

April, 2011

Constant Contact Customers Yield Stronger Results from Email Marketing

In October and November 2010, Aberdeen Group surveyed over 600 business executives for *Email Marketing: Customers Take It Personally* to understand the primary drivers of their email marketing initiatives, and the relevant measurable impact on business performance results. Breaking down this overall pool, 286 respondents represented organizations with fewer than 100 employees; and 58 of these indicated Constant Contact as their email marketing solution provider. The results show that these Constant Contact customers outperform other users (organizations with fewer than 100 employees that are using a provider other than Constant Contact) in their email marketing efforts. This Research Brief will review the results and key factors differentiating Constant Contact users from other users, to highlight how they drive strong business results through their marketing programs.

Business Context

In an economic setting where marketing organizations have fewer dollars to spend and need to significantly contribute to the business in a quantified way, organizations are looking to utilize marketing channels that provide the most measurable benefit to their businesses.

To accomplish this, Aberdeen's research in *The 2011 Marketer's Agenda* (July 2010) shows that 74% of organizations are using email marketing campaigns as a fundamental part of their marketing programs, because it is seen as a crucial marketing tool for organizations of all sizes.

As we see in Figure 1, Constant Contact users demonstrate better results than other users in several key performance indicators (KPIs) that are critical in measuring email marketing effectiveness, with 36% (open rate) and 60% (click-through rate) better marketing activity rates, respectively. In addition, analyzing the year-over-year change in the reported performance of these two metrics reveals better results among the Constant Contact audience: 5.6% versus 3.1% (for other users) improvement in email open rates, and 5.4% against 2.2% growth in click-through activity. Additional gains in email delivery rates (7.4% vs. 4.1%) and revenue generated through email campaigns (5.8% vs. 4.5%) were also indicated

Finally, Constant Contact users separate themselves from the others by having 77% greater adoption of technology to track, measure and report on all email campaign results as a key business strategy, compared to other users. The benefits of deploying an effective strategy are amplified by utilizing effective and relevant business processes and technology tools. Let's

Research Brief

Aberdeen's Research Briefs provide a detailed exploration of a key finding from a primary research study, including key performance indicators, Best-in-Class insight, and vendor insight.

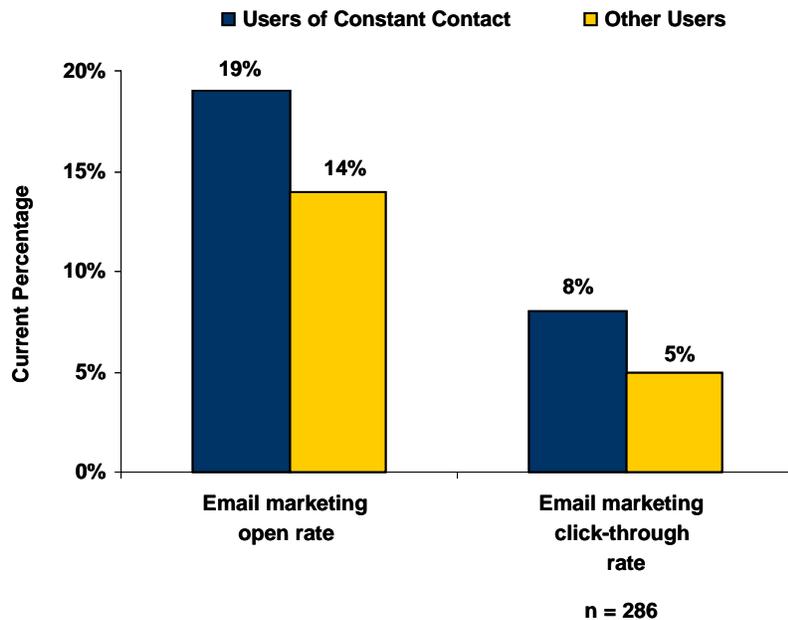
Survey Demographics

The breakdown of respondents (in number) for Aberdeen's *Email Marketing* study is as follows:

- ✓ Constant Contact users with fewer than 100 employees: 58
- ✓ Organizations with fewer than 100 employees using other service providers and not Constant Contact (Non-Users): 228

now review some of these, to better understand the underlying factors for the performance differences reflected above.

