

American Business Media

Digital Media Best Practices: E-mail Newsletters

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Introduction

E-mail newsletters are one of the early success stories of digital media publishing. They strike a responsive chord among readers who want timely, regular information updates with the ability to get more in-depth information that is a click away. And they provide an effective and responsive venue for advertising clients. Thus, publishers have found them to be an ongoing source of ad revenue. Priced right and sold by a knowledgeable sales staff, e-newsletters can be profitable with revenue outweighing the direct costs of writing, production and delivery.

To increase the success of all publishers, the Digital Media Council of American Business Media developed this white paper on e-mail newsletters in order to identify and to share the best practices of e-mail newsletter publishing,

Methodology

A five-person subcommittee of the Digital Media Council created a questionnaire covering all aspects of e-mail newsletter publishing: content development, circulation or audience development, advertising sales and distribution.

The committee then interviewed individual representatives of 16 publishing companies who are members of the American Business Media association. This group included: PennWell Corporation, McGraw-Hill Companies Inc., VNU-USA, Primedia Business Magazines & Media, Crain Communications, Inc., Summit Publishing, ST Media Group International, Sosland Publishing Co., Stamats Buildings Media, Edgell Communications, Hanley-Wood LLC, Jobson Publishing, IDG, Advanstar, Fairchild Publications, and Reed Business USA.

This paper summarizes the findings and identifies what the committee and respondents believe are the best practices in e-mail newsletter publishing. For purposes of this white paper, paid subscription e-newsletters are not addressed.

Overview

All of the magazine publishers interviewed – regardless of size –were selected because they are publishing e-newsletters. Generally, these e-newsletters are associated with a magazine and Web site brand. Where there is more than one e-newsletter associated with a brand, the e-newsletters are targeted to different niches or sub-markets within the larger market or they have different purposes or roles.

The primary purpose of e-newsletters is generating revenue – and that is almost always through advertising. However, it's important to also emphasize the important role e-newsletters play in driving Web site traffic. In fact, it's a peculiarly circular relationship:

increased Web traffic generates more e-newsletter subscribers, and more e-newsletter subscribers generate greater Web traffic. And if there is advertising on the Web site, increased Web traffic often generates greater ad revenue.

The most successful e-mail newsletters have the following elements:

- **Best Practices**
 - Position: E-newsletters are associated with an established brand.
 - Content: There is a strong editorial or content purpose, specifically:
 - o It fills a needed information niche;
 - o The format is quick and easy to read;
 - o Frequency is appropriate to the information need;
 - o The e-newsletter complements or supplements other media in the brand, but is aligned with the overall editorial position.
 - Circulation: E-mail newsletter circulation promotion is part of the overall brand audience development program, specifically:
 - o All media are used to specifically promote newsletter circulation;
 - o There is a clear “opt-in” policy with a written privacy statement;
 - o All contact and relevant demographic information are collected for e-newsletter subscribers;
 - o Circulation size is related to ad revenue potential in order to keep distribution costs proportional to revenue, i.e., circulation does not increase without the supporting ad revenue
 - Ad Sales: There is a trained and knowledgeable sales staff to sell e-newsletter advertising, specifically:
 - o Newsletter advertising is *not* used as a value added for other types of advertising;
 - o There is either a dedicated digital media sales staff or a highly trained multi-media sales staff, and e-newsletter ad sales is not left to untrained print salespeople;
 - o Information about all digital media ad opportunities are included as part of the brand’s total ad sales promotion efforts, including media kit.

Purpose of Newsletters

The primary purpose of e-mail newsletters is to generate advertising revenue. Once that objective is achieved, there are other benefits that include building the brand, driving Web site traffic and building the audience.

- Provide Need-to-Know Information. The first role of publishers is to provide content which supports an audience; the audience then attracts the advertisers.

Thus, e-newsletters are an opportunity to provide targeted information that might not otherwise reach an audience or reach that audience in an easy-to-read, easy-to-take-action format. For example, e-newsletters are focused on breaking news, highlights of the Web site, short tips and advice, and even short highlights of the magazine, depending upon each brand and how the e-newsletter supplements and complements other media of the brand.

