

The 40/40/20 Rule for Dealer Email Marketing

Email marketing is one of the most cost-effective ways to communicate with customers and prospects - when done correctly. So the question is what works?

Smart dealers know that many traditional direct marketing principles also apply to email marketing. The single most important of these principles is the 40/40/20 rule. The 40/40/20 rule says the bulk of response opportunity in any marketing campaign comes from the **List** (40 percent) and the **Offer** (40 percent), with only 20 percent attributed to **Creative**.

The List = 40%

A solid list of customers and prospects who have opted-in to receive email communications from a dealership is the absolute foundation of any successful email campaign. As such, dealers are well-advised to devote a proportional amount of time and budget to this critical area. Furthermore, dealers need to ensure they are executing various email collection strategies, including on-line, off-line and in-store methods.

Did you know that the average dealership has valid, working email addresses for less than 5% of their entire sales and service database? Or that 2-5% of any list becomes undeliverable every month as customers switch email addresses? These two factors point to the tremendous opportunity open to dealers AND the importance of email collection.

The Offer = 40%

Sending sales specials to your email list every week is a surefire way to destroy the hard work you did in collecting email addresses in the first place – unsubscribe requests will quickly reduce your email list to a shadow of its former self. What's a dealer to do? Send relevant offers which offer your subscribers true value – not just what you want to sell that week or month. Consider a loyalty or rewards program as a key driver to ongoing interest in future email communications.

Creative = 20%

As tempting as it may be, spending more than 20 percent of your resources on creative for email marketing will not generate the return you expect. Colorful and elaborate HTML-formatted email messages are fine but should not be the primary focus of your email initiative. Believe it or not, even simple text-only messages have proven to be effective for sales and service campaigns as long as the dealership has enough valid customer email addresses and a compelling offer which appeals to the customer.

Most dealers spend the majority of their time and budget on the creative portion of their email communications, mostly because they view it as a medium similar to print advertising. These same dealers typically drop email communication programs within six months as it fails to produce the results which the dealer anticipated – and all because they ignored the 40/40/20 rule.

BOTTOM LINE

Email address collection and relevant messaging are the two most important factors to long-term success using email for communicating with customers and prospects. Ignore these factors and your email strategy will be short-lived. Embrace them and email communications will fuel incremental sales and service revenues.