

The ROI of Socialized Email

*Why Email Marketers Should Care
About Socializing Email Programs*



The ROI of Socialized Email

PUBLISHED BY:

US Headquarters
StrongMail Systems, Inc.
1300 Island Drive, Suite 200
Redwood City, CA 94065
USA
P: +1 (650) 421-4255
F: +1 (650) 421-4201

UK Headquarters
StrongMail Systems UK, Ltd
St. Clements House
27-28 Clements Lane
London EC4N 7AE
United Kingdom
P: +44 (0) 203 207 9031

APAC Headquarters
XCOM Media
Unit 1
15 Lamington Street
Queensland 4005
Australia
P: +61 7 3666 0544

info@strongmail.com

Copyright © 2011 StrongMail Systems, Inc. All rights reserved.

No part of the contents of this publication may be reproduced or transmitted in any form or by any means without the written permission of StrongMail Systems, Inc.

STRONGMAIL and the STRONGMAIL logo are registered trademarks in the United States, other countries or both. All Rights Reserved.

StrongMail Systems UK, Ltd is a company registered in England and Wales at 5 New Street Square, London EC4A 3TW. Reg. No. 6398867. VAT # GB 925 07 6228. Trading Address: St. Clements House, 27-28 Clements Lane, London EC4N 7AE.

www.strongmail.com

The ROI of Socialized Email

Everyone is talking about social media marketing. Almost everyone is doing *something* to try and determine how it can drive top- and bottom-line results. What's the big deal? Why is it worth an investment in time, money and resources? Consider this:

Size of your email list is: [Fill in the Blank]

2/3 of the Global Population -1,064,180,125*

The GAP is **Massive!**

** (Two-thirds of the global population visits social network sites according to Nielsen; Global Faces and Networked Places, 2009)*

Socializing email allows you to expand the reach of your programs beyond your email file and into the broader social networks of your subscribers. Essentially, it allows you to take the most profitable digital channel in your business and put it on steroids. StrongMail is leading the industry with our unique approach to socializing email programs. StrongMail helps our clients: (1) **identify** the brand advocates, or **influencers**; within their databases and (2) **motivate** influencers to start conversations with their peers; socially accelerating email programs and **expanding reach, loyalty and revenue.**

The Benefits of Socialized Email Marketing Programs

1. **Expanded Reach**
2. **Increased Conversions**

Expanded REACH: \$118 for Each New Subscriber

More and more of the recipients within your email file and customer database are participating heavily in social networks. According to Forrester's "The Growth of Social Technology Adoption" report published in 2008, 3 out of 4 Americans are using social technology. Even more important is Rupert Murdoch's statement: "Technology is shifting the power away from the editors, publishers, the establishment and the social elite. Now it's the people who are in control." If you are trying to grow your digital reach without the help and support of your key customers and their social networks, you have not adapted to the new marketing reality. How can socializing email impact your reach? Consider the example below.

Leading retailer Sephora developed a social program that prompted customers to speak on their behalf and engage their friends with the Sephora brand. **Every initial click into the social program generated 6 new "opt-ins" to their subscriber database.**

Let's do the math:

Email Subscribers	100,000
Delivery Rate	94.00%
Email Delivered	94,000
Open Rate	20.00%*
Total Opened	18,800
Click-Through Rate into Social Program	3.00%*
1st Generation Participants	564
New Opt-Ins Generated per Participant	6
Total Opt-Ins per 100,000 Recipients	3,384

* Q1 2009 Email Trends and Benchmarks, Epsilon

What is the value of those 3,384 new subscribers? According to a presentation by Stan Rapp in February of 2009 at the Email Evolution Conference, each email address is worth \$118 to a smart marketer. That makes the value of **extending your reach** equal to **\$399,312** for every 100,000 members of your email database.

If you do not believe Mr. Rapp's numbers, consider a calculation that is more specific to your customer base and email file. StrongMail calculates the "Email Subscriber Value" for clients on a regular basis. The "Subscriber Value" calculation factors in each customer's remaining life as an email subscriber, expected orders over that life and average order size. Once your organization has determined your Email Subscriber Value, you can use that metric to calculate the value of extending your reach via social media.

Still not convinced that Social Marketing can have a meaningful impact on reach? Consider the following actual results from a live StrongMail Influencer campaign:

Invite Method	Invite Clicks	Invites	Invite Clicks Per Invite
bebo	0	0	0.0000
blogger	19	7	2.7143
email	7811	28509	0.2740
embed	448	38	11.7895
facebook	315	260	1.2115
myspace	2	31	0.0645
twitter	571	42	13.5952
wordpress	0	0	0.0000
Total	9166	28887	0.3173

That's right; if we can motivate our influencers to post to Facebook, we see a **117%** click-through rate, and if we motivate them to post to Twitter, we see a **1359%** click-through rate. With these types of numbers, it is the uninformed marketer that is not actively chasing the extended reach of social channels.

