

WHITEPAPER

2009 Email List Growth Study

Executive Summary

Developing a successful, compliant, ROI-producing email list growth strategy is at the top of most email marketer's list of primary concerns. The 2009 Email List Growth Study whitepaper was developed to address that concern. With the help of over 350 email and online marketing professionals' participation, ExactTarget, in collaboration with the Email Marketers Club, and the Center for Media Design at Ball State University, has compiled a definitive document that outlines the best practices for list growth development.

The 2009 Email List Growth Study provides insights on marketers' past experiences and future plans regarding the implementation of list growth strategies. Marketers were asked to rate 18 list growth tactics based on three criteria:

1. Quantity of names acquired
2. Quality of names acquired
3. Overall return on investment (ROI)

The study also compares tactics used in 2008 with the tactics marketers plan to use in the year ahead. "Continuity" represents the percent of marketers who used the tactic last year and plan to continue using it in 2009. By combining average ratings with continuity, we established the rankings of 17* identified tactics (see Figure 1).

The core of a successful list growth strategy is incorporating the right subscribers into the right list. By putting your subscribers first, listening to their individual wants and needs, and leveraging permission-only tactics, you can create and grow a powerful, effective email marketing program.

Our 2009 Email List Growth Study will give you valuable insight into 18 different list growth tactics, how they've performed for marketers in the past, and how they're being incorporated into future email list growth strategies. Our study outlines the inside perspective from both B2B and B2C email marketers across multiple industries and countries.

• **Organic growth rules!** Onsite registration tactics are the clear winners, followed by inbound call centers and in-store points of sale. These top ranking tactics are all gathering tactics—the subscribers' email address is captured during interactions they have initiated with your brand. Hunting tactics—where marketers go looking for prospective subscribers—are less successful. Give subscribers every opportunity possible to opt in after they've initiated contact with your brand.

**The 18th tactic—Mobile Capture—was not included in the final ranking. While there are isolated reports of success, not enough survey respondents used this tactic in 2008 to draw conclusive results.*

An ExactTarget whitepaper produced in collaboration with *The Email Marketer's Club* and *Ball State University*.

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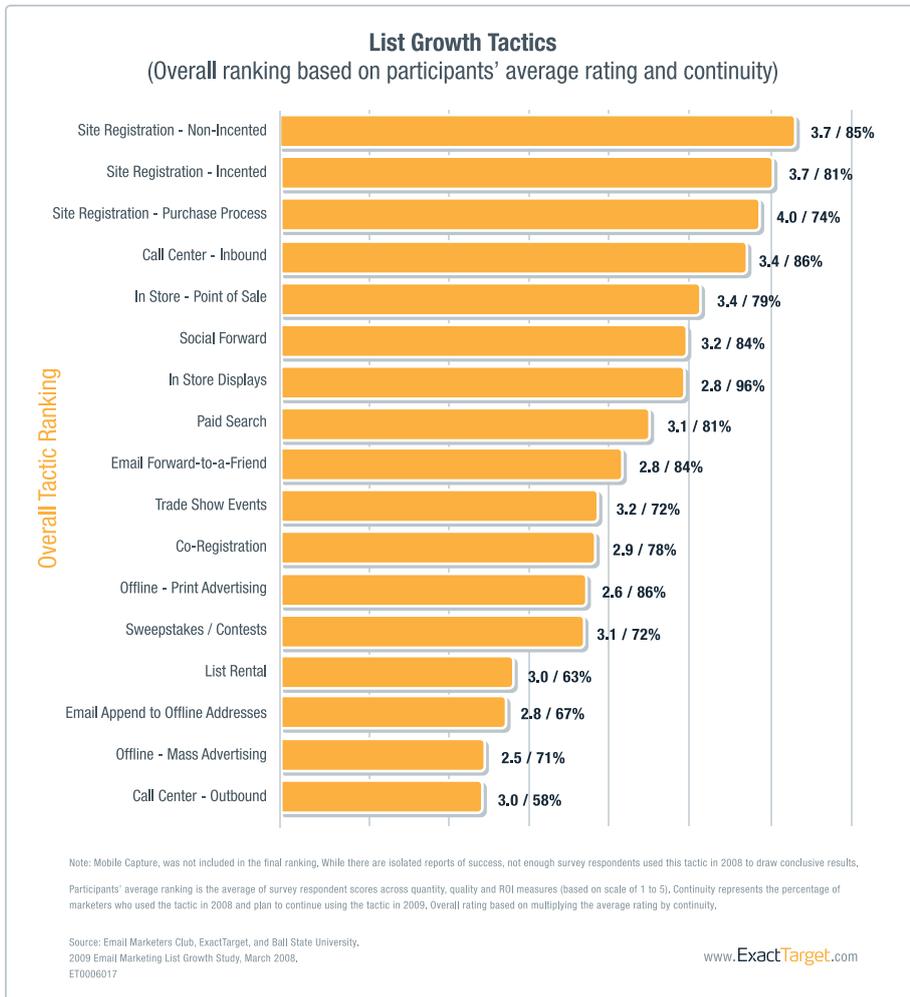
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What does Subscribers Rule! mean?

Glad you asked. Subscribers Rule! is a unique marketing mindset that puts each and every subscriber in control of his or her one-to-one communication preferences. Find out more at www.subscribersrule.com.

Figure 1: Ratings of marketers' top 18 list growth tactics in 2008.

- **Sell value.** Permission marketing is alive and well. Good list growth tactics require subscribers to take the initiative to register without making them feel coerced or trapped. Marketers who clearly articulate and sell the value of their program are going to have more success with these proven tactics.
- **Diversify, track, and evaluate.** Successful list growth strategies employ multiple tactics to drive new subscriptions while closely tracking and monitoring all list sources.

- **Don't look for a silver bullet.** When marketers talk about list growth, they often gravitate toward tactics that promise quick results, such as Email Append, List Rental, Co-Registration, or Offline Print (e.g. magazines or direct mail). These tactics aren't necessarily ineffective, they simply don't work nearly as well as organic growth strategies. A strong list growth strategy requires that marketers invest time to implement good organic list growth tactics such as onsite registration, inbound call centers, and capture at point of sale or trade shows. Ensure these components are in place before looking to "hunting" tactics.

- **Take a look ahead.** The survey found that 32% of marketers plan to integrate their email programs with social networks by leveraging social forwarding capabilities for the first time in 2009. Mobile capture has a lower adoption rate, but it is expected to explode this year with over 500% growth. If you can't bring your customers to your website or store, bring the store to them via their mobile phone. Mobile technologies show great promise for enabling subscriber-initiated interactions and opt-ins.

Survey Data

Email list growth is a top priority for 38% of email marketers in 2009, placing it ahead of integration of disparate systems with email, deliverability, coordinating marketing efforts with other channels, and lowering marketing costs. The only things on the priority lists of more marketers are improving conversions and email relevance.

A Good Investment?

The use of email append will nearly double this year—even after 1/3 of the marketers who used it last year removed the tactic from their 2009 plan.

What is Mobile Capture?

If you're looking to build your subscriber list from in-store traffic, mobile capture is a great way to do it. By communicating your email program's value proposition on displays in high-traffic areas, your text-based opt-ins can increase substantially.

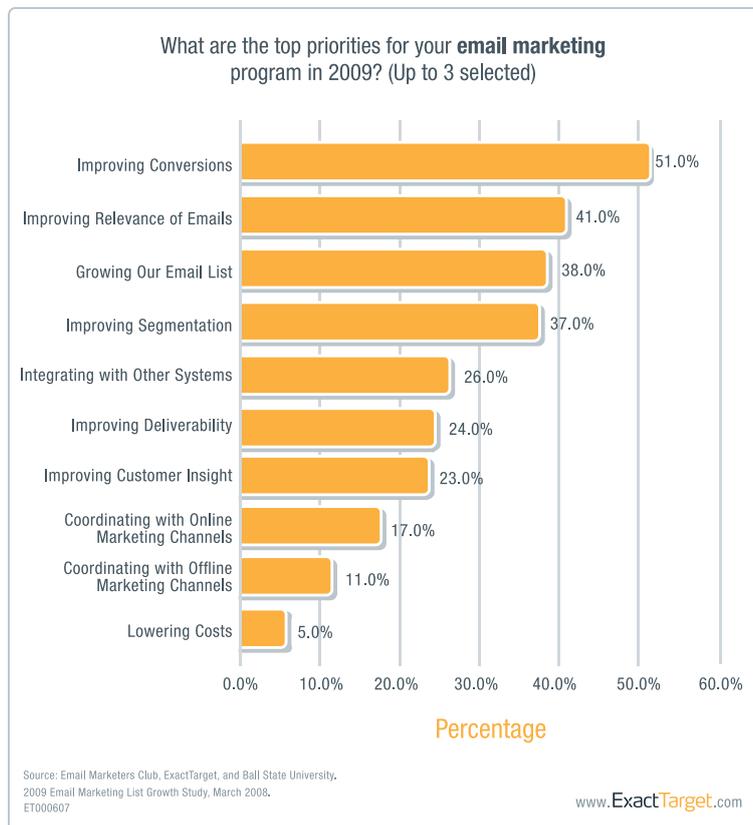


Figure 2: Marketers' top priorities for email communications in 2009.

Marketers new to email are more likely to have list growth as their top priority than those with more experience. For marketers with less than three years in email, list growth—along with improving conversions—is the most commonly cited priority. Marketers with three or more years experience are more likely to be focused on segmentation and relevance.

How Important is List Growth?

38% of marketers cite email list growth as a 2009 priority.

Two factors contribute to the difference in marketers' email program priorities. First, email marketers with more experience have larger lists—a trend that holds true for both B2B and B2C marketers. They have already gone through the list building phase of their email program development which allows them to focus on optimization strategies. Second, with experience comes the knowledge that building big lists is not necessarily the most effective way to drive increased conversions. Once critical mass is reached, optimizing the program through enhanced segmentation, relevancy, or integration may provide a smoother—and more successful—road.

