

**Case Study - Paradise Pen**, Feb 09, 2007

## **How to Grow Your Email List With Incentives and Ease Blacklist Concerns**

### **SUMMARY**

If you use brick-and-mortar incentives to gather email addresses, how do you avoid redemption dashers -- those customers who opt out after receiving the first or second email?

See one retailer's creative solution. Includes four tips to stop opt-outs. Plus, what happens if the names you're emailing suddenly start clicking the junk button?

### **CHALLENGE**

"When I first started [running] our marketing in 2002, we only had about 10 names total," said Jeff Paradise, Director IT, Marketing and Corporate Sales, Paradise Pens. "Email marketing wasn't really an area that had taken on a big importance."

Paradise instantly recognized that they could grow their email list organically with their 23 outlets in malls nationwide, so he and his team came up with incentives for brick-and-mortar store employees and customers to kick-start the process.

But then something bad happened. They received word that complaints to at least one ISP had risen above acceptable levels and they risked being blacklisted. Of course, Paradise wanted to fix the entire program fast.

### **CAMPAIGN**

To begin the list-building process, Paradise and his marketing team reached out to store managers and explained the advantages -- to both the individual shops and the company -- of collecting email addresses.

-> Step #1. Set employee goals

They incorporated goals to reward individual sales staffers and entire store teams. Some managers offered 25 cents in store credit for every registration. Individual brick-and-mortar stores set goals ranging from 250 to 800 addresses per month. Teams that met their goals were rewarded with dinner outings and in-store parties.

“It didn’t take long before the store managers realized how the whole thing was helping business on the floor as well as online,” Paradise says.

-> Step #2. Incentivize customers

Each brick-and-mortar customer who provided an email address would receive a \$10 paper gift certificate that could be redeemed at the retail store. Still, Paradise wasn’t satisfied with the early showings, so they tested plastic gift cards that could be redeemed online as well as offline against the paper ones.

Next, they tested 30-, 60-, 90, six-month and 1-year expiration dates. They then ordered eight-panel full-color gift card arrangements, not only to build the email list but also to get the customers back to the site’s shopping cart or stores’ cash registers.

It’s worth noting that they decided to snail-mail the gift cards so customers had a reason to return to the store or Web site and also to gain their physical addresses for the annual catalog.

-> Step #3. Simplify the email message

Of course, Paradise was deeply interested in maximizing the sales from these list-building efforts. Last year, they tidied up the creative in their email campaigns.

“I decided to allow the customer to focus on a few items with strong high-end brand images,” Paradise says.

-> Step #4. Deliverability and opt-outs

Paradise’s team became convinced around the 2004 holiday season that deliverability issues needed top priority. They didn’t know what percentage of emails was making it through, but had a hunch it wasn’t good. So, they implemented a system to track deliverability -- as well as opens and clickthroughs. This also allowed them to test their audience’s preferences for HTML versus text.

The team had also learned from customer complaints that their unsubscribe system wasn’t doing an effective job. They used to clean the opt-out requests manually, but the new deliverability system did this automatically.

Another fix: They replaced the small opt-out link at the bottom of the email with a much larger unsubscribe button. While fitting into the company's new clean design, the button also reduced the necessary opt-out steps from three to one.

"If someone signs up for the list, they are often rushing through the store and giving their email," Paradise says. "Four weeks later, they get a message and might not remember signing up. I wanted to make it easier for them to opt out."

-> Step #5. Stopping opt-outs from the start

The complaint-rate system also taught Paradise how to massage customer interest in the email program throughout the registration process. To avoid the "What's this?" reaction, they instituted four key measures:

- The registration card was redesigned to let the customers know they would specifically receive a monthly "Premiere Pen" newsletter and the annual print catalog.

- People signing up online for the catalog were notified that they would receive the newsletter.

- For incentive participants, no email was sent for at least four weeks to ensure that they had time to receive their gift cards by snail mail. This tactic served as a reminder of their registration and gave them an excuse to redeem the card.

-> Store clerks explained to customers that they wouldn't be deluged with emails since theirs was only a monthly program.

## **RESULTS**

Paradise's list-building initiative worked -- they grew their house file from the original 10 names to more than 90,000. "We are collecting 80% of those in the stores, while others are signing up online," he says.

The gift cards tests found that redemption rates increased from 9.5% to 20% after switching from paper certificates to plastic cards. After adding the four-color eight-paneled packaging to the mix, it jumped to 27%. The 12-month expiration date easily beat the shorter durations.

Cleaning up the email creative also reaped rewards, as the average order size on holiday campaigns rose 19% over 2005.

While it would have been nice to have a benchmark before implementing the deliverability/tracking system, the results from the holiday campaigns have Paradise in a festive mood. They saw a deliverability rate of 98%, while open rates for HTML emails were 23% and text emails came in at 31%. Additionally, holiday clickthrough rates were 10%.

“The unsubscribe button has done wonders,” Paradise says. “We have gone from having to deal with complaints on a regular basis to basically never getting them.”

Alerting incentive-based registrants that emails are on the way hasn't hurt sign-ups. "If anything, it has positively affected everything from deliverability to unsubscribe rates to the open rate to the response rate to customer satisfaction," he says. "Across the board, it's good for business."

### **Useful links related to this article**

Creative samples from Paradise Pen's email campaign:

<http://www.marketingsherpa.com/cs/paradise/study.html>

How to Collect More Email Names for Your List by Asking Brick-and-Mortar Customers for Them Offline:

<http://www.marketingsherpa.com/barrier.cfm?contentID=23>

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Cybermail Marketing LLC - provided consultancy and implemented the deliverability/tracking system:

<http://www.cybermailmarketing.com/>

ExactTarget - provides management system to track email deliverability: <http://www.exacttarget.com>

Paradise Pens:

<http://www.paradisepens.com>