- Generate Revenue. Most business-to-business publications have controlled magazine circulation, and that approach extends to e-newsletters. Thus, the predominant revenue model is advertising, and publishers are finding an interested group of advertisers who want to use this medium. And while the e-newsletter might be part of an integrated multi-media package for an advertiser, it's rarely given away as merchandising for print ads.
- Drive Traffic. Advertising on Web sites is generally traffic-based. The more traffic, the more revenue; and the more traffic, the greater number of leads for an advertiser. Thus, driving traffic to a publication's Web site is a top priority for publishers. E-newsletters provide an excellent way to identify what's on the Web site with links to articles and related information. Web sites can see the spike in site traffic after an e-newsletter is delivered. Some publishers are redesigning their e-newsletters to add the Web site navigation bar as part of the newsletter.
- Brand Building. Because e-mail is so pervasive, an e-newsletter is a cost-effective way to stay in front of a customer/reader. It also provides an outlet to present information that might not fit in the print publication or might get overlooked on the Web site. Because e-newsletters fill contact gaps, they enable a brand to reach a larger audience than the publication and help the brand permeate the market. Thus, e-newsletters have become an established part of the brand's media mix helping a publication expand its presence in the industry.
- Audience Development. E-mail newsletters also provide an excellent vehicle for expanding and extending the brand's audience. They can reach a unique or different audience who prefers electronic media. In addition, they are a low-cost way to get immediate global reach.
- Support Other Products. For most of the e-newsletters surveyed, publishers indicated they sell about 50% of their inventory. The remaining inventory is used for in-house promotion. Some publishers take a more pro-active approach and set aside specific newsletter ad space to market other brand products.
- Competitive Position. Because most publishers now have e-newsletters, not having a newsletter puts a publisher at a competitive disadvantage. Thus,

while publishers did not indicate that the newsletter made them *more* competitive, it certainly kept them from being *less* competitive.

- Surveys. E-newsletters can provide an opportunity to do editorial surveys that provided the intelligence to create original Web and magazine editorial content.

Newsletter Content

Content Types

Depending upon the purpose of the newsletter, the editorial franchise of the publication and Web site, and the market opportunities, the content types include the following:

- News: As implied in the concept of “newsletters” a majority of the newsletters are about industry news. They are daily, bi-weekly or weekly. Generally it’s difficult to be a “news” newsletter with less frequency. The primary purpose is to continue to establish the brand as a leader in gathering and providing news about an industry – and be a “must have” source.
- What’s New on the Site: Another type of e-newsletter is really an update about what’s new on the related Web site. The primary purpose is to drive traffic to the site and to strengthen the relationship with the audience. Frequency relates to the updating of the site. If breaking news does not drive the site and newsletter, then frequency is generally weekly.
- Advice: E-mail has increased the opportunity and occurrence of communication between a publication and its audience. In many instances, depending upon the information franchise of the publication, readers have used e-mail to ask questions of the publication’s editors. This has provided an opportunity to identify the more frequently asked questions or those with broad applicability, and put those in an advice newsletter.
- In-Depth or Niche Content: In more horizontal markets, there are niche or sub-markets that have an opportunity to provide more in-depth information. This niche or sub-market generally represents a strong advertising market for potential sponsorships who want to target their ad messages. The content is covered in a broader context in the magazine and Web site, but there is additional information that would not be appropriate or fit into the magazine or general articles. This in-depth coverage works well for an e-newsletter.
- What’s New in the Magazine: There are newsletters which are timed to coincide with the delivery of the printed publication and drive readership to the publication. These newsletters are designed to strengthen the relationship with subscribers and build the print brand, even in the electronic arena.

- Advertising: In addition to having ad slots within newsletters, some e-newsletters are purely advertising driven. These newsletters can contain classified ads, advertorials, paid press release announcements, directory listings and links to advertising on the site. They are designed to provide increased readership for those ads, increased exposure for the advertiser, and generate more leads due the fact that more people read or see the ads. This additional exposure is for a fee, or it is included in the price of the ad.

Sources of Content

Sources of content include:

- Content that is unique to the newsletter (then generally archived on the site);
- Exclusive Web content that is referenced with links or printed in the e-newsletter;
- Re-purposed magazine content with links or printed in full in the e-newsletter
- Other sources of content include: bulletin board postings, surveys, links to relevant third-party content, and electronic news feeds from third-party sources.

The sources of the content vary by e-newsletter with no one source dominant in publishing. Content depends upon the publisher and the market.

If content is only based on the print product, publishers feel that the electronic version reduces the readership of the print version. Hence, if the only source of revenue is the print product, there are future revenue/profit problems in only re-purposing print content.

- Best Practice

For e-newsletters to be successful, they must:

- o Have a specific purpose that both meets readers' needs and has a strong case for advertising revenue.
- o Not compete directly with the print publication, but support and expand the total multi-media brand.
- o Have content that is not found in print.