Diversify, Track, and Evaluate

Survey respondents represent email marketers responsible for managing lists of less than 1,000 to over 2.5 million names (see Figure 23). Marketers with large lists do three things more often than email marketers with smaller lists:

- 1) They diversify by leveraging a number of different list growth tactics
- 2) They track their sources of list growth, and
- 3) They evaluate their list sources frequently

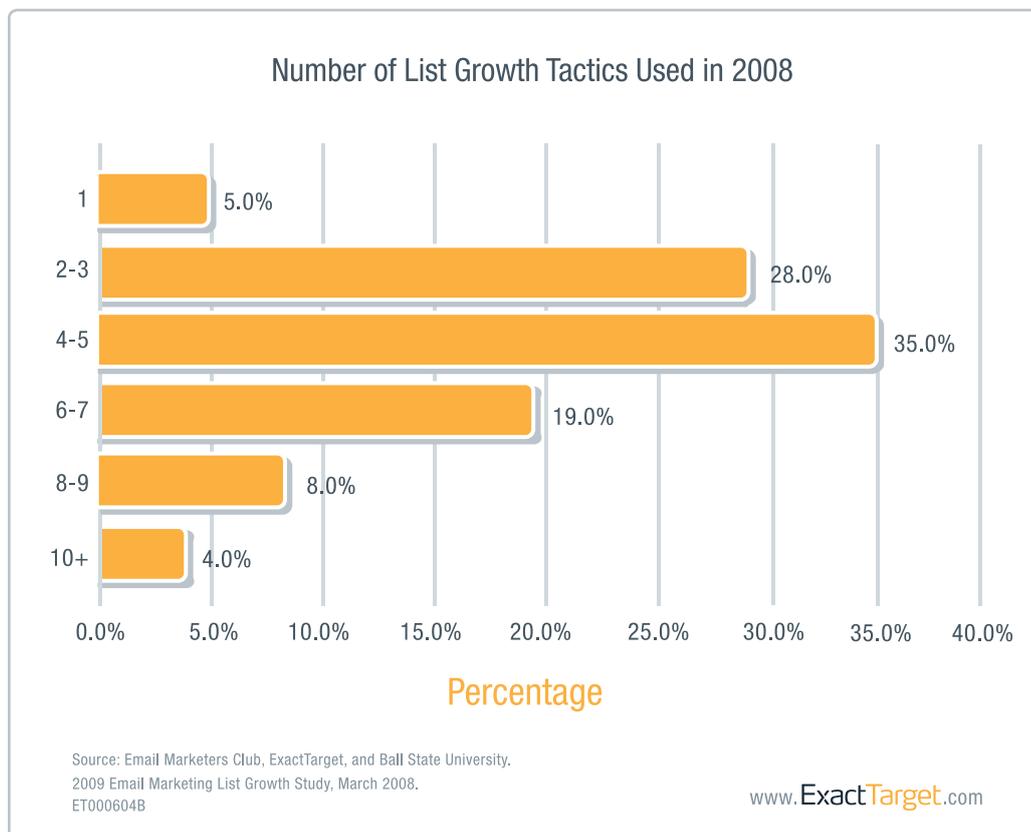


Figure 3: Number of list growth tactics used in 2008.

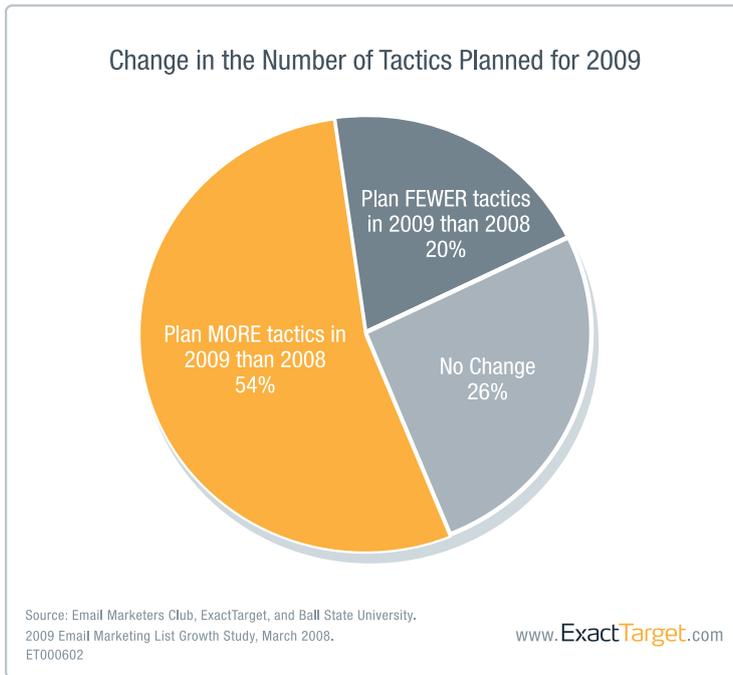


Figure 4: Change in marketers list growth tactic plans for 2009.

In 2008, respondents used an average 4.7 of the 18 tactics listed in the survey. The survey found that 54% plan to use more list growth tactics in the year ahead than they did last year. Marketers with less than 3 years experience in email used only 3.8 tactics compared to 5 for those with 3 or more years experience. However, new email marketers plan to add an average 1.4 new tactics in 2009 compared to only 0.6 among veteran email marketers. This particular statistic is logical based on new marketers' increased focus on list growth as a priority.

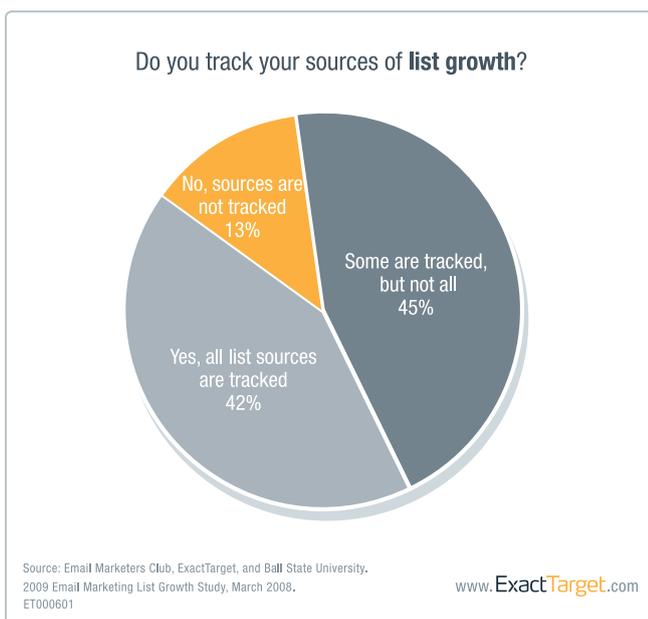


Figure 5: Marketers who track list growth sources.

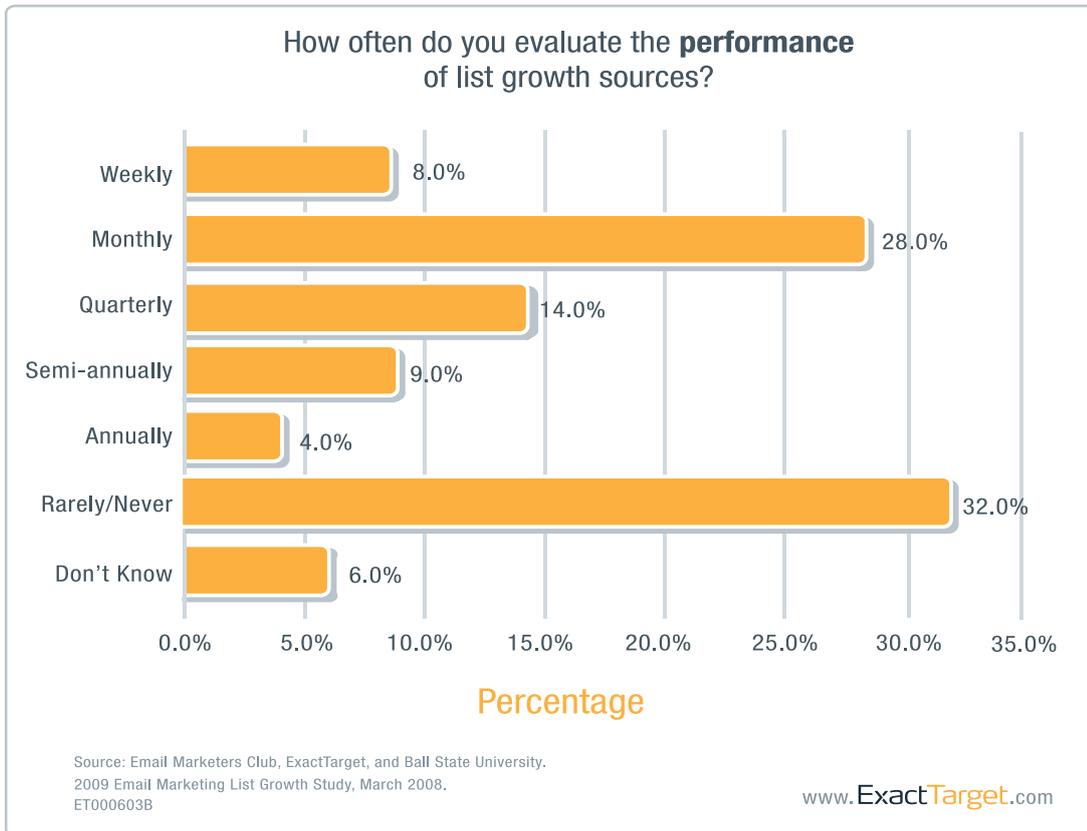


Figure 6: Frequency that marketers report evaluating list growth performance.

While the majority of marketers track at least some of their list sources, only half evaluate those sources at least quarterly, and 32% rarely—or never—evaluate list growth sources. This is particularly risky when non-organic—and traditionally expensive—list growth tactics (i.e. anything other than on-site registrations) are used. Marketers who opt for expensive list growth tactics—such as print advertising, paid search, co-registration, and email append—are more likely to evaluate their list sources frequently, but there is still an alarming number of marketers using these tactics who rarely review resultant performance.

