How to Power Up Your Email-Marketing ROI

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What ROI Should You Expect From Your Email Marketing?

Email marketing continues to be an incredibly cost-effective marketing tool. A 2016 survey of U.S. marketers revealed that email generated a median return on investment (ROI) of 122%. This is 4 times higher than other marketing channels studied, including direct mail, social media, and paid search. And as per Salesforce Marketing Cloud's 2016 State of Marketing, more marketers agree that email marketing is a significant ROI-producing channel: 54% of marketers surveyed said that email directly generated ROI in 2015, whereas that percentage rose to 79% in 2016.

What's Your Email-Marketing ROI?

Does your organization have a method for quantifying the ROI from your email marketing? Compared to simply looking at the performance of individual campaigns (e.g., open, click, and conversion rates), ROI gives you the big picture of your email-marketing program. And you'll find that ROI is an especially valuable metric for justifying email-marketing effectiveness to your CEO and senior management team.

See How Small Changes Can Spur Huge Improvements in Your Email ROI

In this white paper, we discuss the key drivers of email-marketing ROI and some specific ways that you can leverage those drivers to improve your email-marketing results. In addition, you'll learn about our innovative email-marketing planning tool: FulcrumTech ROI Goalsetter®.

This comprehensive model helps you see where your email program stands today in terms of revenue. It will help you determine what email-marketing variables to change—and by how much—to reach your email-marketing goals. Using the ROI Goalsetter tool, you'll see how implementing small improvements to your email-marketing program can have a huge positive impact on your ROI. (See the ROI Goalsetter calculation on page 13 of this white paper.)

Begin by Setting Your Email ROI Goal

You need to have a good understanding of where your email-marketing results stand today before you can begin to implement improvements. To help determine your current email-marketing program status, you can start by answering the following 2 questions:

1. How do you measure ROI for your email-marketing program?
2. What specific goals and objectives do you have for improving your ROI?

Having a clear goal set for your email campaigns will help you identify the key metrics needed to ensure that you're maximizing the ROI for your overall email-marketing program.

Key Drivers of Email-Marketing ROI

The ROI in any email-marketing campaign depends on a combination of actions by your email recipients. A great way to visualize the many email-marketing factors that impact ROI is by building a sales funnel chart.

1. Top of Funnel (New Leads)

This portion of the funnel is where you attract new subscribers and minimize attrition caused by inactivity, bounces, unsubscribes, and spam complaints. The quality of your list will have a direct effect on your ROI.

2. Unique Open Rate

The *unique open rate* is defined as the percentage of total recipients who opened an email at least once. After you send your email campaigns, only a portion of the recipients will open and read your message. This marks the first hurdle on the way to conversion.

3. Unique Click-Through Rate

This metric tells you the percentage of subscribers who clicked on a link and ended up on your designated landing page. Once recipients open an email, if they're interested in your message and are willing to engage further, they'll click through the email to a landing page for additional information. The click could be an indicator of whatever goals you have set for your campaign, including learning more about an offer, making a purchase, or signing up for an e-newsletter.

4. Conversion Rates

The landing-page conversion rate is the percentage of subscribers who take the desired call to action on your designated landing page. The conversion is the final goal of your email-marketing campaign. *Conversion* can be defined in many ways, such as purchasing a product, downloading a white paper, or completing a contact form.

How to Give Your Email ROI a Big Boost

A disciplined and systematic approach is essential for driving substantial increases in your email ROI. As you work through each of the following steps, you'll identify the tactics that deliver improvements throughout the conversion process. And best of all, you'll find that each improvement builds on the previous one, compounding results along the way.

Step 1: Build and Maintain a High-Quality, Permission-Based Email List

Building a high-quality, permission-based list is one of the most important and challenging steps in helping to achieve a high ROI for your email-marketing program. The quality of your list directly correlates with the success of your campaigns.

