

2005

Email Newsletter Perception Report

Spam suspicions are greater than the realities, according to this report from Arial Software. Even though only four in 1,057 companies audited in 2004 sent out spam, a whopping 85% of users still believe they've been spammed after subscribing to an email newsletter.

This new report alerts email senders to the need for protecting the private information of email newsletter subscribers and customers, according to a recent survey of Internet users.



Introduction

The intent of this study is to gauge the awareness factor of email privacy with the typical email newsletter subscriber.

Email newsletters are different from other formats of subscription-based email marketing. They allow for brand recognition through their interactive qualities, which builds trust between companies doing business online and their prospective and repeating customer base.

Newsletters also contribute to total customer relationship management (CRM) strategy and offer unique and customized ways to stay in contact with consumers. Email newsletters can open many doors for successful customer communication and allow for detailed audience targeting and response. They are also a great tool for generating website visits and landing page clicks. Successful online companies like The Children's Place, TigerDirect.com, and the Animation Factory have all used the email newsletter as a successful relationship-building strategy.

So how are newsletters perceived by today's Internet users? According to this survey—conducted in the fourth quarter of 2004—Internet users strongly feel that subscribing to email newsletters has flooded their inboxes with spam. Additionally, most users soundly believe that unsubscribe mechanisms simply don't work. Even though other studies have concluded that the majority of spam email comes from web harvesting and not subscribing to company emails, the perception remains and continues to haunt legitimate email newsletters, even today.

This survey provides strong evidence that Internet users are very sensitive to corporate privacy stewardship like the guarding of private email addresses and other customer information. These are the opinions of 100 users of the Internet who have subscribed to at least one email newsletter in the past. Significant findings from the survey, discussed in this report, include:

- 91%** of Internet users are more likely to give their business to an organization that follows ethical email practices and respects their privacy
- 96%** say email privacy is important to them
- 83%** of users have avoided subscribing to an email newsletter because they weren't sure they could trust the publisher
- 78%** do not always believe companies' own email privacy statements
- 87%** believe they have received spam from an organization that collected, and then sold, their email address
- 80%** say they have tried to unsubscribe from an email newsletter and found that the unsubscribe did not work
- 72%** are more likely to subscribe to an email newsletter which has been independently certified

Study Results

User Awareness of Email Privacy Stewardship High

91% of Internet users are more likely to give their business to an organization that follows ethical email practices and respects their privacy (see Figure 1).

96% say email privacy is important to them.

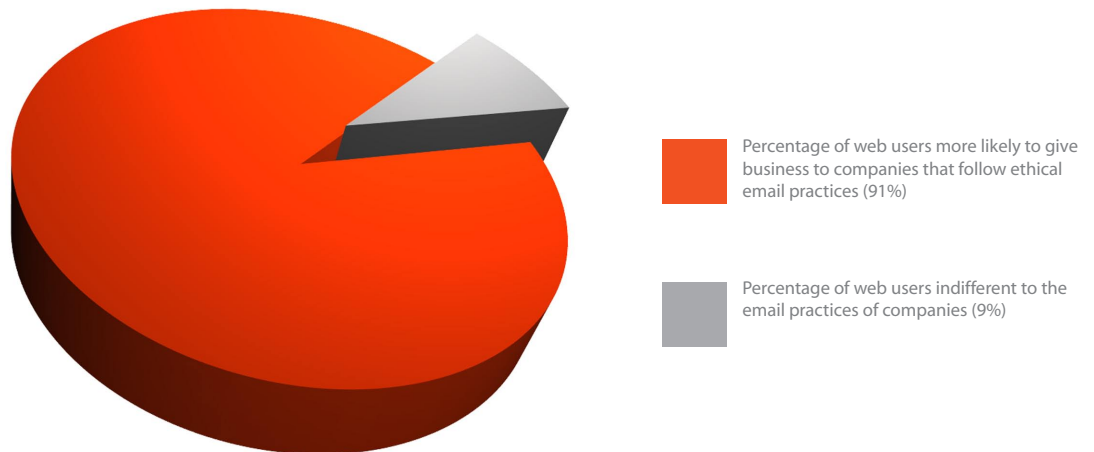


Figure 1. Percentage of Internet users who say they are more likely to give business to companies following ethical email practices.
Source: Arial Software Survey 2004

This high awareness percentage suggests that users not only have an awareness of email privacy stewardship, but they are also sensitive to the differences between companies which rent or sell consumers private information, and those that don't. While the chances of users actually identifying companies which are not actively guarding their privacy may be slim, these data suggest a high awareness of email privacy from the user perspective.

This figure is a statement about the importance of guarding email privacy and using best practices when email marketing is part of your ongoing customer relationship strategy.

Trust Needed for Customer Action

83% of users have avoided subscribing to an email newsletter because they weren't sure they could trust the publisher (see Figure 2).

