"Thought Leaders Summit" on

Email Marketing

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Moderator: Ann Handley, MarketingProfs.com

Panel Leader: Stephan Spencer, Netconcepts

Panelists: Chris Beggat, Exact Target
Rok Hrastnik, Marketingstudies.net
Eric Kirby, Double Click
Chris Price, Permission
Neil Squillante, Landing Page Interactive
Jim Sterne, author and emetrics.org founder
Shargen Bozkirk, Forrester Research

A. Handley:	Hello and welcome to today's MarketingProfs Thought Leader Summit. My name is Ann Handley. I am the Chief Content Officer here at MarketingProfs. Today's subject is email marketing and we have several marketing leaders here to discuss it.

Before we introduce the panels, let me introduce the moderator of this event – Stephan Spencer. Stephan is the founder and president of Net Concepts, a ten-year old international web agency specializing in web design and commerce as well as email marketing through its gravity mail division.

Stephan is a friend of MarketingProfs, which means that he is one of our senior contributors. He has also contributed to Catalogue Age Unlimited, New Zealand Marketing Magazine, Building Online Business and other publications. He is the co-author of the Analyst Report: The State of Search Engine Marketing 1.0 – New Strategies for Successful Cataloguing, published by Catalogue Age.

He is a sought-after speaker around the globe for organizations such as IAR, IQPC and the Direct Marketing Association as well as Internet World among others.

With that, I turn it over to you, Stephan.

S. Spencer: Thanks Ann.

Well, thank you, esteemed panelists, for joining us today. We have with us Chris Beggat, a founding partner of Exact Target. He is best described as the visionary behind Exact Target's on-demand outbound email marketing solutions; named to B-to-B Magazine's 2004 Who's Who in B-to-B, Chris is a recognized speaker on database and email marketing with over 40 appearances in 2004 at national conferences, trade shows and regional business and marketing organizations. He has been featured in Ink Magazine.

Rok Hrastnik is the owner of marketingstudies.net and author of Unleash the Marketing and Publishing Power of RSS. He is currently working with the e-commerce manager for Studio Mederna, the leading central and eaSterne European direct marketing company.

Rok served as the internet manager of the largest Slovenian business daily newspaper, Finance, through 2004.

Eric Kirby serves as senior vice president and general manager for email solutions at Double Click, where he is responsible for the overall business direction of the division.

Prior to his current role, Eric was vice president for Double Click's strategic services group, where he oversaw a team of marketing strategists and analysts.

Before joining Double Click, Eric was the CEO and co-founder of VeriPost, an email marketing tools provider before its merger with Return Path in October 2001.

Eric was also co-founder of Assurance Systems, a company focusing on developing email deliverability tools and now also part of Return Path.

Chris Price is managing director of Permission. Five years ago, Chris started working in email marketing when he helped to establish a leading email messaging software provider in New Zealand. In November 2002, he left and founded Permission New Zealand Limited, a technology independent online marketing consultancy practice that has a range of clients from industries such as travel, technology, office supplies, pharmaceuticals and retail.

Chris blogs about email marketing at www.chrismprice.com.

Neil Squillante serves as president of Landing Page Interactive, an online ad agency and also serves as publisher of TechnoLawyer, a critically acclaimed network of email newsletters for lawyers and law firm administrators. Prior to his online marketing career, Neil practiced law at Wilke, Farr and Gallagher in New York City.

Jim Sterne is an internationally-known consultant and speaker who focuses on measuring the value of the web as a medium for creating and strengthening customer relationships. Jim has written five books on using the internet for marketing; including Email Marketing: Using Email to Reach Your Target Audience and Build Customer Relationships and the book Advanced Email Marketing: Using Email to Achieve Sales and Marketing Goals.

Jim founded www.emetrics.org and is a founding director of the Web Analytics Association at www.webanalyticsassociation.org.

Shargen Bozkirk is a consulting analyst with Forrester Research. Her areas of emphasis include email marketing, market mix

planning and modeling and rich media and broadband
advertising.

Shar returns to Forrester after several years away working in
marketing strategy consulting. Most recently, Shar served as
research director for Marketing Research Boutique Tidewatch. She
has also worked as a strategy consultant with Carlson Marketing
Group developing CRM and email strategies for clients including
Home Depot, British Airways and Buena Vista Home
Entertainment.

Shar began her career at Forrester in 1997 during the early days
of the internet and has written research on email marketing,
customer loyalty and retention, ad networks and marketing
measurements.

Shar graduated with honors from Harvard University.

Well, thank you all panelists for joining us today. Let's start off
with the first question – and it is a doozy:

Is email marketing as we know it doomed? Jim, let's start off with
you.

J. Sterne:	Well, I think the short answer is, because you are placing an "as we know it," certainly it's doomed because everything changes all the time – and for some of us, we can hope that it is doomed because we would love to get out from under the overwhelming pressure of SPAM and our inability to get our messages delivered because of SPAM filters, but the essential value of email marketing is never going to go away. It is that one-to-one ability. It is the ability for a company to remember what it is I like, what it is I purchased before, what it – and to know and offer what it is I might like to buy – and as long as companies continue to view this as a communication tool between company and customer and deliver value to it, no, it will never go away and hopefully it will last a long, long time.
S. Spencer:	Alright, thank you Jim. Shar, what do you think? Is email marketing doomed?
S. Bozkirk:	Yeah, I would certainly echo Jim's comments – and I think that the challenge with email marketing today certainly is opportunities – is it is extremely cost-effective. It is a very cost-effective way to have a relationship with your customers, but that benefit is also its challenge. You know, so many marketers have

started doing email because of its cost effectiveness that it is beginning to overwhelm consumers.

So I certainly don't think email is doomed, but I think that the cautionary tale of email marketing today is that the owness is really on the marketer to make sure that they are being as smart and as relevant as possible with their strategies.

So I think that email marketing, if we sort of leave it alone and let everybody just do whatever they like with it, will not survive. But if email marketers take the responsibility to really develop the strategy that it could be, then it will continue and I think we are going to talk a lot about ways that marketers can take that responsibility to be relevant in the rest of this discussion.

S. Spencer: Thank you, Shar. Neil. What do you think?

N. Squillante: I think email marketing is just as effective as it was five years ago, except that you – unlike five years ago, you really have to execute it well – whereas five years ago, you could have been a little sloppy and still gotten stellar results.

And actually, I have a very recent example which I will discuss quickly.

A couple of weeks ago, with regard to our techno, our email newsletter network, we launched an accompanying blog to support our newsletters and in anticipation of that launch, earlier this year we did some research and tried to find all the legal blogs we could and put together a database of the people who were blogging and their email addresses.

Last week for our launch, we emailed about 300 of these people, so this was actually an unsolicited email, but unlike, you know, what we all think of as unsolicited, this was highly targeted people who were writing legal blogs like ours and we sent them a very simple message with two goals: one was to hopefully create a little publicity – maybe they put our blog in their blog row or write a post on us and link back to us – and the other is we invited them to join an email newsletter that we are going to be publishing for legal bloggers on how we can all work *[glitch in recording]* and the long and the short of it is that of the 300 people we emailed, about 90 responded for a 31% conversion rate – not just a click-through rate, but these people actually wrote back to us and said "Yeah, add me to your new email newsletter."

So, email marketing, when it is done effectively, is still, you know, very much alive and well.

S. Spencer: Okay. Eric, what do you think?

E. Kirby: I think the general theme of the comments so far is that email certainly is not doomed but we all expect to continue to evolve and I guess one data point that I would throw out there to kind of – to demonstrate this point is that, you know, if you look at some of the issues today that might incline some people to say that it might be doomed, it would be things such as SPAM, inbox clutter and so forth, that have been big topics of conversation over the past number of years, but one of the things that we do is that we actually publish and track email benchmark data across all of our clients that we publish at each quarter. We have been doing this for over the past three years and what we have found – and this – this is a very large set of data. It represents literally billions of email messages being sent each quarter on behalf of our clients.

What we have seen – if you go back three years in this data, if you take a metric like click rates, that has been markedly stable over this time period – such that the click rate that we saw in Q4 '04 for the average client was the same as it was three years earlier.

So I think what that demonstrates is in spite of all the increase and discussion around SPAM and inbox clutter over this time period, companies who are smart and who have good practices continue to evolve their techniques and programs and targeting to be able to get out there ahead of some of those challenges, so I expect that we are going to continue to see that in the years to come. You know, some of the emphasis might shift between what's hot and what's not, but it will be that continued evolution as we go forward.

S. Spencer: And Chris Price, is email marketing doomed?

C. Price: [*inaudible*] Neil's comment on that, but I think it just got a lot harder to build and to gain results out of it – it got more technical and the attention that the people are getting in their inbox is reducing, but I think as long as people use email for day-to-day communication between their friends and family, the inbox will have the attention it needs to make it work and I tend to think now is the fact that RSS is going to give people an option to replace email as their channel to receive information and that will reduce perhaps the amount of subscriptions that are going to come through and just change the model in the fact [*inaudible*]

way which people choose to receive information rather than having it all just go into the inbox.

S. Spencer: Okay, and Chris Beggat – are you able to chime in as well?

Okay, he still hasn't joined in yet. Let's move on to the next question. Do you see RSS replacing email as a marketing channel over time or do you see both technologies working cooperatively?

Rok, what do you think?

R. Hrastnik: Well, I don't think that RSS can ever fully replace email as a direct marketing tool because even if RSS does offer almost the same level of marketing functionality, you know, such as targeting personalization, metrics, and so on, it really cannot replace email – for one, simply because email is so widespread and for many users, it is also the more appropriate channel to consume content, you know. In the end, it is all about end user habits and on the other hand, also RSS is so much more than email in terms of what you can do because it's not only about getting your content delivered to end users, but also about improving your online visibility, improving your search engine rankings, driving new traffic through RSS search engine directories and so on, about syndicating your content on other web media and many other uses.