Content Formats

Generally, there are three main types of content "formats." There are abstracts with links back to the Web site for the full articles, which is the predominant format in e-newsletters. In addition, there are the full stories, which means that the stories are fairly short and concise. And many newsletters have a mix of abstracts and links with shorter full stories. A few have headlines only.

- **Best Practice**

- An e-mail newsletter should look, feel and read like a newsletter. It's not a magazine article delivered via e-mail. Nor should it look and feel like a Web page. It needs to have a distinctive newsletter design.
- An e-mail newsletter layout should have a clearly identifiable beginning, middle and end without too many distractions around the content body.
- Advertising needs to be clearly marked and set aside.

There are three types of formatting for e-newsletters: plain text, rich text and HTML (hypertext markup language). Not all e-newsletter subscribers are capable of viewing all of these formats, and different users have different preferences.

Publishers have several options. The first option is to ask the recipient to identify the preferred format when he/she is subscribing to the e-newsletter and then send the appropriate format based on the pre-determined preferences. The second is to send messages using only plain text. The third option is to send Multimedia Internet Mail Extensions (MIME) Multipart Encoding. MIME allows the publisher to send both plain text and HTML in a single message, and only one version will display for the recipient based on the user's technical capabilities or personal preferences.¹

Few publishers have plans to incorporate flash animation, audio, video and/or Webcasts into their e-newsletters.

- **Best Practice**

- The simpler the format and the more universal the software required in order to read and open all parts of the e-newsletter, the better.
- Offerings are tailored to the audience and their environment. Unless the audience regularly uses flash, video, etc., the need to download the supporting software would inhibit readership, and thus defeat the purpose of the newsletter.
- HTML e-mail advantages: The color, graphics, and logos help create a strong brand identity. There is an ability to include more action items to have twice as many ads in an HTML message.² Most importantly, HTML provides the ability to track activity and

¹ Heimberg, Mark E., "HTML Guidelines for E-Mail Newsletters: A Best Practices Approach," February 2003, PennWell Corporation internal guidelines.

² Sernovitz, Andy, "Ask the Expert: Is HTML e-mail better than text-only e-mail?" *BtoB E-Mail Marketer Insight*, June 5, 2003, Crain Communications Inc.

generate useful metrics. It's next to impossible to be responsive and effectively manage the newsletter without these metrics.

- Text advantages: Text messages work and look better on a Blackberry and cell phones. Some audiences (such as lawyers and busy executives) respond better to text. And text e-mail always eliminates the issue of broken graphics, browser incompatibility or missing links.³

Content Development

Editorial content development is generally centralized at the brand level. If the editorial department is large enough, there may be a dedicated online editor, but he/she would still be part of the brand editorial staff.

The content team spends between two hours to one day per issue, with three to four hours being the average. If content is purchased outside, it's about \$500 per newsletter.

- Best Practice

- To build a cohesive brand across media, content development and editing must be centralized into one editorial department for the brand.
- E-newsletter writing and editing should be given to a qualified editor/writer to ensure a high level of quality and consistency.
- The assigned editor should be familiar with the medium and its differences from print.

Newsletter Circulation and Frequency

Circulation Size

Newsletter circulation sizes range from 1,200 to 240,000 – with most hovering in the 20,000 to 40,000 range. Circulation size is based on: the size of the market, the amount of promotion, traffic to the Web site, and site registration.

- Market Size. All other things being equal, the larger the market the higher the circulation. In evaluating the potential audience size, a publisher needs to look at the total market (including and *beyond* the print publication's subscription base). In many instances, there is an opportunity for an e-

³ Sernovitz, Andy.

newsletter to go beyond the print publication's circulation and extend the brand franchise to a wider audience.

- Traffic to the Web Site. All other things being equal, increased traffic to a Web site increases the circulation of the e-newsletter. For this to happen, the newsletter is promoted on the site and has an on-site registration process. Driving traffic to the Web site comes through search engine optimization, purchasing key words on search engines, and promotion in the publication, trade shows and other outlets.
- Site Registration. If some portion of the site requires registration to gain access, there is an increased opportunity to gain e-newsletter subscribers. The opportunity to subscribe is part of the registration process.

Promotion

Most e-newsletters are growing organically with little or no dollars targeted specifically to newsletter promotion. However, e-newsletter promotion can still be accomplished by taking advantage all the types of communication a brand has with its audience.

