

E-Mail Marketing: Best Practices for Small Businesses

E-mail is a key part of many companies' marketing strategies. As of November 2010, 94% of marketers had used or were planning to use e-mails as part of their campaigns, [an eMarketer study](#) found. While e-mail marketing's ROI has dropped in recent years, it still **brings in more than \$40 per dollar spent**, according to [a study](#) by the Direct Marketing Association.

With consumers buried beneath a daily avalanche of e-mail, marketing messages often get lost in the shuffle — and less than a quarter are opened. How can small businesses help their marketing e-mails stand out?

The key is to provide relevant content, and that starts with creating a high-quality list. In this white paper, you'll learn how to populate and segment your list and make sure your messages land in your recipients' inboxes. You'll also discover how to test your tactics to make your campaigns as effective as possible.

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Q. Where do you concentrate most of your e-mail marketing efforts?

Create a Quality, Permission-Based List

Running an e-mail marketing campaign without a high-quality list is like singing to an empty theater: It doesn't matter how beautiful your voice is because no one can hear you.

So how can you draw a large, attentive audience? If you've been collecting e-mail addresses from your customers, it's tempting to add them to your list and start e-mailing.

Don't.

You don't want anyone on your list who doesn't want to be there. You will annoy some readers, and they may be more likely to mark your messages as spam, which will make it harder to get your messages delivered at all.

Permission is critical at all stages of e-mail marketing: You should ask before adding customers to your list, and you should include an opt-out button in your messages to make sure you keep that permission, experts say. (This isn't just a matter of being polite – the [CAN-SPAM Act](#) requires it.)

There are two popular permission-based approaches to list building: single opt-in and double opt-in. In a single opt-in campaign, addresses are added to your list as soon as subscriber forms are filled out. In a double opt-in campaign, addresses are not added until users respond to follow-up e-mails to confirm their intention.

While double opt-in lists tend to be higher quality, they are also generally smaller. A double opt-in approach may be preferable if you are worried about spam complaints or if your target company has been a target for abuse, says Jeanne



Jennings, an e-mail marketing consultant. No matter what strategy you use, your company's website will play an important role in signing up readers. You should feature your e-mail subscription form prominently on your site and present a compelling pitch to draw subscribers.

Highlight what you are offering, how it will benefit your customers and what sets your company apart from your competitors. Incentives such as free trials can also encourage participation. [A 2009 study](#) found that sweepstakes were the most effective tactic to get business-to-consumer customers to join e-mail lists.

The signup phase is also a chance to collect information about your customers that will allow you to more effectively target and personalize your marketing efforts later on, so take the opportunity to ask for your subject's name and other factors important to your business. But be careful not to overdo it; asking for too much data can put off your customers, Jennings warns.

OPEN Forum TIP: A conversation with Constant Contact's Eric Groves reveals how to make the most of permission based marketing. [Read More](#)

Segment Your List to Deliver Relevant Content

Providing relevant content to your customers is essential for keeping them engaged, but doing so is no easy feat.

"Targeting recipients with highly relevant content," was cited as the No. 1 challenge facing e-mail marketers in a [Marketing Sherpa study](#).

To illustrate the issue, let's say you run a small company that sells men's, women's and children's clothing. Suppose you are having a sale, and you want to send an e-mail advertising the discounts. You could send the same message to everyone on your list, but this wouldn't achieve the best results. A man might not care about discounts on dresses, and customers without children wouldn't want to learn about kid's clothing. If you follow this single send strategy, you will provide a lot of content with low relevancy, and many recipients will ignore your offer.

If you follow [a] single send strategy, you will provide a lot of content with low relevancy.

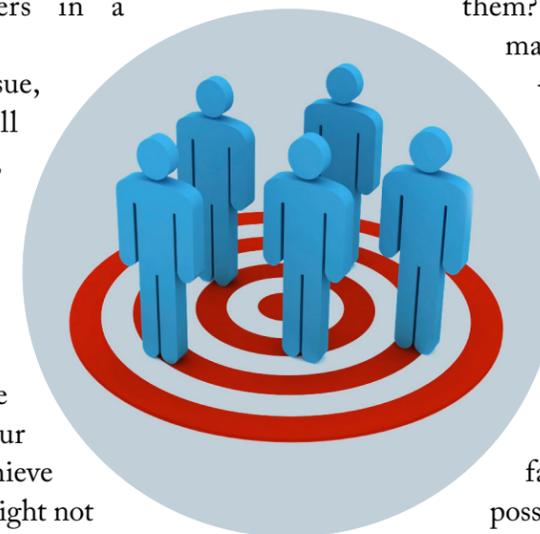
Instead, suppose you split your list into four categories: men and women both with and without children. You send a separate message to each segment that highlights only the

clothing items relevant to them. Now your customers have a reason to read your e-mail and take advantage of your sale.