Figure 1: Performance Results of Constant Contact Customers



Source: Aberdeen Group, April 2011

Using Capabilities to Do Email Right

Using specific process and management capabilities to support email marketing efforts differentiates Constant Contact customers from other users based on Aberdeen's research. The processes below are crucial to successfully implement email programs and campaigns that deliver results:

- **Removal of opt-outs from the database**, which enables businesses to focus valuable resources on prospects and customers that are the most interested in engaging with the organization. Those using Constant Contact are 38% more likely than other users to have a formal process to update their database by removing opt-outs (Figure 2), though they are not as likely as the Best-in-Class (45% vs. 57%) to stay current on email rules/regulations across various geographies – a helpful attribute for even smaller companies hoping to expand their business beyond local borders.
- **Ensuring email marketing's success through consistency of messages across all marketing channels** is one of the greatest steps that small businesses and organizations can take, in providing the ability to reach a broad audience with just a few clicks. This allows for more unified brand support and avoidance of marketplace confusion. Consider a customer who ostensibly receives two

Maturity Class Definitions

The following Key Performance Indicators were used to determine the maturity classes for the *Email Marketing* report, among all organizations:

- ✓ Percent of the sales forecasted pipeline generated by Marketing; Constant Contact customers average: 15.2% vs. Industry Average: 6.7%
- ✓ Year-over-year improvement in revenue generated from email campaigns; Constant Contact customers average: 5.8% vs. Industry Average: 2.1%
- ✓ Year-over-year improvement in click-through rates from mass email campaigns; Constant Contact customers average: 5.4% vs. Industry Average: 2.5%

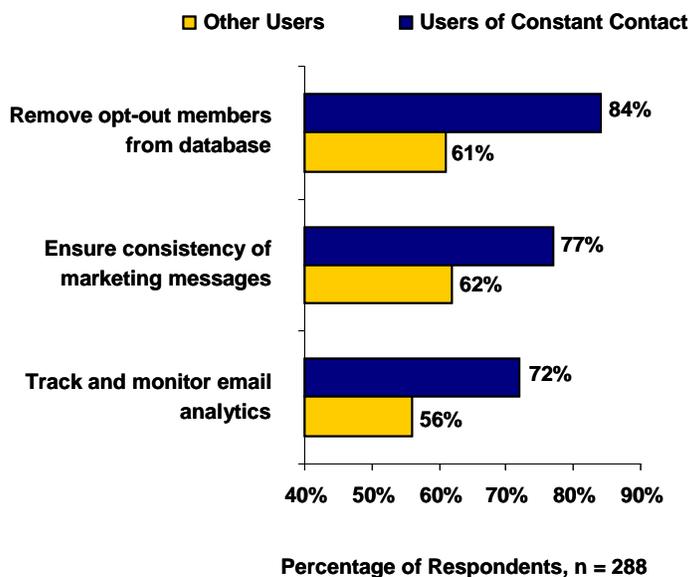
Best-in-Class: top 20% of aggregate performance scorers

Industry Average: middle 50% of aggregate performance scorers

Laggards: bottom 30% of aggregate performance scorers

conflicting messages - one as if they are a prospect and another as if they are customer - from the same organization through email and direct mail. This not only confuses the customer but diminishes the returns of the overall marketing efforts being launched to attract them, due to the sending, literally and metaphorically, of mixed messages. This research shows organizations that ensure consistency of their marketing messages across all channels achieve 48% greater improvement in annual revenue compared to those organizations that don't ensure message consistency.