- **Best Practice**
- Any point of contact with the brand audience should offer an opportunity to opt-in/subscribe to the e-mail newsletter. Some examples are:
 - o Web site promotion (e.g., banner ads, specific item on the navigation bar)
 - o E-newsletter Information section on the site (e.g., sample copy, e-newsletter subscription FAQs, subscription form)
 - o Magazine house ads promoting the e-newsletter and its benefits with the specific URL to subscribe
 - o Print qualification forms
 - o “Thank you” Web pages for online print subscription sign-ups
 - o Remnant space in other e-newsletters
 - o Site demonstrations at trade shows
- Viral marketing wherein the content sells itself and one subscriber sends the newsletter to an associate and encourages the recipient to subscribe or read can be enhanced with “e-mail this to a friend” functionality (and encouragement).

E-Newsletter Circulation Staff

Newsletter audience development is generally the responsibility of the circulation function. In most of the publishing companies interviewed, the circulation department is responsible for developing the e-newsletter subscription base. In a few instances, there was an online marketing director or the e-media department who was responsible.

- **Best Practice**
 - o For a cohesive, cross-promotional program, the best option is to have e-newsletter promotion managed by the circulation or audience development function.
 - o E-mail newsletter promotion should be part of the total audience development program for a brand.
 - ✍* The plan should include ways in which each medium or product can promote other media or products associated with the brand.

- The plan should make sure that any point of contact with the brand audience has an opportunity to opt-in/subscribe to the e-mail newsletter.
- The plan should look at the most cost effective ways of initially obtaining a brand client or reader, and then how to cross-sell that client.

Publication Frequency

“E-mail as often as you have something to offer that has a prayer of matching the buying psychology of those to whom you e-mail.”⁴ Although this advice is directed to marketers who use e-newsletters as a marketing tool, it applies to publishers as well. Insert the word “information needs” for “buying psychology” and the gist is the same.

Which day of the week is best for e-newsletter delivery? “Many people—especially those who use computers at a business office – don’t sort through e-mail messages over the weekend. The ‘Monday pile-up’ has become a known factor. Friday presents a different problem. People are eager to leave their offices, and the amount of attention they give to e-mail (or any communication they may regard as a distraction) isn’t as profound as it might be midweek.”⁵ If in doubt, say the experts, test delivery dates and then view open and click-through rates.

- Best Practice

- E-newsletters should always arrive at the same day of week once the day of the week or month has been established.

Distribution of the E-Newsletter

The publishers were almost evenly divided between using an outside, third-party source to distribute the e-newsletter vs. handling it in-house. Firms that handled it in-house felt they traded cost savings with some loss of functionality, but felt the less expensive route was a better alternative. In-house may be reserved for larger publishers who can afford larger IT departments.

Those publishers who used third-party vendors felt it was more cost effective than developing and maintaining the functionality in-house, and that third-party vendors were ethical, kept abreast of new developments and regulations, and provided needed functionality. Some of the third-party vendors included: Topica, Bellevue/Sourcelink, Enablemail, Cheetah Mail, DartMail/DoubleClick, Digital Connexions, and Omeda Communications.

⁴ Lewis, Herchell Gordon. *Effective E-mail Marketing: The Complete Guide to Creating Successful Campaigns*. AMACOM. New York: 2002., page 211.

⁵ Lewis, page. 212-214.

Metrics

For whatever reasons, many publishers do not measure their e-newsletter activity. A few of the metrics are listed below.

- Open Rate. The open rate is the rate at which the e-newsletter is opened once it is in the subscriber's e-mail in box. Many publishers do not measure the open rate, and the open rate can only be measured for HTML newsletters. Those that do measure the open rate, measure it against delivered e-mails (taking out the undeliverables) and do not include the e-mail preview pain. Among those who track the open rate, the average open rate is about 35% to 60%.
- Click-through Rate. The click-through rate is the number of times someone has clicked on a link (either to content or advertising) measured against total delivered newsletters. Where tracked, the click-through rates were somewhere between 0.5% and 2%, sometimes reaching 10% or higher on a hot editorial topic. Whatever the rate, it should not be used to draw conclusions about click-through rates on banner advertising.
- **Best Practice**

With electronic media, publishers have the ability, as never before, to measure response and to better understand their audiences. With this information, they can both tailor editorial content and help guide advertisers with their message and choice of media.

