

Rich E-mail Technology Fattens E-tailing Purse

By Neal Leavitt



Rich media e-mail has been touted as an ideal format for direct response marketers to catch consumers at a place they visit each day—their in-boxes. Proponents claim it attracts new clients, helps drive traffic to Web sites, piques the interest of existing customers and helps generate sales.

Rich media e-mail puts more 'oomph' into e-mail messages beyond the familiar and rather bland looking text-based e-mail message. While the proprietary technologies may differ, most of the companies offering rich media e-mail services and products are able to deliver enhanced multimedia messages with rich audio, video and graphic elements, usually enabled by Java technology. Most also provide plug-in free solutions they claim are scalable to future technology developments and increased demand.

"The technology works best when it is an inherent part of the product being sold," says Jay Stevens, marketing director for Radical Communication (<http://www.radicalmail.com>), a Marina del Rey, Calif.-based developer of rich media e-mail marketing solutions. "More and more direct response marketers are using rich media in order to stay above the noise."

And there is a lot of clutter. Jupiter

Communications estimates that each e-mail recipient in the U.S. will receive an average of 1,600 commercial e-mails by 2005, in addition to the 4,000 other e-mails they're blasted with from other sources.

Mark Levitt, research director for collaborative computing at IDC, says rich media e-mail won't replace other types of direct response marketing efforts, but will provide a cost-effective way to target consumers. But there will be a few bumps along the way.

"Standard formats are critical. HTML is a great example of a rich format widely adopted: Anyone can create content with it," he says. "Right now, however, only

about half of all e-mail recipients have HTML-enabled e-mail, so no matter how sophisticated some of these company's protocols or technologies are, if the viewer can't read the message, it's wasted."

In addition, says Michelle Slack, a senior analyst for Jupiter Communications, consumers are reluctant to receive rich media e-mail messages that come with attachments.

"There is a better chance of engaging consumers with streaming e-mail because of the possibility an attachment could contain a virus," she says. "Plug-ins are also not readily accepted by consumers. The goal is to

bring consumers closer to the point of purchase which should increase conversion rates—the more steps you make the consumer go through, the higher the attrition rate."

Some studies also question rich media e-mail's long-term effectiveness. Jupiter Communications reports only five percent of Internet users have broadband access, which is critical in order to receive rich content. Seventy-five percent of the marketers they queried were unsure about rich media e-mail because determining the return on investment (ROI) was too fuzzy. And 54 percent of the respondents said creative costs and production deployment (which

can cost thousands of dollars) dampened their enthusiasm. An eMarketer survey also indicated that 65 percent of e-mail users still prefer text e-mail.

Market research studies aside, as the technologies continue to improve and evolve at what seems like warp speed, rich media e-mail will eventually be ubiquitous because it can be an effective marketing tool.

Nielsen/Net Ratings, for example, reports that while the average clickthrough rate on banner ads is 0.5 percent, targeted rich media e-mails usually have clickthrough rates between 10 percent and 20 percent.

There are also crossover opportunities looming on the horizon.

"We'll soon be transferring today's rich media e-mail technologies to WAP-enabled devices, PDAs, set-top boxes and more," says Russell T. Gillam, president of Dynamics Direct, a newly formed West Hills, Calif. company that provides rich media e-mail services.

Industry leaders.

While there are dozens of companies offering rich media e-mail solutions, a handful of them have risen above the fray. Many of these companies have also formed strategic alliances and partnerships that provide more value-added services to their clientele.

Here's a brief snapshot of some of them, along with their latest developments:

• **Dynamics Direct** (<http://www.dynamicsdirect.com>) Just launched in August, the company has a patent-pending technology called Dynamic Individualization™ that it claims will let direct response marketers integrate recipient-personalized audio and visual elements. Messages can be measured and modified in real-time by the sender.

The company utilizes a number of proprietary applications, principal of which is 'MixEngine,' which integrates digital assets and data elements into streaming rich media.

