



American Association
of Independent Music

Email Marketing White Paper

The mission statement of the New Media Committee states one of our goals to be the education of A2IM members. This document is therefore the first in a series of “white papers” that will focus in general terms on key aspects of digital marketing. This is not an exhaustive guide to email marketing but focuses more on “best practices” in a way that we hope will provoke more questions and feedback. We believe that while access to distribution channels is essential to A2IM members, marketing remains key, as in the physical world, to drive the customer to make a purchase.

-Peter Wright, Virtual Label, LLC, New Media Committee Chairperson

Don't Panic!

Ever get a panicky feeling that you are behind the eight-ball with your digital and new media marketing? Just when you got the hang of Facebook and are collecting a nice group of fans, suddenly something like Twitter comes along and you feel like a tech Luddite again. And with everyone screaming about the 'mobile revolution', shouldn't you be texting your customers like crazy, or developing iPhone Apps in order to break your artists?

Well here's some good news: If you do nothing else but have a well-thought out and executed email marketing strategy, most of that other stuff won't matter. Or should be treated as icing on a rich and tasty cake.

The case for email

Email is old-school. Email comes with a bunch of associated problems, spam being number one. And managing email lists properly involves a lot of dedication and hard work. But email provides the highest return-on-investment (ROI) per dollar spent of any other marketing initiative you could embark on. In addition:

- email is ubiquitous: everybody uses it - and most people treat their inbox as the launching pad for most of their other online activities
- email is familiar: no new skills need to be learned by people in order to receive and understand marketing messages contained in emails
- email is direct and unfettered: with email, you control the marketing message. You needn't be beholden to a radio programmer's whims, or a journalist's interpretations. You can leapfrog intermediaries and speak directly to your fans and customers.

The bigger picture - connections

The advantages of using email are pretty clear, but email is just one (critical) part of the wider shift in the music industry's approach to marketing. Whereas the approach of the past used to be all about getting the CD into the stores and bought by the customer, today the focus is (or should be) on creating direct relationships with the fans. We are at a unique time in the evolution of our industry where the fan can become a customer of the label (or artist)...not just a customer of monolithic traditional music retailers (with the label standing behind the scenes).

Email is the most important communication tool with respect to the fan/customer relationship. But it cannot be isolated from the wider notions of 'customer relationship management' (CRM), website recruitment and subscription and the entire fabric of what is known as 'the social web'. In fact, there have been a number of developments in the area of inbox/email management and software that attempts to bring all of these areas together. Witness the new Yahoo mail services that separate email from your 'friends' from email that arrives from unknown parties. Or the increasing weight people place on the (relatively crude) Facebook email service. Even Gmail has a plug-in called Xoopit that creates a more socially networked environment.

So what does all of this mean for you as a music marketer? Clearly the cultivation of a vibrant and engaged email list is the best starting point for any wider socially networked engagement with your fans/customers. Clever deployment of recruitment tools and catchment areas will help you to grow your lists. And as you firm up the connection to the fans via the emails you send, you will be able to consider further monetization opportunities. And this is probably the most critical concept of all: the building and maintenance of a fan/customer list will help you change the focus of your business from one driven mainly on release-date focused CD and download sales to one that is about driving average revenues across the entire direct customer base - be it via a direct-to-consumer (D2C) store, referrals, advertising from web traffic, merchandise, ringtones.....and so on.

Where to start?

Okay, enough with the grandiose concepts! You want to first get an email marketing project off the ground, before worrying about such things as the social web. Or maybe you want to repair the sorry state of your current email database and (irregular) email messaging (note: I didn't use the phrase 'blasts'!)

6 Step Plan to better email marketing:

1. Elevate email to its rightful place
2. Clean and Purge
3. Get professional & do your own homework
4. Test. Send. Test Again.
5. Adopt best recruitment practices
6. Don't spam

1. Elevation

Interns shouldn't be the ones left to craft your emails. When formulating your marketing budgets, you shouldn't feel happy about a '\$0' in the email-marketing column, "because emailing people is free!" Your recruitment strategy has to be better than a notepad at the merch table.

Email marketing is not the domain of the IT guys, and should be in the hands of your most senior marketing manager(s). If your company is small, or you are an artist-as-label operation, treat email as the most important vehicle you have for the development of your business.

The symbolism is crucial. Only when email is assigned a proper budget and adequate human resources does it attract the appropriate levels of attention. Forget the fact that email is not as sexy as Twitter – we already covered that in the earlier section!

2. Cleaning & purging – database management

If you already have an email list, there is a good chance it has a large amount of dead wood drifting within it. It is not uncommon for a pre-existing list, collected over 3-4 years (or more), to be reduced by up to 80% (or more!) after a diligent cleaning process.

