in an effort to drive revenue is not the answer. Relevancy is king!

Overall, spending on email will continue to grow. Some 66% of marketers agree that email is the most cost-effective marketing tool available. According to the Winterberry Group, email spending is projected to grow 8.6% to \$1.4 billion in 2010, largely due to an overall shift to lower-cost media; relatively high return on investment (ROI); growing effectiveness; increasingly effective integration; and deeper, more action-oriented marketing databases, used for both acquisition and retention purposes.

Key Email Takeaways

- Email will continue to be a viable and efficient channel
- Email, when integrated and coordinated with other direct marketing channels, will drive superior results
- Innovations in the social space will blur the lines of distinction between traditional and social inboxes
- Email's continued supremacy as the key messaging channel will lead to increased mailbox clutter
- Embrace relevancy to improve results
- Increase the use of services, social sharing and data integration
- Best practices must become required practices

Social Trends

According to Forrester Research (Growth of Social Technology Adoption), 75% of online adults use social sites. Multiple studies conclude that users who engage with a brand on a social network anticipate that they will be marketed to, and expect offers and marketing content. In February 2010, *eMarketer* reported that 25% of fans who follow brands on Facebook want offers. Nearly 60% of fans stated they were more likely to buy as a result of being fans of the brand.

The demographics of those that use social sites continue to change. According to *Advertising Age* (using ComScore data, 1/09), the fastest-growing segments are age 35 and over, with significant growth over the age of 45. Consider that Twitter had 22.81 million unique visitors in December 2009 and 1.5 million pieces of content are shared on Facebook daily. Social media has overtaken pornography as the number-one activity on the Web.

In its Top Social Computing Predictions for 2010 report, Forrester Research states that in 2010, social will gain budgets and be considered a primary channel; listening platforms will go mainstream; marketers will need an effective way to measure social; Twitter's future will be determined; and marketers will be forced to spend wisely on channels and applications.

The advice for marketers that want to survive is this: establish marketing rules, create clear business cases and move toward true transparency.

Tools and technology

Marketers that want to get the best advantage out of social must gain social data on individual users to determine where they have profiles, what data is publicly accessible from profiles and how users are connected to each other in social graphs. Marketers are advised to use listening and monitoring tools – both within their communities and through external sources – to understand positive and negative comments. They should also use tools to manage content on Facebook and Twitter as a way to create a social marketing calendar. Finally marketers must begin to look at ways to tag social users as advocates and integrate them as a database component.

Social media is a critical part of multichannel marketing and should be integrated into campaigns – not used as a standalone channel. Each social channel has its own best practices related to frequency, content, response guidelines and advocate identification. To make the most of social tools and technology, marketers need to be open and transparent, have a consistent brand voice and listen and learn to optimize efforts.

Key Social Takeaways

- Think about social integration with each campaign
- Consider more than the social share from email
- Coordinate messaging throughout channels with consistent content
- Use communities for market research, employing listening tools and then using the data to optimize messaging
- Find your advocates: use them in marketing, recruit them to help keep communities healthy and consider them a segment for messaging
- Incorporate social into the customer experience to make the virtual community a real one while on-site
- Create process around social communities to ensure consistent follow-up and response
- Plan your social marketing calendar in advance

Mobile Trends

According to Pew Internet Life's Generation's Online in 2009, in 2004, 88% of teens used email. In 2008, this number dropped to 73%, primarily due to the emergence of short message service (SMS) usage. The wireless association, CTIA, reported that Americans send 4.1 billion messages per day, averaging 11.7 texts per day per mobile user. In a recent study by Tekelec, 60% of users over the age of 45 stated they are as likely to use text as a phone call. Across all age groups, 32% said they prefer SMS as a channel, compared to 33% who said they prefer email.

Mobile opt-in requirements remain strict; however with the growing emergence of the medium, changes are expected over the next year.

Smart phones and applications

According to a report from AdMob, smart phone usage increased 193% from 2009 to 2010. Specifically, mobile Web usage increased more than 400% and smart phones were used by 45% of mobile Web users.

Although iPhones still represent approximately 8% of overall mobile phones in the U.S., nearly 50% of mobile Web traffic by smart phones comes from iPhones. iPhone users are more likely to use mobile features on their phones, making iPhone applications a good idea if demographics can support it. Some analysts go so far as to state that the AT&T network is being impacted by the greater-than-average usage of an iPhone user.

The message here is that applications increasingly pull social and mobile together, giving marketers opportunities to bring their customers and prospects together. For instance, email and mobile can be integrated to transact with customers and prospects, providing real-time alerts in a proactive manner.

Key Mobile Takeaways

- Mobile should be integrated into customer and prospect communications for marketing messages
- Mobile should have its own strategy for alerts and applications that relate to customer and prospect experiences
- Keep an eye on changing opt-in/opt-out requirements
- Use your own market research to determine the feasibility of applications across multiple mobile devices
- Pay close attention to mobile results and data, and optimize campaigns accordingly

Multichannel Engagement of the Future

With new channels emerging in major ways, marketing continues to evolve. Some 60% of marketers report that they will move away from traditional media to digital media. Consumers' purchasing behaviors are evolving, too. Some 70% of consumers research a product online and then buy it offline, and 85% of these consumers will also buy both online and offline.