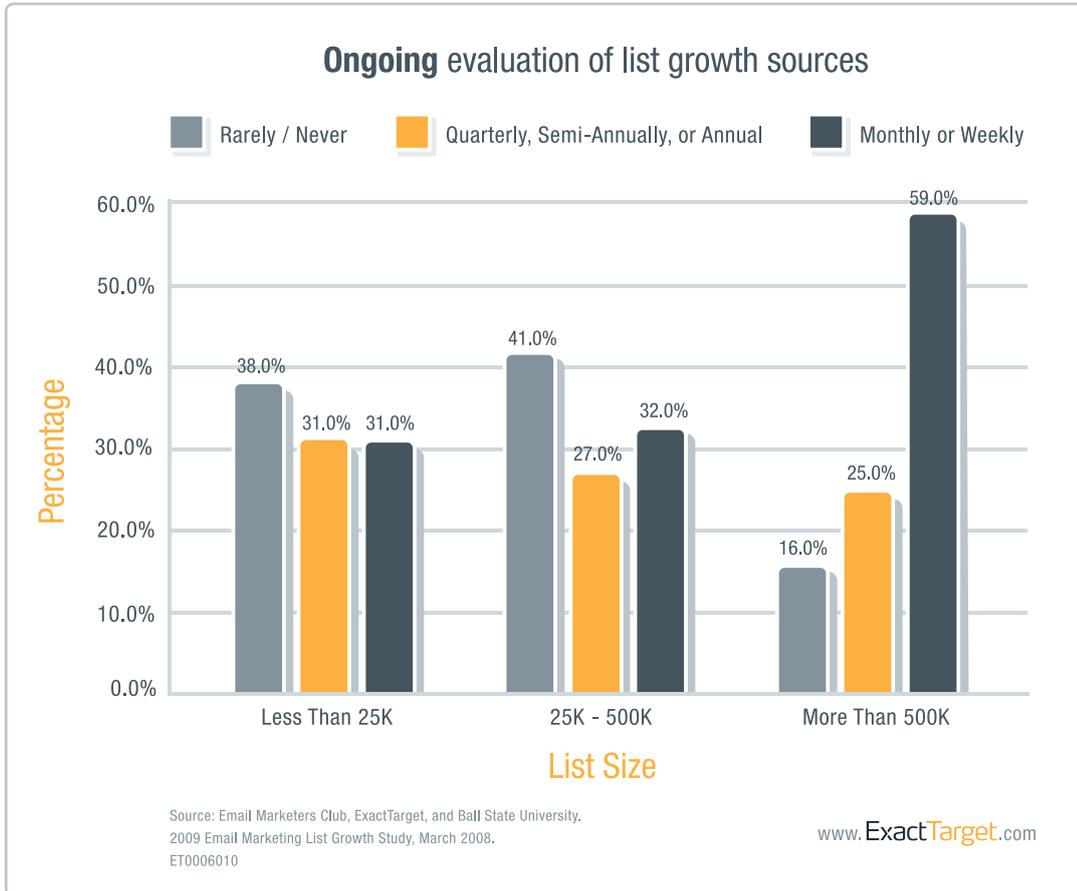


Figure 7: Percentage of marketers who conduct ongoing evaluations of list growth sources (charted by subscriber list size).

Companies with larger email lists tend to evaluate their lists more frequently. There are two explanations for this statistic. First, larger lists are built by engaging in standard best practices and by avoiding tactics that are proven to be ineffective. Because businesses have distinct target audiences and value propositions, tactics should be evaluated frequently in order to shift marketing dollars to the most effective tactics. Second, organizations with large lists have more to lose if the wrong tactics are used. Maintaining larger lists requires ongoing assessment of list sources to ensure new subscribers are being added fast enough to compensate for normal attrition. If not, the subscriber base shrinks.

Additionally, a bad source of names can lead to deliverability problems that threaten the program as a whole. Because larger lists generally have specific associated corporate objectives, having a program fail because of poor email practices can have a significant—and highly visible—impact on an organization. Thus, there are significant risks associated with using even one bad source of new subscribers.

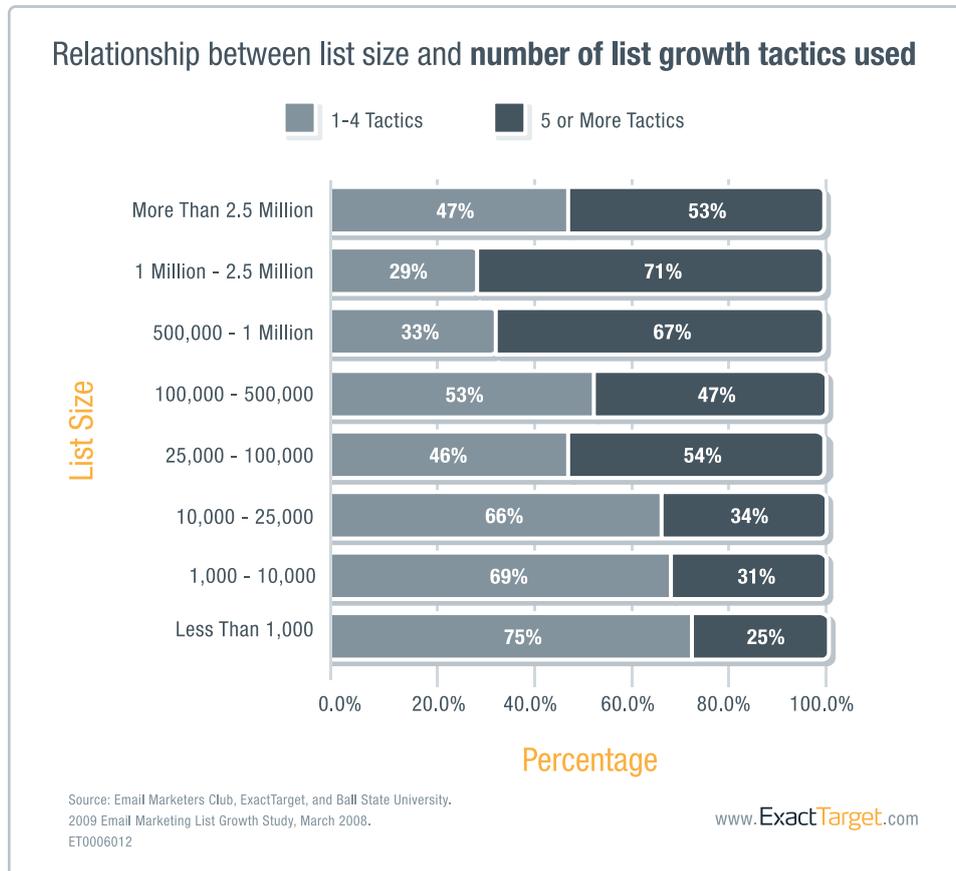


Figure 8: Percentage of marketers—by subscriber list size—who use five or more of the growth tactics featured in this study.

Marketers with large lists are much more likely to leverage five or more of the list growth tactics featured in this study. This statistic indicates that diversification is another key to any email acquisition strategy. Email marketers developing a list growth strategy must employ multiple tactics to drive new subscriptions. It does take time, however, to implement a diversified strategy.

Tactics by Target Audience and Industry

The most commonly used list growth tactic in 2008 was non-incented site registration. This is the clear starting point for any email program, regardless of industry and the program’s target audience (i.e. B2B or B2C). Email “Forward to a Friend” was the second most commonly used tactic last year and is another foundational element of any program—despite the fact that the number of new subscribers acquired through this tactic is consistently low.

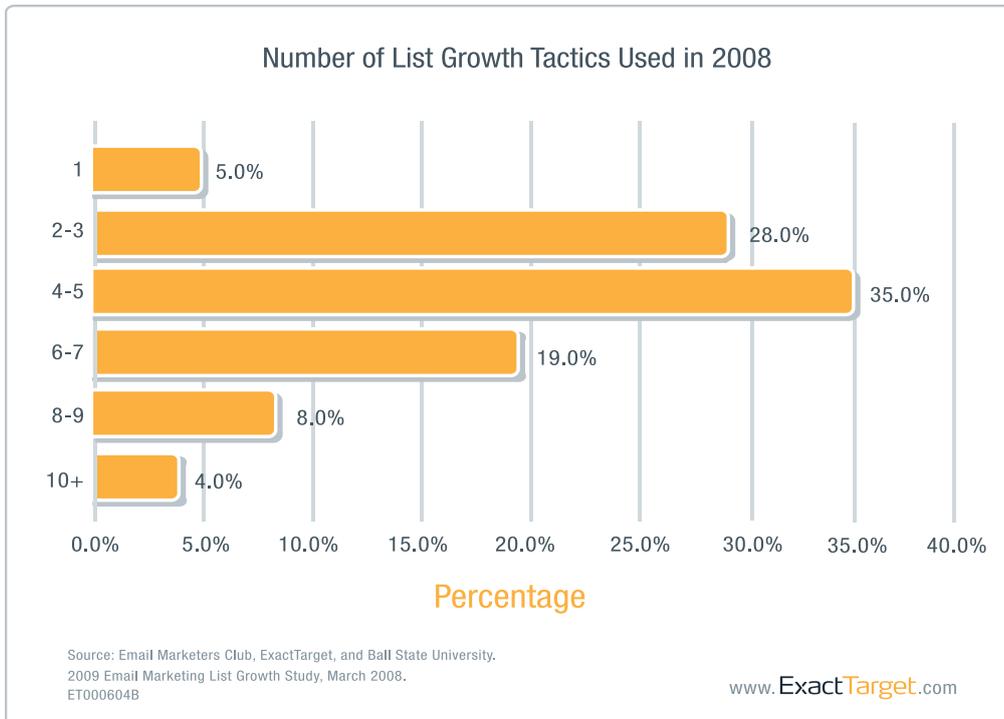


Figure 9: 2008 email list growth tactics and percentage of users leveraging each.

After non-incented site registration and “Forward to a Friend,” some tactics are more popular based on industry and target audience. The following matrix provides a breakdown of list growth tactics that are more commonly used based on program audiences.

List Growth Tactics (B2C, B2B)

	B2C Programs	B2B Programs
List Growth Tactic	<ul style="list-style-type: none"> • In Store Point-of-Sale • In Store Displays • Mass Advertising (e.g. TV, Radio) • Sweepstakes • Offline Print Advertising (e.g. Newspapers, Magazines) 	<ul style="list-style-type: none"> • Trade Show Events • Incented Site Registration • Call Centers - Outbound • Sweepstakes • Email Append to Offline Addresses

Source: Email Marketers Club, ExactTarget, and Ball State University.
2009 Email Marketing List Growth Study, March 2008.
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www.ExactTarget.com

Figure 10: Commonly used list growth tactics for B2B and B2C marketers.