You need to know what is happening with unsubscribes, bounces, and spam complaints, for example, so that you can proactively work toward measurable improvements. And to keep your list growing and healthy, you need to implement list-building and hygiene strategies throughout the year.

There are many ways to improve your list quality, including:

- Have an opt-in process for your list.
- Don't include pre-checked boxes on your subscription forms.
- Do include an unsubscribe option in all of your emails.
- Promptly remove bad email addresses and bounces from your email list.
- Manage your inactive subscribers—the people on your list who haven't opened or clicked on an email in a certain period, such as the last 6 months or more. Consider running a reengagement campaign by sending them a compelling offer to opt in again. If you haven't removed inactive subscribers from your list or run a reengagement campaign in a few years, likely between 30% and 60% of your list is inactive.
- Use a variety of methods to continually grow your list, including social media, direct mail, search engine optimization, pay-per-click, and affiliate relationships with other companies (e.g., add your newsletter sign-up to their website and vice versa).
- Have a plan in place to help maintain subscriber interest and reduce list attrition, such as a rewards program, coupons, special sales, or free shipping offers.

Step 2: Optimize Your Email Open Rates

Getting people to open your emails is the first level of engagement with your target audience. The unique open rate is a good indicator of whether your subject lines are effective and if your message is consistently relevant to your subscribers.

Here are some ways to help improve your unique open rates:

- Take time to carefully craft your subject lines. Keep them concise, factual, and descriptive of the email content. When appropriate, add a sense of urgency to the message.
- When it comes to deciding what to put in the From line, try to find out what will resonate best with your subscriber base. Is it your company's name, for example, or perhaps the name of your company's president?
- Determine the best mailing frequency for your subscribers (e.g., weekly or monthly), being careful not to overwhelm them with too many unwanted emails.
- Test to find the best day, time of day, frequency, and cadence to send your email messages. You'll find that this varies depending on the audience.
- Design for mobile to ensure that your emails render appropriately and encourage opens on those devices, too.
- Engage recipients with your preview panes—the window below the inbox that previews your emails—by making sure that your call to action and company logo are visible.
- Deliver content that is consistently relevant and valuable to your subscribers.

Step 3: Drive Your Click-Through Rates

Email click-through rates are a major determinant of the success of your email campaign. Without a strong click-through rate, your conversion rate (and, ultimately, your ROI) will suffer. This metric demonstrates how well your content meets your subscribers' needs and interests.

Here are some ways to help drive your click-through rates:

- Create a primary call to action that stands out on the page and includes clear, action-oriented copy.
- Use responsive mobile design for all of your emails. Depending on your target audience, mobile devices will account for up to 70% of email opens.
- Be sure your offers are strong, relevant, and compelling. Running an A/B split test to help determine the best approach for your audience is a good idea. This way, you'll have the strongest offer to send to your full list.
- Provide adequate information in your text so that your subscribers understand why and how to take the next step in the process.
- Keep the call to action "above the fold." Also, be sure to test the placement of your calls to action and design to optimize for your specific goal and email.
- Ensure that the eye path leads to the call to action in your emails by placing important content in an F-shaped pattern: Readers typically view the headline first, and then the text down the side, ending with the middle section of text.

Step 4: Increase Your Conversion Rates

This key metric tells you if you're getting the results you wanted. If you're selling products or services, for example, it's your revenue from sales. If you're looking for sales prospects, it's the number of qualified leads generated.

Once you got people to open your email and then click on your call to action, it's time for the heavy lifting. The goal of the email is to get the click, whereas the goal of the landing page is to do the selling. That's where the conversion typically happens (unless you push people to call you).

