

Opt-In versus Opt-Out— Permission and Privacy

Picture the following scenario to see the industry's quandary on what options to offer customers. At your favorite online music store, you have chosen to opt-in, that is, you signed up to receive special e-mailed coupons and discounts, as they became available. You've already taken advantage of a few of them and have saved quite a bit of money. One day, you receive an e-mail from a competitor of your music store. Although you've never shopped there, nor have you ever registered to receive their promotions, this e-mail offers some significant savings of its own. It also gives you the option at the end to opt-out, that is, to have your e-mail address removed from any further promotions from that store.

Between the two tactics—opt-in or opt-out, which would you prefer? That's the burning question that has been on many a marketer's mind almost since the very first e-mail promotions began. At what level of the customer development cycle should *permission* take place?

One of the theories behind permission marketing is that, presumably, a customer that has given permission to receive promotions is a better, more loyal, and more profitable customer overall. Most marketers will not argue that fact.

However, both opt-in and opt-out policies ask for permission at some stage of the game. To truly understand the philosophy behind each, and to understand why opt-in is the better way to go, let's start at the beginning.

DEFINING OPT-IN AND OPT-OUT

As the previous brief example demonstrated, if a prospect has been added to a company database using opt-in procedures, it essentially means that she has given permission to receive company promotions from the very beginning. In other words, the prospect has looked at a site and then asked to be solicited prior to ever having received one promotion from the advertising company. Any promotions she receives are welcome because they are positioned by the advertiser as containing something that the prospect desires—either in the form of receiving special savings notifications, relevant content within the prospect’s area of interest, free registration or trial to something she wants or needs, or some other value-added proposition.

A prospect that is solicited using opt-out procedures, on the other hand, may have never even heard of the promoting company—or the owner of the list where his e-mail address resides—when he receives the first promotion. And when he does, although he is given the option to never receive another such e-mail again, the burden is on him to react if he wants to be removed from the list. He must answer the directive that says, “If you do not wish to receive these messages in the future, please click here.” A good opt-in e-mail promotion also gives this or a similar directive, as we’ll see later; however the chances of the prospect “unsubscribing” at this point are much less because he has opted-in from the beginning.

THE FOUR-LETTER WORD THAT IS SPAM

It is easy to see why many promotions using opt-out procedures are declared “spam,” which is considered the bane of the e-mail marketing industry. *Spam* is the often-used negative slang term that refers to unsolicited e-mail. People who receive spam do not like it for obvious reasons, the main reason being that it typically offers something that is of little or no interest to the recipient. Internet Service Providers (ISPs) also oppose it due to the fact that all e-mail is either sent from an ISP or received by an ISP, and many have been clogged—or even shut down—by spam e-mail. As seen in Figure 3.1, some spams are not only a bother, they’re so badly presented that the reader would find the company suspect even if he were interested in the message.

Spam e-mail is considered by many to be illegitimate e-mail and legislation proposals have gone back and forth on whether or not this type of e-mailing should be declared illegal and also what penalties should be assigned for violating the laws associated with it. Unfortunately, the offenders—the “spammers”—only give

FIGURE 3.1 A Typical Spam E-mail

Note the typo, the poor formatting, and the hype-filled message.

X-Mailer: Microsoft Outlook 8.5, Build 4.71.2173.5
X-See-Also: 08534CCD0
Sensitivity: Public
X-Other-References: 0AF302B5B
Date: Mon, 28 Feb 15:10:53
To: <recipient@123mail.com>
Subject: E-mail Advertising Special--Ends Friday
Importance: Low

PUT E-MAIL MARKETING TO WORK FOR YOU
Call NOW and receive 50,000
FREE e-mails with your order!
Special Ends Friday March 3
Imagine having a product or idea and selling it
for only \$10.
Now imagine sending an ad for your product or idea
to 25 million people!
If you only get 1/10 of 1% response
you have just made \$250,000!!
You hear about people getting rich off
the Internet every day on TV,
now is the perfect time for you
to jump in on all the action.
FACT
With the introduction of the Internet, one primary
KEY to conducting your business successfully is
creating massive exposure in a cost effective
manner.
FACT
The experts agree that e-mail marketing is one of
the most cost effective forms of promotion in
existence today.
Electronic mail has overtaken the telephone as the
primary means of business communication.(American
Management Association)
Of online users, 41 percent check their e-mail daily.