And of course, email and RSS are often appropriate for quite different content types. For instance, while email is definitely the top channel to deliver easy, RSS is more useful for highly – high-frequency content updates and in the end, I think that RSS and email are all about choice and what users want eventually because even if only 10% of people were still using email to consume online content, which of course is not true today, but even if that were the case, it would still make sense to market via email, yet you would still want to meet the needs of those 10%.

Of course in the end, also it depends much on the demographics because for instance, some RSS feeds such as lochronome.com are achieving about five times greater click through rates via their RSS feeds in comparison with their email newsletters, but that is just lochronome with a very specific demographic.

So it also very much depends on the actual target audience and the people who are talking about here. So no, I don't think that RSS can ever replace email, but there definitely are many, many opportunities for the two to work together.

S. Spencer: Great points. Shar, what do you think about RSS?

S. Bozkirk: Well, I certainly think RSS is a good additional marketing channel but not one to replace or use instead of email, simply because some consumers just don't want and won't embrace RSS just like we have seen with email – for whatever reason, there are some people who aren't using email today. Either they are not online or they just don't value the medium.

And for those who maybe are using email, some don't like email marketing communications and the same is true with RSS. There will be some people who just don't leverage RSS so email is a great medium to use in conjunction with RSS. In fact, I think now as, you know, Yahoo is rolling out RSS and MSN is making it available, the general consumer will have more exposure to RSS and marketers can use it as an additional tool to help get their messages through when maybe they can't get through a SPAM filter.

S. Spencer: Okay, Jim. What do you think?

J. Sterne: I think that video did not kill the radio star. In other words, ditto. You know, different communication tools are good for different types of information that are good for different market segments, so working cooperatively – definitely.

S. Spencer: Neil, any thoughts to add?

N. Squillante: Sure. I agree with the sentiments expressed so far and just want to make a couple of points. First of all, RSS technology is rapidly progressing. Email technology is not standing still either. There is a lot being done with regard to eliminating the SPAM problem with regard to authentication and so forth. In fact, the mainstream media continues to report that the amount of spam being sent is increasing but what they are failing to report is the amount getting through is decreasing and what matters is what the recipient is experiencing and a lot of recipients are experiencing less SPAM than they used to.

Secondly, RSS technology with regard to – as an email replacement still lacks a couple of things. First of all, the ease of use for end users, I remember the first time I clicked on an XML button, I had no idea what I was looking at when I saw the XML code. I think that has to become easier and it has already become easier because you start to see people adding My Yahoo buttons in which you can add an RSS feed to My Yahoo and so forth, and of

course if Microsoft ever fully integrates into Outlook, at that point, it will probably become very easy to use.

And secondly, the issue of identity. Most RSS feeds are just one feed for everyone to use, which means you lack the identity of email. When you have an email list of 10,000 people – because each email address usually goes to just one person, you can feel pretty confident that you have 10,000 people on your list.

With RSS, it's not quite there yet and although you can use technologies like http authentication with regard to RSS to actually create unique feeds, you still – there are still some identification issues that have to be resolved, but I am sure the technology will eventually resolve it and I think that RSS will become an alternative first for power users who prefer to get your email newsletter in that regard, but I don't – but I agree with everyone here. I don't see it replacing email particularly for interpersonal communication.

S. Spencer: Rok, you had something to add?

R. Hrastnik: Yeah, I would just like to add that yes, while this is correct, there are also other ways to, you know, count the number of subscribers and run metrics and just personalize and target each RSS feed and it was already mentioned talking about unique URLs, but it does not have to be through http authentication but there are also certain solutions on market right now that generally feed per user and even allow for data capture, for instance, the user can now register and then get a unique URL so that's not a problem at all.

E. Kirby: If I could just add one thing.

S. Spencer: Eric.

E. Kirby: It's true that you can create a unique URL per user. One of the problems is that if a user goes ahead and puts that into bloglines and then shares it with the world, you may have a situation where that one unique URL is actually being shared by a bunch of people. That's one situation in which http authentication can help because that usually limits your – that particular feed to just one person.

S. Spencer: And Chris Price? What do you think about RSS?

C. Price: Well, I say that RSS is – it's sort of like going to be a user-driven decision that publishers I don't think will have much chance to

[inaudible] so long as they offer it, that is, but you know, people are going to choose where they are going to want to receive email, receive communications as email if it's highly personal or whether they don't see the communications as being that personal as they'd like to push it into something a little bit off the side, which I see as RSS, so where your communications will go – because I think there would be a lot of pressure for publishers to produce bi-formats and where people are viewing your content will be determined by the type of content that you are delivering and the value of it.

The highly valuable content will still remain in the inbox whereas perhaps less valuable content will be pushed aside and people will pick that up via RSS.

S. Spencer: Okay, so basically, all panelists agree that RSS is not going to replace email marketing but that they can work cooperatively or synergistically. So let's move on to the next question: How do you suggest fixing what ails the email marketing industry?

Shar, what do you think?

S. Bozkirk: Well, I will tell you the philosophy that Forrester has been putting forward for about three years – and it's kind of nice to see it sort of coming into play at this point – it's the approach of an email conversation and I think probably all the panelists would agree that email by nature is a very conversational medium. It allows the marketer to send a communication and then customers to actually respond.

But marketers have often treated it as direct mail without postage and paper so the email conversation idea is actually a strategy that helps the marketers tailor communications to customer motivations so it's not just my demographic for my past purchase behavior but really my motivations. What makes me want to buy? What makes me want to respond to a message – and then also sequenced to guide the customers through their buying process.

So it's a strategy that's not just an ad-hoc promotional-focused approach, but actually an approach that is really intended to answer my needs and what makes me open the message and makes me buy and perhaps sequenced so that I don't have to commit to purchasing immediately. I can get more information and then gradually spend over the course of the next few weeks as I am getting more messages and respond to your business in that way.

S. Spencer: Great points. Jim, what do you think?

J. Sterne: I look at this from two perspectives. On the one hand, we are going to – what ails the email marketplace or the email as a tool for marketing is the misuse and so, you know, ditto everything Shar just said. If vendors – if sellers can recognize that they must deliver value to end users, boy, that's – that's the goal.

                       The other side is as a consumer myself, what would fix the whole thing for me is if I could easily – emphasis on the "easily" – identify the people or the entities from which I do indeed want to receive emails. Nothing is so frustrating as missing a wanted piece of information because my ISP SPAM filter or my own SPAM filter ate it up.

                       So the idea of identification authentication and recognition – that "Boy, I really did opt in. I really do want to hear from you." That would fix a lot.

S. Spencer: Chris Beggat. What do you think?

C. Beggat: While I support the other two, obviously in maybe to focus a little bit more on Shar's side, you know, the whole idea that – that we have data that we have never been able to leverage, you know? I always go back to the Peppers and Rogers one-to-one future, which is what – pushing 11, 12 years old now – as a theory and the problem is it's never been executable because there has never been a medium that would let me take data and behavior and drive it into relevant, timely one-to-one communications and interactions.

                       And email finally gives us the tool to do that and I think that Shar's point – email has been misused because the metric for successful email has been things like open rates, you know, impressions, you know, mass-marketing branding type things versus Shar's point – more of the human-to-human interaction. Talk to me when you have something to say. Say something relevant, appreciate me and give me an opportunity to respond. I think you are seeing a lot of that in current email trends here in 2005.

S. Spencer: Okay. Chris Price. What do you think?

C. Price: Well, I think in regards to the email industry, I think that possibly it is about people's expectations changing – those that are legitimate email marketers to realize the drop in attention that they have now got to work with and to make sure they are – their

email campaigns are capitalizing a reduced amount of attention rather than what they may have thought that they had, you know, 12 months ago or 18 months ago. Now they've got a very small attention span to try and work with and by working within those guidelines, they've got a better chance of them pulling back some results which they may have seen drop back over the past six to eight months.

S. Spencer: Okay. Let's move on to the next question: What are the biggest obstacles facing email marketers today? Eric. What do you think?

E. Kirby: Well, you know, I think that the first gut reaction to that question, people would probably say, you know, SPAM and related issues associated with SPAM, but interestingly, I think this is actually becoming less of a top concern or obstacle for most companies out there today and I guess there is a bit of evidence behind that. We have – we had a client advisory board meeting a couple of weeks ago and we asked a question similar to this, you know, what are some of the big obstacles that you are facing today in 2005 with your email programs – and we expected somebody at that point to mention SPAM and concerns around how that impacts their mail being delivered, but actually it was not – it was not listed on the top of the list and the reason for that is I think most companies have now become comfortable with the fact that it is manageable. Most companies who are leading in the field have very good ways of managing the issue and dealing with it and so they're now – I think rightly so – starting to turn their attention to some other obstacles and I think many of those were actually referenced in our previous questions and that has to do with the fact that companies today are working hard to figure out how they keep their customers engaged and to do that, importantly, how they drive deeper insights and intelligence, if you will, into their customers' needs so that they can therefore then message appropriately.

So I think that that's one obstacle today – is being able to access, organize and act upon the detailed data that actually enables that kind of communication.

I think a second area that I would mention that is an obstacle for companies today is continuing to raise the profile of email as a marketing communications vehicle within most enterprises today. I think to date it largely has not received executive-level attention in most companies and that has hurt it because, it, you know, it's been viewed as sort of a cheap, low-cost but somewhat effective channel that really hasn't merged into the overall contact strategy, if you will, of most organizations today.

Along with that, another obstacle the companies face is trying to manage what I would have called sort of corporate governance associated with emails, so making sure that – especially in large enterprises that have multiple brands and multiple divisions that you have a consistent permission strategy and contact strategy across those various divisions to make sure that your customers are being treated appropriately from their point of view and not just from the point of view of one single division or brand, if you will.

S. Spencer: Neil, what do you think are the biggest obstacles?

N. Squillante: Ah, well, two thoughts. First, with regards to your own house lists, I think that one of the biggest obstacles is creative. Most companies in the world are not media companies, so they don't have journalists or copywriters on staff and if you are publishing an email newsletter, it is very difficult for some companies to come up with content. Not just content, but really compelling content on a regular basis.

To echo what Shar said before, the best email from a marketing perspective consists of when you blend promotional material with real content; real editorial-type content. And that's difficult for a lot of companies to achieve if they are not media companies.