Industry-specific preferences follow closely in line with preferences based on target audience with a few exceptions. In-store list growth tactics, such as capture at the point-of-sale and in-store displays, are clearly retailer-driven. Email marketers in the computer/IT industry often use incentives to drive registration, even when they are consumer-focused. Despite the use of inbound call centers by many B2C marketers, advertising and media sites rarely leverage this tactic.

International Tactics

Preferred email list growth tactics are similar for marketers working in non-US markets with a few notable exceptions. Comparing tactics used by US-based marketers to those working outside the US indicates two significant differences in tactics used last year.

First, US marketers use sweepstakes more than three times as often as marketers outside the US. This may be attributed to additional legal barriers involved with running a sweepstakes in some international locations. Not surprisingly, this difference will not change in the coming year.

Second, US marketers are twice as likely to use social forwarding as a list growth tactic in 2008. This is understandable based on the level of media attention given to social media in the US, as well as reports from Nielsen Media¹ suggesting that social network participation in many countries lags behind participation in the US. However, non-US marketers are planning to integrate email with social media at a much higher rate in 2009.



Figure 11: Percentage of US versus non-US marketers using sweepstakes as a list growth tactic.

¹Buchwalter et al (2009). *The Global Online Media Landscape*. Nielsen Online, April 2009.



Figure 12: Percentage of US versus non-US marketers using social forward as a list growth tactic.

Experienced Marketers

According to MarketingSherpa, 48% of all companies are planning to increase their spending on marketing to in-house lists in 2009. With such an increase, also expect to see a large number of new email marketing specialists enter the field. Because list growth is so important to newer email marketers, it's beneficial for them to have insight into how effective experienced marketers' list growth tactics have performed. The following chart shows the difference in the use of specific list growth tactics by marketers with three or more years of experience compared with marketers who have two or fewer years of experience.

Preferred list growth tactics used by marketers based on **years of experience.**

Tactic	2 or Fewer Years	3 or More Years	% More Likely to Have Used
Paid search	8%	25%	213%
Share with your network	7%	16%	129%
Call center inbound	18%	37%	106%
Offline print advertising	17%	31%	82%
Site registration, purchase process	32%	53%	66%
Site registration, incented	22%	31%	41%
Site registration, non-incented	61%	83%	36%

Source: Email Marketers Club, ExactTarget, and Ball State University.
2009 Email Marketing List Growth Study, March 2008.

www.ExactTarget.com

Figure 13: Preferred list growth tactics based on email marketing years of experience.

What is Social Forward?

ExactTarget Social Forward makes it easy for your subscribers to engage with and share your email marketing messages through a new suite of sharing capabilities. By giving your customers the power to share your messages, you can extend the reach of your marketing messages, drive deeper engagement with customers and their online communities, and build your subscriber list.

For more information, visit www.exacttarget.com.

Becoming More Social

Social Forwarding is projected to be the most frequently adopted new list growth tactic in 2009 — jumping a full 32% in planned list growth tactics.

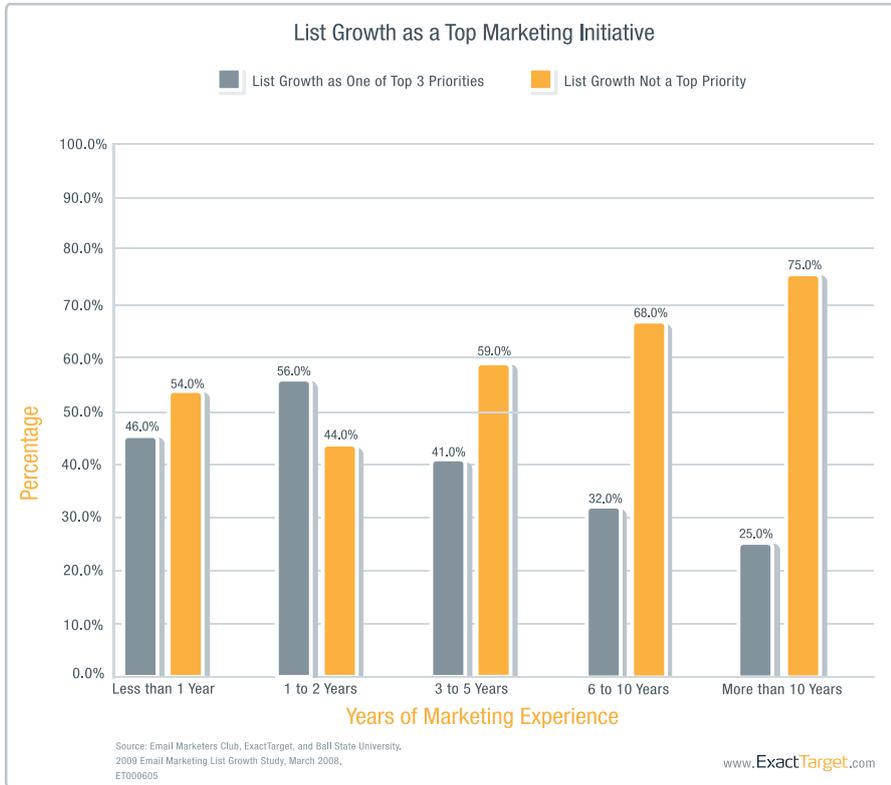


Figure 14: Breakdown of list growth tactic use by more experienced vs. less experienced marketers.

Marketers with more experience in email marketing use more list growth tactics overall—again emphasizing the need for diversification.

Tactics used more frequently by experienced email marketers tend to be more resource intensive and can be a challenge to implement. This is highlighted in the large difference in the use of paid search as a list growth tactic. While paid search is generally understood, these programs must be closely monitored and well-run to achieve high ROI. Offline print campaigns have a similar challenge.

In contrast, capturing email addresses through inbound call centers does not have the same challenges from an ROI perspective, but implementation and training of call center employees can make this a time-consuming initiative. And while site registration is the foundation of any list growth strategy, it can also take time to implement. In this case, it is simply a matter of time before less experienced marketers get these tactics in place.

Experienced marketers are also more likely to have used social forwarding as a list growth tactic. This is somewhat counter-intuitive because younger marketers are more likely to have longer personal histories using social networks. However, when asked about testing new ideas in email, experienced marketers are much more likely to say they test new ideas frequently. In 2008, integrating email and social networks was left to the pioneers—but it will become much more commonplace in the year ahead.

What's Working (and What's Not)

Quantity, Quality, and ROI

Survey respondents were asked to rate each of the list growth tactics they used in the prior year for quantity of new subscribers, quality of subscribers, and overall ROI. Ratings were provided on a scale of 1 to 5, where 1 means "Not Effective at All" and 5 means "Very Effective." To determine overall tactic effectiveness, we looked at the sum total of the three categories. This approach helps balance the three criteria so that a high quantity/low quality tactic will rank similarly to a low quantity/high quality tactic. In this instance, ROI acts as a tie-breaker considering the financial component.

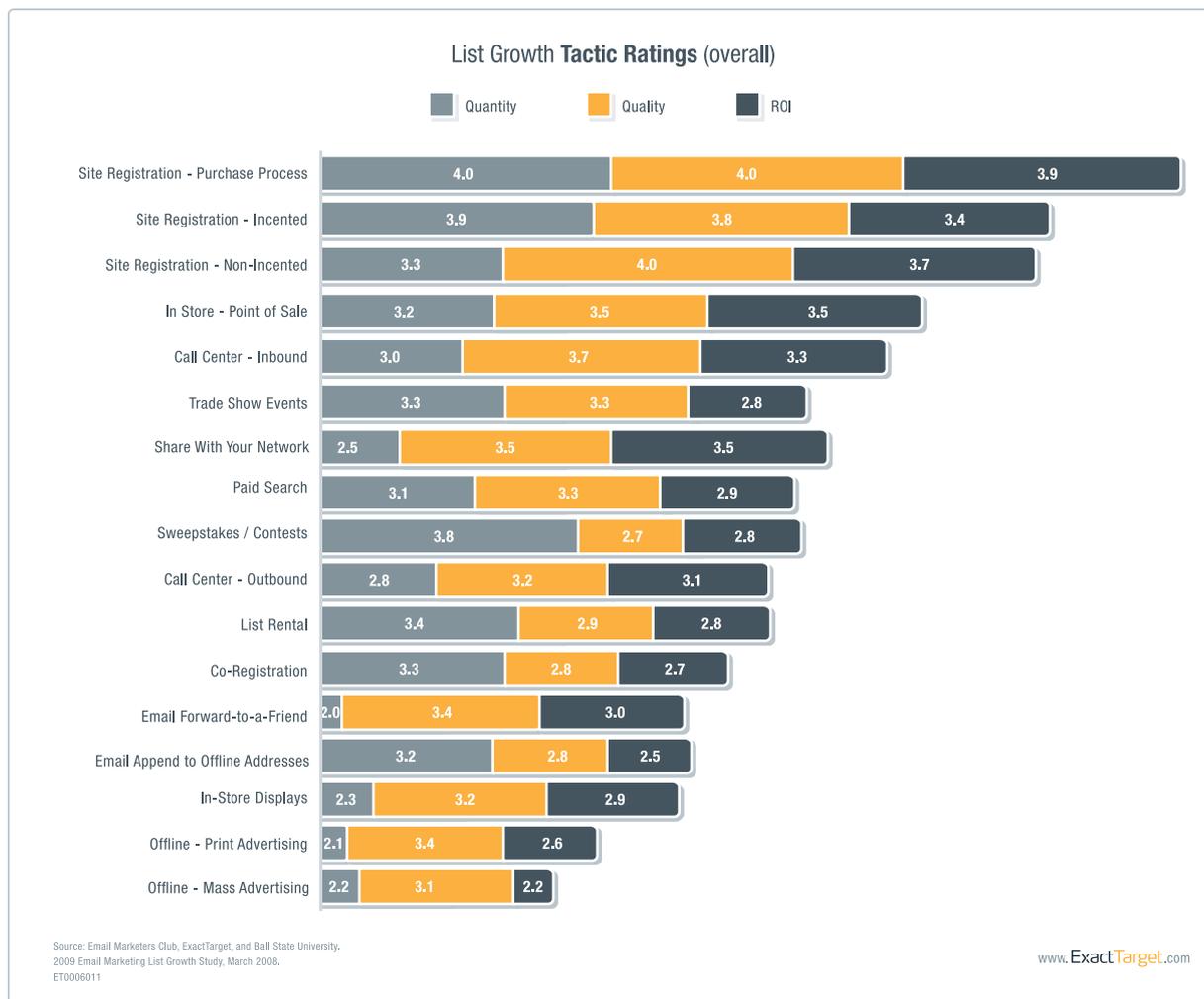


Figure 15: Effectiveness ratings of 2008 list growth tactics.