"A gold mine for those who can take advantage of bulk e-mail programs"—The New York Times
 "E-mail is an incredible lead generation tool"
 —Crain's Magazine
 "Blows away traditional Mailing"—Advertising Age
 "It's truly arrived. E-mail is the killer app so far in the online world"—Kate Delhagen, Forrester Research Analyst
 Why not let a professional company handle your direct e-mail marketing efforts for you?
 *We will assist you in developing your entire campaign!
 *We can even create your ad or announcement [sic] for you!
 *No responses? We resend at no cost!
 For More Information CALL NOW

For removal see below.
 SPECIAL RATES
 SPECIAL ENDS Friday March 3
 Targeted Rates Upon Request.
 BONUS!!!
 Call In and receive 50,000 Extra E-mails at No Cost!
 Call NOW

e-mail marketing a bad name. Spammers gather their e-mail addresses from a variety of sources, including bulk e-mail lists, e-mailed discussion groups, online bulletin boards, and Web site contact information pages. The promotions are typically sent in large quantities, with zero personalization. More times than not, the spammers do not have any idea what their audience is interested in, or even if they are an interested audience for the spammers' offers. For these mailers, it's not about targeting at all; they're simply playing the numbers game. Spammers figure the more people they reach, the better their chances that *someone* will respond.

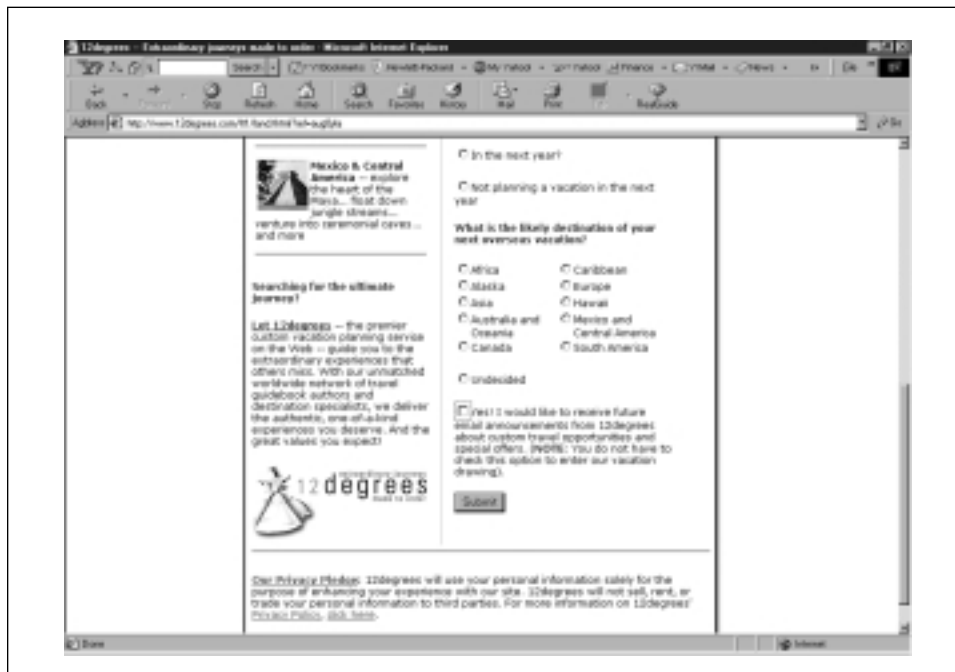
Because even the most useful and targeted *opt-out* e-mail promotion by a legitimate marketer can be perceived as spam, the policies set forth in this book follow *only* opt-in, or permission-based procedures.

GETTING NEW CUSTOMERS WITH OPT-IN LISTS

In order to acquire *new customers*—that is, to get people who have never used, bought, or “tried out” your products or services in the past, you can use opt-in e-mail lists such as the one shown in Figure 3.2, particularly if your goal is to continue marketing through the e-mail channel.

Opt-in list providers own and/or manage a variety of lists ranging across a wide variety of categories. These lists contain e-mail addresses of people who have registered to receive promotions within their selected areas of interest. Once a person has registered, many list providers will send an e-mail to the registered address, asking that person to confirm that he or she did, indeed, sign up. This is typically called *double opt-in* and has been implemented by a number of list providers as extra insurance that any new registrations have, indeed, come from the people who own those e-mail addresses. Once that has been confirmed, those addresses are then “dropped in” the proper categories and sold to advertisers on a one-time-use basis.