Secondly, with regard to third party lists and newsletters: two problems. One is that many opt-in lists lack context. In other words, for some reason, the email marketing industries firmed up in such a way that these things called opt-in lists developed in which the people who joined them would receive ads and only ads. The problem with that – that worked great at first, but the problem now is that there is just no context. All you are receiving is ads if you are a member of that list. You are not receiving any so-called – like I said before – real editorial content as well. And I think that could be – that can be a problem.

With regard to newsletters, I think there are a lot of industries in which there is a girth of newsletters. You know, we publish newsletters in the legal market and I can't tell you how many times people have said "Do you know if there is something like what you guys do in 'X' market?" You know, I think there's a lot of demand out there for sponsorship of quality newsletters, but there just don't seem to be a lot of newsletters in various industries – and here I am primarily talking about B-to-B.

S. Spencer: Shar, what do you think? Biggest obstacles?

S. Bozkirk: Well, I think that perhaps the largest obstacle facing email marketers are the marketers themselves. And we have talked a little bit before about just the challenges of misusing email – certainly as marketers start doing email and they realize its cost-effectiveness and the response they get – then they tend to want to do it more. Without doing some due diligence about "Well how really should I be leveraging this medium? What are the messages that are appropriate to communicate via email? Who are the customers who are appropriate for me to be communicating through email with?" They instead get very enamored of the – just notion that they can send out a ton of messages and it's very inexpensive because I think they are coming from this direct-mail perspective and knowing how much it costs to send the message in direct mail, the email opportunity is very overwhelming.

And because of this notion to keep sending more and more frequently and more volume, we have a lot of the other obstacles that are created today. The spam issue, the over-emailing issue, which leads consumers to want to opt out or just stop replying.

And yet, I think it was Eric who said we know that click through rates have stayed fairly constant year over year, so email is still valued. It's still effective. It's just that marketers have to make sure that they are doing everything they can to maintain a permissioned relationship with their customer – and that means that they need to use email really to meet their customers' needs, rather than promote their own business goals and to become eclipsed by what they are trying to promote, they should first put the customers' needs at the forefront of their strategy and I think that if they don't do that, then they are creating an obstacle for themselves and for the industry at large.

S. Spencer: Okay, and Chris Price, what do you think?

C. Price: Well, I am building on Shar's comment there. We have – I bring my customers together each month and raised a similar question to them last month and they said pretty much across the board that it's just building relevance. One of the obstacles they're facing is how do they become email marketers where their email messages are a lot more relevant than they were six months ago – and, you know, these are reasonably large-sized businesses and they are looking at their backend databases and saying, well, is there information there which they can really use to increase the relevance of their campaigns – and in some cases, there aren't and so they are looking at having to go away and look at understanding more about what their customers are wanting to receive when it comes to email and try to blend that back into

their email communications, so one of the big office rules in that group was just relevance – how they can increase their relevance of their campaigns to capture as much attention as they can.

S. Spencer: Chris Beggat, biggest obstacles?

C. Beggat: It's hard to top some of those facts, but the main thing that we keep hoping and seeing – actually, the reality is – the question that obstacles is kind of a funny one because we think we have kind of gone past the obstacle stage. Somebody earlier mentioned about SPAM.

You know, that is sort of a cost of entry nowadays. Everybody understands it, everybody knows how they should be dealing with it. Now there's lots of bad emailers, but talking about good emailers, we see them really focusing on lifetime value. What are the objectives of this customer relationship over time and making the word "campaign" kind of a bad word in the business, right, it's not about "I need to move these widgets today – let's figure out a campaign to move widgets." It's about "How do I nurture individual relationships over a long period of time."

And with that kind of mindset, email becomes a much stronger tool for them. They set much more clear and realistic goals around it – and to Shar's point, it's not just some CEO saying "Boom! Let's build the biggest list we can and nail them as many times as possible to sell these widgets."

S. Spencer: Okay. So how reliable is email tracking and reporting since we have been talking about the allure of email as a tool for marketers that really allows you to do direct marketing in a very effective manner and that has to do, of course, with the measurability and going direct, so, you know, for example, we've got open rates that seem to be declining over time. Is this believable or what – what exactly is happening here? Talk to me about the reliability of the email tracking and reporting. Jim.

J. Sterne: Oh boy, I could write a book. Oh, wait a minute. I did. [laughter] There are two issues here and you sort of touched on both of them. One is can we track this better than we can track anything else? Yes. Can we believe our open rates? Well, no.

As ends up being true in anything, nothing is black and white. There are reasons – there are lots of technical reasons and lots of operational reasons why you are not going to get exact numbers. However, the one thing that you said, Stephan, was that we are seeing our open rates declining. Now can you believe the

trendline? Yes. So I take out a yardstick that says "I am so tall," but I don't know if the yardstick is good.

The yardstick says "I am so tall" and I am – you measure yourself with a different yardstick. We've got a problem. But if we all use the same yardstick, we can compare our heights.

So am I getting better open rates or worse than yesterday? Ah, the difference between the two. This is a very trustworthy number and if my open rates are going down, it is up to me as a marketer to figure out a way to improve them, add more value, make sure that I'm not oversending or undersending.

So are the numbers that I am getting out on email tracking and reporting – are they accurate to the nth degree? No. But are they useful to help me watch what I am doing right and doing wrong? Very useful.

S. Spencer: That's a great point. In fact, it reminds me of the Thought Leader's Summit we did a couple of months ago on search engine optimization. We talked about keywords being important to SEO efforts and you have the same exact issue. You can look at the relativity between different keyword popularities but you can't actually extrapolate forward and say "Well, Google has this many searches of this particular keyword," but you can say "Well, this particular keyword is probably ten times more searched on than this other keyword," so I would say it's definitely – this scenario is not limited to just email marketing.

Okay, Chris Beggat. What do you think about email tracking and reporting reliability?

C. Beggat: Well, I think to concur with the previous speaker, I think for the most part, it is probably a little bit underreported as people trend towards [inaudible] type devices and things like that. I'm so sorry. I am hearing this echo as well. But the – let me see if this makes it better – the other thing is what are you measuring for? Right?

Open [inaudible] rates typically seem to fall into – into more of a branding-type measure, right? If I can double the number of people who hit "reply," even if my overall open-rate goes down, what is the better metric? And I think part of the problem with the industry measures as well is the kind of email that people are sending. Gigantic retailers dominate overall volume of email, but typically, they are not very good emailers. So if I am looking at a total pie that is predominantly influenced by people who are doing weekly blasts of coupons or of special offers that aren't very

relevant, I need to drop back and say "Okay, now tell me what happens when I add more data. Tell me what happens when I decrease my frequency for a certain segment of individuals and things like that," and measure what you are really trying to accomplish – not measure open rates or clickthroughs as the total goal of success. Again, that's an impression model left over from television, which in our, you know, in our business seems like the dark ages.

S. Spencer: Eric, what do you think?

E. Kirby: Well, I think the first overarching comment is that, you know, we can argue about [inaudible] of reliability across different measures, but it really is one of the most highly-measurable vehicles available to marketers in general, so I think that's the overall premise, but secondly, I want to comment specifically on open rates – and I actually have a bit of a different point of view on open rates and how we are tracking them and to use Jim's analogy, I think surprisingly, our yardstick that we are using is actually shrinking and here's why:

Over the past year, more and more email software clients have been adopting a technology or a feature, if you will, that – that in many cases, by default, will block images in a message. And ISPs and email software providers are offering that as a feature because in doing so, the thinking is that, you know, the sense of SPAM won't display unless the user takes an action to display those messages.

Now given how we actually track opens in email, which requires an image call, this then can impact how open rates occur because, for example, whereas previously, a preview pane in Outlook may have counted as an open, today it won't, assuming that somebody hasn't changed that default setting in their new version of Outlook.

So we actually see this in a data that we track quarter to quarter, so if you look over the past year in our long-term trending data among a similar set of companies, we actually do see some slight declines occurring in email open rates. However, our analysis of that indicates that it is directly being driven by the image-blocking phenomenon. The reason we can say that is because other metrics that over time directly correlate with open rates, such as click rates, have actually maintained their performance levels.

So I think in the case of open rates, that number actually is changing and has to do with how that number is calculated, but I

can actually see that as a bit of a good thing because I think that at the measure of somebody's engagement in opening up your message, if somebody has to take the extra steps to display images, you know that that person is truly opening and it wasn't just kind of an accident, so to speak.

One other comment on this is one other metric that you probably want to be thinking about in terms of whether or not it is believable or accurate would have to do with purchases and purchase rates. And the reason for that is because the only purchases that we can directly in most cases attribute back to an email are ones that occur online that we can then associate back to a click from that email.

So most companies aren't sophisticated enough to actually look at the multi-channel impact their email messages, whether – you know, somebody goes and buys in a store or via catalogue, for example, as a result of the email. We aren't capturing that today in most cases in our email metrics, and so that actually causes people to under-report or under-credit, if you will, the impact of email in our overall marketing efforts.

S. Spencer: Okay. Neil, you had something to add in real quick.

Neil Squillante: Yeah, I just wanted to add with regard to the excellent comments – especially the one with regards to email clients turning off images – if you are buying an ad in an email newsletter, you may want to see if – and if the company publishes that email newsletter in HTML – you may want to inquire about whether you can run a text ad in that newsletter as opposed to a bAnnr because if you run a text ad, it will still show up even with the images not being turned on, whereas if you run a bAnnr, it won't show up unless the end user actually clicks to turn on the images.

S. Spencer: Great point. Okay, Chris Price, email tracking and reporting. What do you think?

C. Price: I would see it as a trend and, I suppose as something – an exact figure to hang your hat on. So it's a trendline which you can get an understanding of how well your email marketing is hitting and taking on board Eric's comments about the figures being affected by the technology side there – I mean, probably click through rates [inaudible] something which is less affected and so, yeah, [inaudible] a trend which people need to be aware of. You would be surprised at how many people aren't trend – aren't looking at them. Even though the data is there available for them, numerous times I see people who've got the technologies and just aren't

tracking them, so they definitely are worth looking at, but to see them as a trend more than anything else.