• **inChorus.com** (<http://www.inChorus.com>) is a Santa, Clara, California software development and e-mail services company. The company's flagship product, inChorus Pro, uses proprietary compression algorithms that deliver a compact e-mail message. If the recipient can't receive HTML messages or Java/JavaScript, a text message and link is delivered: Click on the link and it launches the recipient's default Web browser and loads the message



response," said William Yuan, CEO of inChorus.com.

• **MindArrow Systems** (<http://www.mindarrow.com>) Formerly known as eCommercial.com, the Aliso Viejo, Calif. company changed its name last April. Its principal product, Virtual Prospector™ 1.0, is designed to replace printed brochures and traditional marketing collateral with interactive multimedia messages called eBrochures® that can be delivered to sales prospects instantly via e-mail.

"Our goal is to replace a typical corporation's literature fulfillment room with rich media audio, video and embedded documents, individually delivered from the sales person to a specific customer—direct one-to-one marketing," says Mike Pennell, the firm's vice president of marketing. "We want to automate the sales prospecting process."

eBrochures can be delivered by sending an HTML e-mail containing audio and graphics with a link to a URL to download the eBrochure, a text-based e-mail with a link to a URL, or sent as a rich media attachment.

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• **Radical Communication** (<http://www.radicalmail.com>) The company's RadicalMail product has been used by a number of major corporations, including Lucent, Microsoft, NBC, Ticketmaster, Warner Bros. and ZDNet. RadicalMail is Java-based and has no plug-ins or executable files.

Radical Communication has formed a number of recent alliances. It teamed with L90, a provider of online advertising and direct marketing solutions for advertisers and Web publishers. The partnership resulted in L90Link™, a marketing service offering advertisers multimedia e-mail promotional formats that are easy to format and monitor. The interactive e-mail allows consumers to register within the e-mail itself and provides instant notification as soon as it's opened, allowing advertisers to gauge the campaign's success in real-time.



A second deal last April with Akamai Technologies incorporates that company's FreeFlow™ streaming service to enhance the delivery of rich audio, video and other content for Radical Mail e-mail deployments.

Strategic implementation.

Rich media e-mail campaigns can be hugely effective when properly implemented.

Alabama Congressman Bob Riley utilized the technology to send a rich media

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e-mail message (created by MindArrow Systems) to constituents who 'opted-in' to receive e-mail updates.

Not only was the congressman able to deliver a personalized message, but he was also able to increase the number of constituents on his opt-in e-mail list.

"This is a new communication tool and we were impressed with the overwhelming response and results," said Dan Gans, the congressman's chief of staff. Gans added that Riley's e-mail list more than doubled within two weeks as a direct result of the campaign.

inChorus created a rich media e-mail message to promote the distribution of

UNICEF's Progress of Nations 2000 report. The e-mail messages were delivered to the e-mail boxes of 37,000 recipients worldwide, with a direct link back to the UNICEF Web site to view the entire report.

Dynamics Direct created a rich media message campaign for Chipshot.com, a leading Web site for golfers. Chipshot.com wanted to promote a new line of custom clubs and increase revenue generated per e-mail newsletter it delivers to existing and prospective customers. An individual-

ized promotional message was embedded within the HTML newsletter and sent to 200,000 recipients. To test the campaign's effectiveness, 140,000 newsletters went out without the message.

Newsletters containing the individualized message to non-Chipshot customers generated clickthrough rates 115 percent higher than those without the message. Newsletters sent to existing Chipshot customers containing the rich media message generated twice the amount of revenue per message sent, and 30 percent more revenue per order than those messages sent without it.

Handle cutting edge with care.

Streaming technologies are weak at best over low bandwidth connection speed. Most analysts and rich media e-mail executives believe that HTML will be the standard delivery mechanism.

"The real question, however, is when will the desktop environment have a consistent standard for receiving multimedia and video messages," says MindArrow's Pennell. "My hope is that this will happen within the next two or three years."

For the short term, however, IDC's Levitt said direct response marketers should exercise some patience.

"Don't expect too much from all these cutting edge technologies," he says. "E-mail today is a valuable medium for reaching customers and prospects—just don't base your entire marketing campaign on it!"

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