eMarketing Planning: Accountability and eMetrics

White Paper sponsored by Embellix Software

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Introduction

The Internet offers companies the opportunity to market goods and services to more customers than ever before. Reaching these customers and developing their loyalty by delivering quality, convenience, price competitiveness, and the right products and services, begins with a solid emarketing plan. Whether you are making the move to emarketing or are already and emarketer, you will need to develop a plan, implement the plan, be accountable for actual results, and utilize metrics that help propel you towards e-business success.

Gone are the days when venture capital flowed abundantly to dot-coms with interesting business models. The great dot-com shakeout has put ebusinesses under pressure to perform. Executives in all types of e-businesses are seeking useful metrics to gain critical insights into business performance. Amazingly, although many e-businesses collect voluminous data from their servers, many e businesses do not know how to transform that data into useful metrics. Ignoring emetrics is like operating in the dark and without metrics, accountability is impossible.

Today your emarketing plan must do more than tell a story of innovative technology. You must do more than develop information technologies geared to attracting online visitors and developing market share. Market share is still important but so too is profit and accountability; both demanded by enlightened shareholders. Business value enhancement and return on investment has never been of greater concern in the e-business arena. Effective marketing programs and strategies that quantify goals and provide measurable impact are the means to success in the new economy.

The Internet seems to have everything in abundance – except accountability and profitability. Despite the great opportunities provided by ebusiness markets, the emarketer must give great effort to mine “net” profits and must go to great lengths to be accountable for every dollar spent. That effort begins with solid emarketing plans and good accountability systems that rely on emetrics. The term emetrics refers to measurements and ratios that help marketers forecast, track, discover trends, monitor, and control the following:

- e-customer behavior, cost, value, and acquisition.
- Web site traffic, performance, revenue and other significant results
- e-promotional and advertising campaign performance including e-mail marketing, traditional direct mail, and internet advertising
- Web site success

Some large companies and also smaller e-marketers are making money online. There are lessons to be learned by these firms. What do they have in common?

- Solid emarketing plans that they can monitor and learn from.

- Accountability through metrics that helps them to forecast, control, plan, test, learn, and re-test.

Objectives of this White Paper

Along the themes of emarketing planning and accountability, this white paper, sponsored by Embellix Software (developer of eMarketing Suite, a collection of emarketing planning, and metrics tools), will achieve the following objectives:

- Outline the emarketing planning process

- Identify some of the barriers typically encountered in the emarketing process.

- Discuss the use of emarketing metrics as tools for forecasting and accountability.
- Offer a sampling of emetrics, using example MS Office templates from Embellix Software's eMarketing Suite.

What is eMarketing Planning

Let's begin by defining a marketing plan and then move onto defining it's "new economy cousin"; the emarketing plan. A marketing plan is a written document that details the current marketing situation, threats and opportunities, marketing objectives, and the strategies for achieving those objectives. A marketing plan can be written for each product, service, brand, or for the company as a whole. An emarketing plan is a bit more focused than the traditional marketing plan. Although it often includes some of the same topics as a traditional marketing plan, it is more centered on the marketing opportunities, threats, objectives and strategies of the Internet. Exhibit 1 shows an outline of an emarketing plan.

E-MARKETING EXECUTIVE SUMMARY
E-MARKET SITUATION ANALYSIS
E-MARKET EXTERNAL ANALYSIS
E-MARKETING RESEARCH
ONLINE TARGET MARKET (S) AND PROFILE (S)
ONLINE MARKETING AND PROMOTION/ADVERTISING OBJECTIVES
ONLINE BRANDING CONCEPTS/OBJECTIVES
ONLINE PRODUCT, PRICE AND DISTRIBUTION STRATEGIES
SALES PROJECTIONS
E-MARKETING BUDGETS
E-COMMERCE/INTERNET MARKETING STRATEGY
E-ADVERTISING
E-SALES PROMOTION
E-PUBLIC RELATIONS
E-DIRECT MARKETING AND DATABASE STRATEGIES
VIRAL MARKETING AND AFFILIATE PROGRAMS
TRAFFIC MANAGEMENT
GLOBAL ASPECTS OF E-MARKETING
IMPLEMENTATION AND CONTROL