What does this mean? Usually an aggressive ‘re-opt-in’ program if your list has been (relatively) dormant for a long time. This involves making an offer – of some value – to the people on your list to essentially ‘re-subscribe’. Such an offer might be a free digital music sampler, a nice discount on your products (like 20%) or whatever your fanbase would see as being genuinely attractive. From there you can measure your hard bounce backs, your soft bounce backs, your overall open rates and your click throughs. These metrics become the foundation of the purge – one rule of thumb might be: remove everyone from the list who doesn’t open an email after 4 attempts to contact them (as well as all hard and soft bounces).

If you have had an active email list, you might still want to check your metrics and set some ground rules (like the one above) for regular database ‘hygiene’.

As far as software choices for the management of your email databases (and the email messages themselves) – see point three (below).

3. Professional email service providers (ESPs)

A lot of the cleaning and purging, as well as other best practices can be obtained through the contracting with a professional ESP. In fact, unless you are an extremely small operation with email lists below 1000 people (and you aim to keep it that way), you should immediately consider an ESP as part of your future emailing plans.

Services provided by ESPs include:

- Overseeing of re-opt-in programs – especially ‘massaging’ emails through internet service providers like AOL and Yahoo.
- Provision of contact databases to store and manage your lists
- Tools for creating better emails (WYSIWYG editors, templates, drag & drop features)
- Tools for recruitment (such as embeddable widgets)
- Spam management and best practices
- Metrics

ESPs exist in all shapes and sizes – most are web-based, and some offer free services for small lists, and very reasonable pricing plans as you grow. Other ESPs offer an even wider suite of services, including more intensive

customer relationship management options, servicing of such things as music downloads and so on. An appendix at the end of this White Paper lists a number of ESPs we believe are worth contacting.

4. Testing via metrics

One of the keys to better email marketing is metrics. And this is why email can be so demonstrably powerful. How many other activities within your marketing plan can be instantly measured for their effectiveness? Do you really know if that magazine ad, or indie publicist, has resulted in extra sales (or even extra fans jumping on board)? No. But with email, you can measure things right through to the click on the “Buy Now” button at your website.

Metrics also allow you to test. Email’s most important component is the subject line – that is how you hook the recipient in. So why not test a few out? Pick 3 groups of 100 or so from your wider list, and try different subject lines – the one with the highest open rate gets the gig for the wider send you have planned to the overall list. Testing can be as sophisticated as you want – test content, positioning of words and headings, graphics placed within the email – all with a view to driving up open rates and most importantly, your click through rates.

All ESPs provide the ability to create test groups, as well as the metrics to measure them. If there are any arguments within your company about the makeup of an email, or the subject line...you have an easy answer: let’s test ‘em out, then choose the winner.

On the more macro level, the question often gets asked: are our email campaigns making any difference? There are a number of techniques you can adopt to help you decide for yourself the efficacy of your program. For example:

- Create ‘ground zero’ benchmarks from the outset – if you start with an average click through rate of 4%, and after six months you are at 9%, you are certainly showing progress
- Set 3 month targets for your open rate and click through rates based on the overall trending of those metrics
- If you have a D2C solution, ensure your emails are linked to the shopping cart (“Buy Now” -type links) – this is one of the easiest ways of measuring success.....if revenues are going up, you are doing something right!

5. Recruitment

So you’ve cleaned your list, hired an ESP and you want to start growing. There are a few essential things you must do in order to keep your lists healthy:

- Double opt-in: when someone joins via an online form, always make sure they get added to your list only after they click a link sent to them as triggered by the sign up process. All ESPs provide this kind of mechanism.

- Decide on your recruitment entrance point strategy: do you want to make people give up a lot of details up front, so as to get a better profile (thus making for more targeted emails down the road), or have them simply offer up a valid email address (and worry about profiling them more comprehensively later on)? There is no right or wrong in this regard – but you should articulate a clear view and stick to it.
- How do you plan to recruit ‘offline’? At shows, are you able to get quality information, or simply handwritten email addresses scrawled on napkins? If possible, deploying technology at gigs – such as a cheap netbook – to get people to sign up is always a good idea.
- What incentives are you offering to sign up, and how clear are you about the offer? At the aforementioned shows, you might offer a free physical CD sampler in return for an email address entered into the netbook. Online, it might be a digital sampler. But it is generally a good idea to throw an incentive or two into the mix.
- Be mindful of COPPA (Children’s Online Privacy Protection Act) rules around collecting personally identifiable information from users under the age of 13 -- *even* if you are not specifically targeting that age group. Knowingly sending email to kids without parental consent is a big no-no, and you could find yourself in trouble with the FTC. If you collect date of birth info, play it safe and DELETE the under-13s from your list.

Also, you need to ask: how aggressive do you plan to be in your recruiting? Remember, that your email list(s) are assets you own and provide you with the foundation for a myriad of other marketing initiatives. MySpace and Facebook friends are all well and good...but you don’t necessarily own them. It is generally always better to treat third party websites as harvesting opportunities and not as promotional ends in their own right. Use MySpace (for example) as one giant recruitment tool over to your website(s) and your lists.....hence another compelling reason for creating incentives for people to migrate across.