Onsite registration tactics all ranked high in the survey with consistently high scores across all three criteria. Offline tactics consistently ranked low—primarily due to low quantities of new subscribers and high costs. For offline list growth tactics, the trick appears to be eliminating barriers to subscription. For this reason, we believe mobile capture will successfully address this issue by making subscription a simple matter of texting an email address to a shortcode.

B2B Versus B2C Tactics

Some list growth tactics are better suited to different audiences. We identified clear differences in the ranking of tactics by B2B versus B2C marketers. The following is a list of notable differences observed in the study:

- **Incentivized site registration works better for B2B than B2C.** Not only are email marketers targeting businesses more likely to use incentives to promote registration, but they report the tactic works better for them than for their B2C counterparts. In fact, B2B marketers rate non-incented site registration a full half point lower than incentivized registration overall. The average ROI rating is identical for the two groups (3.4 on the 1-to-5 scale), but B2B marketers rate incentivized site registration higher in terms of both quantity and quality of new subscriptions. B2B marketers report significant lift in the quantity of registrations using incentivized versus non-incented registration (4.3 for incentivized compared to 3.3 for non-incented), with only a minor impact on quality (3.8 for incentivized versus 4.0 for non-incented). B2C marketers report smaller numbers in terms of quantity and bigger results in terms of quality. In the end, incentivized site registration rates higher than non-incented site registration for B2B marketers.
- **Trade shows are top performers for B2B.** Collecting names through trade show events is the highest rated tactic behind onsite registration for B2B marketers. Conversely, B2C marketers who used this tactic rated it as one of their lowest performing list growth tactics.
- **Inbound call centers are a must have for B2C, but are expensive for B2B.** The B2C equivalent of trade shows for B2B is collecting names through inbound call centers. Inbound call centers are the second highest rated list growth tactic for B2C marketers behind onsite registration and point-of-sale collection. B2B marketers report success for this tactic in terms of quantity and quality of names, but the average ROI rating is nearly a full point lower for B2B marketers (3.3 for B2C versus 2.4 for B2B).

To Continue or Not to Continue

Another factor in analyzing the success of list growth tactics is whether or not marketers who used a tactic last year will continue to use the tactic this year. Continuity is shown in Figure 15, ranked in order of the percent of marketers who plan to continue use of the tactic in 2009.

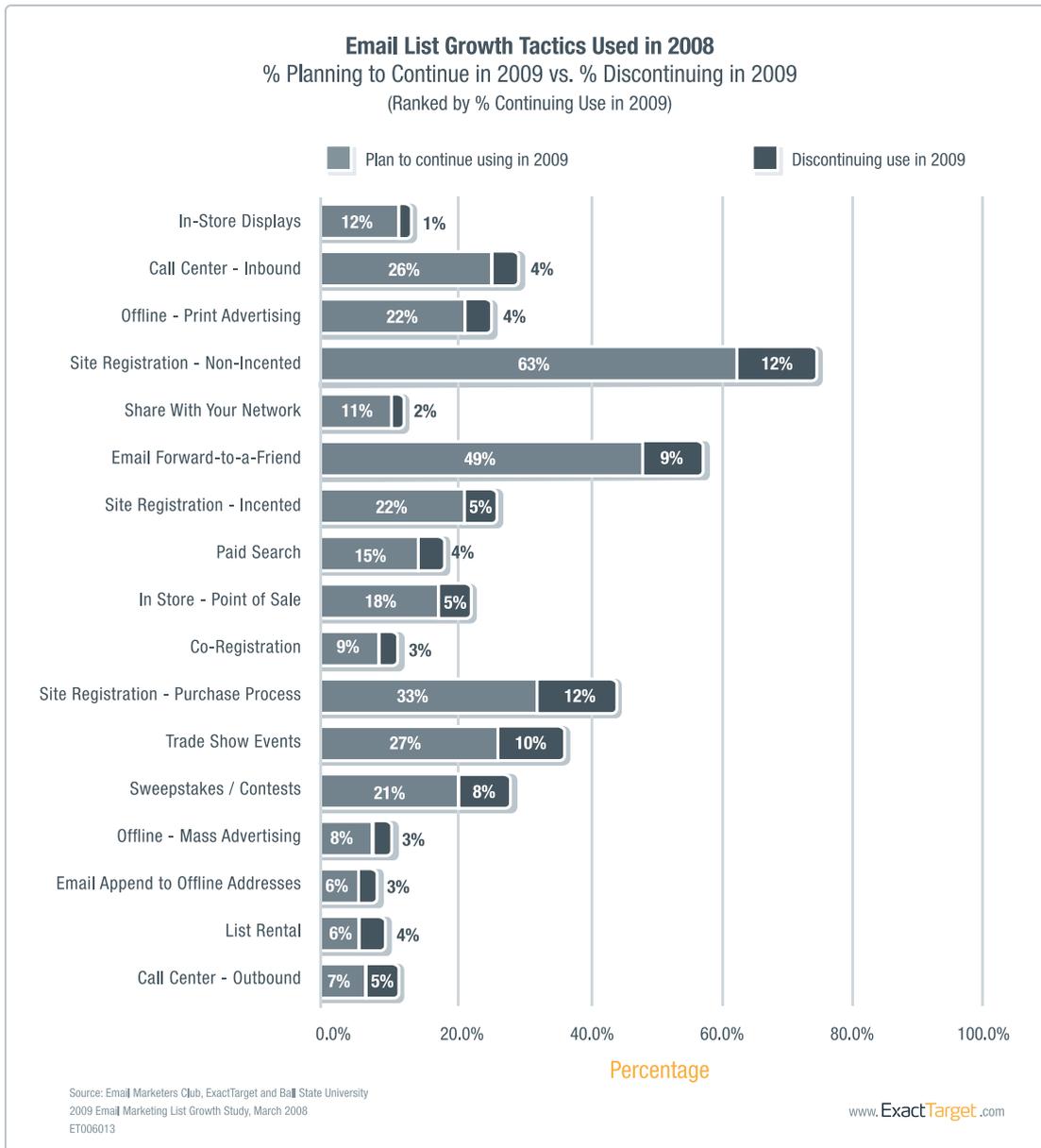


Figure 16: List growth tactics marketers used in 2008 compared to tactics they intend to continue in 2009.

The order is similar to the order created from rankings provided by marketers—with a few notable exceptions. First, despite being the top ranked list growth tactic, 26% of marketers who collected subscriptions during the online purchase process last year say they will not continue this practice in the year ahead. This may be a reflection of a growing concern that this tactic is not consistent with good opt-in practices. However, we feel abandoning this practice outright is a huge mistake and suggest keeping the tactic in place while simultaneously ensuring explicit permission is collected from each and every subscriber.

Contrarily, the efficacy of in-store displays was ranked relatively low while nearly all marketers who used the tactic in 2008 will continue doing so. Once in place, the incremental cost of continuing these programs is close to zero.

Ranking the Tactics

By combining the two measures of success discussed previously, we can create an overall ranking of list growth tactics (see Figure 1). To do so, the average for each tactic across the three rating scales—quantity, quality, and ROI (i.e. average rating)—was multiplied by the percent of marketers who used the tactic last year who plan on continuing its use in the year ahead (i.e. continuity).

Analysis of overall rankings suggests three general rules for effective list growth:

Proximity. The top five list growth tactics all involve a prospective subscriber who is already directly engaged with your brand or organization. A good list growth strategy starts by inviting people to register after they have initiated contact with your brand.

Value. The more the decision to register is based on the perceived value of registration, the more likely it is to be effective. This value may be in terms of the communication they are registering for (e.g. as is the case comparing non-incented site registration with other forms of site registration) or in terms of some other benefit (e.g. as is the case comparing sweepstakes to list rental).

Choice. Tactics where prospective subscribers must take the initiative are more valuable than tactics where registration—or even the invitation to register—is initiated by the marketer. The last four tactics on this list are all interruption marketing tactics that put perspective subscribers in a defensive position.

Non-incented site registration works well because subscribers are already on the website (i.e. Proximity), the decision to register is based purely on the site's ability to communicate value associated with registering (i.e. Value), and there are no mediating factors compelling subscribers to register (i.e. Choice).

Conversely, outbound call centers require the marketer to make uninvited contact with the prospective subscriber (i.e. Proximity and Choice). Then once these initial barriers are overcome, the prospective subscriber still needs to be convinced by the marketer to provide an email address (i.e. Value). This tactic is largely ineffective because it breaks all three rules of effective list growth.

What's Next? Looking at 2009 and Beyond

The list growth landscape will change in 2009. Following is a breakdown of the list growth tactics survey respondents plan to use in the year ahead.