S. Spencer: Okay. Rok, anything to add?

R. Hrastnik: Well, just to say I do agree with practically every panelist on this topic. Email tracking – practically every tracking marketing as such – should be taken more from the trend-watching ability than for exactly pinpointing the actual and absolute numbers. But the trends are enough to give us an impression of what works, what doesn't and what, in fact, sorry – what, in fact, creates a sale. In the end, that is the most important thing, of course.

So as long as we can watch sales and attribute sales at least partially to said channel, I think we can be quite certain that we can, in fact, measure that channel.

S. Spencer: Okay, let's move on to the next question. We all know that SPAM filters tend to be the bane of the email marketer's existence. Getting past them is a real challenge and it is getting increasingly harder. How can an email marketer consistently get past those SPAM filters? Rok?

R. Hrastnik: Well, this might sound funny on a conference on email marketing, but I would say that the one thing that every email marketer should start implementing as soon as possible as actually delivering content via RSS because, of course, there are no SPAM filters to get in the way here. So the first thing you would do…

S. Spencer: Rok, how did I know you were going to say that?

R. Hrastnik: Well, of course. I mean, it's only natural. But still, as I said before, the only thing that – RSS can never replace email, but it should be a strong supplemental channel. So you know, just set up an RSS feed for the content that you already pushed through email. If you are publishing an e-zine, just announce it via RSS, then create feeds to deliver news, different feeds for other things, you know, because RSS will get your content through at least to that portion of the population that is actually using it.

Once RSS becomes ubiquitous, especially with where I expect Microsoft will bring it to the level of bookmarks and especially content [inaudible] shouldn't be such an issue anymore.

So I guess that's the first step – and I let the other email marketers perhaps give more info on how specifically to go through filters.

S. Spencer: Okay. And Shar, how about some tips and advice on getting past those SPAM filters?

S. Bozkirk: Well, I think that if you are asking yourself how I can get past a SPAM filter, you might be asking the wrong question. I would go back to a lot of our discussion from before, which is that if you are a marketer who is truly focused on the customer's needs and on creating relevancy for that customer, you are already doing some balanced practices that are going to tee you up to get through a SPAM filter.

So I would say step one is to really think about a higher level of strategy with your email marketing that is not just focused on getting past the SPAM filter. The strategy is really focused on "What do I need to do to make sure that I am creating an email conversation that is relevant to my customers and that is focused on delivering value for their needs?"

Now having said that, some tactics certainly to ensure that the strategies you think you are putting in place in your email are actually working for you. I would say, you know, best practice number two is to work with an email service provider or a vendor that can help you manage your ISP relations and can also help you do some testing. You can do that on your own but it is a much harder thing to try to keep on top of if you are just trying to do that internally.

If you work with a service provider, they can help you set up test accounts so you can go through and see how your email is being rendered in different email clients to make sure that the messages you think are relevant and are appropriate for the ISP are actually rendering correctly when you get through the ISP.

I think the other thing is to work with or have good relations with an ISP so if there's changes that are happening to the ISP to just be on a good relationship with them. All of those folks post their rules for whitelisting status online, so to stay on top of that and then to really manage your email service provider who is helping you actually deliver the messages to make sure that they are working with you and with the ISP to get your messages through and to help, you know, to tailor the content appropriately for whatever it is that the ISP needs and has to have.

S. Spencer: Shar, you make a great point about turning to your email service provider to assist you and make sure that you are actually getting past those SPAM filters and providing the best kind of content. It's interesting that there are a number of email tools out there that

allow you to score your email before you send it out. Some of these are actually built right into the email software, you know, that you are actually using, so, for example, with our tool that we built, Gravity Mail, it's built right in so you can see what SPAM Assassin would score it. I would be really interested to hear from a couple of our other panelists here who actually are service providers in email space. Do their tools or do their competitors' tools have SPAM scoring, checking and capabilities built right in? Chris Beggat?

C. Beggat: Um, yes. I think most tools do nowadays and those are well and good, but again, I really want to re-focus back on Shar's comment, which is if you are asking this question – if you are relying on, you know, SPAM trap detectives or content, you know, scoring systems and things like that, you may not be thinking about your customers' best interests to begin with.

You know, the simplest thing, other than the most obvious, is confirmed opt-in, you know, if you are sending out and someone opts in and you trigger that email immediately back to them asking for that confirmation, you are going to know right off the bat "Do I have problems delivering to this person or not?" Right? And you are going to be able to detect that and again, it gets back to tracking and things like that, but for a large percentage of those folks, you are going to know right away and then you have an ability to reach them using a different method.

You know, the issue with RSS as a replacement – RSS is great and I agree completely that all of your content available in an email should be available with an RSS stream. Unless I misunderstand the technology, it makes it very difficult to do things like event-driven email or triggered events or personalized one-to-one communications. It's just more of another "Here's my posting and everybody is going to get it" versus – and again, maybe I misunderstand the technology but what the clients are driving towards now is much more of an event-driven, a behavior-driven, a one-to-one communication driven by data so that, you know, I may hear an email from you once – or three times a week for one week – and I may not hear from you for another three months if you don't have anything to say, and I'm not so sure that RSS supports that.

But again, when you start thinking about the value of the communication to the customer, if they want it, they are going to get it and I guess really, that is just my final point – is to make sure you are driving good content and make sure you have very, very high-end permission, right? A confirmed opt-in and you are

going to know if you have a deliverability problem right away and then it comes back to your ESP and ISP relationships.

In the B-to-B world, this becomes a much more difficult problem, you know, in B-to-C, you know, let's face it, you get the hotmails, Yahoos, MSNs, AOLs, earthlinks and you are pretty much covered, you know. In B-to-B, which is about half of all email, now you are kind of at the mercy of every gatekeeper in every company you are trying to deliver into and that becomes a much more important dynamic.

S. Spencer: Rok, could you comment on Chris's comments regarding RSS?

R. Hrastnik: Yes, of course. I would just like to add that actually, you can do pretty much everything with RSS that you can do with email. Of course, in keeping with the previous comment that you can have a problem if someone uses your feed and lets a blogline when the fact is that RSS is just like email, only content-delivery channeled.

Now it's just a channel through which you send your content and whatever you do with the database behind it – say now like matching user interests, personalizing content, everything like that – it's just as easy to do with RSS as with email so there is no actual, you know, something that would be inherent with RSS that you really can't do. It's just about a database, your content and how you combine those two and then shoot it over through RSS just as you would with email.

S. Spencer: Great. So basically, what you are saying, Rok, is that you can do pretty much everything with RSS that you can do with email as far as make it event-driven, do the same kind of tracking of opens and clickthroughs and that sort of thing and get that kind of accountability.

R. Hrastnik: Yes, of course. I mean, it is – in the end, it just depends on the kind of technology you are using. If you are already using an internal CMS system that does your email marketing, you can easily accustom it to do the same with RSS.

The only problem today is that RSS publishing and marketing technology is not as developed. I mean, the possibilities are all out there. We just need a couple of companies to be brave enough to take RSS marketing to the next level because it can be done. It's actually easy to do. We have done it in Slovenia for the business data [inaudible] so there is nothing at all difficult of this. Perhaps the only problem isn't the companies who are right now only starting to understand RSS so before someone that offers this

S. Spencer: kind of functionality to mass marketing with the mass companies, it all takes some time before they can get so far, you know, to get through that first barricade that people experience when they hear about RSS, but it is, of course, possible – and it's easy.

S. Spencer: Okay, so Eric, let's turn this question over to you now, but before I do, I want to just give an example. Let's say you are sending out a permission-based email campaign and you are building that sort of conversation that we are all talking about we need to maintain as effective email marketers, but we perhaps use the wrong word. We might use the word "free access" when we are describing a new tool or service that we are making available through our website and just those words "free access" tend to be the words that the spammers or the porn sites use when they are emailing and yet we don't realize that and so our message, even though it is permission-based and part of a conversation, gets binned in the junk folder. How does an email marketer deal with that sort of issue?

E. Kirby: Yeah, well I think what that points out is that, you know, Chris mentioned – and I agree that the starting point for all this is making sure that you have appropriate permissions and expectations on the part of your recipients. But having said that, you can be doing everything right and the example that you gave – your mail still might end up in a junk folder unless you really go that extra step. So I think the most important thing that companies today have to do, whether you are a B-to-C company or a B-to-B company – is you have to invest the resources on staying on top of these issues, okay, because literally things change every day in terms of new authentication procedures that are out and who is adopted and who isn't and, you know, what is bigger in SPAM filters today versus yesterday and unless you are willing to make an investment in-house, those resources are going to track that. I think your only other option, as Shar mentioned, is to work with an email service provider who has invested a lot in that particular capability.

     So I think another thing to think about there is don't just take a domestic view on the need for ISP relations, so most companies actually have a significant portion of their email lists that go internationally and so ISP relations isn't just a North American exercise, but it is also sort of a global exercise.

     Specifically on that point, you know, it helps if you work with a service provider who has relationships – or in many cases even deploys email for some of those top ISPs.

As far as a couple of specific thoughts on that, Stephan, you mentioned the notion of one type of trigger that might go off regarding your email being filtered or blocked is SPAM and that has to do with the content of the message. So, in our case at Double Click, we have a very sophisticated tool associated with our product that essentially allows a client to score the content of their message and to score it against various blocking and filtering applications out there to understand how that message might be perceived by that blocking application as being as confused as SPAM.

So that is sort of one of the tools available to marketers and to other companies and to publishers to help identify and correct some of those issues.

Another example, and one that we also had built into our application is this notion of a mailbox monitoring service where we actually seed somebody's email list with test accounts across all the top ISPs and then measure not just whether the message got delivered but also *where* it got delivered so one thing you have to be very sensitive to is whether your messages are ending up in bulk mail folders or junk mail folders because when they do, we know from experience as well as from research consumers and email recipients tend not to check those accounts.

