



The ROI of Email Marketing

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The Email Marketing Census 2010, by econsultancy.com found that 39% of companies are unaware of their organization's return on investment (ROI) from email marketing. Yet, 75% of companies have rated email as 'excellent' or 'good' for ROI. As perhaps the most consistent marketing channel in an organizations mix, the price of using an email marketing service is relatively low. For this article, we will calculate the ROI of a single monthly email blast to 2,000 contacts.

Investments:

\$35.00 - Average monthly service fee from an email marketing service provider

\$100.00 - Contract designers time to create artwork for the email template and landing page (assuming one hour of work)

\$25.00 - Marketing manager's time to craft message, target contacts and send email (assuming one hour of work at a salary of \$50,000/year)

Not taking into consideration other intangibles, on a very simple level we could say the investment to send one email blast in a month is **\$160**.

Now we will assume we achieve 100% deliverability and a 30% open rate. This gives us 600 recipients who read our message. Let's assume our message is compelling enough to garner a 20% click rate sending 120 contacts to a landing page that urges the consumer to purchase our products. The average price of our products is \$200 and our average conversion rate for that landing page is 5%.

Of the 120 contacts that go to our landing page, six of them will purchase. At \$200 per transaction we achieve \$1,200 in revenue. We spent \$160 to create and send our message and received \$1,200 in revenue – that's a return on investment of \$7.50 per every dollar spent – pretty darn good.

Why is this important? Our simple example showed demonstrated a successful email marketing campaign. However, not all email campaigns are as effective. When planning email campaigns, there are a number of things we can do that will benefit our outcome:

- Target the right consumers.
- Ensure that the email list is clean.
- Focus on writing relevant content and strong subject lines.
- Craft a clear and concise message in the body of the email. Make your brand recognizable.
- Create an unmistakable call to action.
- Spend time on testing the landing page effectiveness and ease of purchase process.

Receiving a strong open and click rate is important, but if your landing pages cannot convert prospective buyers, you will not achieve a strong ROI. Likewise, if your landing pages convert well, but you are not delivering qualified buyers due to poor targeting and messaging, you will not achieve the results you are seeking. ROI is the big picture metric that determines the overall effectiveness of your campaign.

So, what's your ROI?