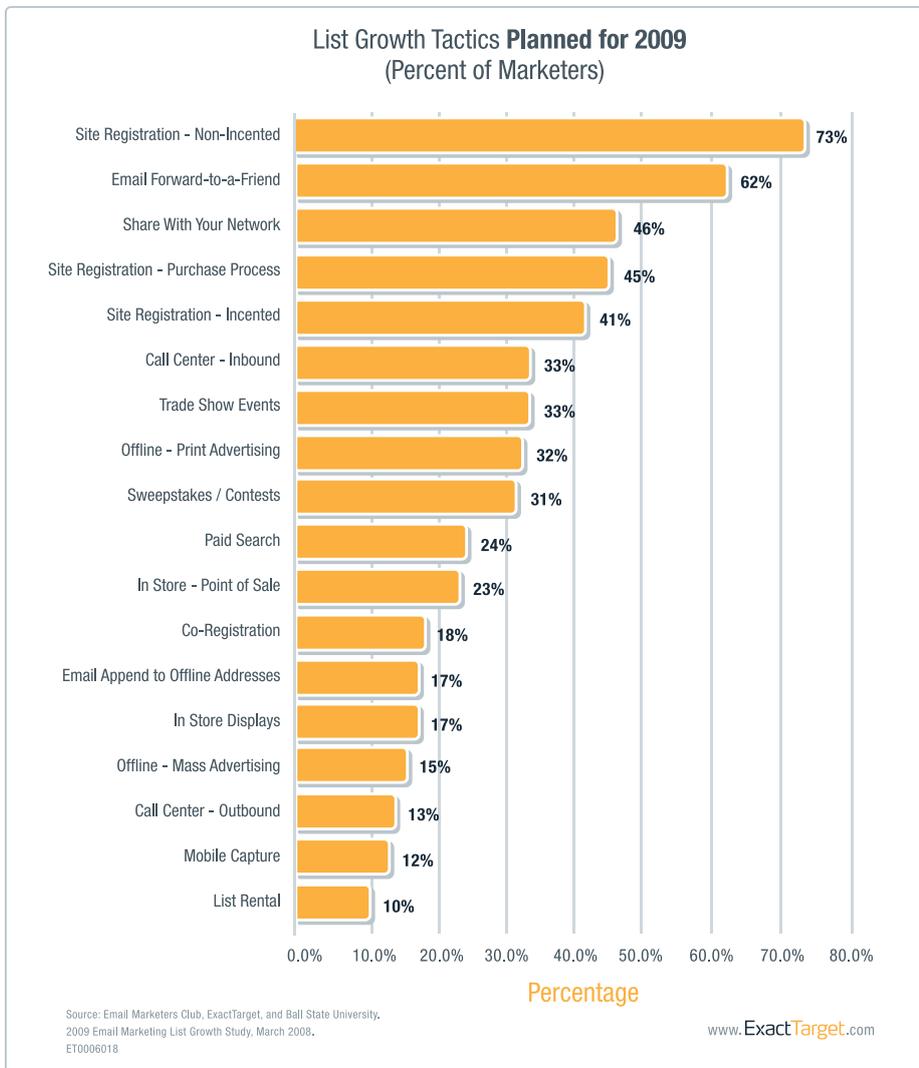


Figure 17: Percent of marketers who plan to use identified list growth tactics in 2009.

The changes from 2008 to 2009 are clarified by analyzing the absolute change in the percentage of marketers planning to use each tactic. Social forwarding will be the most adopted new tactic in absolute terms (see Figure 18), jumping 32% (from 13% in 2008 to 46%¹ in 2009).

Mobile capture was barely on the radar in 2008. While only 2% of marketers used the tactic in 2008, 12% plan to use it in 2009. This represents a six fold increase in adoption, making mobile capture the fastest growing list growth tactic in relative terms.

¹ Difference is attributed to rounding error.

Explosive Growth

The use of mobile capture as a list growth tactic is expected to increase by 500% in 2009.

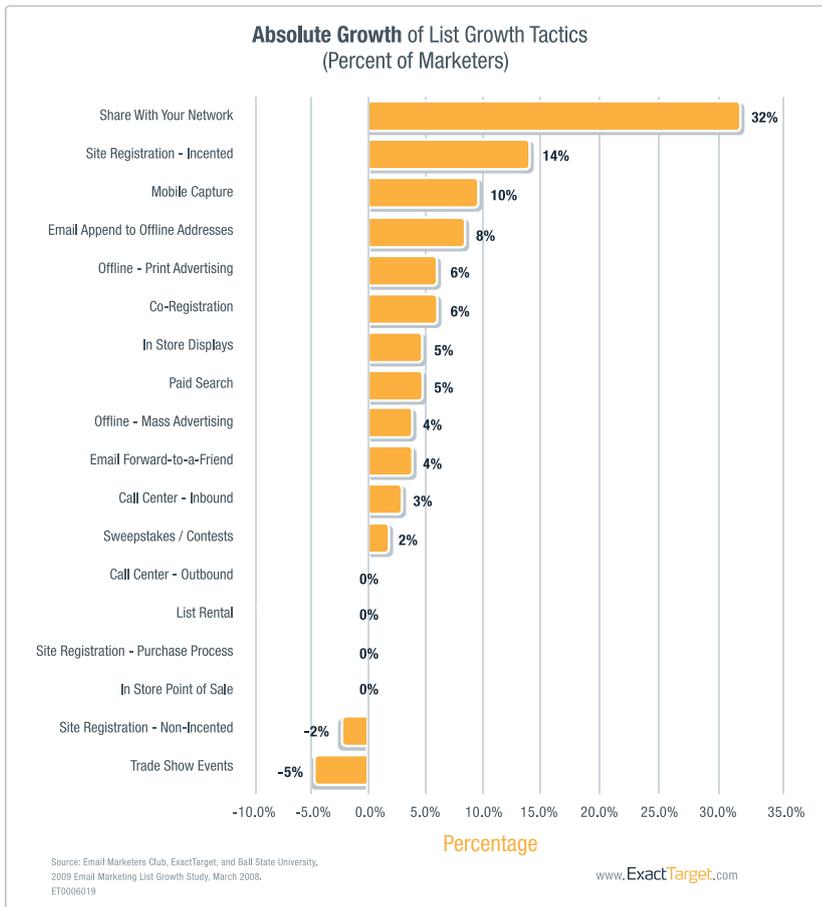


Figure 18: Absolute change in the percentage of marketers who plan to use identified list growth tactics in 2009.

Planned Versus Successful

Some of the list growth tactics marketers are adopting most frequently in the coming year were not rated highly by marketers that have already used them. The following chart compares the relative, year-by-year growth of the tactics in the study compared to their overall effectiveness ranking (See Figure 15).

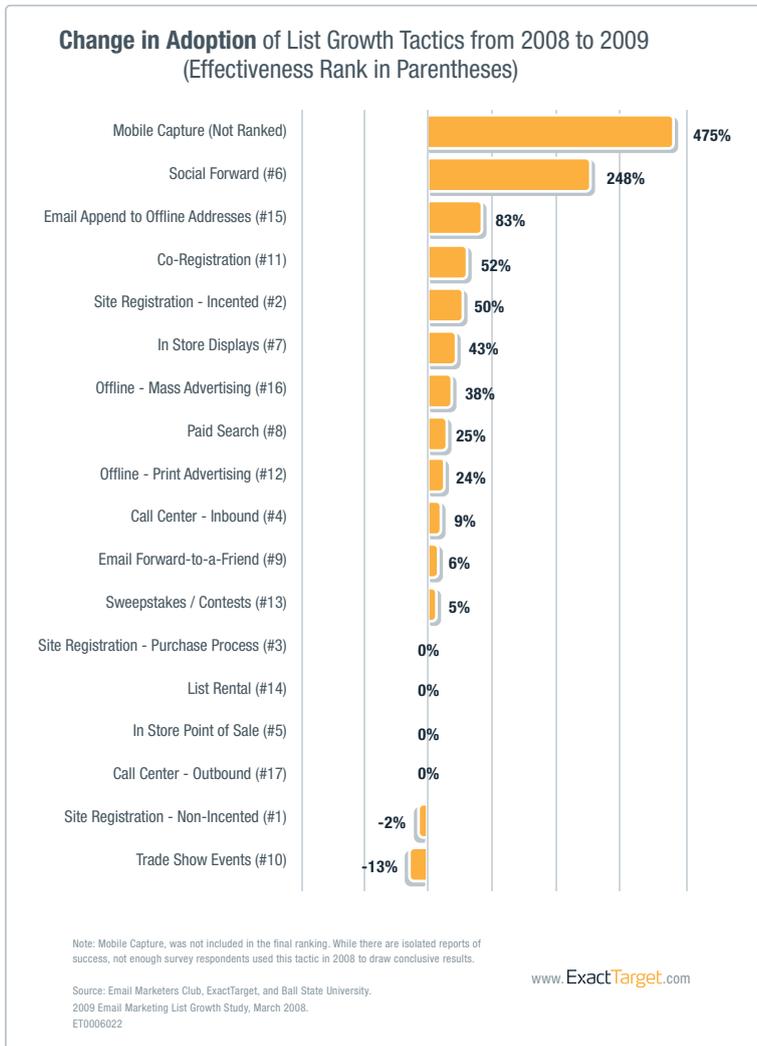


Figure 19: List growth tactics ranked by growth percentage and effectiveness rating.

The table shows that the tactics being adopted most are not necessarily the tactics that have been deemed the most effective by marketers who have used them in the past.

Email Append. Despite ranking 15th out of 17 list growth tactics evaluated, email append will nearly double this year (see Figure 19)—even after 1/3 of the marketers who used it last year removed the tactic from their 2009 plan. This means that more than half of all marketers planning to use this tactic in 2009 did not use it last year (and most have probably never used email append as a list growth tactic).

Our findings are consistent with other published research. Past studies by MarketingSherpa and other ESPs have also found email append to be a poor performer. Nevertheless, it thrives by continually luring new marketers each year. Whether these marketers are simply uninformed or want to test it for themselves, adopting email append usually results in experiencing disappointment first hand. Because there are numerous tactics that consistently result in successful list growth, we recommend adopting email append as a last resort.

For email marketers who want to add a lot of names quickly, we recommend trying the co-registration or sweepstakes tactics instead. The results are comparable in terms of quality—and both the number of new subscriptions and the ROI are higher.

Co-Registration. Co-registration comes in at number 4 in terms of relative growth while ranking 11th out of 17 in terms of effectiveness. Co-registration can be effective, but it requires close monitoring. Working with a reputable company that has a long track record in this field is strongly advised. Organizations reporting success with this tactic evaluate sources at least monthly—an essential part of any co-registration plan to ensure poor performing sources are quickly identified and removed from the program. Focus on brand, clarity, and opt-in to improve results and reduce noise.

Offline Advertising. Neither mass nor print advertising fared well in our overall effectiveness rankings. Yet many marketers are incorporating these tactics into their 2009 plans. One consistent deterrent for using offline advertising—whether mass or print—is that it performs poorly in terms of the quantity of new subscribers produced. In both instances, prospective subscribers must recall the ad, go to their computer, and then visit the site—a three-step process. By addressing the issue of Proximity, marketers may be able to make improvements in terms of quantity. One way to achieve this is by incorporating mobile as the capture mechanism, as mobile devices are becoming more readily available.