So there is, you know, we could have an entire day-long conversation on this topic alone but I think, you know, in conclusion, if you are out there today and you are not investing heavily in this topic to manage it either through your own in-house resources or through external department resources, you will likely have a lot of issues with this that you may not even realize today.

S. Spencer: Okay, great points. Let's move on to the next question: Any hidden gotchas with CAN-SPAM or other anti-SPAM legislation that marketers are missing? Neil, what do you think?

N. Squillante: Sure. Well, first of all, when the CAN-SPAM act was passed into law, I was alarmed by the number of marketing professionals dispensing advice and how few lawyers were dispensing advice and I would just remind anyone out there who has a major email marketing program at their company or who works in the email marketing industry that rather than rely on one of those articles out there, it really is worth talking to a lawyer - at least on a cursory level just to make sure you are in compliance.

Secondly, one of the – this isn't really a hidden gotcha because everyone's been talking about it, but yet I am struck by the number of large companies that still don't include a physical address in their email communications and one thing I would remind everyone of is that the CAN-SPAM act, with regard to civil liabilities applies to as few as just one email message, so that means one of your salespeople sending out a message, so it doesn't only apply to your newsletters that are going out to tens of thousands of people – or the ads that you are sending out there – but also any email message that a salesperson might be sending out, so it's a good idea to periodically remind everyone in your company to include their, you know, your company's address in any email communications, particularly to cold-call type emails in which you have never communicated with the person before.

In addition, the CAN-SPAM act has certain requirements with regard to header information and some of the things that you might want to keep in mind is you really want to have as clear as possible a "from" line – and if you are an email service provider, I understand that sometimes, it is difficult to make a "from" line as simple as if you sent it from Outlook, but you really should try to make it as simple as possible.

If you are sending out your own email from your own email server, just make sure that your IP address has a reverse lookup. Again, that is – that helps with regard to the email header and I would – the other thing that people tend to forget is that CAN-SPAM applies to all commercial email. That includes permission email, so it doesn't only apply to unsolicited email. It applies to email for which you have gotten permission to send the person.

And then finally, CAN-SPAM requires an identifier in the email subject and the best way with – the best way to deal with this particular requirement, I find, is to just make sure you always use your company name or if your company name is long, some sort of abbreviation in your commercial email.

S. Spencer: Great points. In fact, I think that a lot of email marketers don't realize that if you send out an email campaign to just one person, you could actually be in violation of Can SPAM. It actually gets to the whole idea of what is SPAM. SPAM isn't about the number of emails that you are sending out. It is really about that permission and having a prior existing business relationship with that recipient. So let's get Rok's opinion on this whole CAN-SPAM legislation issue. Rok, what do you think?

R. Hrastnik: Well, I just wanted to warn everyone out there of the central east European, of course, their European perspective in the whole when it comes to email marketing because they have about – let's say 25, 30 countries in Europe – and each of those has a different legislation for SPAM and other stuff such as price legislations.

You do have the EU Directive, but that is really only a set of guidelines with no specific rules for email marketing in EU countries since every country can interpret that individually. That's just for EU countries because we still have no European Union countries across central eaSterne Europe with each having different legislation in place and that really covers – you know, in some countries you have SPAM legislation. In others you have privacy legislations and in yet others, you have a mix of even up to five or six legislations that say what you can or cannot do as an email marketer.

So there is no general rule on what to do with marketing in this part of the world, so the only rule of thumb is to really get legal counsel when email marketing in these countries because the risks are definitely here and there is really a huge jungle out there. I mean, really, most countries have different legislations with different rules, so, yeah. Before going into these countries, definitely get some legal counsel.

S. Spencer: Good point. Eric, any hidden gotchas with CAN-SPAM?

E. Kirby: Yeah, I couple things to add, I think. I mentioned during some comments on how to – how to get around SPAM filters and so forth, the fact that this environment is constantly evolving and actually, the – I think the same thing pertains to CAN-SPAM, believe it or not, because the – because the FCC actually is in an ongoing process of rule-setting around CAN-SPAM and so a couple of things that have happened recently – if you have – if you are not aware of them, you should look into them. One is that the FCC released guidelines for the fact that wireless domains should be treated differently and have a higher threshold for whether or not you should be mailing commercial messages into them and so if you haven't yet, take a look at that and think about how you have to handle your communications differently with respect to wireless email domains. You should take a look at that and you can find information on that at fcc.gov.

In a similar vein, the FCC is – the FTC, rather – has put out some guidelines around something called the Primary Purpose Rule, which has to do with whether or not a message is considered to be

commercial or transactional – and there are some different standards that pertain to both of those.

So again, either through your own in-house privacy teams, typically with a strong legal skill set within that group, have to be tracking these issues for you internally or you have to be working with providers who can really help you stay on top of these issues because, you know, it isn't just a gotcha at any one point in time; it's an evolving landscape.

S. Spencer: Okay. So let's move on to the next question: Is there any way around multi-list suppression, which CAN-SPAM seems to require? Shar? Any comments?

S. Bozkirk: Well, this question is very interesting because just in the last week, I have had conversations with companies that specialize in helping marketers manage multi-list suppression, so it seems like for whatever reason, this has suddenly become a very hot question.

It is the marketer's responsibility to manage opt-outs and to make sure that their efforts are CAN-SPAM compliant, regardless of where they are getting their lists so there are a couple of companies that I spoke to last week. One is called Unsubscribe Central and another is called Smart Source and they have actually created tools that help marketers to maybe leveraging lists from multiple sources, so basically, these tools are software that kind of fit in the middle of all the lists and they pull information from a secondary list source as well as from a house list and they cleanse them and then hang on to the clean list.

So there are some tools that a marketer can work with that they can use to help manage this.

The other thing I would say that if you are renting lists or if you are working with shared lists or some sort of list aggregator, to make sure that you are working with somebody who also has some very up-and-up CAN-SPAM practices, that before you decide to rent a list from a provider or share a list, audit that provider. Ask them to give you proof for how they have been managing opt-outs in the past. Give them – have them give you examples of client companies that you can speak with so you really get a feel – not just for what they say they do, but you can actually talk to someone about what they have really done.

The other thing, if you are working with a rented list or third-party list provider here is to build in a warranty into your contracts with

them so that if something goes wrong or they don't uphold their end of the bargain or the list that they give you is somehow inappropriate or not compliant, you've got that built into your contract with them so that you are protected so that the diligence that you have done up front is actually written into the contract that you have with them.

S. Spencer: Neil, anything that you would like to add?

N. Squillante: Yes. The CAN-SPAM act applies to senders – not as you and I might define a sender, but as the statute defines a sender. When the CAN-SPAM act first came into being, a lot of people began arguing that you needed to worry about multi-list suppression in a scenario in which, as Shar was just talking about, you rented an email list from, say, a third-party vendor.

In my MarketingProfs article, I disagreed with that view and argued that in certain situations, you would not have to do that kind of multi-list suppression and recently, the FTC handed down an opinion that has been posted on the Direct Marketing Association website – and I can provide a link to that for everyone – in which they basically, well, it's hard to read between tea leaves, but it seems like they have agreed with my original view.

This is the scenario: If you run a third-party list and someone advertises on your list but the messages you send out contain only the design of your advertisers – and here I am talking about full message ads, not short ads within newsletters, but full message ads – then, yes. You are going to have to – then both you as the publisher, the list owner, and the advertiser – are going to have to remove opt-outs from your respective lists, but if you are a list owner and you send out all of your messages, all of these ads, wrapped in a branded template of your own so that it kind of looks like a newsletter that you published and so that recipients basically know who is sending it time after time, then CAN-SPAM is only going to apply to you, the list owner and it is not going to apply to the advertiser. The advertiser is really almost like an author providing an article for your newsletter. But the key is what the recipient thinks – and that's why you've got to – and I guess this takes away a little from the creative, but it sure makes life a lot simpler because by putting it into this branded template that looks exactly the same in every mailing, people know exactly who they are getting that email from and that's what CAN-SPAM cares about – and in that situation, only the list owner would have to deal with opt-outs, which really makes a lot more sense from a logistical perspective because as an advertiser, it's not your list. You are just advertising in that particular list and it's really not

fair to expect you to deal with opt-outs from that list. It's the list owner's responsibility as it well should be.

And, you know, again, I just wanted to caution, you know, that this is just – this is not even an FTC rule at this point. This is just an opinion that the FTC has sent out to the Direct Marketing Association in regard to a DMA question that opposes the FTC, but I would very much look for this to become a permanent rule at some point. I hope it does – and the other thing I would caution is no court yet, to my knowledge, has opined on the CAN-SPAM act and that is another thing we are waiting for – particularly with regard to this issue.

S. Spencer: Hmm. Good point. Okay, so let's move on to the next question. Move away from CAN-SPAM and actually, let's just talk about the best practice, really, and what is ordinary and what is extraordinary.

So how would you characterize an ordinary email campaign and how would you characterize a remarkable one? Jim, what do you think?

J. Sterne: An ordinary campaign is "Hey, everybody, buy one, get one free. Sign up now," and is just horrible on the face of it. An extraordinary campaign is not a campaign at all – but is an email relationship. There are some vendors that I get an email from periodically that I always want to open up and read. I get probably one email every six months from a local jeweler and I forget that I have subscribed to it and I am a little annoyed at that but it's a decent email, so I usually read them.

Then I get an email probably, ooh, once a week from United Airlines and there is nothing I want in it, ever. They are not interesting at all. And they won't know that I don't care because I unsubscribed.

So an extraordinary email watches very carefully to deliver value and watches very carefully to keep the frequency right on the money. If you don't send me something for six or eight weeks, I might forget that I am subscribed and I will just delete it without even thinking that that might be something I want, but if you send me something every three days, you are going to overwhelm me with stuff.

So somewhere in between – and this is the magic of "it depends" – somewhere for your audience and your product and the value that you can provide – is a newsletter, is an email series of emails that

people not only want to get, but will forward to their friends and you will end up with more subscribers.

So an extraordinary email management system is one that knows who I am, knows what I like, knows how often I want to receive and sends email for me instead of for themselves.