Therefore, a best practice is to measure:

- o Number of e-mails delivered vs. subscribers. If the bounce-back or undeliverable rate is increasing, then there will be a strong drop-off in circulation, and that could affect advertising revenue. In addition, circulation/audience development will want to troubleshoot this problem. It may want to identify ways to update those e-mail addresses or to ensure that the correct e-mail address is obtained in the beginning.
- o Open rate. The open rate will vary by audience. However, it should be fairly constant over time. A drop or increase in the open rate could reflect on the content in the short-term (e.g., a very popular topic might have a higher open rate) or the long-term (a steady decline in the open rate could indicate

fatigue, a changing market, lack of quality and so on).

- Click-through rate. It's important to track the click-through rate for both content and advertising and analyze what drives the click-through rate. Is it the headlines, the description, the topic and so on? By understanding the audience involvement and interest, the editors can continually improve the product.
- Unsubscribe rate. The unsubscribe rate is the ratio of the number of people who unsubscribe to an e-newsletter in a given period of time to the total circulation in that period of time. If that number increases dramatically or consistently over time, it's an indication that the e-newsletter is not meeting the information needs of the audience, has become tired, has too much advertising – or some other factor. By evaluating the click-through rates, it's also possible to start to isolate the problem.

Privacy

Opt-In

All publishers interviewed used some variation of an opt-in or a combination opt-in/opt-out subscription policy. For instance, if the publisher used the magazine subscriber base to initially launch the publication, the subscriber might have been sent a newsletter and some additional promotion giving him/her the opportunity to “opt-out” of receiving the newsletter. If after a number of issues with the notification to “opt-out,” the magazine subscriber did not make the decision to opt-out, he/she was considered a newsletter subscriber.

In other instances, a publisher may have a registration or subscription page with the e-newsletter box pre-checked, and an individual would have to un-check the box to not receive the newsletter.

The trend is moving to a stricter opt-in stance, where the individual has to actually *do* something – such as check a box – to receive the e-newsletter. He/she has to specifically “opt-in” to receive something from the publisher.

Publishers do not appear to be moving to a double opt-in policy. A double opt-in policy is where there is, for example, a Web registration/subscription page, and the individual indicates he/she wants to receive the e-newsletter. The publisher then sends a confirming

e-mail, and the individual has to return the e-mail agreeing a second time to receive the e-newsletter. Only then will that individual be added to the subscription list.

- **Best Practice**

- Publishers should review their opt-in/opt-out policy and be completely comfortable with it as well as represent the policy accurately (i.e., if the individual has to do something to not receive the e-newsletter, it's an opt-out subscription).
- The best practice is an opt-in for each individual subscriber for each individual newsletter, regardless of the previous business relationship.
- Publishers should stay abreast of changes in practices and legislation in order to ensure that their privacy policies comply with changing industry standards. (See Appendix II: Resources.)

Privacy Policy

- **Best Practice**

- All publishers should have a privacy policy posted on every page of their Web sites and in each issue of the e-newsletter.
- Publishers should periodically review their privacy policies to ensure that they are consistent with current legislation and e-mail practices.
- Publishers should review their privacy policies to ensure that they are clear and easily understood.
- Those publishers who rent their e-mail names to a third-party should

rent only the names of people who have given this specific permission.

- All communications should always contain the ability to unsubscribe, and that process should happen by the next issue or similar time period.
- Publishers should periodically troubleshoot their own subscribe/unsubscribe system to ensure that it is working and accomplishes what is promised in the privacy statement.

Advertising Revenue

The revenue base for e-newsletters generally mirrors the revenue base associated with the print or online publication. If the magazine has controlled circulation and is supported by ad revenue, then the e-newsletter generally follows that model. If the magazine or Web site has a paid subscription base, then the e-newsletter is often a subscription product or part of the paid subscription product package. In the survey of publishers for this project, almost all were advertising based.

Annual Revenue and Profitability

When revenue and direct costs are tracked, publishers generally indicated that e-mail newsletters were profitable. Not all publishers tracked e-newsletters as a separate profit center.