78% do not always believe companies' own email privacy statements.

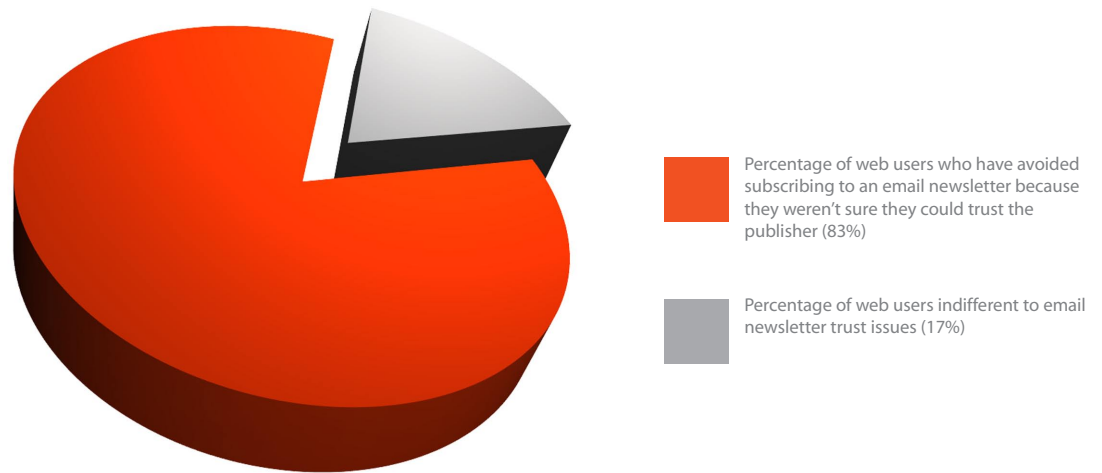


Figure 2. Percentage of users who have avoided email newsletter subscriptions due to trust issues. Source: Arial Software Survey 2004

Over 80% of Internet users feared subscribing to email newsletters because they couldn't trust the publisher with their private information. This is not good news for online companies and the reality of this risk is nowhere near the perception.

A study called the 2004 Email Subscription Spam Risk Audit subscribed to over 1,000 email newsletters over a period of six months, to see and measure the resulting spam email from this activity. The results were surprising. Only three firms of 1,057 subscribed sent an inappropriate amount of unsolicited email. So a whopping 99.6% of companies audited did not spam their customers. This study is drastic opposition to the belief of users in this survey, demonstrating a wide gap between the condition of user trust and the risk of spam to email subscribers.

Another example of a user trust gap is the 78% of users who do not always believe company privacy statements. But it stands to reason that if 80% of this group are fearful of subscribing to email newsletters, than a large percentage are also not going to believe a statement posted on the web guaranteeing privacy.

Unsubscribe Maintenance and Certification as Trust Builders

- 80%** say they have tried to unsubscribe from an email newsletter and found that the unsubscribe did not work.
- 72%** are more likely to subscribe to an email newsletter which has been independently certified (see Figure 3).

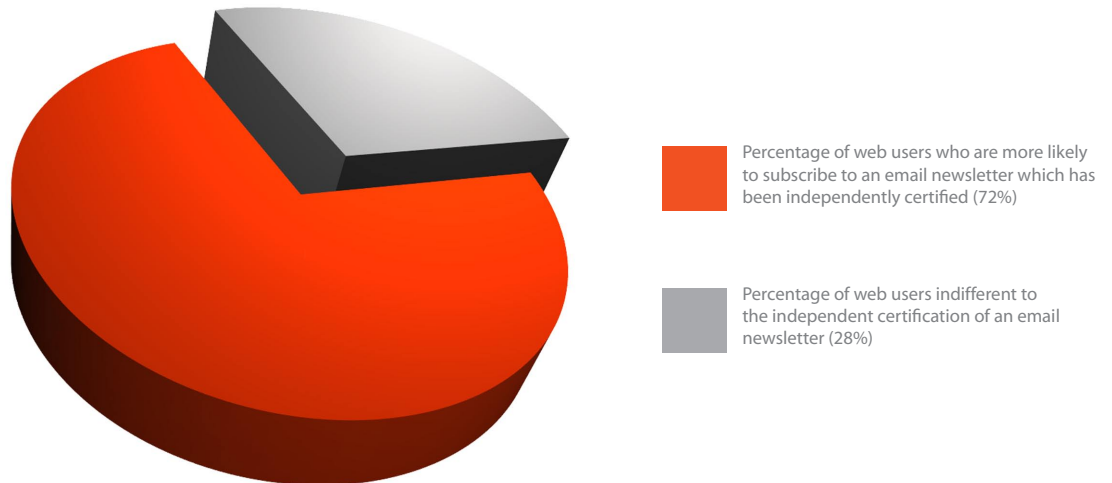


Figure 3. Percentage of users who say they would subscribe to an independently certified email newsletter. Source: Arial Software Survey 2004

Perhaps the most revealing statistic of the 2004 Arial Software survey is the 80% of Internet end users believing that they've tried to unsubscribe from email newsletters in the past, and the request failed to stop the email.