Exhibit 1 eMarketing Plan Outline
Source: Table of Contents from eMarketing Plan Template.dot from the Embellix eMarketing Suite

The emarketing plan defines your business model, builds commitment from all people who will be involved in its implementation, and establishes performance criteria and benchmarks for success. Development of your emarketing plan begins with a complete review of your e-business model. What is a business model? In sections that follow, this white paper offers descriptions of e-business models. Review those descriptions and think about which one most closely describes your model. Before you begin an emarketing plan, think about how to define your e-business model and how it influences your emarketing plan.

eMarketing Plan and Your e-Business Model

The emarketing plan gives you a road map or a blue print to e-business success. The prerequisite to writing a good emarketing plan is a complete understanding of your e-business model. As you prepare your emarketing plan, you may go through a learning process; you will analyze your e-business model in detail in an attempt to learn what drives your online sales and revenue streams.

What is your e-business model? Can you define it in a paragraph or two? A business model describes your architecture for product, service, and information delivery and a description of sources of revenues (revenue streams). A business model identifies the value chain elements of the business such as inbound logistics, operations (or production), outbound logistics, marketing, service; and support activities.

You must define your business model by writing your own description of it. From that description, can you identify each significant revenue stream and each potential revenue stream? Can you identify expenses that will be incurred in generating those revenue streams? Do you see the critical things that must be measured (metrics) and tracked to help assure success? Can you see how your business model will use emarketing to price, promote, sell, and distribute your product?

As you develop your emarketing plan you must think about how your emarketing effort "fits" your business model. At a minimum, your business model will influence the way you forecast sales and predict emarketing expenses. However, beyond basic sales forecasting and budgeting, there are aspects of your emarketing plan that address the specific way you will do business, generate revenue, and consume resources. Your emarketing plan should discuss how you will use information technologies to manage the marketing mix (product, price, place, and promotion), how you plan to optimize your content, and how you will allocate resources to attract new customers, create loyalty with existing ones, and create revenue streams.

Be sure you define your business model before you write your plan. Can you identify your e-business model in the descriptive sections that follow?

Merchant Model

The Merchant model is web marketing of wholesalers or retailers of goods and services. The goods and services might be unique to the web or an extension of a traditional "brick and mortar store front. This model includes catalogers who have decided to complement their catalog operation with a web site or have decided to migrate completely to an online model. Benefits of this model include increased demand for goods and services via an entry into the global market, potential lower costs of promotion and sales, 24/7 ordering and customer service, and one-to-one custom marketing.

Auction Model

The auction model web implementation of bidding mechanisms through multimedia presentation of goods and services. Revenue streams are derived from licensing of the auction technology platform, transaction fees, and advertising.

Manufacturer Model

The manufacturer model uses the web to compress the distribution channel so that rather than use intermediaries to get your products and services to market, you go direct to the customer via the web. For example, Dell Computer Corporation, maker of personal computer systems, uses this model by selling direct to consumers via their web site. About 50 percent of Dell's sales are Web-enabled (www.dell.com).

Affiliate Model

The affiliate model is a “pay for performance model”. Revenue streams are created when customers click through links or banner ads to purchase goods and services. Affiliate marketing is when one web site (the affiliate) promotes another web site's products or services (the merchant) in exchange for a commission. The affiliate earns a commission (i.e., 10% of the purchase) while the merchant derives a sale from an affiliate (partner web site). Through affiliate marketing, merchants can place their advertising banners and links on content sites worldwide and only pay a commission when those links generate a sale or qualified lead. Affiliated content sites can convert their online content into e-commerce by populating it with these revenue-generating links. [1]

Advertising Model

Like a traditional broadcaster or news media business models, the web advertising model provides content and services (i.e., email, chat, forums, auctions, etc) supported by banner ads and other forms of online advertising (perhaps email newsletter ads). Some advertising models are called portals (like AOL, Yahoo, and AltaVista) while others are called “Free Models”; like Blue Mountain Arts (www.bluemountain.com) where giveaways (like free electronic greeting cards and invitations) help create high volume.

Infomediary Model

This is a web model whereby the infomediary collects data from users and sells the information to other businesses. Traffic is driven to the infomediary's site by free offers (such as free Internet access or free hardware).

