By Brad Howarth

As marketing budgets shrink in the slowdown, it is a good time to revisit the tried and true strategies like email marketing.

Search engine marketing and social networks may be the hot topics of online marketing, but some of the most effective tools are also the oldest. Email marketing is far from a dead medium, with service providers reporting strong growth from existing and new clients.

Email marketing is regaining its popularity as it is a cost effective tool that can be easily tracked, says Mellissah Smith, the chief executive officer of the marketing services agency Marketing Eye.

“Integrated marketing campaigns incorporating email marketing as the centralised point is proving a better bang for your buck,” Smith says, “but only if done correctly.”

The market is jammed with companies offering services for crafting your communications, along with hosted software packages that enable you to handle the entire process yourself.

On average, the cost-per-message rarely exceeds five cents after the initial sign-on fee. It’s a better price than packaged direct marketing, which can easily exceed $1 per item.

According to the managing director of the Sydney web company HotHouse, Simon van Wyk, the three key factors in making email marketing work are frequency, value and motivation. Getting any one of those wrong will see your communication dumped in a spam folder.

The executive director of the online direct marketer Impact Data, Brett Hogarth, believes how well the messages are targeted is the strongest determinant of the return.

“Sending to a smaller number costs less, and ensures value to recipient,” Hogarth says. “Ongoing perceived value to the recipient ensures higher ongoing opening rates.”

Gerry Gibbs Camera House sent an offer of 10 cent photographic prints to 11,606 customers which resulted in a 627% increase in customers over the campaign’s first three days, and produced a 458% increase in processing volume.

Another campaign run for Strike Bowling Bar asked recipients to nominate three friends to join the Strike database in return for a free double pass. This resulted in a 42% increase in new registrations.

Hogarth says more advanced users are tying their email communication into other systems, such as point-of-sale customer relationship management, to automatically generate and distribute offers to new customers, or to segment existing customers based on purchasing activity.

Hence specific events can be used to trigger highly targeted offers.

The business director of digital marketing agency XYZdirect, David Bradbury, says the days of measuring pure return-on-investment have given way to measures of engagement and effectiveness, such as message open and click-through rates.

“We tend to measure to conversion, whether it be [intent] to purchase or another action, such as acquiring more data on a prospect,” Bradbury says. “Where we do measure to ROI, we'd say the average for every $1 spent, [would be to] seek to get $1.50 back.”

10 TIPS TO MAXIMISE RETURNS

Know your reason for doing it: If you’re going to communicate with the customers, have compelling ongoing reasons to do so – not just because you want to. Plan your messages and offers out of a period of time before you get started to ensure they will remain compelling.

Make your proposition compelling: Consumers should be made to feel that they are getting a worthwhile benefit out of consuming and responding to your message. Learn their motivation for having a relationship with your company, and leave them feeling delighted and valued.

Get the frequency right: Even the best messages, sent with the best intentions, will become spam if you bombard your customers with them. Find out how often they like to be communicated to – across all channels – and then always err on the side of caution.

Short and sweet beats long and tedious: It’s hard enough keeping up with messages from colleagues and friends, let alone marketers. Brevity is a key to successful response rates.

Start by recruiting the converted: Harvest the email addresses of your existing customers, and ask them what they might like to hear from you, and how often. Your existing clients are your best asset for winning more customers, but you will need to make a compelling offer if they are going to take the time to forward it along.

Learn about your list: If your list members have different reasons for signing up, try to cater for that, and even think about splitting your communications into different groups. Segment your database along demographic or geographic lines and tailor your messages accordingly.

Find triggers: Try to use events, such as customer purchases, to trigger new offers that may be specific to a small group of customers.

Be serious and be committed: Creating compelling content on a regular basis is not easy. Clearly determine from the beginning what the parameters of your communication will be, and then see how many ideas you can come up with before your creativity is exhausted.

Be professional: Your staff might forgive your typos, but your customers won’t. Most companies will hire a designer over a proof-reader, but it is the content of the message and its offer that matters, not its presentation.

Find the package that is right for you: There are a lot of low-cost hosted systems that will

help you construct and distribute your message, but a good way to get started is using the BCC field in your email package. Over time you may look to engage with a service provider to develop more sophisticated campaigns using database segmentation and targeted offers.