S. Spencer: It's funny that you mention, Jim, the United Airlines example, because I would always show that as an example of kind of worst-practice – and particularly with the unsubscribe instructions at the bottom. I don't know if they have changed that recently, but last time I checked, maybe – must have been over a year ago now, but the unsubscribe was about a paragraph long and described how you had to log in to their website, go to a particular page and then untick a check box and hit "submit" and so forth. You basically could not one-click unsubscribe or hit "reply" and unsubscribe that way. You had to go through a five-minute process and I thought that was just shocking.

J. Sterne: The fact is…

S. Spencer: Yeah. [laughter] Anyway, let's bring on Shar on this question: Shar, what do you think about ordinary versus extraordinary email campaigns?

S. Bozkirk: Well, the spectrum of email sophistication that I see sort of spans out – I will give three different categories here along the spectrum of sophistication.

The first is probably very basic. These are folks that I see who are fairly new and are just doing the blast approach. They are sending the same message to all of their customers. It is maybe going out about once a week just because that seems like a good rule of thumb, but there's no real analysis or customer information that's being put into helping them decide how to vary the content or the frequency of the message.

Then we have the kind of middle-of-the-road folks. These are people who are a little more experienced and are just starting to toy with some customer segmentation. So they maybe have two, three, four customer segments and they are really trying to send different messages to those customer segments based on my demographics, based on the geography where I live, based on my past purchase behavior.

Then we have the much more sophisticated folks who are going about that email conversation approach that I mentioned earlier,

so they are really thinking about what motivates the customer to respond and buy and "How should I be sequencing my messages to get them to further engage in a relationship with me?"

A really great example I've seen in this sophisticated arena is the email programs through IntraWest. IntraWest is a resort company. They run a lot of ski resorts and their strategy has been to send an email conversation after a customer books but before they actually visit the resort, so within the period of about six weeks from the time I make my reservation to the time I visit the resort, they send different messages throughout that six-week period that are all focused on helping me secure my ski lessons, helping me rent my equipment, helping me upgrade my room.

So the idea from IntraWest's perspective is to gain more revenue from these customers and the value that they are providing the customer is to help them prepare for the trip so that they are able to accomplish everything they may need to in preparation and they get there and have an even better vacation that's maybe more efficient and they feel like IntraWest has had their best interest in helping them prepare for the trip.

So that would be my example of a really extraordinary campaign and one that has really leveraged that idea of an email conversation.

S. Spencer: Great example. Thanks Shar. Okay. Neil, what do you think?

N. Squillante: Well, I think there are three essential components to any email campaign. One is, you know, your lists or the quality of the lists or newsletters from which you are buying media. The second is the creative, you know, the actual email that you are sending out – and the third is the landing page. If indeed, like most email marketing campaigns, you are directing people to a place on your website where you want them to do something.

So I think a typical campaign usually focuses on just one or two of those things, you know, and I think an extraordinary one focuses on all three because you've really got – you've really got to have all three for everything to work and with regard to the creative, you know, this is one of the biggest problem areas I see. I think – and I completely agree with those who just spoke – that you can't just think of email in terms of the old email blasts of five or six years ago. You really need to think of email as telling a story – an ongoing story in which you develop this relationship with the recipient. Not in the course of just one email message, but over the course of several email messages.

The other thing that this allows you to do is allows you to focus on just one idea per email message. I think one of the problems that I have seen, particularly in B-to-B email is that, you know, the products the companies are trying to promote are very complex and so they have a lot of features and they try to discuss all the features in one email message.

Instead, by telling a story over several email messages, they can focus on just one feature per email, which is a lot more effective.

S. Spencer: Okay. Eric, what do you think? Extraordinary versus ordinary?

E. Kirby: Well, first I want to go back and I want to defend our friends at United Airlines from some of the earlier comments.

So I also receive United messages and I have a very different perspective on them. As somebody – most of you do as well, I'm sure – who is on a plane literally every week and in fact, I will be on a United plane in about three hours from now – I always find their messages relevant, even if I would have comments on how they are going about it.

The reason is because, you know, I am always looking at – to see where my mileage balance stands, whether my flight is on time, you know, if there are partner bonus mile opportunities and so forth and so I think what that really illustrates is that even among a similar set of customers, if you will, there is a lot of variation in what the recipient views as worthwhile and even extraordinary in some cases and what the recipient might perceive as being even SPAM or junk.

And so I think that what the trick is here is really understanding how to gain those kinds of insights in your customers to be able to make sure that it's, you know, whether it is for frequency or content, is it appropriate to that specific customer.

You know, in terms of what's ordinary versus extraordinary these days, you know, ordinary campaigns unfortunately still, as people have said, really don't take advantage of the channel all that well. They tend to be sort of, you know, big-blast campaigns and send out a similar message or the same message across, you know, and in some cases, millions of recipients.

On the other hand, extraordinary campaigns, you know, two examples that I would give – one would be a message that very much incorporates testing into the communication and how that message is cued up and then, I mean, it is not uncommon, for

example, to see a 20% lift in performance in an email campaign simply by just testing different subject lines, so I think there is a lot of opportunity for companies to take a more disciplined approach for that.

And then secondly, along the lines of people we have referred to as far as trying to create a dialogue, I think that trigger messages or event-based messages are in the extraordinary category, you know, so whether it is triggered messages based upon recent customer activity, a milestone in their customer life cycles, or for example, if somebody makes a premiere status in United, trigger in a message associated with that around that particular event. I think those are examples of the kinds of communications that number one, perform very well and number two, are perceived well on the part of the recipient.

S. Spencer: Okay. Chris Price. Anything to add?

C. Price: Yeah. Well, the – I see two points here. One is that, in fact, ordinary email campaigns are generally just a business process just working through each month or every two weeks or whatever the cycle is whereas extraordinary campaigns are more of a strategic direction for the business. They are putting a lot more time into them, they are analyzing the results a lot better, they are really putting a lot more business focus on the [inaudible] just seem to be a normal part of business, so I'll just put that into the pot, you know, [inaudible] do you see people who are doing extraordinary campaigns and you can just see their business lives and breathes on one-to-one connections with their customers and they just see it as a critical part of their marketing that they have to do as well where as typical campaigns just seem to be, I guess, a normal part of marketing for [inaudible] want to have that one-to-one connection with their clients – or even if they want to, they just find it difficult to achieve.

S. Spencer: Okay. Chris Beggat? Anything to add?

C. Beggat: Yeah, I just wanted to throw out an example of – that this doesn't have to be difficult, right? The technology nowadays makes such a level playing field on email that anyone can do good email if they want to – and I will give you two examples. One is an example of a ticket promotions company that will go nameless but suffice it to say they are giants in the industry. I bought tickets from them once, I apparently checked a box, and a couple of times a week, I get this blast from them that is completely unpersonalized and basically, every concert and event within 100 square miles of my house.

I'll couple that with a much, much smaller company called JamBase – and obviously, the previous example was the bad campaign. What JamBase does – and they're – I guarantee you less than a million dollars in revenue. Same business, though, but what they do is they take time to learn the genre of music that I like, they take time to learn the kind of venues that I am likely to see a concert in and so they will send me emails that are timely and relevant based on those combinations. The right band or the right event in the right venue. So I am not going to go see Aaron Carter in an arena show. I'm sorry, but you know, I might go see Guster in a quiet event in a bar that plays at 11:00 at night or something like that.

And as a result, I get emails from them that are infrequent, right? I may get three emails in a month and I may not hear from them for three months because they don't have anything to say. And the net result is I pay more attention, I respond more and I appreciate them because they are educating me: "Hey, if you like Guster, Chris, this band is very similar. They've got some new music. Click here to see a download and they are going to be playing at this venue that I know you like to go to." And I think that's an example of an outstanding email communication and it doesn't take a lot of resources for them to do it right.

S. Spencer: Okay. Let's move on to the next question: What are your top, most effective email marketing tactics? So this is really some of your best how-to tactical info that we want you to share with our listeners. Chris Price?

C. Price: I've got three to talk about. The first one is just with the amount of email reading applications now that don't support images, I would recommend people just to turn off images in their own email client and just simply have their email message views. You would be surprised when they are poorly designed what a mess they can make when they are viewed incorrectly or viewed without images. They can spread all over the show and look awful – so just to make sure that they are designed properly so they do work, they do hold together with images turned off.

The [inaudible] in the subject line and the preview pane are areas I have paid a lot of attention to because they are the ones that drive a click through or an opener – [inaudible] open, so really work on testing the "From" line. Make sure your messages look good in a preview pane. There are little peaks of information in there which people can see to try and entice them to open up further.

The third one is something I call the golden hyperlink and in fact, some of the stats that we put through that while, you know, people are clicking on links, the vast proportion generally only click on one link even though you may have, you know, dozens in your campaign and so if you really think it through to determine what exact hyperlink you want me to click on – and that's the golden hyperlink – and make that one easy to see, an obvious choice, so you can start to direct people into the area where you really want them to go.

So that's my three: turn off images and make sure your campaigns look good without images. They could well be seen in that way by a lot of people. Really work on that "From" subject line and preview pane view and also just think about those hyperlinks and just try and drill it down to the one nail, or the golden hyperlink which will carry the most of your traffic.

S. Spencer: Great tips. Chris Beggat?

C. Beggat: I'll go with three as well. The first is testing. The easiest thing in the world for people to do and probably the least utilized, at least in my experience. People just do not do enough testing of elements in different versions, you know? Frankly – and this is one of my favorite Forrester comments of the last year – the whole idea around left-brain marketing. This is all analytics nowadays and, you know, you can have the best looking creative in the world and the worst and guess what? The worst might perform better in an email. Unless you are testing these elements, you don't know that.

Second is frequency by subscriber. The number one question I get asked all the time: "Which frequency? How often should I email?" "Well, we do this on Thursday and we want to do this on Saturday and blah, blah, blah," and the fact is that technology is available now that you should be able to email to every subscriber on the right frequency for them or at least for decent-sized segments of them, so think about frequency by subscriber.