Subscription Model

In a subscription model, users pay for access to the site and the high value content that they view. Some models offer free content with premium content available only to paid subscribers. Advertising revenues may also be part of the revenue stream.

Brokerage Model

A brokerage model is a web market maker that bring buyers and sellers together. The model ranges from virtual malls to online stock and bond traders and can include business-to-business (B2B), business-to-consumer (B2C), and consumer-to-consumer (C2C). Transaction fees or commissions generate the revenue under this model.

Virtual Communities Model

The virtual communities' model facilitates the online interaction of a community of users (members, customers, partners, students, etc). The model makes it easy for the community members to add their own content to the online community web site. Revenue streams are generated from membership fees and advertising revenue.

Logistics Model

A business that utilizes the Internet to help other businesses manage logistical functions such as electronic payments, ordering systems, and shipping services in operating under the logistics model. Fees are the basis for the revenue scheme.

[1] “What is Affiliate Marketing?,” http://www.cj.com/frame_hom.asp, Commission Junction, www.cj.com.

e-Business Models and eMarketing Planning

What is the relationship between e-business models and emarketing? Central to all the models identified in the previous section are three issues:

- For these models to work, emarketing planning is critical.
- These models generate tremendous amounts of information; strategic information from web site activity, that can be used to better meet the needs of e-customers and to sell more product.
- Metrics are needed to provide accountability and to analyze the information (see number two above) for strategic advantage.

Preparing the eMarketing Plan

Writing an emarketing plan is not an easy task. There are obstacles. However, the intent of this white paper is not to provide a guide for developing an emarketing plan rather, we will identify some of the hurdles that must be overcome to develop a good plan.

What are some of the obstacles of writing a good emarketing plan? For starters, procrastination is a problem; busy executives put off writing a plan. Yet, with businesses moving at such a rapid pace (Internet time), there is a big opportunity cost to e-procrastination. Putting off the development of an emarketing plan can cost you market opportunities and profits.

Another obstacle is time. The process of developing an emarketing plan is time consuming. Think about ways to streamline the process. Examples and templates could be the answer. Seeing an example plan to emulate and following a proven template can save you a great deal of time. *Exhibit 2* (which is also discussed further in the next section) is an example of an emarketing MS Word template that could save time. A template suggest an effective outline, headings, and in some cases, text.

Other issues related to the writing process such as writer's block and the labor-intensive circuitous nature of writing are also major barriers. Other difficulties include the challenge of identifying the right analysis, the tricky nature of developing revenue stream forecasts, and question of which expense budgets to develop. Be prepared for these obstacles. Writer's block, the writing process, and emarketing analyses, are discussed in the sections that follow.

Overcoming Writer's Block: Templates Help

Any time you need to prepare a multi-page report, like an emarketing plan, writer's block can be a problem. One way to overcome writer's block and to help assure coherent organization in a lengthy document, like an emarketing plan, is to develop an outline. However, the development of an initial outline is also time-consuming. Products like *eMarketing Suite* by Embellix can help you overcome writer's block by providing you with an effective template and writing outline to follow. A good writing template provides not only a useful outline but also text that prompts you for comments and observations and triggers your creative writing thought process. Writing an emarketing plan is partly an exercise in answering a series of critical questions. Unfortunately, not everyone knows what critical questions need to be answered.

A template like the one shown in *Exhibit 2* can provide the prompting questions that guide you through plan preparation. The *Exhibit 2* example is from the MS Word emarketing plan template from eMarketing Suite; a template developed by Dr. D. Steven White, Professor of Marketing at the Charlton

College of Business, University of Massachusetts Dartmouth (www.umassd.edu/business/) [2]. Using such a template to prepare your emarketing plan allows you to draw on the experiences of an expert (a Marketing Professor).

Other advantages to a well designed template is that it should save you time in setting up a table of contents and in providing consistent and professional report formatting. Products like *eMarketing Suite* by Embellix, have been designed by not only emarketing experts but also professionals who know how to apply professional styles and formatting to create great looking reports. Your emarketing plan content is critical but almost as critical is the look and "feel" of your reports. Management may interpret poor looking emarketing plans as less credible. Be sure to polish your emarketing plan document.