FIGURE 3.2 Acquiring Customers on a Site



Once an advertiser selects the lists that target its audience, and the e-mail promotion has been created and sent, most opt-in list providers, such as Postmaster Direct and YesMail, include a message somewhere within the e-mail that reiterates *why* the prospect/recipient is getting that particular promotion. It *reminds* the prospect that he “opted in” to receive these types of notifications, promotions, special offers, etc., within his area of interest. The combination of the confirmation e-mail after registration *and* the reminder message at the top of the promotion itself serves to ensure that there is no doubt that the recipient/prospect opted in and there can be no legitimate accusations of spam.

COLLECTING E-MAIL ADDRESSES IN AN OPT-IN MANNER

Once prospects receive the promotion and *find* your site, the goal, of course, is to then get them to do one of these three things:

1. Register as part of a lead-generation program.
2. Make a purchase.
3. Fulfill some other call to action so you can collect their e-mail addresses and other prospect information for future marketing purposes.

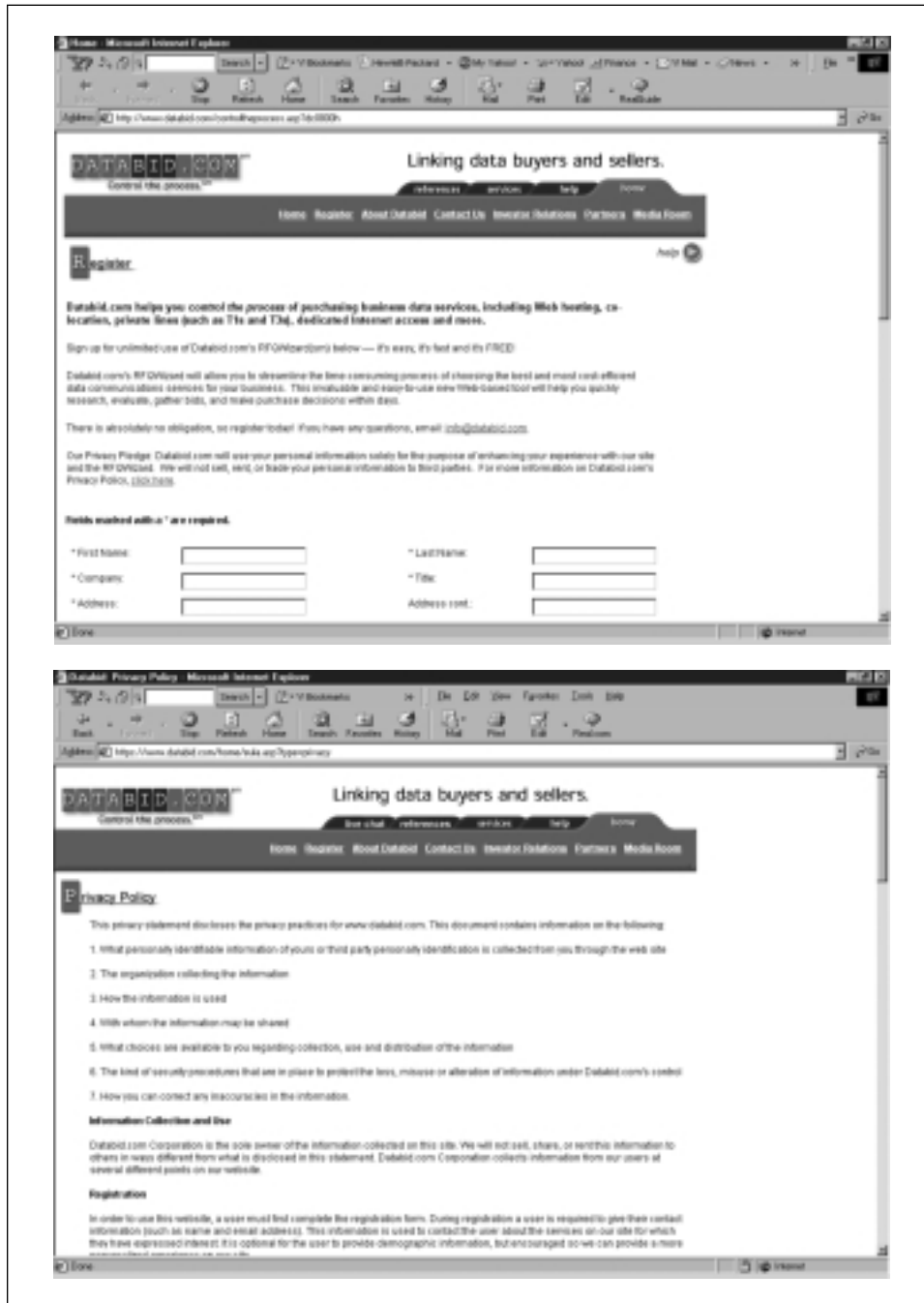
We’ll delve into the necessary steps to acquire new leads and customers in Part Two; but in order to do so, you will need to collect the necessary information for you to create your own house file of e-mail addresses. Because of the “danger” in gathering personal information, be sure that your collection policies and procedures are above board and beyond reproach. By doing so, your reputation as a permission-based e-mail marketer who is concerned with your customers’ and prospects’ privacy will be assured.