Figure 2: Key Differentiating Capabilities



Source: Aberdeen Group, April 2011

Use of Technology Tools Drives Success

Using particular business processes to support an email marketing strategy is essential, but in itself is not enough to drive performance results such as those illustrated in Figure 1. Deploying technology tools that enable Constant Contact users to implement and improve their marketing strategies is equally important, and Figure 3 highlights those technologies.

Constant Contact customers use the following to support their email marketing initiatives:

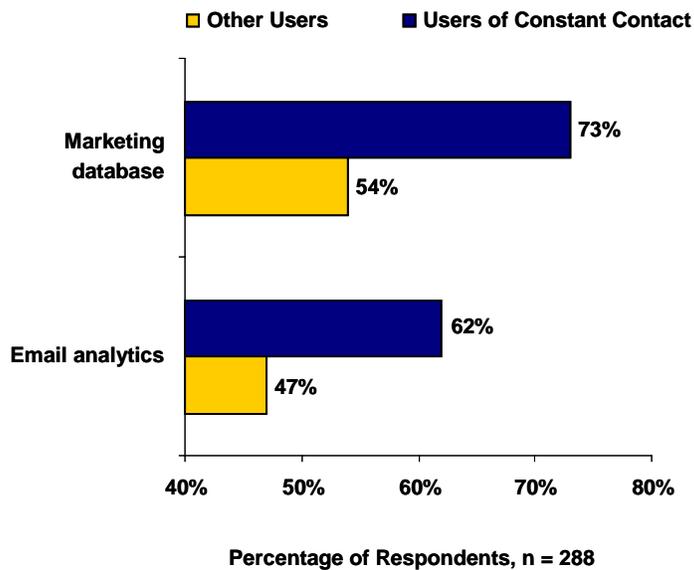
- **Establishing and maintaining a marketing database** are integral parts of marketing programs, especially when they include email marketing. They allow organizations to capture, store and utilize key prospect and customer information, and then in turn to implement personalized email campaigns. Organizations are keeping their database up-to-date with information captured from recent campaigns, which can provide sales with timely insights on the

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~ Christi D. Moore, Director of Communications, Southern Plains Treatment Services

specific needs of prospects/customers. Constant Contact customers deploy this technology to support their marketing and sales teams 35% more than other users. They could benefit, however from increased integration of their marketing campaign results into the Customer Relationship Management (CRM) tool used by sales; only about one-fourth of them do so, compared with 43% of the Best-in-Class, who help, in this way, to drive better marketing/sales alignment.

Figure 3: Key Technology Enablers



Source: Aberdeen Group, March 2011

- **Email analytics tools** allow users to optimize their email campaigns by providing organizations with the ability to track and measure key performance indicators (i.e. delivery rates, open rates, click-through rates), to understand the effectiveness of their email campaigns. This technology is closely associated with the overall business strategy of tracking, measuring and reporting on email campaign results. Since Constant Contact users have a greater adoption of this strategy, it comes as no surprise that they are, at 3.4 times per month, 32% more likely than other users to deploy this technology. The Best-in-Class, it should be noted, conduct this kind of effectiveness check a remarkable 6.7 times per month; all marketing organizations can benefit from this clear best practice.

Now, let's take a look at how Southern Plains Treatment Services, a Constant Contact customer, used email marketing to grow its business.

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~ Christi D. Moore, Director of Communications, Southern Plains Treatment Services

Case in Point - Southern Plains Treatment Services

Southern Plains Treatment Services (SPTS) is an organization serving the healthcare market in the US through a behavioral health facility that focuses on serving adolescents. The organization is a three year old for-profit institution, with approximately 60 employees. As a start-up organization, SPTS was initially challenged with raising awareness within the community and building referrals for potential clients. As a result, to increase their brand awareness and build a database of individuals that could refer patients, the firm added email marketing to its business initiatives. “Even though I had no prior experience with email marketing, as a one-person marketing department, I knew that we had to broaden our awareness and build a referral system to grow our business - the need to use email marketing was obvious,” says Christi D. Moore, Director of Communications in the organization.