E-Market Situation Analysis

[Click **here** to enter your own text]
To compete successfully in a market, you have to understand both the market and the strengths and weaknesses of your business. Summarize those strengths and weaknesses in this section. Performing a situation analysis, or SWOT analysis, is the most widely accepted method of delineating your strengths and weaknesses. SWOT stands for Strengths, Weaknesses, Opportunities and Threats. The Strengths and Weaknesses are internal factors, unique to your business, and the Opportunities and Threats are external factors.

In this section of the situation analysis, your focus should be introspective. You may also want to address macro-level marketing factors such as the size of the market, the uniqueness of your product or service offering, competitive concerns and the growth potential of the market.

Company Analysis/E-Market Internal Analysis

[Click **here** to enter your own text]
In this section, describe the strengths and weaknesses of your company. What are your company's strengths? Possible strengths include technological advantages, process or materials, financial, managerial, human resources/personnel, anything that gives your company an advantage over your competitors. What are your company's weaknesses? Weaknesses may be any shortcomings in the above. Remember that this list of possible strengths is not complete: each industry has its own formal and informal criteria for determining strengths and weaknesses.

Technological Competency/Expertise

[Click **here** to enter your own text]
In this section, summarize your technological competencies and expertise. Do you have the expertise to develop an E-commerce site? Do you have the information systems necessary to operate an E-commerce site? How secure is your site? Do you have data encryption technology? Do you have a firewall? Who is your Internet Service Provider (ISP) and are they dependable?

Macro-level Market (Industry) Analysis

[Click **here** to enter your own text]
In what stage of market development is the industry in today? Is it the Introduction stage, Growth stage, Maturity stage or in Decline? What is the total market size? What percent of the market do you currently have and what percent do you want to capture? What are the growth prospects for this market? Long-term, how can you expand the market?

Exhibit 2 eMarketing Suite MS Word emarketing plan template
(Source: eMarketing Plan Template.dot from Embellix eMarketing Suite)

Getting Through the Circular Process of Writing

Before you prepare the final draft of your emarketing plan, you will need to go in "circles" to may sure that your document is clear and compelling. The process of writing a plan is a circular one in that you write, edit, revise and re-write to the point where you may believe you'll never finish. Other than spelling and grammar check, no software can really help you through this circular process.

You need recognize up front that developing a plan is work and that there are few short cuts to writing a plan that is clear, concise, and coherent. You must put in the time and effort to produce a polished and effective plan. It will take many hours of thinking, analyzing, researching, writing, revising, editing, and

[2] Dr. D. Steven White, Professor of Marketing, Charlton College of Business, University of Massachusetts Dartmouth, is the author of the prompting text for the eMarketing Suite MS Word e-marketing plan template (see *Exhibit 2*). Dr. White also authored the content of *Document Advisor*. The *Document Advisor is a* tool that provides help and advice for the section of the business plan document that you are writing.

re-writing till you get it right. One helpful strategy is to review sample plans that have been developed into final drafts. Embellix Software's eMarketing Suite includes two complete sample emarketing plans that you use to learn by example. However, even emulating good examples cannot relieve of the labor-intensive task of writing, editing, revising, and re-writing.

Thinking, analyzing, researching, writing, revising, editing, and re-writing till you get it right is the way good plan preparation works. In the end, all that work should yield two important results: a polished, professional looking plan and a refined e-business model.

Writing for Clarity, Conciseness, and Coherence.

One of the reasons you need to write, revise, edit, and re-write is that you want your plan to be clear, concise, and coherent. . Experts who review business and marketing plans will tell you that plans are not always clear and to the point. Clarity begins with good organization and good organization can be achieved by using an outline or template (see Exhibit 2, MS Word emarketing plan template from Embellix eMarketing Suite). Conciseness will occur if you get to the point by making every word count. Delete unnecessary words and write simple relatively short sentences. Long sentences and complex wording can cloud meaning.

Coherence means that there is unity in your plan. Unity begins with plan sections and subsections that address one central topic and extends to the central idea of each paragraph. Here are some suggestions that help promote coherence:

- Develop topic sections and subsections for your emarketing plan. Each sections and subsection should have its own heading.