Some sample revenue figures:

- \$25,000 average revenue per newsletter, per year with a range of \$5,000 to \$200,000 per newsletter
- \$125,000 per newsletter
- Four newsletters \$210 K/year
- \$30,000 per year for one newsletter
- \$220,000 for one newsletter; \$60,490 for another

The amount of revenue, and hence profitability, is based on several factors:

- Market demand. Does the advertising market use digital media, particularly e-mail broadcasts and/or e-mail newsletter sponsorships to market its products and services? This use is predicated, in part, on the advertiser's use of electronic media as a sales tool, qualifying device and/or product delivery. Those advertisers who have sophisticated Web marketing (such as Webinars, online cost/benefit sheets, online demos, and so on) and/or who have a component of their product delivery online, are more likely to use electronic media in marketing.
- Number of advertising slots. All other things being equal, the more advertising slots, the higher the revenue. However, the number of ad positions should be tempered with the right proportion of ads to editorial. Thus, the number of ad positions will depend upon the length of the newsletter. The minimum number is one or two and probably the maximum is four (although, some publishers have gone as high as seven) – with two to four ad slots being the typical range . The number of ad positions is also dependent upon the demand for the ad space. Ad positions are formatted and have specific, fixed positions within a newsletter. When ads are not sold, the space closes up or is used for in-house promotions.
- Circulation distribution. The higher the circulation, the higher the revenue, until such point that the additional circulation cannot result in more revenue because the out-of-pocket cost has reached the maximum the market will bear.
- Pricing. The higher the price, the more revenue. However, that, too, depends upon the competitive landscape and what the market will bear. If there is demand, and publishers find that most of their available space is sold, they can either create more ad slots, increase the circulation and rotate the ads through the same slots, or raise prices.

Pricing

- Location or Fixed “Real Estate” Pricing: Location pricing is based on the location of the ad in the newsletter. A general rule of thumb is the closer to the top of the newsletter the ad is placed, the higher the rate. These rates also take into account the total circulation, such that a higher circulation newsletter could have a higher rate, even though it is not technically based on cost-per-thousand.

A sample rate on a per insertion basis where there are a number of positions is:

Position #1: \$1,500
Position #2: \$1,250
Position #3: \$1,000
Position #4: \$750

Another rate card with fewer positions per newsletter at a higher cost per position is:

First Position: \$5,550
Second Position: \$2,815

- CPM: If the pricing is not based on real estate or location, then it is based on a cost-per-thousand (CPM). Some sample CPM rates are:
 - o \$80/CPM gross, \$68 net
 - o Avg. net \$33

Some publications guarantee a minimum distribution. When that distribution doubles and the demand is there, the publisher can opt to rotate another ad into a position, such that the first 75,000 recipients receive ad “A” and the second 75,000 recipients receive ad “B.” Pricing generally does not vary based on delivered CPM, but is on a guaranteed basis (sometime with “over delivery”). Some publishers have a consistent pricing for all e-newsletters based on value of content, regardless of circulation, so that the actual CPM varies.

- Time Period: For time period pricing, a publisher may have one slot per newsletter with four newsletters per month. The advertiser purchases the entire year, appearing in one issue per month, same location, regardless of the CPM.
- Frequency Discounts. With some publications there is a specific frequency discount for e-newsletter sponsorships. Other publications have discounts based on total digital media, and still others depending upon total ad commitment that is part of an integrated package with print. In some instances, the discount is left to the publisher. Some have no frequency discount. There is no standard for frequency discounts with a range from 4% to 10%.
- Cost-per-Click. None of the publications interviewed charged for e-newsletter advertising on a cost-per-click basis. The main drawback is that the publisher has no control over creative and the message. Thus, they do not have the power to create the compelling reason to click. As a rule, publishers charge for what they can control which is audience, content and environment, and cost-per-click e-newsletter advertising models are not recommended.
- Minimum Order: Few of the publications interviewed required a minimum order above a single unit.

- Merchandising: If the purpose of the e-newsletter is to generate revenue, it is not recommended that they be used as merchandising or value-added for other advertising. This use dilutes their value and sets a precedent that makes ad sales more difficult. In addition, merchandising ads take up valuable real estate that could be sold to another paying advertiser. In those instances, where the e-newsletter is part of a merchandising package, it may be limited to only digital/Web advertisers or large (\$50,000) online ad programs.
- Inventory Sold: Many publishers indicated that about 50% of their ad inventory was sold per e-newsletter with others going as high as 80%. Generally, when there is more than one position, the top positions are sold out first with the open positions at the bottom of the newsletter. Leftover ad space is often used for in-house promotions (e.g., other newsletters, conferences, events, magazine subscriptions).
- **Best Practices**
 - o Real estate pricing, taking into account the circulation, with a frequency discount.
 - o No or limited merchandising of e-newsletter advertising.

Ad Formats

If the newsletter is in HTML, then there is an opportunity for HTML ads, particularly if the advertiser's message has a more graphic quality. Sizes and shapes depend upon the newsletter design. If the newsletter is in text, then the ads must be text ads.