To apply this segmentation technique to your company, start by thinking about your customers. From your business' perspective, what are the salient differences among them? Gather the data that matters in your industry – whether during the subscription process or afterward – and use it to segment your list. This way, you can ensure that your customers always receive highly relevant information.

Demographic factors are just one possibility for segmentation. Any data can be used, including purchasing history, preferences and time spent on your list. Just be sure you are segmenting for a reason. Irrelevant categories won't help your cause.

Segmentation is crucial but not universally adopted by small businesses, so splitting your list into even a few different categories will allow you to provide more carefully targeted content than your competitors. About a quarter of SmartBrief on Small Business readers don't segment their e-mail lists, a recent poll found, and the percentage rises once you remove the 28% who said they don't have e-mail lists at all.



Q. Do you segment your e-mail marketing list?



We don't currently have an e-mail marketing list.



No



Yes, by methods other than those below



Yes, both demographic and behavioral factors



Yes, by behavioral factors



Yes, by demographic factors

▲ Poll of SmartBrief on Small Business readers

OPEN Forum TIP: Chris Brogan has some advice on personalizing your message to your most relevant segments. [Read More](#)



We don't use e-mail for marketing



Finding new prospects



Moving prospects through the buying cycle



Renewing interest among former customers



Corresponding with existing customers

▲ Poll of SmartBrief on Small Business readers

Q. Where do you usually place calls to action in your e-mail marketing messages?

Deal with Deliverability Issues



27%

In the subject line

26%

In multiple places

16%

Near the beginning of the body text

16%

We don't use calls to action

11%

Near the end of the body text

4%

In the middle of the body text

Unfortunately, just because you send an e-mail to your list doesn't mean everyone got it. Delivery problems are a serious issue in e-mail marketing, because each undelivered e-mail could mean a lost sale.

There are many reasons your messages might not make it to your recipients' inboxes. Users may enter their e-mail addresses incorrectly on your subscription forms, for example, or a server may be temporarily unavailable. In both cases, your e-mail will "bounce," and you may receive an e-mail explaining why the message was not delivered. But bounces are only part of the problem; you also have to avoid ending up in the spam folder.

Some Internet service providers filter messages that use wording and formatting commonly found in spam messages, but your reputation as a sender is probably the most important factor in getting your messages delivered. The amount of e-mail you send,

the number of spam complaints you get and the number of bounces your messages generate can all affect your reputation. Messages that are deleted without being opened and those deleted immediately after opening also raise red flags with Internet service providers.

There are a few steps you can take to keep tabs on your reputation. Sign up for "feedback loops" with the major Internet service providers. Feedback loops will notify you if a recipient marks your message as spam. "Seed" accounts can help, too. These are accounts established with e-mail services and included on your e-mail list to determine where your messages are ending up.

You should immediately unsubscribe recipients that mark your messages as spam to preserve your reputation, says Scott Cohen of Inbox Group. But how can you stop these spam complaints in the first place? Once again, permission is key. Make sure that your recipients have signed up for your service and that they know what to expect from your e-mails. Provide an easy-to-use opt-out system to further reduce complaints. Unsubscribe inactive users if you can't re-engage them in your campaign. Also, prune list members that generate "hard bounces" — permanent sending errors related to issues such as invalid e-mail addresses.

Deliverability can be a tricky topic, and you may want to consider working with an e-mail service provider, which is an organization that helps send out e-mail marketing messages. These companies can work to improve the delivery rate of your messages, and they can also offer other benefits, such as the ability to track various metrics.

AMERICAN EXPRESS OPEN Forum **TIP:** Find out what you can do to improve deliverability and avoid your message being flagged as spam. [Read More](#)

▲ Poll of SmartBrief on Small Business readers

Test Everything

Should you use images in your e-mails? Will video links increase conversions? Should you use HTML or plain text?