- Make sure each paragraph has a topic sentence and that the other sentences in the paragraph support that sentence.

- Delete regressions and irrelevant sentences to accomplish coherence.

- Think about using or reviewing a template like the one in Embellix Software's eMarketing Suite. To some extent, coherence can be achieved by following a template.

- Transition sentences should "move" the reader from one subsection to another.

Providing the Right Analysis

Your emarketing plan must show analysis. The use of tables, worksheets, and charts enhance your plan and are critical to a good emarketing plan. Analysis indicates potential, brings your written plans to life, and provides solid metrics of accountability as you implement the plan. Analysis not only shows that you have thought things through but it also helps refine your conception of your e-business model.

Think about what analyses you can develop and include in your plan. Software like the Embellix Software's eMarketing Suite, with its eMarketing Plan and eMetrics MS Excel workbooks, provide numerous templates for forecasting and analysis. Rather than having to invent a series of tables, worksheets, and charts, you can navigate through the eMarketing Plan and eMetrics workbooks looking for appropriate analyses to develop using your numbers.

In addition to streamlining the process of analysis identification, spreadsheet based templates offer these advantages:

- Professional style and formatting.

- Easy chart development because of preset charting options.
- Easy modification to meet custom needs.

Exhibit 3 shows a list of the worksheets in eMarketing Suite marketing plan workbook while *Exhibit 4* shows a list of worksheets in the eMarketing Suite eMetrics workbook.

Sales Forecasts
Master Forecast

E-Budgets
E-Marketing Budget
E-Marketing Operations Budget

Advertising
Advertising Effectiveness
Banner Ad Analysis
Monthly Web Site Traffic Forecast

Competitive Analysis
Business Strength Analysis
Competitor Analysis
Critical Success Factors Score Card
E-Marketing Function Score Card

Competitive Analysis
Market Attractiveness Analysis
Product Competitive Analysis
E-Marketing Goals

Sales Analysis
Sales Analysis
Sales Force Metrics

Profit Measures
Contribution Margin and Break-Even
Product Profitability

Pricing
Mark-up Pricing Analysis
Target Pricing Analysis

Exhibit 3 Table of Contents for MS Excel Workbook Templates for eMarketing Plan (Source: eMarketing Plan.xls Embellix eMarketing Suite)

As *Exhibit 3* suggests, types of emarketing analysis to incorporate in a plan would include:

- Sales (or revenue) forecasts
- Budgets for emarketing efforts
- Traditional and web based advertising analysis
- Variety of competitive analyses, including score cards
- Analysis of sales and sales force performance
- Profit performance including contribution margin and product profitability
- Pricing analysis

You may find that not all the worksheets in a product like eMarketing Suite are relevant to your plan, but you will find a critical mass of analyses, forecasts, and other worksheets that will add great value to your planning process.

Exhibit 4 shows the table of contents of the eMetrics MS Excel workbook included in Embellix Software's eMarketing Suite. eMetrics, which are discussed in more detail in subsequent sections of this paper, are measurements of activities, costs, revenues, and profitability that can help you monitor and control the effectiveness of your emarketing plan. They belong in an emarketing plan because of accountability. If you are to be accountable for emarketing results, you need to show what analyses and tools you will use to keep a pulse on operations. As Exhibit 4 suggests, emetrics should be developed in the following areas:

- Customer activities
- Promotional activities: such as e-mail, direct mail, and banners.
- Web site activities

Again, you may find that not all the worksheets in a product like eMetrics (eMarketing Suite) are relevant to your e-marketing planning and control activities. However, you should find a critical mass of analyses, forecasts, and other worksheets that will add great value to your planning process and perhaps generate new ideas for additional tools.