Ad Shelf Life

The shelf life of an e-newsletter ad varies from publication to publication. In many instances, it is until the next issue of the newsletter. In others, it might be for a year. In a single-sponsor, customer e-newsletter, it is indefinitely.

Advertising Sales

There is no common organizational structure regarding digital media in general and advertising sales, specifically. Regardless of the structure, salespeople who were either dedicated to digital media or highly trained multi-media salespeople produced the best results. "Add-on" e-newsletter sales tended to be "after-thought" sales. In addition, ad prices that came closer to print media prices got the attention of salespeople.

For those publishers that have separate digital or interactive divisions with their own revenues, costs, and operating structures, digital media are generally sold separately by the digital/interactive/online sales staff within that division.

In those publishing organizations where digital media is not a separate division, online advertising is generally sold by the print ad sales department, which may or may not have a dedicated online/interactive/ digital media salesperson (who may serve as a “consultant” or trainer to the print sales force.).

- Print Sales Representatives: One model is where all the print sales team members are expected to raise the product awareness and to serve up leads to an online salesperson, if one is there.
- **Best Practice**
 - o Print sales representatives need extensive training in selling digital media, otherwise they will default to print media.
 - o There needs to be severe, if not complete, restrictions on using digital media, including e-newsletter sponsorships, as merchandising, if the product is to succeed as a stand-alone revenue generator.
- Dedicated Digital Media Representatives. Many of those interviewed, felt that dedicated online salespeople yield the highest revenue. If online sales people have specific goals or quotas, if the market has dedicated digital media budgets, and there is a strong collaboration between print and digital sales people, there is a higher likelihood of success.

One of the drawbacks of having a dedicated digital media sales rep could be the size of the territory. It can be difficult to maintain a high revenue territory per online salesperson (unless combined with other electronic options) to create a territory similar in size to that of a print sales representative.

- **Best Practice**
 - o Make sure that the dedicated digital media representative is part of the total sales team for the brand. Include the

individual in sales meetings, send them to trade shows, and help them build a personal relationship with other members of the sales team, particularly the print reps.

- Fully train the salesperson in digital media and have that person help train the reps for other media or events.
- Combine digital media products to create a territory with enough size to support a top-notch salesperson.
- Hire a salesperson who believes in digital media and has a passion for it.

- Multi-media Salespeople. In some publications, there is a fully integrated sales team for the brand with all sales reps handling print, online and, sometimes, trade shows.

- **Best Practice**
 - Multi-media salespeople need to thoroughly understand the different media, their benefits and the times when one is more appropriate than the other.
 - Multi-media salespeople need to be trained in probing and gathering information about the advertiser's marketing and sales goals in order to put together the most appropriate multi-media proposal.
 - Management's emphasis needs to be on selling the best multi-media solution for the advertiser vs. selling print ad pages and tacking on a few digital media options.
 - The sales staff needs to know how to make digital media part of an overall sales strategy.

Future Opportunities

E-mail newsletters are not only one of the early successes of digital media publishing, they are an ongoing, long-term part of the overall publishing strategy of the brand. They are not a fad. They are here to stay.

With continued and increasing use of electronic media by advertisers for sales and marketing, the demand of digital media ad opportunities will increase, including advertising in e-newsletters.

As publishers improve and enhance content, audience development and sales, the opportunities for increased revenue and profitability will increase.

In addition, now that many publishers have mastered the basics of e-newsletter publishing, future growth and opportunity can depend upon refining this process. Areas where publishers can grow:

- Data Collection, Metrics and Refinement
- As noted above, publishers have not taken full advantage of their ability to learn more about their audience, their audience behavior and information needs and to use metrics to educate and help advertisers make better media buying decisions. To move e-newsletters to the next level of quality and profitability and to address increasing advertiser demands for accountability, publishers need to take full advantage of the metrics available in digital media.
- Focused Ad Sales
- As advertisers use more electronic media in their adsales programs, the demand for newsletter sponsorships will increase. More importantly, as publishers develop a more digital-savvy sales force, demand for newsletters sponsorships will also increase because a knowledgeable sales staff will help advertisers find ways to use these opportunities. This demand will drive price increases, and create more revenue.
- Integrated Audience Development

Newsletters not only appeal to magazine subscribers, but they can also continue to be used to expand the audience of a brand or franchise. As circulation staff become more familiar with digital media, they need to think about an integrated approach to developing a total audience.