Emerging Tactics

In 2009, we expect three tactics to emerge as viable forms of list growth—not only because they are relatively new, but also because they align with the tenets of successful list growth. These three tactics are based on close proximity to prospects and require those prospects to take the initiative based on their perceived value of the communication.

Social Forward. In our *Expanding the Reach of Email Through Social Networks* whitepaper, we shared case studies of several companies that have developed successful programs that integrate email and social media. In each case, integration goes far beyond simply inserting links to share information to Facebook, Twitter, LinkedIn, or any other social network. Social Forwarding is not a simple tactic of collecting names like some other tactics in our study. Using Social Forward as a mechanism for driving new subscriptions requires a strategy that uses the inherent strengths of each channel. While email is a one-to-one channel, social is a many-to-many channel. Strong integrations recognize this and bridge the inherent gap.

Papa John's Pizza does an excellent job of bridging this gap. In the 24 hours following their first Social Forward campaign, they were able to add 130,000 Facebook fans. The hook? A "Free Pizza" offer that required fans create a profile on www.papajohns.com to have a personalized promotion code delivered via email. By using a triggered email as the delivery mechanism for the offer, Papa John's was able to collect email addresses and permission for ongoing email communications from 75% of their new Facebook fans.



Figure 20: Papa John's triggered email containing a "Free Pizza" offer for Facebook fans.

Papa John's example illustrates two keys to integrating these two powerful channels:

- *Content must be relevant and engaging to the Social Network audience.* There is no simple tactic for accomplishing this task because each company must determine its own strategy for aligning value proposition with targeted Social Networking (see examples from Trip Advisor, Powell's Books, and Carmex in our *Expanding the Reach of Email Through Social Networks* whitepaper), but the time investment can produce substantial payoffs.
- *Close the loop.* Companies that report success with integrating email and social networks figure out how to bring fans back to their website. Once on the site, they draw those fans into an ongoing one-to-one relationship through email and create multi-channel subscribers who can interact on the social network, but can also receive targeted email messages.

Mobile Capture. While many consumers report significant concerns about SMS-based advertisements that can make text-based marketing a challenging channel (see our 2008 Channel Preference Survey whitepaper and our *Messaging Behaviors, Preferences, and Personas* whitepaper for more information on this topic), the same concern does not apply to messages initiated by consumers. Mobile capture lets consumers text their email address to a shortcode to register or receive information via email. Because mobile phones are close at hand, this method decreases the proximity barrier associated with display and print advertising that encourages consumers to subscribe to online communications. In the past, consumers had to recall a promotion and the associated URL to register—now they can register immediately.

US Airways recently launched an aggressive mobile capture campaign where travelers were encouraged to join their Dividend Miles frequent flier program while sitting in the airport or on a plane. Banners located in the baggage claim area and beverage napkins contained the same message: "Get miles for today's flight." Allowing travelers to register this way was very successful for the company. According to one US Airways employee working on the program, it was one of the top sources for new registrations to their frequent flier club in the first quarter of 2009.



Figure 21: US Airways beverage napkin.

Other mobile capture concepts recently implemented or in development include:

- Mobile capture instructions on in-store displays promoting immediate and/or future coupons
- Print ads in magazines with mobile capture promoting more information delivered by email
- Real estate signs with mobile capture promoting more information delivered through the visitor's choice of email, text, or voice

Coupon Sites. It's no secret that consumers are looking for deals in today's economy. According to a recent report from comScore via eMarketer, the fastest growing website category in late 2008 was coupon sites. While these sites can serve as a strong source of one-time transactions, the challenge is determining how to convert one-time visits into repeat customers.

Top 10 website categories among US internet users, ranked by growth in unique visitors, October & November 2008 (thousands and % change)

Website Category	October 2008	November 2008	% Change
1. Coupons	27,101	35,649	32%
2. Retail—jewelry/luxury goods/accessories	15,362	19,210	25%
3. Retail—toys	25,195	31,296	24%
4. Retail—mall	30,742	37,002	20%
5. Retail—department stores	66,441	79,933	20%
6. Retail—consumer electronics	47,788	55,786	17%
7. Retail—home furnishings	39,852	44,965	13%
8. Retail—music	18,812	21,023	12%
9. Online gambling	14,588	16,132	11%
10. Retail—food	17,309	19,049	10%
Total US Internet Audience	190,616	190,775	0%
<i>Note: home, work and university locations</i>			

Source: comScore Media Metrix as cited in press release, December 16, 2008

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Figure 22: comScore's "Top Ten Website Categories" chart as reported by eMarketer.

A tactic retail marketers have begun implementing is to limit the display of coupons onscreen. By limiting the number of times these promotions are displayed, marketers can gain control of their distribution via these sites. Links to the offer can still be shared, but to receive the offer, users are required to register with an email address to have a triggered email that contains the coupon code delivered to them personally.

If the user decides to not opt-in to future communications, the coupon is at least tied to an individual email address. However, early testing suggests that people who want one coupon tend to want more—making coupon sites an ideal tactic for driving increased email subscriptions.

Summary and Recommendations

Conclusion

Our goal in conducting this study was to provide more than a simple rating of disparate list growth tactics. While a relative ranking of tactics is important, it's equally important to develop an understanding of what comprises a successful list growth strategy. To accomplish this task, we examined target audiences, industries, experience, list size, and how often list performance was evaluated as keys to understanding the components of a successful strategy. By looking from these different perspectives, we determined that strong list growth strategies are built on three basic tenets:

- Communicating value
- Tracking and evaluation
- Diversification

Communicating Value

The best performing list growth tactics compel subscribers to register because of the value of the communication itself. Thus, the first rule of list growth is to create a program worth registering for. We are not claiming that “if you build it, they will come,” but instead suggest that you focus on putting list growth priorities in their proper place.

Most successful businesses develop a product before they attempt to sell it. If the product is undefined or lacks quality, even the most talented sales team will eventually fail. If the product is clearly defined and consists of high quality design, the company will likely succeed. The same principle holds true in email marketing. It's vital to develop a strong value proposition and create an appealing program that delivers on the promise.

With a strong value proposition, tactics such as onsite registration, inbound call centers, and in-store point-of-sale registrations should be implemented as the foundation of your list growth strategy. If these foundational tactics aren't working, then it's unlikely that any other tactics will be sustainable either.

Make sure you convey the value of your email program at sign-up. Test different copy, provide a sample of your newsletter, communicate frequency and content options, and allow your subscribers to choose what they want to receive from you—when they want to receive it.

You also need to ensure that opting into your email program is as easy as possible. Only ask for the data necessary for segmentation and personalization. Don't make phone numbers or physical addresses a barrier to registration—you can always request this information at a later date.

Finally, consider the consequences when making email registration mandatory for subscribers to either participate in something or to receive something from you. This practice may result in a large list of non-responsive email addresses that increases your bounce rate and SPAM complaints.

Tracking and Evaluation

Good list growth strategies don't gamble. It's important to establish tracking and list source evaluation processes that allow adjustments to be made as necessary. Marketers should evaluate sources regularly by looking at the quantity and quality of names they obtain through each source and by determining the ROI of the acquired addresses. You can't optimize if you don't know how a source is performing.

Ideally, each subscriber acquisition source should be tracked at the original source. For example, site registration could be tracked by the URL or call-to-action that prompted the visitor's registration. Paid search could be tied to search terms. Co-registration could be tracked by the referring site. These granular sources can then be rolled up into more general categories so performance can be evaluated at both micro and macro levels.

Quantity is the first measure of evaluation and is generally the easiest to track. Quality can be more difficult. Financial metrics—such as sales and conversions—are ideal. They also make it easier to calculate ROI. However, if this is a challenge for your organization, you can examine basic engagement. Are subscribers doing anything with your emails, or are they simply “dead weight?” Look at how many subscribers are opening and clicking your emails after they have registered. Have they engaged at all one month after subscribing to your program? At three months? At six?

Even a simple analysis of the quality of subscribers obtained through each source can help avoid paying for programs that will never pay you back.

Diversification

Most successful list growth strategies rely on multiple tactics. The rankings provided in this study should help you decide which tactics to pursue next. As you move down into the lower ranked tactics, the associated risks increase—as does the need for tracking and frequent evaluation.

Once foundational tactics are in place, try some of the methods listed in the emerging tactics section, where you can still reap early adopter rewards.

Methodology

This study had 351 email and online marketers complete an online survey over a two-week period between February 18, 2009 and March 3, 2009. Marketers were recruited for the survey through the following sources:

- The Email Marketer’s Club, a community of over 2,300 email marketers with an international presence
- ExactTarget InSight, an email newsletter for ExactTarget customers and prospects
- ExactTarget 3sixty, a social network for ExactTarget users
- Posts on several prominent blogs, including The Retail Email Blog (<http://www.retailemailblog.com>), BeRelevant!, (<http://www.b2bemailmarketing.com>), and Convince & Convert (<http://www.convinceandconvert.com>)

Profile of Survey Respondents

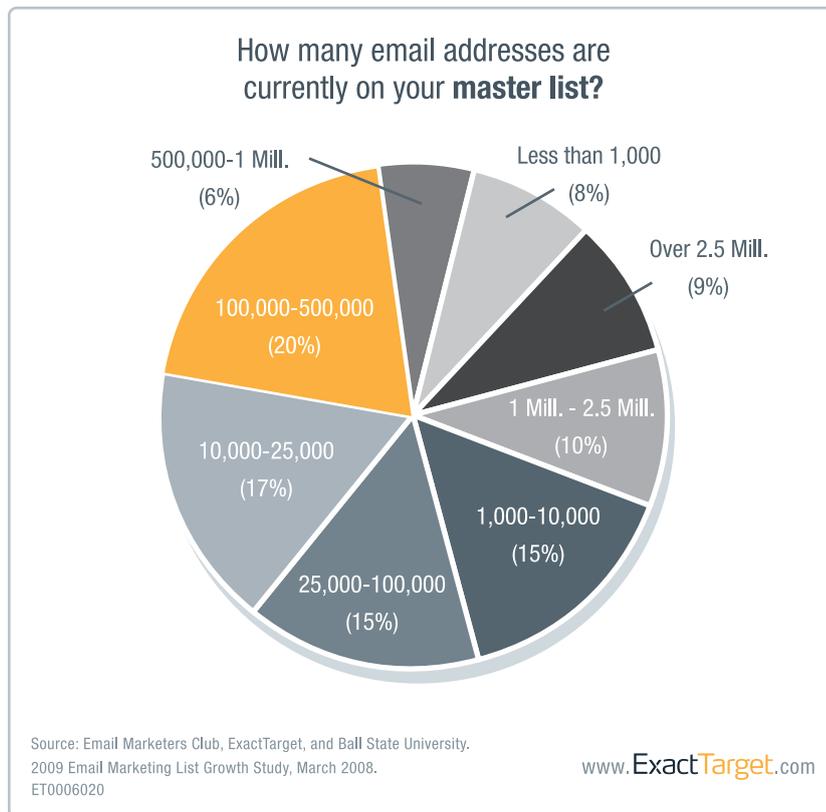


Figure 23: Survey participants’ subscriber list sizes.