Customer Metrics

Acquisition Cost by Campaign
E-Customer Behavior Metrics
Lifetime Value of Customers
Monthly Customer Metric Tracker

E-Mail/Direct Mail Metrics

- Before Campaign -
Scenario E-Mail Marketing ROI Analysis
E-Mail Marketing Test Matrix Analysis
Scenario Blended E-Mail ROI Analysis
Traditional Mail Test Matrix Analysis
Scenario Traditional Mail ROI Analysis
Scenario Traditional Mail Blended ROI Analysis
- During Campaign -
Predictive Direct Mail Response
Predictive E-Mail Response
- After Campaign -
E-Mail Marketing Log
Direct Mail Marketing Log
Campaign Summary Blended E-Mail ROI
Campaign Summary E-Mail ROI
Traditional Mail ROI Analysis
Traditional Mail Blended ROI Analysis

List Development

Projected E-Mail List Development and Sales
E-Mail Address Churn Rate
E-Mail Address Acquisition Cost

Banner Metrics

- Before Campaign -
Projected Banner ROI
- After Campaign -
Banner Blended ROI
Banner Marketing Log
Banner Metrics
Banner Rating Calculator

Promotional Metrics

Click-through Cost Calculator
Conversion Cost Calculator
CPM Calculator
CPM vs. CPA Analysis
Promotional Campaign Comparisons
Internet Advertising

Web Site Metrics

Daily Web Site Traffic Tracker
Download Time Calculator
Monthly Online Revenue Trends
Monthly Results By Referrer
Monthly Web Site Stat Tracker
Web Page Load Speed Scorecard

Exhibit 4 Table of Contents for MS Excel Workbook Templates for eMarketing Plan Metrics (Source: EMarketing Plan Metrics.xls Embellix eMarketing Suite)

Choosing an Appropriate Planning Time Horizon

How far out should you plan? There is debate as to what planning time horizon is appropriate for fast moving e-businesses. Should your plans be for a year, two years, or five years? What about fast paced Internet time? Is a three-year plan too long? In Internet time, three years is like 21 years in the old economy (like dog years – 7 years for every one-year). Think about where you think your business will be in six months, one year, and three years? Perhaps a three-year plan is fine as long as it uses quarter-to-quarter forecasts and is updated frequently. Embellix Software's eMarketing Suite uses a three-year planning horizon, with month-to-month forecasts for year one and quarter-to-quarter forecasts for year two and three.

Regardless of the planning time horizon that you choose to use for your emarketing plan, the starting point for your planning is the revenue forecast. Think about your business model and the types of revenue streams you will derive from your e-business activities. In the section that follows, this white paper discusses the alternative sales and revenue forecast templates by using the Embellix eMarketing Suite as an example.

Preparing Revenue Forecasts

How will you show your forecasted revenue streams? Begin by analyzing your business model (see the previous section: *eMarketing Plan and Your e-Business Model*). You may have your own "home grown" methods of forecasting revenue. On the other hand, you may want to use one or more of the revenue forecasting methods available in software packages like eMarketing Suite. The Embellix eMarketing Suite allows you to use an Excel workbook and a "revenue a build-up" feature so that you can forecast by:

- Advertising Revenue
- Affiliate Revenue
- E-Mail Sales
- Web Traffic
- Channels
- Growth Rates
- Market Share
- Unit Sales

What e-Budgets to Include?

Revenue stream projections are only half the picture. You also need to forecast the resources needed to carry out your revenue plans. Therefore, expense budgets need to be part of your emarketing plan. In fact, budgeting is a major concern for companies attempting to implement emarketing strategies. Implementing an emarketing plan can be relatively costly. One survey notes that the resources needed to implement emarketing are often more than expected.[3] What budgets should be part of your emarketing plan? Here are some suggestions [4]:

- eMarketing Budget projecting emarketing expenses for advertising, mail Campaigns, promotional activities, collateral, and other marketing expenses. The budget should be organized in two main sections: emarketing expense budget by month for year 1 and three years by quarter.

- eMarketing Operating Budget projecting an operations budget for your emarketing function including forecasted monthly personnel costs, operational expenses, travel and entertainment for emarketing personnel, and allocated costs of emarketing. The budget should be organized in two main sections: emarketing operating expense budget by month for year 1 and three years by quarter.

- CM and Break-even Analysis projecting your contribution margin and break-even point based on projected sales, fixed costs, and variable costs. This forecast should "tie" into your revenue forecasts and reveal your emarketing profitability goals.