Conclusion

What makes e-newsletters so successful? There may be no one formula for success, but when asked what made their respective e-newsletters successful, those interviewed for this white paper indicated the following:

- Targeting
- Accountability
- Ease of distribution
- Qualified audience
- Top editors in their respective fields
- Trusted source
- Easy and inexpensive re-purposing of editorial content. Making use of existing resources within the existing workforce.
- Convenient way for readers to keep up to date

- Known expertise of the third party writers
- Good editors pick good stories that make the newsletters helpful

When viewed collectively, these success factors point up the reasons why e-newsletters are and will continue to be a legitimate and viable business opportunity for business-to-business publishers.

Appendix I: Five Tips for Effective E-Newsletters

1. Things that Are Read in an E-Mail⁶

- Who it is from
- Subject line
- Preview pane

2. Who It Is From

- Source of the e-mail determines whether it gets read and/or how quickly it's chosen to be read from among all other e-mails in the in-box
- If the "from" line is the name of the editor who is responsible for the newsletter, it creates a sense of intimacy and a connection with the publication. It can increase the number of e-mails sent back to that person, because the readers feel as if they "know" that editor. Increasing dialogue with the audience is generally a good thing.

3. Subject Line

- The purpose of the subject line is to entice the reader to open the e-mail. It should be written to "sell" the content, not merely label it.
- If the issue date is important, include the date – but not as the only item in the subject line.
- Use the headline of the lead story. It's the same logic as a magazine cover story – it's the most compelling, universally appealing item in the issue. It's what gets readers to open it up and read.

4. Preview Pane

- The preview pane is one more chance to "sell" the content.
- It's similar the lead paragraph in the cover story in the magazine, it must hook the reader and compel him/her to continue reading the magazine – or in this case, the e-newsletter.

5. Utilities

- Subscribers should be able to interact with your e-mails easily and consistently. Items such as changing preferences, signing up, forwarding e-mail, unsubscribe should all be easy and obvious to use.

⁶"Secrets to E-Mail Marketing Success"

<http://www.gravitymail.com/learn/emailmarketing.ppt>

Appendix II: Resources

Privacy

“Advertising and Marketing on the Internet: Rules of the Road” from the Federal Trade Commission

<http://www.ftc.gov/bcp/online/pubs/buspubs/ruleroad.htm>

“Direct Marketing Association’s Online Marketing Guidelines and Do the Right Thing Commentary”

<http://www.the-dma.org/library/guidelines/onlineguidelines.shtml>

IAB EMAIL COMMITTEE ISSUES GUIDELINES FOR OBTAINING

http://www.iab.net/news/pr_2002_12_17.asp

Privacy Guidelines

<http://www.iab.net/standards/privacy.asp>

“How to Be Completely Opt-in Compliant – How Not to Spam,” BoldFish, Inc.

www.boldfish.com

“Consent and Solicitation: Not Just a Federal Issue”

http://www3.doubleclick.com/market/2003/06/dc/index.htm?c=0306_smr&id_lead=newsletter&id_source=newsletter_0306

Information on Legislative Status

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

E-Newsletter Usability

“Email Newsletter Usability: 79 design guidelines for subscription, newsletter content and account maintenance based on usability studies,” Nielsen/Norman Group, October 2002. Highly recommended. \$195.

<http://www.Nngroup.com/reports>

Current HTML recommendations as set forth by the World Wide Consortium (W3C)

<http://www.w3.org>. There is also an online HTML code validator at

<http://validator.w3.org>

E-Mail and E-Mail Newsletter Tips

“The Five Keys to Results-Driven E-Newsletters,” SubscriberMail, LLC

<http://www.subscribermail.com>

“Secrets to E-Mail Marketing Success”

<http://www.gravitymail.com/learn/emailmarketing.ppt>

Newsletters on E-Mail

“BtoB E-Mail Marketer Insight,”

<http://www.btobonline.com>

“The Higher Ground,” NetCreations Inc. <http://www.netcreations.inc>

Web information and e-newsletter on e-mail strategies.

<http://www.clickz.com/emailstrategies/>

Appending E-mail Addresses

“Seven Rules for E-mail Appending (DoubleClick)”

<http://www3.doubleclick.com/market/2003/01/dc/email1.htm>

“Ten Best Practices for E-mail Append”

http://www.yesmail.com/whitepapers/BestPractices_EmailAppend.pdf

Internet Terminology

Searchable dictionary of computer and internet terms.

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