It's impossible to provide universal answers to these questions; what works for one company may not work for another. But by regularly testing your e-mail marketing tactics, you can find what works for your business.

First, a bit about metrics. Whether you use an in-house solution or have opted for an e-mail service provider, it's vital to collect data with each send. Without metrics, there is no way to judge the effectiveness of your campaigns. Two of the most commonly tracked metrics are open rate — the number of people who opened your e-mail divided by the number who received it, and click-through rate — the number of people who clicked a link in your e-mail divided by the number of delivered messages. Keep in mind that open rates, while popular, tend to be unreliable.

Suppose you run a kitchen appliance store and you send an e-mail to your list every month advertising your new products. You include a link at the bottom to learn more at your website. For the last few months, you have noticed that the open rate on these e-mails is high, but the click-through rate is disappointing. You reason that readers may be losing interest before they get to the end and see the link, and you decide that moving it to the top of the message would generate more clicks.

To test this hypothesis, randomly split your recipients into two groups. Then, send



Q. How often do you test your e-mail marketing efforts to improve them?

30%

Never

28%

Rarely

25%

Sometimes

17%

Often

▲ Poll of SmartBrief on Entrepreneurs readers

Whether you use an in-house solution or use an e-mail service provider, it's vital to collect data with each send.

one the message with the link at the bottom and the other the test version with the link at the top. Now compare the click-through rates from both sends to determine which performed better.

Note that you can include multiple categories in your test. You could randomly split your list into three groups, then send one the original with the link at the bottom, one the version with the link at the top and the third a message with links at the top and bottom. But if you test too many things at once, you risk not having enough recipients in each group to get reliable results.

Despite the crucial nature of testing, the majority of SmartBrief on Entrepreneurs readers either do not test their e-mail marketing campaigns or do so only rarely. Only about 17% said they tested their e-mail marketing "often." Testing can be time consuming, but it is the only way to be sure changes to your messages are having the desired effect.

AMERICAN EXPRESS OPEN Forum **TIP:** Learn more about how to test your subject line before hitting send. [Read More](#)



Bring It All Together

All marketing is about relationships, and this is especially true for e-mail campaigns.

If your customers have a bad experience in your store, their options are limited. Short of posting a poor review on Yelp or bad mouthing your company to their friends and social media followers, there's often not much they can do. But if they have a bad experience with your e-mail marketing, watch out.

That "Report Spam" button is always at the ready, and each click can hurt your ability to reach thousands of other people.

Show your audience respect at all stages of the e-mail marketing process – by using a permission-based approach, providing relevant content and continually working to improve your campaigns – and your recipients will be less likely to jump for the spam button. It will also encourage them to engage with you and buy from your company in the future.

5 Tips for E-Mail Marketing

1. Keep it legal. Violations of the federal CAN-SPAM Act can land you with a \$16,000 fine per e-mail, so make sure you are familiar with your responsibilities. Among other regulations, the law requires marketers to clearly explain how to opt-out of receiving their e-mails. [Learn more.](#)

2. Experiment with personalization. Messages that include the recipient's name may generate more opens. [One study](#) found such personalization led to open rates that were 4.7% above the average, and more customized messages generated even higher open rates. But those that mentioned the recipient's company had lower open rates.

3. Create a schedule. Send too many e-mails and your recipients will get annoyed; send too few and they may forget who you are. Establish a regular schedule that doesn't overwhelm your readers.

4. Use an appropriate tone. A consumer-facing business might take a lighthearted approach to engage its customers, while a business-to-business firm might opt to be more serious. Testing can help you to find the right tone for you.

5. Write snappy subject lines. Shorter is generally better – those under 50 characters generate the highest open rates. Avoid words and formatting characteristic of spam messages (For example: "FREE! Click HERE now!!!!"). Also stay away from the words "help," "percent off" and "reminder." All three are associated with low open rates.



AMERICAN EXPRESS OPEN Forum **TIP:** Learn what not to do when embarking on your next campaign. [Read More](#)



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- [MSNBC's Your Business: E-mail Marketing with Constant Contact](#)
- [The 3 Biggest E-mail Marketing Myths](#)
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