- Traffic Forecasts projecting monthly web site traffic and charting activity. At a minimum it should predict the following web metrics: hits (total hits, average per day, home site), page views (impressions, average per day, document views), visitor sessions (total, average per day, international vs. domestic, average length) and visitors (unique visitors, visitors who visit once, visitors who visit more than once).

- With an excellent set of forecasts and budgets in place, your emarketing plan can move you closer to accountability; the topic of the next section of this white paper.

Towards Achieving Accountability

Accountability in emarketing is critical today as management and investors are looking to hold the marketing staff responsible for emarketing results. To demonstrate accountability, you must find ways of using metrics to show that you are meeting or exceeding emarketing goals of revenue growth, cost savings, response rates, return on investment. Emetrics can also help to justify the funding you receive and to get your emarketing team more resources in the future.

Accountability is about finding the answers to essential emarket planning questions. After you have developed an emarketing plan how will you follow-up on the effectiveness of the plan? Which goals have been accomplished and which have not? Which creative approaches are working and which are not? Which campaigns are driving customers to your web sites and which are not? Which campaigns deserve more resources? Should you shift funds from less productive campaigns to more profitable ones?

There is a tremendous amount of information produced by customer activity on web sites. If this information is used effectively, it can help emarketers improve business performance. If you are running a web site, you are probably periodically reviewing a server log of user activity. What do you do with that information? Do you simply review the reports? Alternatively, have you developed a system of accountability and emetrics that helps assure that your emarketing efforts are adding value to your company? If you have such a system, it should gives you answers to a number of critical questions. Here are some of those questions. See how many of them you can answer for your emarketing venture.

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[3] David Legard, "Average Cost to Build E-commerce Site: $1 Million," The Standard.com, www.thestandard.com, May 31, 1999.

[4] These budgets are included in the e-marketing plan workbook of eMarketing Suite published by Embellix (www.embellix.com)

Do you know which e-promotions are profitable ones? What useful measurements of e-business activity do you track? Do may of these measurements help you forecast future demand? Do you track from month-to-month or from campaign-to-campaign any of the following metrics?

- Customer acquisition costs?
- Conversion and retention rates?
- Duration, reach, and stickiness metrics of your web site?
- ROIs for e-mail and other emarketing campaigns?
- The next section of this white paper presents a sampling of eMetrics that you can use to introduce some accountability to your emarketing plans. That section is not intended to be an exhaustive list of emetrics rather, it should serve as an introduction to emetrics.

A Sampling of eMetrics

The term emetrics is a relatively new one. Emetrics are measurements of activities, costs, revenues, and profitability that can help you monitor and control the effectiveness of your emarketing plan. Operational metrics is not a new concept. Business people have been measuring performance for many years. Financial managers calculate and monitor effectiveness, efficiency, liquidity, leverage, and profitability through ratios and they use these ratios to monitor and control operations. In marketing, measurements such as selling expense ratio, days sales outstanding, inventory turnover, gross margin percentage, cost of goods sold percentage, mark-ups and mark-downs are used to gauge certain key performance measures.

The advent of e-business has made it necessary for marketers to add new metrics to their bag of tricks. These metrics are part of an evolving body of knowledge that will continue to be defined and refined for years to come. Many new emetrics are being devised and although there are many, this section of the white paper will only detail a sampling of emetrics. That sample includes acquisition and conversion metrics, measures of frequency, duration, reach, and stickiness, and e-mail address churn rates.

Conversion Metrics

Conversion describes the process whereby an acquired prospect becomes a formal "customer". Converting a potential customer to a buyer is a critical part of the selling process in all types of businesses. Conversion happens when the sale is closed; when the customer in effect says yes to the offer. Although it is a critical part of the selling process, conversion is rarely closely monitored in traditional businesses. For example, brick & mortar business models, conversion costs and rates are rarely calculated for reasons of economic feasibility and the cost/benefit trade-off of generating such information. Take the example of a physical retailer; few retailers track the number of people who actually buy something once they have entered the store (conversion ratio). That type of conversion is difficult to track and in most cases not economically feasible. It's the classic cost/benefit tradeoff; the cost of tracking such data far exceeds the benefits derived from such data.