And the third thing is web analytics – and I think that jumps on the gentleman's comment earlier. Most people only click on one link and where do they go? What do they do? You've got to have a handoff there. You've got to be able to look at both web analytics and emailytics in context and with business-to-business obviously tied into your CRM because email obviously is just one element here and it is part of an overall strategy along the lines of lifetime value for that customer and I would encourage everyone to think about integrating their web analytics to their email so they've got a total picture about what's really happening.

S. Spencer: Great. Now, Jim, what would you say would be your most effective tactics?

J. Sterne: Well, as president of the Web Analytics Association…

S. Spencer: Hey, there you go.

J. Sterne: [inaudible] You stole my thunder.

S. Spencer: Sorry about that.

J. Sterne: Well, let me build on what you said and test, measure, test, measure, test, measure because it's really not intuitive. You will be amazed at what works and what doesn't. Keep testing and keep measuring. That said, I want to build on the frequency comment, which is give your customers choice. I want to hear from – well, United Airlines. I'll take that as an example. I want to hear about my current status and how many miles I've got but I don't want to hear about special flights between Detroit and Atlanta. I don't fly there and United knows where I fly. So if you have a way of knowing what your customers are interested in and what they purchase, cater to them. If you don't, give them the choice. Identify when I subscribe what frequency I might receive from you and what subject matters and I'll tick the boxes I want and I won't click the rest of them and I really get the content I want.

S. Spencer: Very good point. Neil, what would you like to add?

N. Squillante: Two thoughts regarding what everyone – what people have said about testing. I completely agree and if you are really into statistics, there is something out there called the Taguchi Method. Other people call it experimental design, which really goes way beyond A/B testing.

                   Just very quickly, this is a method that originated in manufacturing, but it actually applies very well to online marketing and email marketing in particular. It also applies well to search engine landing page optimization, so I would just throw that out there for people to investigate.

                   Secondly, serial storytelling is an email marketing methodology that we developed a long time ago and that I have written about in MarketingProfs and I hope to do a lot more writing about this year, but basically, it has two principal components and it is completely the opposite of the so-called email blast, which I am not a fan of.

First is a rich contextual framework. Basically, that applies on two levels. If you are placing an ad in the newsletter, how good is the surrounding content in which your ad is going to be placed?

If you are sending out an entire email message that's yours, again, how good is that content and what other types of email messages are you sending out? The richer the context in which your promotional messages are going out, a quid pro quo develops between you and the recipient so that they will pay more attention to what you are trying to say.

The other component is what I said before about telling an ongoing story. This allows you to write more focused email messages that really cover just one topic or one feature and it is just a lot easier for people to grasp one thing rather than seven different things.

Just to give you an example of a very effective campaign that has made use of serial storytelling – we have created a campaign that has been going on for about a year and a half for a company called Equicis, which develops Network Fax Offer. They are pretty big in Europe but just getting started here in the U.S. and we have been working with their U.S. operation.

Basically what we have done for each of these ads is – we call this campaign the Cliffhanger Campaign. In each ad, we tell a story of a lawyer who has some sort of problem with regard to fax communications and these are very short stories – about 100 words – and at the end of the story, it ends in a cliffhanger, you know, "What's Jim going to do," and "Click here to find out more." They go to a landing page when they click and a lot of people click on these ads because they just can't help but want to find out what happens to Jim and they go to the landing page and the story finishes and, of course, the story finishes with the solution being the company's network fax software and usually just discusses one particular feature that saves the day for this particular scenario and then can, you know, fill out a form and get a 60-day free trial and it has been a phenomenal success and it just shows that you don't really have to do a lot to develop a very effective email marketing campaign. You just have to be smart about what you are doing.

S. Spencer: Okay. Thanks very much for that, Neil. Now let's ask the next question here. What are the common traps that legitimate email marketers fall into? Chris Beggat? [silence] Okay. Chris Price?

C. Price: [inaudible]

C. Beggat: I'm so sorry. [inaudible]

C. Price: You go, Chris.

S. Spencer: Okay, Chris Beggat.

C. Beggat: I apologize. I had you on mute, but the biggest trap is still falling into that mass marketing batch and blast, so even though you do everything right – you get the right permissions, you confirm opt-in, you have all your CAN-SPAM compliance and then you still send me offers or things that are more interesting to you, the sender, than me, the recipient.

                 I think that is the easiest trap to fall into because it is usually still a pretty good ROI, you know, compared to other media and, you know, it is a real easy trap to fall into because it is usually still a pretty good ROI, you know, compared to other media and, you know, it is a real easy trap to fall into. What I have always been doing versus driving a real data-driven communication.

S. Spencer: Okay. Chris Price.

C. Price: I've got two. One is trying to tell too much and the other one is not understanding the complexity of the media. So the first one is – I see it quite frequently – people just try to say too much or cover too much information in their email and not realizing that they have only got a limited amount of time to get that done and their message across, so if they don't get to the point early, they try and cover too much ground with their messages – and secondly, not understanding the complexity. It is becoming more and more complex, some of the things we have discussed today with deliverability and CAN-SPAM and some people are blindly going on as if they are immune to that, whereas the smart email marketers are really engaging professionals and experts around them or choosing suppliers that have those skills and really coming to grips with the complexity and learning as it becomes more and more complex.

                 So trying to say too much and not understanding really the environment as it changes.

S. Spencer: Okay. Great. Thanks Chris. How would one objectively select an email marketing vendor? Jim?

J. Sterne: Check references is a real good beginning. The two critical pieces, I think, are how easy is it for you to use their system? Can you figure it out readily? Do you need a lot of hand-holding to make it

happen, part one. Part two is if you do need hand-holding, can you get it? Are there people there who are available during your business hours and even after your business hours?

Technically, these days, you should expect everybody to really be able to live up to the task so the question is what kind of support do you get and how easy is it to go ahead and use the tool?

S. Spencer: Okay. Good points. And Shar, how about yourself?

S. Bozkirk: Well, I think there are – it's a myriad of providers out there right now. I have talked to tons of little guys and it seems to me like it must not be that hard to create an email delivery platform, so I think in terms of looking at the actual difference between one tool and the next, the differences are going to be very hard to find. You may find some tools that are easy to use, but for the most part, every provider now has the same basic capabilities in terms of delivery, in terms of reporting, in terms of testing and helping to ensure delivery through testing and other SPAM filters and things like that.

So I think from the marketer's perspective, the things that a marketer should look for are which tools are the best fit for them, for what they are looking for for the amount of staff they have on hand for the amount of budget that they have – and so I just have actually a list of things to think of when you are selecting a partner.

The first is as a marketer to do some due diligence around what you really are looking for, you know, why do you want to work with an outsource provider and what is it that you are looking for based on what you have internally?

Second, best practice is to really be prepared to direct the partner in a relationship. And this may not mean that you have to tell the provider everything you want to do because that is probably why you are looking for a provider – to help you. But it does mean that you need to take responsibility for your piece of the relationship and you need to be aware of why you are selecting them – can they be trusted and to do some sort of cross-checking so that you know that the provider you are working with is in fact delivering on those things that they said they would.

I think to echo Jim's point, you want to study their background. You want to know a bit about their stability. How long have they been in the industry? What is their expertise? How many

employees do they have dedicated to each of the areas that is important to you? What's their client renewal rate?

And then to get at some of the intangibles, you know, beyond what they tell you they do, can you actually talk to some of their clients? Can they uncover some of these hidden gems or secret best practices that may not be the mainstream things that anybody can come up with?

So I think if you, as a marketer, can really go through the due diligence, that will help you determine which provider is the best fit for you since for the most part, the delivery is really a commodity that any provider has to be able to offer at this point.

S. Spencer: Okay. Chris Price?

C. Price: I'm going to go back to Shar's comment there, which is that people can try and start to put together their own business requirements, you know, as if they are just purchasing another piece of the software of what they really want the piece of software to achieve and sometimes, it is difficult when they've got a limited understanding of what the capabilities are and perhaps they can engage the parties to come and advise them just to put together a document which they can put round a business to get a clear understanding of what they want the [inaudible] to do, what strategy they want it to deliver to and from there, they can take that document out and use it as a point of comparison against vendors they are going to be looking at working with.

S. Spencer: Okay, and let's hear from an email marketing vendor. Chris Beggat, what do you think we should do when we are selecting an email marketing vendor and how to do that objectively?

C. Beggat: I think, you know, to piggyback on Shar's comments, I think a couple of things are – one, are you philosophically aligned, right, with what your real goals are? And I think the difference is that a lot of email vendors are very volume-driven, right? That's how most of us are compensated, just like a postage stamp.

But is volume the best interest of you, the client? One of the things I love is – a favorite story of mine – a client that we work with, our first meeting they came in and said "Boom! Our goal is to have a database of 30 million people." I would encourage everyone to tell their email vendor that they have a goal of some astronomical database and see who starts drooling over the volume and who pushes back and says "Wait a second," you know, "Is this really the best model," right, how do you drive

lifetime value? How do you drive data-driven communications? Is volume the correct measure of success?

In the mass-marketing world, it is, and for a lot of email vendors, it is and I would think that is a core question that you can throw out to a vendor and get a real good handle on what their philosophy is around lifetime value.

S. Spencer: Okay. And let's move on to the next question here: What do you think will be the major issues for the email marketing industry in 2006? Chris Beggat?

C. Beggat: In 2006, I think data integration. You know, I am sure I sound like a broken record, but the key magic of email is that I can communicate to anyone at the right time with the right message based on the right context.

There has never been a media in history – now I am going to talk with Rok later and learn a little bit more about RSS, but compared to all of our traditional media, there has never been a way for me to achieve the one-to-one future, right? That's 10, 12 years gone by. It doesn't make us bad marketers. We just haven't had the right tools to execute on one-to-one marketing and now with email we do and we are moving rapidly from the idea of email as a cheap mass-marketing tool to email as an unbelievably effective one-to-one communication tool and you will see that rolling full steam ahead through 2006.

