

The Fight Goes on for Email Budgets in 2010

Stephanie Miller, Apr 19, 2010 10:22 PM

Marketing budgets are up this year, but the email channel may or may not see the benefit. It will depend on the tenacity of email marketers and the level of integration with both customer acquisition and retention innovation.

This is my take on this morning's opening keynote from Bruce Biegel, Managing Director of Winterberry Group, here at the Email Insider Summit in Captiva Island, Florida.

If 2009 was the year when the inexpensive and high ROI email channel was expected to carry a larger share of retention and customer up selling, even with no new budget, Biegel seems to hint that 2010 will be another year when email marketers will have to fight hard for a budget. That worries me a bit. If Biegel is correct and this is the year that companies invest in digital channels to build top line revenue, focusing on acquisition and media optimization, will companies resist new investment in retention and email marketing?

The advice given today seems to be, "Steal from other channels to get what you need." Winterberry finds that the recession is still holding back spending, but in Q1, companies are starting to invest again, particularly focused on growing the top line. That means most of the spending will shift back toward acquisition, but a lot of consumer caution will remain at least for another couple of quarters.

Yet, Biegel remains optimistic for the email channel. He says that when asked, marketers do say that they will increase spending in email marketing, but that since this is often an internally managed function, it doesn't always show up in the forecasts. Winterberry does forecast a modest increase of email spending to \$1.4B up from \$1.2B last year. Biegel says he thinks that may be too low, and thinks the spending may actually reach \$1.6B. He also says that retention spending will move from postal marketing to email marketing, and that the email will benefit from the general shift of dollars into the digital toolbox.

Email marketers who want new budgets must convince executives that email is the "hub" for customer communications and needs support for integration, content management and data management. Email works really well with all the acquisition and lead generation channels - search, online outreach, commerce and social and apps marketing. An email platform that plays well with social and eCRM is also essential. The investments in data management, campaign automation and content optimization will result in increased response and customer satisfaction, if current results of such efforts are any indication. Many marketers have already proven the connection between targeting and response.

"Email spending is still out of sync with its importance as a channel," Biegel says. True. So the challenge for email marketers is to build a strong business case for integration and optimization in order to use email as a strategic weapon. Let's make 2010 the year we bury forever email marketing's legacy as a cheap batch and blast broadcast "cash cow." It's a growth channel - and worthy of investment.