From a trust perspective, end user (read: prospective customer) inability to unsubscribe from your newsletters can cause a tremendous amount of damage to the hard earned trust you've worked so hard to build with customers. In the 2004 Email Subscription Spam Risk Audit, many of the 1,057 email newsletters subscribed to for the study had no direct unsubscribe link in the messages. However, once unsubscribe requests were made, only about 2% of the companies ignored them and kept on sending email.

Your unsubscribe mechanisms should be clear and work in almost real time. At the minimum they should work within 10 days—the amount of time required by federal law. Most email marketing software solutions have the ability to communicate unsubscribes directly back to the source database almost instantly.

Working unsubscribe mechanisms should be the centrifuge of any privacy protection approach your company builds to maintain active, trusting relationships with customers and prospective customers.

Perception Challenge Ahead

87% believe they have received spam from an organization that collected, and then sold, their email address (see Figure 4).

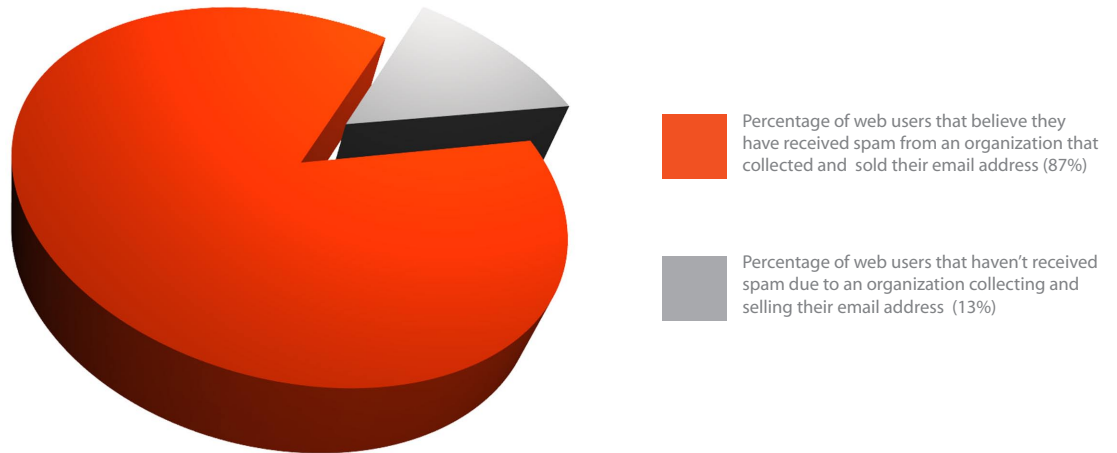


Figure 4. Percentage of users who believe they have received spam from an organization that collected, and then sold, their email address. Source: ArialSoftware, 2004

There's a perception challenge ahead for companies doing business online: they have to convince many website visitors and others showing interest in their products and services that they will not be spammed or over-emailed if they submit private information such as their email addresses.

In the spam studies mentioned earlier, only four companies of the 1,057 which were part of the survey blatantly spammed the email addresses used. Over 1,000 did not. Yet the perception largely remains that subscribing to email newsletters inevitably ends up attracting more spam, which, according to the spam audit and the 800 companies whose email behavior is monitored and posted on Relemail.com, could not be further from the truth.

Summary

While the popularity of email as a direct marketing medium continues to rise, those companies choosing to issue email newsletters as a form of interactive communication with perspective and returning customers have definite perception challenges to face.

A disproportionate number of Internet users continue to associate the act of subscribing to email newsletters with adding more spam to their inbox: 88% of Internet users surveyed believe they have received spam emails as a direct result of signing up for legitimate company newsletters. Even though studies like the 2004 Email Subscription Spam Risk Audit have proved this not to be the case (almost none of the 1,057 subscription forms filled out for the audit resulted in spam) the perception remains.

In response to this misperception, companies should place a high priority on keeping their customers' data private and secure. Posted privacy statements should be well thought out, clearly stated and strictly adhered to. Customer information should be diligently guarded and rarely exported, if at all. Email messaging should be evaluated by an outside entity and independently monitored. And all privacy stewardship should be documented and accessible to customers.

So while companies doing business online as a whole are making large advances in privacy protection, it is up to the diligence of these same companies individually to build personal, needed trust from their customers.



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Phone: 1-307-587-1338 • Email: Info@ArialSoftware.com • Web: <http://www.ArialSoftware.com>