Privacy Policy

If you are collecting any type of personal, confidential, financial, or transactional data from your prospects and customers, be sure to inform them of what you plan to do with that information. Many companies post a *privacy policy* on their sites such as the one shown in Figure 3.3. In fact, many post links to it directly within their e-mail promotions.

A privacy policy is simply a disclosure of your information collection practices. It tells prospects and visitors exactly what you are going to do with their information, should they decide to register/sign up/purchase. If you plan on renting your e-mail addresses to outside parties, post that fact on your site. If you plan to send prospects promotions of your company’s products and services, make that

FIGURE 3.3 Registration Page and Privacy Policy on a Site



clear. One company that did not do that effectively from the beginning is Amazon.com. There are a number of people who received unsolicited promotions from Amazon, and they were never informed that this would occur: a good example of what *not* to do.

A privacy policy should answer all of the following:

- What type of information are you collecting (e.g., e-mail addresses, postal addresses, cookie/server information, etc.)?
- If there is more than one method of collection, what other methods are employed?
- How will you use that information? Be as specific as possible.
- Who will information be shared with?
- What if a prospect does not wish her information to be included on a database?
- Where do you house or store the information? Is it secure?
- What if a prospect does not want to receive any future communications from you?
- What is your policy if someone wishes to unsubscribe?

Post your company's main contact point—including address, phone, and e-mail—for inquiries related to privacy and collection practices. It is also a good idea to affiliate your company with a privacy seal organization, such as *TrustE*. It is organizations such as *TrustE* that enhance a prospect's or customer's comfort level with your company. Just be sure that you adhere to the standards you've set forth in your privacy policy.

Privacy seal organizations that protect consumers include:

- TrustE <www.truste.org>
- PrivacySecure <www.privacysecure.com>
- BBBOnline Privacy <www.bbbonline.org>
- Privacy Rights Clearinghouse <www.privacyrights.org>

YOUR PROSPECTS HAVE SIGNED ON—NOW WHAT?

Once your hunting and gathering of information is complete, and your opt-in band of prospects is a part of your house file, it is now time to promote to them. The goal here, of course, is to convert them into buyers (if they are leads/prospects) or to get them to buy more of your products and services (if they have already made a purchase).

Just be sure that all of your permission and privacy-sensitive precautions and policies were not in vain. Maintain those standards in *every* communication you have with these people. Here are a few “best practices” to keep in mind.

Make It Easy for Prospects to Unsubscribe

When you send prospects a communication by e-mail—a newsletter, a special offer, a set of coupons, etc.—be sure to always include an “unsubscribe” tagline somewhere in the body of the e-mail, every single time you send to them. This gives them the opportunity to say, “Thanks, but I really don’t want to receive these e-mails anymore. Please stop sending them.” Invariably, there always will be a certain number that will want out. If you do not include unsubscribe language of some sort, you will make it difficult for these people and, hence, you risk making them angry. The goal is to keep everyone happy and feeling safe.

Some list vendors are more comfortable with what is commonly known as double opt-in, or confirmed opt-in, where new members who sign up to receive promotions receive an e-mail from the list vendor and must send back an e-mail in reply, essentially stating again that, yes, they have signed up. Single opt-in, or nonconfirmed opt-in, vendors also send a confirmation e-mail, but require a reply from the new members if and only if they wish to *unsubscribe*. As of the writing of this book, there is no hard data on response and profitability about which strategy works best.

Link to Your Privacy Policy

Remember that privacy policy that you so carefully crafted for your site? At the bottom of each and every e-mail, post a link for recipients to view it. This also serves to get them back to your site.

Be Upfront—Always

If you’ve made a change to your information collection procedures or you’ve changed privacy seal organizations, be sure to notify the people on your list. If they don’t like it, they’ll simply unsubscribe. It is not the disclosure, but rather the lack thereof, that can get you into trouble.