More and more brands are adopting multichannel around social, Web and mobile programs, providing connections to offline events and retail locations. While things continue to change, a few constants remain that we marketers can rely on:

- Today's multichannel landscape is customer-centered
- Individual channel choices are situational

A customer's or prospect's media preference influences receptivity to any given channel. A multichannel approach tends to yield better results. For example, adding a response channel can improve overall response by 20% to 33%. Today's consumers tend to expect multichannel access, regardless of how they were initially contacted. The Internet has changed the face of direct marketing, but not by displacing channels or making them obsolete. The Internet has provided another set of effective channels that can compliment other communication vehicles yielding better performing campaigns for marketers.

Create a multichannel strategic framework

Marketers need to create a multichannel strategic framework, starting with analyzing current marketing touchpoints and messaging to identify strengths and weaknesses. Through research and analysis, marketers will identify the channels and mediums that the target audience consider most important and identify critical points in the customer lifecycle, determining the most appropriate touchpoints for each.

Next, marketers must understand and apply creative best practices within and across all channels to create communication synergies and deliver an effective and integrated customer experience. Finally, ensure measurement is built in to all channels so that channel effectiveness can be evaluated.

When it comes to technology, there are three primary needs that marketers have in terms of supporting their multichannel marketing efforts:

- 1) the ability to execute complex multichannel campaigns;
- 2) the ability to analyze results of complex multichannel campaigns; and
- 3) access to a detailed, multichannel customer and prospect repository.

To thrive in a multichannel world, marketers must maintain centralized management of data, decisioning logic and offer attribution. Communication strategies must keep in mind the total engagement a marketer has with its customers and prospects. Other best practices include:

- Balancing interactive investments with customer's media time
- Thinking in terms of relationships, not campaigns
- Establishing a measurement framework
- Spending to promote new channels
- Adopting an experimental mindset – exploring new paths and testing

- Focusing on modular marketing creation that can be leveraged across channels

Key Actions to Take Now

In order to adopt a truly effective multichannel strategy, change needs to begin now. First and foremost is to grow customer and prospect databases across all channels, including email, direct mail, social and mobile. Don't simply focus on growth in single channels. Second, leverage increased database sizes to boost multi-touch campaign effectiveness. Then, maximize the ability to communicate through optimal channel(s) for each customer and prospect.

Another key step is to understand more about customers and prospects. Learn about their social interactions and interests...their channel preferences...and the level of engagement throughout all marketing communications.

Leverage models and analytics for insight that will inform marketing efforts. Examine and evaluate frequency of communications and saturation of your customers, and consequential impact to results. Measure customer and prospect experience across multiple channels. Create a centralized group to coordinate metrics and a common frame necessary for measurement. To make data integration manageable, focus on one channel pair at a time.

Cultivate mobile and social relationships. Give customers and prospects value by engaging through these channels with your brand.

Centralize data and technology to orchestrate multi-touch campaigns, including inbound and outbound marketing communication management and comprehensive reporting and insight. Finally, start down the path of adopting modular marketing.

Multichannel engagement enables marketers to realize more efficient, cost-effective results while at the same time providing customers and prospects with a more fulfilling experience with the brand. With the proper strategy and execution, the future of integrated marketing can be realized today.

About Harte-Hanks Postfuture

Postfuture Digital Messaging platform enables marketers to build effective triggered, promotional and e-marketing programs within a multichannel strategy.

Postfuture gives you the power to take charge of your digital communications, optimize your customer contacts, and make every email count. With Postfuture, you can design email campaigns as well as create dynamic digital responses that are triggered by customer actions, such as welcoming new customers, following up on purchases, and delivering targeted offers.

Using Postfuture, marketers can easily send millions of messages per hour with data integrated from virtually any source. Use Postfuture to:

- Develop dynamic strategy, effective communications, and successful multichannel integration
- Create promotional and automatically triggered messages
- Target customers with relevant content using our dynamic multi-content zones
- Build email referral and share to social programs and let subscribers spread the word
- Strengthen your email campaign strategy with all that Harte-Hanks has to offer
- Use automated AB testing to quickly and easily determine your optimum content – maximize your ROI with the knowledge of what works best
- Retain active subscribers and maximize ROI with mailing frequency control
- Integrate Web analytics (Omniture, Coremetrics, and Google Analytics) with your email program
- Measure your success with reporting available online – all day, every day

Our team delivers digital marketing expertise with anytime reviews to help build your success. Our experts have powered Postfuture with their knowledge, and they'll power your communications all year round with digital marketing strategy.

Contact Us

Harte-Hanks, Inc.

(800) 456-9748

E-mail: contactus@harte-hanks.com

Web: www.harte-hanks.com

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