When it comes to the conversion on your landing page, keep the following in mind:

- Create a clear and prominent call to action—be sure the call to action is big enough so that subscribers can't miss it. Plus, use contrasting colors and surrounding white space to help make your buttons "pop."
- Make it easy for recipients to follow through. For example, take them to a dedicated landing page rather than a website's home page where they must search for information about an offer.
- Be sure your landing pages are focused, well designed, and consistent with your brand and email campaigns.
- Build trust on your landing page by including certifications, awards, and testimonials from satisfied customers. Video is hot today, so consider adding a video of satisfied clients talking about their experience with you.
- Make sure your landing pages are mobile friendly, especially if a significant number of your subscribers are using mobile to access the Internet.
- Test, test, test! Landing-page optimization requires knowing your market very well, along with the willingness to do a lot of testing to continually optimize.

To optimize your conversion rates:

- Identify the most important variables that impact your overall email campaign (e.g., subject line, day and time of day sent, cadence, offers, design elements, etc.).
- Set up statistically valid tests to measure the comparative effectiveness of the variables. Basing your conclusions on statistically significant tests is important; otherwise, you may hurt your email-marketing results by implementing ineffective campaigns.

FulcrumTech ROI Goalsetter Gives Valuable Insight to Your Email Campaigns

As you can see, there are so many different variables in email marketing that measuring and determining the impact of each (and all) of them on ROI is difficult. FulcrumTech developed a sophisticated, yet incredibly easy-to-use, financial modeling tool called the ROI Goalsetter. It allows you to plug in a few base assumptions. Then, you can easily create what-if scenarios of improvement by modifying your base assumptions.

Create your free ROI Goalsetter account here: https://fulcrumtech.net/email-roi.

We've designed this tool to help marketers understand how email metrics work separately and together to affect your email program's ROI, revenue, profits, and more. Using the ROI model, our clients can see how their revenue is tracking today and compare it to what their revenue could be if they made realistic improvements to key email campaign variables. In this way, marketers can see which variables to change—and by how much—to reach their email-marketing goals.

ROI Calculation Using FulcrumTech's ROI Goalsetter Tool

Here is an example that demonstrates how financial modeling with FulcrumTech's new ROI Goalsetter tool can help you achieve your email-marketing goals. To keep this example simple, we have assumed a low rate of unsubscribes and bounces. We used these values for our calculations:

LIST SIZE AND GROWTH
Initial total list size: 100,000
Inactive portion of list: 40%
List monthly growth rate: 0.5%
Inactive monthly growth rate: 0.5%

EMAIL PROGRAM COSTS
Fixed cost per mailing: $500
Per-record cost: $0.015

EMAIL PROGRAM PERFORMANCE
Unique open rate: 20%
Unique click-through rate: 5%
Landing-page conversion rate: 5%
Dollars generated per conversion: $100

See How Small Changes Can Work Together to Provide an Even Greater Positive Impact on Your ROI

Using ROI Goalsetter, we can also calculate the impact of a combination of improvements:

- Increase list size by 0.5%
- Increase open rate by 1%
- Increase click-through rate by 0.5%
- Increase conversion rate by 0.25%

The combination of these small, incremental improvements would boost the annual revenue from $300,000 to $380,000. That's a 27% increase!

FulcrumTech™
Email Marketing Results You Can Measure

FulcrumTech Can Help Your Organization Get More Out of Your Email-Marketing Dollars

At FulcrumTech, we believe in delivering measurable results on every email project. That's why we've been working hard to understand how email metrics work together and separately to affect your email ROI. Thanks to years of research and testing, we have built a systematic approach—which now incorporates the use of the ROI Goalsetter tool—to predict measurable email-marketing improvement and to deliver against those goals.

If you'd like to talk to us about how we can help your organization get more out of your email-marketing dollars, contact us now. For more information, please visit our website.

www.fulcrumtech.net

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About the Author

Mitch Lapides is President and CEO of FulcrumTech, a leading email-marketing agency based in the Philadelphia area. With deep technical and data-driven approaches, Mitch has led his team at FulcrumTech to consistently deliver double- to triple-digit email ROI improvements for clients across a variety of industries. Prior to founding FulcrumTech, Mitch had a successful career managing large online businesses and divisions of multinational companies, including Reed Elsevier and Gartner.