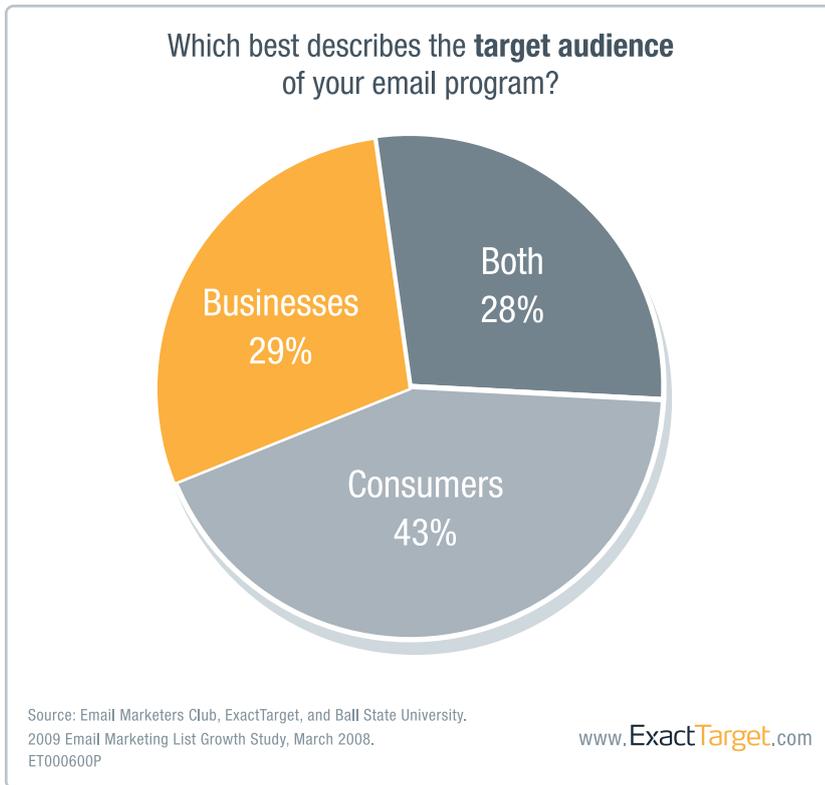


Figure 24: Survey participants' target audience descriptions.

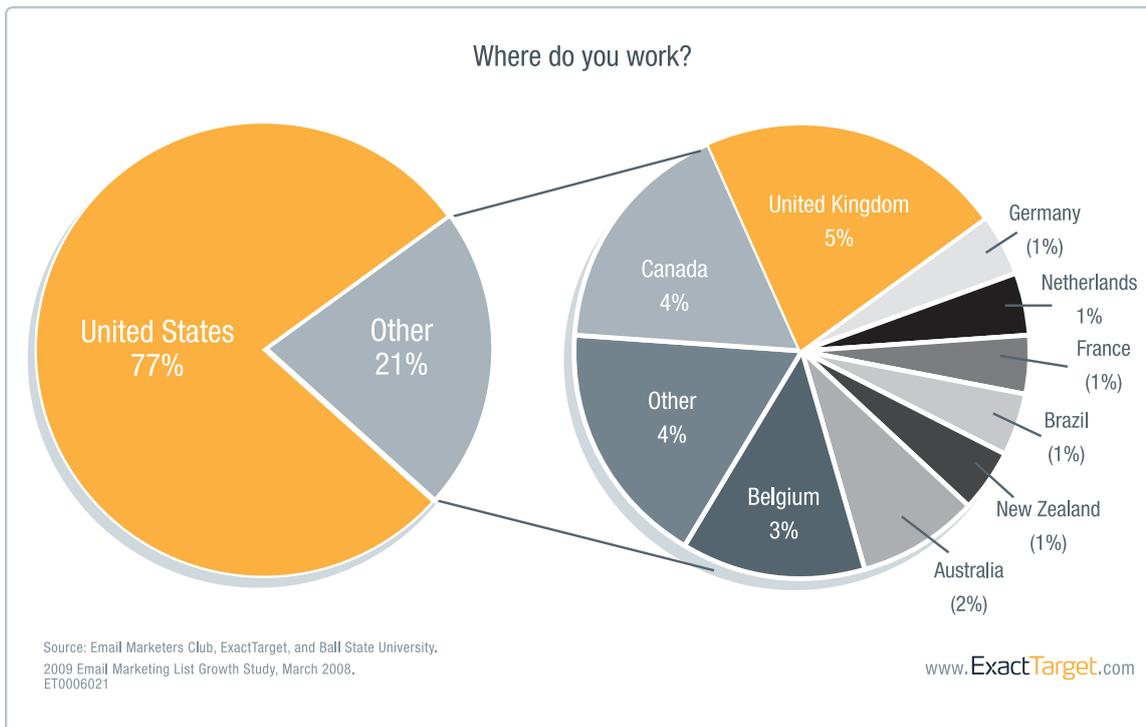


Figure 25: Geographical location of survey participants' places of employment.

Which of the following mostly accurately reflects your **current role**?

Current Role	% Total Respondents
Part of an in-house team (client side)	58%
Part of a marketing company (e.g. marketing service provider) or a marketing consultant	32%
Neither	9%

Source: Email Marketers Club, ExactTarget, and Ball State University.
 2009 Email Marketing List Growth Study, March 2008.
 ET0006023

www.ExactTarget.com

Figure 26: Survey participants' occupational descriptions.

Which **industry** best describes your organization (or the organization of your PRIMARY client)?

Industry	% Total Respondents
Retail / E-Commerce	19%
Advertising / Media	16%
Other	15%
Computers / IT	10%
Business / Financial	6%
Travel / Tourism	6%
Manufacturing	6%
Non-Profit	5%
Professional	4%
Education	4%
Health Services	4%
Consumer Package Goods	3%
Arts & Entertainment	2%

Source: Email Marketers Club, ExactTarget, and Ball State University.
 2009 Email Marketing List Growth Study, March 2008.
 ET0006026

www.ExactTarget.com

Figure 27: Description of survey participants' industry or the industry of their primary client.

How many employees are there in your company/ organization (or the organization of your PRIMARY client)?

Number of Employees	% Total Respondents
< 10	12%
10-49	23%
50-99	12%
100-249	12%
250-499	11%
500-999	8%
1,000-4,999	11%
5,000-9,999	2%
10,000-24,999	3%
> 25,000	6%

Source: Email Marketers Club, ExactTarget, and Ball State University.
 2009 Email Marketing List Growth Study, March 2008.
 ET0006025

www.ExactTarget.com

Figure 28: Number of employees in survey participants' organization or the organization of their primary client.

How long have you worked on email marketing?

Number of Years	% Total Respondents
< 1	12%
1-2	25%
3-4	37%
6-10	22%
> 10	5%

Source: Email Marketers Club, ExactTarget, and Ball State University.
 2009 Email Marketing List Growth Study, March 2008.
 ET0006024

www.ExactTarget.com

Figure 29: Number of years survey participants have worked in email marketing.

About the Authors

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Director, Research and Strategy

Morgan Stewart is Director of Research & Strategy at ExactTarget, a leading provider of on-demand email and one-to-one marketing solutions. Morgan is responsible for conducting primary research on email marketing trends and digital marketing best practices. Considered one of the industry's thought leaders in email research, Morgan is a regular columnist for Mediapost's *Email Insider* and is regularly featured in industry publications, such as *BtoB Magazine*, *DM News*, and *MarketingSherpa*. His work has also been featured in national publications, including *Fortune*, *Forbes*, and *Newsweek*. Morgan's experiences with the thousands of organizations that use ExactTarget to manage permission email marketing allow him to deliver specific strategies on how to improve and enhance email marketing programs.

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Tamara Gielen is an independent email and social media marketing consultant, coach, and trainer with nearly 10 years of experience in email and online marketing. She helps international clients get started or get better at email and social media marketing. Tamara is the author of BeRelevant, a leading email marketing best practices blog, and the founder of the Email Marketer's Club, a social network for email marketers with over 2,400 members. Prior to starting her own business, Tamara worked for companies such as Cognos, eBay, and OgilvyOne Worldwide.

Research Collaborator

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Director of Insight and Research

Mike Bloxham has worked in media research and consulting for nineteen years, advising multi-national corporations, media owners, and government agencies on strategic marketing and communications issues on an international basis. His clients have included Microsoft, Cablevision, BSKyB, Le Monde, Procter & Gamble, MTVEurope, and the British Government.

Mike has extensive attitudinal and behavioral research experience and has worked on key projects in media consumption, iTV, interactive marketing and advertising, user segmentation, advanced usability, eye-tracking, and media lifestyle profiling.

He has been a featured speaker at marketing, media, and research conferences internationally. He also writes regularly for Media magazine and MediaPost's *TV Board*.

Mike became Director, Insight & Research at Ball State's Center for Media Design—a consumer and content-oriented Digital Media R&D facility—in 2003. He is part of the team that developed the observational research method behind the ground-breaking Middletown Media Studies and other similar projects, and is a leader of the Nielsen Council for Research Excellence Video Consumer Mapping Study. He is a co-founder of The Media Behavior Institute, which focuses on the challenges of cross-media research.