Finally, don’t leave new recruits hanging out to dry. Those email addresses you collected at that gig 4 months ago, but never got around to sending a welcome message to? Probably worthless now. You must have a clear and concise ‘welcome’ email that engages the new user (perhaps with one of the aforementioned incentives)...and this should be deployed within 24 hours of the person joining the list.

6. Spam

The main reason why email marketers have been viewed in the same light as pornographers and lawyers for many years is due to the justifiable hatred people have of spam. And the best email marketing professionals can still sometimes cross the hazy line into the realms of spam, destroying goodwill generated over months and years towards the company in question.

Avoiding being flagged as a spammer is a tricky business – most ISPs such as AOL have their finger on the trigger, ready to blast you into blacklisted hell (another good reason to get on board with an ESP, who can help you

navigate around these problems). Here are some best practices you should adopt (and also ensure you keep on the good side of the CAN-SPAM Act...):

- Have a one-click unsubscribe option at the footer of every email you send
- Include your operation's details (even your company's physical address) in every email
- Never purchase or 'borrow' someone else's lists
- Don't use terms like "free", "special offer", "discounts" and the like within your subject line or email body (most ESP tools provide spam checkers to review the words you use)
- When recruiting people to your lists, be clear to them what they are signing up for – don't merge email lists unless you have received explicit permission from the recipients to do so.
- Be aware of the number of emails you are sending – too many, and people will simply flag your emails as spam, whether or not they actively subscribed to your list or not. Too few, and you lose the potency of your email marketing project.

Advancements

Aiming a white paper at a broad spectrum of music industry professionals can be a difficult task – a refresher course on the basics might always be welcome, but many of you are ready to go to the next level with your direct marketing initiatives.

Whatever tools you choose to use – such as those provided by ESPs – are really just a means to an end for the advanced user. The end? Creating a dynamic pre, and post, sales relationship with your fans/customers (the two should be interchangeable). By grounding your business in the concept of value creation directed at this attentive audience you have created, you will be well and truly working towards (or in) a post CD and digital download world. Your focus will be on driving revenues per each and every one of these customers across a suite of musical products (and merch), and not just about exhortations to buy the latest album in your repertoire.

Future white papers from A2IM's new media committee will aim to address the concept of value creation in a world of "free & ubiquitous" music, and how you can be re-engineering your enterprise to capture the value you build...and not allow it to be taken from you. One very good place to start in this process, as I have outlined in this particular paper, is the creation, cultivation and execution of a potent email marketing program.

About the Author

Jon Satterley is currently Senior VP of New Media at Roadrunner Records. Previously he ran Roadrunner's operations in Australia and Asia Pacific for 12 years. With over 20 years in the music industry, Jon also holds an MBA from Melbourne Business School and Law (Honours) and Arts degree(s) from University of Melbourne.

GLOSSARY

Click-through Rate (CTR): percentage calculated by dividing the number of total unique clicks by number of emails opened. Sometimes this is calculated based on total clicks, rather than unique clicks.

Open Rate: percentage calculated by dividing the number of emails opened by total number successfully sent.

Hard Bounce: refers to failed delivery of a message for a permanent reason such as invalid address.

Soft Bounce: refers to failed delivery of a message for temporary reason such as a full in box.

WYSIWYG: acronym for “What You See Is What You Get” and refers to content management systems that allow you to add content in the backend in a way that reveals exactly what it will look like to the end user on the front end.

APPENDIX

Email Service Providers



www.fanmailmarketing.com

FanMail Marketing (A2IM MEMBER) is a Fan-Relationship Management and Digital Marketing Solutions Agency for the music and entertainment industry. FanMail helps clients become more fan-centric by providing innovative strategies to Artists, Labels, Events, Venues, Festivals, and Promoters and by leveraging the power of cutting-edge CRM, email, sms, and voice technology. Email technology is built upon the Exact Target platform, one of the web's biggest ESPs in their own right.

Constant Contact - comprehensive suite of email tools on offer. Affordable start up prices.

FanBridge - great for bands and small outfits wanting to get control of their own lists. Music industry oriented.

iContact - affordable for smaller lists, and easy to get started with.

MyEmma - strong support for users of their service.

Vertical Response - are an easy-to-use service with Salesforce integration built in, enabling strong customer relationship features.

If you'd like to bring your email marketing to another level, here are some other members to check out...



Filistics (A2IM MEMBER) - A B2B provider that allows labels/artists/promotions team to share files safely and securely via email or via protected access. You are able to manage your mailing lists and create your newsletters featuring download links with this service.



GoDigital (A2IM MEMBER) - Utilize this tool for multiple marketing campaigns they have run from album releases to artist updates. You are able to upload approved mass email contacts (via excel spreadsheets, etc.) and any provided information.



ReverbNation (A2IM MEMBER)— Designed for the music industry, and more than just email, this company offers a comprehensive, soup-to-nuts solution for most new media marketing ambitions. A strong partner for labels/ artists/companies wishing to ramp up their new media activities quickly.