S. Spencer: Okay. Shar, what do you think? Major issues in 2006?

S. Bozkirk: I think we are going to start to see marketers leveraging email in conjunction with other marketing channels. For the last three or four years, we have seen people really focused on email as a stand-alone communication vehicle. I frankly think email is just another channel. It is a great way to communicate with your customers and it is an even better way to create a multi-channel conversation with your customers and I think that is going to be where we start to see that those sophisticated folks who are doing some of the email conversations move into cross-channel conversations and start to leverage email in conjunction with phone calls, in conjunction with online ads, in conjunction with postal mail so that they have created a seamless way to talk to their customers through whatever channel the customer prefers and potentially through several different channels, depending on where they are in the conversation.

S. Spencer: Okay. Eric, what do you think?

E. Kirby: Well, I think that I would agree with the data integration comments from Chris, but also I think that those blend well into Shar's comments around the fact that, you know, sort of thinking in cross channels and a part of email marketing activities, but on the full topic of data and getting smarter and so forth, one thing that we probably all have to have on our radar this year - and I think we will probably see more of it in 2006 – is the fact that there is a lot of conversation going on right now in the U.S. related to data and privacy, you know, some of the problems that have been reported in the press recently with data breaches for companies like Choice Point and so forth, I think we are going to see some spillover effects there in how legislators and others are scrutinizing the use of client data, so I think all the data integration activities and so forth, and getting smarter with customer data, that is likely going to have to exist in an environment that probably involves a bit more oversight, if you will, from governments and possibly other organizations as well.

Another thing I would mention out there, though I don't think we have talked too much about is [inaudible] today, but I think that phishing as sort of a – as a word in the popular press – is becoming more common and it will probably start to overtake SPAM in terms of the kind of email that people are really concerned about because of its damage to brands and reputations and also because of the implications on [inaudible] and so forth.

And one other thing I would mention as an issue for '06, but also one for this year as a – as an opportunity – is I think that we are going to see companies focusing once again on email list growth.

What I mean by that is that over the past few years, companies haven't been as focused on the notion of growing lists and bringing in new customers to the file as they probably were in the early days of email and what companies are realizing is that it's those fresh new names on their customer file who are the ones who are the most responsive so I think we are going to see a lot of companies start dedicating attention and resources and investment dollars into growing that customer list once again, but it isn't as easy anymore and it isn't as easy because people have become a bit more reluctant to just provide out their email address to anybody who asks for it, so it has to be earned.

S. Spencer: Okay, Jim, what do you think?

J. Sterne: Deliverability is going to continue to be an issue. It's an ongoing battle. I don't see anything that is going to stop SPAM in its tracks

and that means as marketers, we have got to be a lot smarter about what we are sending so that it will be received.

I also think that 2006 is going to be a time when people finally get the fact that test and measurement is part of return on investment and it's not just "Did they open it? Did they read it? Did they click on it," but "Let's do some further measurements, let's do the data integration to see whether or not they clicked through and they got to the money page, whether that's a purchase or a download or a registration, whatever it might be."

And then look at the cost of sales on using this as a promotional tool. Are we getting the payoff that we want including measuring the impact it has on our brand, so we can't just measure the clicks. We have also got to measure the attitudes and I think in 2006, people are going to finally get how measurable this is and how that can be used to make it a competitive edge.

S. Spencer: Okay. Chris Price?

C. Price: I don't think email marketers will, in 2006, will move into being just online marketers and their channel will have to be a multi-channel that's not just email marketing, so we will have to pull [inaudible] to higher [inaudible] as well as email, as whatever it turns up, so I think 2006 is going to be a year where we are going to have to start consolidating our technology platforms to make it easy to get at the data to [inaudible] increased personalization and fragmentation value, but there have got to be other [inaudible] out to how our subscribers want to receive it.

Rather than having [inaudible] of technology where we are doing RSS with one application and email with another, we would like to see some ways in which, in 2006, that is altered and we have one central place of managing the data collection, data mining and content delivery and we just [inaudible] it out to however our subscribers want to get it.

S. Spencer: Okay. Chris Beggat, you wanted to add something?

C. Beggat: Just to jump onto – I believe it was Eric's comment about privacy in all this, you know, you look out to 2006 which seems sort of far away sitting here in April, but one of the things that happened to ESPs with the whole SPAM issues and deliverability is obviously a lot of the in-house people trying to do this on their own – smaller ESPs – the business consolidating because of deliverability to the larger ESPs and I think the issue of privacy and data security is going to really further feed that trend.

I don't know how the other ESPs speak about this, but when you talk about on-demand software, we often make the argument that your data is probably safer with us than it is in your own systems, right, because this is all we do by the terabyte after terabyte data, you know, versus you look what happened with Ralph Lauren where, you know, who knows who is running that system.

So I think you will see a lot more consolidation to the ESPs because of privacy and data security issues and again, like SPAM compliance and deliverability, you will see security being a criteria that is probably going to become a lot more important when people evaluate their ESPs.

S. Spencer: Great, and this leads us now to our final question. We are going to actually crystal ball gaze into five years' timeframe. Let's just get a real brief snapshot of where you believe the inbox will be and email marketing in general will be in five years' time. Eric?

E. Kirby: I think the inbox is going to be – is going to be characterized by more control over the information in that inbox. I think you will expect to see more gatekeeper kinds of devices managing people's email inboxes.

If you think of email as an application over the past number of years, it really hasn't innovated all that much but I think we are going to start to see a lot more tools that enable people to search content of their email, to categorize messages, to save them in easier way and so forth. I think that you are going to see a lot more sophistication around the end user's ability to control email in an inbox.

Email marketing, along with that, I think we are going to see a continuation of a lot of the evolution that we have talked about throughout this call in terms of an increase in sophistication because if you are going to get into somebody's inbox as these gatekeeper kinds of features become more prominent, you are going to have to have a very good relationship with that customer to do so.

One of the wild cards out there is I think we can expect to see more rich media playing a role within email. It hasn't been – it really hasn't taken hold to date and there are a variety of reasons for that including the fact that it often has virus and concerns around how it displays in a recipient's inbox, but I think if we can overcome some of those challenges, rich media will start to play a larger role in email as it has in online advertising. I mean, it's

really grown quite dramatically in terms of the percentage of online advertising taking advantage of rich media.

So those are a couple of thoughts from the crystal ball.

S. Spencer: Okay, great. Shar?

S. Bozkirk: Yeah, I actually have two different models that I have just completed for Forrester. We just finished our annual online ad sizing report and I did the email piece of that so I have just been finishing up modeling out the overall growth of the volume of emails that will be sent now into the next five years and as a piece of that, I also modeled how many marketing messages consumers would potentially opt into.

So based on our consumer technicographics data, which is information that consumers report to us telling us how many messages they get right now, I project that there will be about 17 marketing emails that consumers opt into.

It doesn't mean that's how many messages they are going to get every week. That is how many actual marketing promotional emails people will sign up for – and that considers, you know, retail will have more retail emails and more CPG emails than they maybe will automotive email, simply because you have more relationships with retailers than you do with your automotive companies.

Then we also modeled out the overall size of the consumer inbox and we are seeing that right now, consumers get a little over 300 emails a week in their inbox total that includes emails that are personal, emails that are marketing messages and then SPAM emails and we have that growing and by [inaudible] about 2008, so we are looking at about 500 emails in the consumer inbox by 2010 with it sort of leveling off around the 2008 timeframe due to a couple of forces that are going to finally happen around that window.

The first is a decline in email for acquisition purposes – that marketers will finally find that the amount of money they are spending on renting lists isn't worth it for the amount of response they are getting and so acquisition emails will start to taper off.

The second force that will happen around that time is I expect SPAM to decline because I am really anticipating a postage stamp; some sort of currency or charge that happens for email delivery and I think that will happen around that timeframe too, which will

decline the amount of unwanted messages that are coming into the inbox as well.

S. Spencer: Okay. Rok, what do you think?

R.Hrastnik: Well, I do think [laughter] – I am sure that you have already anticipated this answer – that our RSS will become increasingly integrated within email clients such as Outlook. I mean, it is already happening. For instance, Newsgate or similar companies as well are already offering Outlook plugins that allow [inaudible] users to subscribe to RSS feeds via their email client and I think that is only going to continue.

So the future – I think that even marketers – and of course RSS marketers – will not contend only against other email messages, but also against other RSS feeds which could perhaps have – at least in many cases – greater relevance than email messages because RSS is just so easy to unsubscribe from and definitely easier to unsubscribe from than email, meaning that the – once you don't – no longer want an RSS feed in your aggregate, it takes about two seconds to remove it from being there.

So it's really – the things that you can afford as a marketer are really much more limited than what you can do with email, so the relevance is higher and that you will also put some – make some additional competition for email marketers.

S. Spencer: And Jim, what do you think the inbox will look like in five years – and email marketing?

J. Sterne: Well, I wish I could be as optimistic. Here's my hope, but I think is not as hopeful, but my hope is that that filters will work. I have no expectation that marketers will get better but because, you know, everybody that says email will and so we will get all kinds of quality just as we get all kinds of quality of television ads and magazine ads but the filters will work and I will see the ones that I want and I won't see the ones that I don't want and whether that is by a postage stamp or that's by artificial intelligence or that's just because the email systems will be able to recognize and figure out what I like – but I will be able to open up the box that says "this is work-related, this is from family, this is advertising for airlines, that's advertising for clothing," and I can go to the one I am interested in at the moment and of course I can hear Rok saying "Yeah, well, that's what RSS does right now."

So would those be more integrated? Absolutely. And so the hope is that it becomes more consumer-friendly.

S. Spencer: Okay, well, I think you have hit on something there, Jim, on, when you mentioned artificial intelligence because I just finished reading a book called The Age of Spiritual Machines and it is written by one of the most famous artificial intelligence experts in the world and I am quite convinced after reading that book that five years' time is going to – we are going to see some fundamental changes due to artificial intelligence and computer processor speed improvements and so forth, so it's a pretty exciting time.

Alright, well, thank you everyone for your brilliance and for participating in this Thought Leadership call. I greatly appreciate it. On behalf of MarketingProfs, your assistance with sharing your thoughts, your vision of the future and best practices – so thank you again and I appreciate your call.