The first step in Moore’s pursuit to implement email marketing was to identify their specific needs and select a solution provider that supported the organization’s goals. “We knew that we needed a simple solution that would satisfy our needs. I heard of Constant Contact before and I knew that our local marketing association was using it successfully, so we decided to implement Constant Contact. Implementation was easy and the solution was simple to use right from the start,” states Moore. Having put the solution in place, the next step for SPTS was growing its small existing database. The organization participated in local conferences, and captured information of attendees through these events. Moore pays close attention to ensure members of the database opt-in to receive communications from SPTS. This approach enables the organization to achieve an average of 30% open rates on its email campaigns.

Another pillar in SPTS’ email marketing initiatives involves utilizing the analytics tools provided by Constant Contact to monitor campaign results. “I always make sure to leverage the analytics tools available for my use in order to understand how our email campaigns resonate with our audience, and determine campaigns that work,” says Moore. Some of the metrics SPTS uses to monitor campaign performance include; delivery rates, open rates, click-through rates and revenue from email campaigns.

Ensuring consistency of marketing messages delivered through various email campaigns is also a critical focus for Moore. Even though SPTS frequently renews its marketing content within campaigns executed across different channels, the organization has a laser-focus on making sure that the message delivered from these campaigns are consistent with one another.

As a small organization looking to raise brand awareness and build referrals that supports the growth of its business, use of email marketing demonstrated its impact on SPTS. The organization achieved strong results in open and click-through rates by effectively measuring email campaign results. “Our email marketing efforts were instrumental in raising awareness within the community but more importantly it contributed towards building referrals and growing our revenue,” concludes Moore.

Key Insights

The impact of new technologies that allow customers to access information in near real-time, combined with the turbulence of the economy over the past 24 months, can certainly drive organizations to focus their limited resources on the most effective marketing channels. As a result, fully 74% of the research respondents use email marketing as one of the most strategic channels to reach their customers. The email marketing strategy of Constant Contact customers, combined with effective use of Best-in-Class processes and technologies, is consistently delivering strong results for these organizations. Aberdeen recommends that others deploy the action items below to spur similar performance achievements:

- **Track, measure and report on email marketing campaign results**, as it is a primary strategy pursued by half of all the top performing organizations. Utilize email analytics tools to implement this strategy, to improve visibility into the performance of your email campaigns; organizations with this strategy in place outperform their peers by 47% in growing their annual revenue.
- **Cleanse and optimize marketing database(s) for optimal performance.** The ability to build and manage a marketing database relies on an organization's commitment to streamlining the process to capture, manage and disseminate information as well as keeping their database(s) up-to-date. Having a formal process to remove opt-outs from the database is indeed a critical step in this direction; data shows that it reduces complaints to internet service providers from members receiving emails by a factor of two for organizations that deploy it, compared to those that don't.
- **Be consistent in your messaging.** Email marketing tools enable businesses to easily execute personalized and mass campaigns. The caveat with this "click of a button" approach to marketing is that organizations might be delivering the wrong messages at the wrong time to their customers and prospects. In order to achieve synergies from all the marketing efforts, it is critical for organizations to establish processes to ensure consistency in their marketing messages. For organizations doing so, this translates into 95% greater improvement in revenue generated through email marketing initiatives, compared to ones that are not paying attention to message consistency.

For more information on this or other research topics, please visit www.aberdeen.com.

Fast Fact

Research shows that organizations with a formal process to track email analytics outperform organizations without this process by 32% in year-over-year growth of revenue generated through email campaigns.

Related Research

[Email Marketing: Customers Take It Personally](#); December 2010

[Sales and Marketing Alignment: Collaboration + Cooperation = Peak Performance](#); September 2010

[The 2011 Marketer's Agenda: Accessing and Understanding Customer Experience Data Is Life or Death](#); July 2010

[Web Analytics: Actionable Insights for Unlocking the Hidden Potential of Online Data](#); September 2009

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