Maximize Conversion Rates

While email marketers would agree that growing their list is a critical challenge and important to their overall efforts, it is conversions that really drive investment in new technology and marketing programs. The funnel to conversion is well known to all email marketers. However, when an email marketer is able to add the social graph of their email recipients as an accelerator to their email database, the model changes a bit.

Consider the multiplying effect of social media as sharing begins to contribute to conversions.

Open Rates	22.60%
Click-Through Rates	5.00%
Conversion Rates	1.10%
PROGRAM SUMMARY ASSUMPTIONS	
Average Conversion Value	\$89
Emails in Program	2,800,000
Delivery Rate	88.00%
Total Delivered	2,464,000
Open Rate	22.60%
Total Opened	556,864
Click-Through Rate	5.00%
Total Clicks	27,843
Conversion	1.10%
Total Sales	306
Average Sale	\$89
Total Revenue	\$27,258
SOCIAL ACCELERATOR	
Initial Influencers	5.00%
Initial Influencers	27,843
Invites per Influencer	2
Total Invites	55,686
Invite CTR	11.50%
Total Clicks	6,404
Campaign Actions	1.10%
Total Campaign Actions	70
Campaign Action Value	\$89
Influencer Impact	\$6,269.45
INFLUENCER LIFT	23.00%

Are these metrics realistic? Can you truly expect a **23%** lift in your email programs by introducing social media as an accelerator? StrongMail customers already are.

An online trading firm increased new trading account subscriptions by 941% by leveraging the power of the social web. A major online retailer was able to triple response rates as compared to normal email marketing campaigns. When looking at results like these, a 23% lift on program performance does not seem unreasonable. So, if you believe in the value of extending your reach AND you believe in the value of increased conversions, you should try integrating Influencer into your email programs.

How to Harness this Additional Reach and Conversion Opportunity:

It's important to note that you can NOT expect these results from your first program. Successful social brands follow a methodology that results in the optimization and monetization of social programs. Fortunately, StrongMail makes it easy to replicate the success of early adopters. The process is based on three phases of optimizing and **monetizing the social behavior of your subscribers**. The phases must be implemented in order, or you run the risk of not only reducing the return on your social investment but also alienating your biggest asset: your brand's influencers on the social web.

- Phase 1: Identification**
- Phase 2: Motivation through Testing**
- Phase 3: Conversion**

Each phase has its own set of metrics that provide a guidepost to successful implementation of socializing email and increasing conversions for your business. We describe each one below.

Identification

This phase is all about figuring out who the true influencers are within your email database. By appending social data to your file you can begin to target/understand who in your email file has the potential to accelerate program performance. The goal of identification is to target these potential brand advocates with future messages that motivate them to share your content with their social networks, accelerating program results. StrongMail offers a combination of data appending services and actual system-based tracking capabilities that allow companies to identify their advocates. The metrics here are simple; append the following information to the members of your email database:

- Social Network Activity (third party data append)
- Social Network Presence (third party data append)
- Scope of Online Email Address Books (StrongMail Metric)

In this phase we are light on offers that target conversion. We are slowly moving away from just listening to our customers in the social web, we are beginning to participate in the conversation.

Motivation through Testing

Once we have identified the potential influencers, we move to Phase 2: Motivation. The objective of this phase is to turn up the acceleration dial by testing what type of social motivators (Self Expression, Status Achievement, Altruism and Self Serving) are most relevant to your customer base. In this phase, StrongMail works with clients to develop socialized email programs and tests different program treatments and incentives to drive results. Identifying the right social motivation for your base is the key to accelerating conversions. In this phase the key metric for success is pass-along value. How willing are your identified influencers to pass along the content you would like them to share? What incentives are appropriate and most successful for you base and target audience?

StrongMail tracks two critical metrics that help us determine the optimal motivation strategy that in turn drives much higher social conversion rates.

- Propensity to Share (Invites sent to social graph, StrongMail metric)
- Power of Influence (number of friends within social graph that engage via invitation)

In this phase, the call to action is more specific but the key metrics we track relate to the amount of sharing that takes place within your influencer base. It is important to determine the best way to engage with your influencers in a social environment before you begin to direct the conversations they are having around your brand. StrongMail develops a number of tests around social motivators to determine the best way to maximize sharing and overall pass along value.

Conversion

Finally, our influencers are identified and our motivation is optimized; now we move to conversions. At this point, we simply turn up the call to action dial within the message, introducing new strategies to drive participants in the social dialogue to subscribe (expand reach) or convert (drive revenue). The metrics here are black and white: how many conversions are being driven per click. As with any other process, if you managed the earlier part of the funnel well, this step is simple and 23% lifts in program performance can quickly move to 40, 50 and yes, even 941%.

Contact StrongMail

For more information about how StrongMail can help you boost the performance of your email marketing campaign with StrongMail Influencer, please call (800) 971-0380 or visit www.strongmail.com.

Footnotes:

www.internetworldstats.com/stats.htm

Internet Users Globally: 1,569,270,108