In the virtual world of e-business, conversion tracking is economically feasible since it can be done relatively cheaply. Customer web site activity is gathered relatively inexpensively by server log analysis software. Customer visits impressions, page views, and orders are easily tracked with software and conversion metrics can then be calculated and analyzed.

With competition for e-customers keen, the cost to convert a prospect (visitor) to a customer and the rate at which visitors to your site wind up purchasing something are critical performance measures. These are measures that should be calculated and tracked from month-to-month, quarter-to-quarter, and year to year. In addition, these measures are critical inputs when projecting future revenue streams. In short, conversion metrics can become part of your performance benchmarking system.

Benchmarking e-business performance using conversion data can be done in two basic ways:

- As a comparison to a standard, such as best practice conversion ratio for your company, competition, and the industry.
- As a comparative analysis over time, such as comparing conversion costs and conversion ratios month-by-month, quarter-to-quarter, and year-to-year.

As a benchmarking tool, conversion ratios are an e-business performance standard that sheds some light on the effectiveness of your business model. [5] It helps you to think about how your business model manages the process of "acquiring" potential customers and then transforms those leads into customers. At the heart of the process are qualitative factors or aspects your web site. You may see trends in your conversion data that say something about the effectiveness of your user interface and the speed and ease of use your site, including transaction processing and purchasing (such as Amazon's one-click service), and effective promotional activities. [6]

The trends you see in your conversion ratios say much about the dynamics of purchasing online at your site. Because it is a "look-to-buy" ratio, it is a metric that summarizes the customer traffic scenarios of visiting and buying, visiting without buying, and repeated visits before buying. The challenge is to understand how to effectively interpret the conversion rate and how to use it to improve emarketing.

Here's how the conversion ratio, in its simplest form, is calculated:

Formula 1.1

Conversion Ratio = Number of Orders Divided by Number of Visits

Research shows that average conversion rates for web sites are in the 3% to 5% range; with below 2% considered poor and above 5% being excellent. [7] Nevertheless, since every industry and business is different, you need to think about what rules of thumb you will use to judge your conversion rates. Perhaps a historical company best practice standard will work for you or a similar such number for your closest competitor or the industry at large.

Making Comparisons: Campaign-to-Campaign

Exhibit 5 shows an example of conversion metrics comparisons between three promotional programs. In addition to the conversion ratio, this worksheet example shows the acquisition and conversion cost of each campaign. Formula 1.2 shows how acquisition cost is calculated.

[5] John Berry, "Conversion Rates: An E-Retail Dynamic," Internetweek, November 6, 2000; 90.

[6] Amazon.com Inc., the Seattle-based online retailer (www.amazon.com), has a patented "one-click" checkout system, which allows a shopper to place an order with a single tap of the mouse, instead of re-entering billing information.

[7] J. William Gurley, "The One Internet Metric That Matters," Fortune, March 6, 2000; 392.

Formula 1.2

Acquisition cost = Advertising and promotion costs divided by the number of Click-throughs (visits)

Formula 1.3 shows the formula for conversion cost. The conversion cost helps you determine if your e-promotional campaign was a good investment and by comparing acquisition cost, conversion ratio, and conversion cost of each campaign, you can learn which promotional mixes give you the biggest bang for your promotional budget.

Formula 1.3

Conversion cost = Advertising and promotion costs divided by the number of sales (or purchases)

Conversion Cost Calculator

	Promotion 1	Promotion 2	Promotion 3
Date of promotion	2/2/01	2/3/01	2/4/01
Advertising and promotion costs	$11,000	$12,650	$14,548
Number of Click-throughs	10,000	11,000	13,000
Number of Sales	350	438	547
Acquisition Cost	$1.10	$1.15	$1.12
Conversion Ratio	3.50%	3.98%	4.21%
Conversion Cost	$31.43	$28.91	$26.60

Exhibit 5 Conversion Ratio
(Source: Embellix eMarketing Plan Metrics
Worksheet: Conversion Cost Calculator)

Making Comparisons: Month-to-Month

In addition to tracking conversion metrics by campaign and performing a campaign-to-campaign analysis of conversion data, it would also be useful to track conversion data for the entire e-business.

Exhibit 6 shows how a bar chart can give a visual summary of customer conversion rates for each month for an entire emarketing effort.

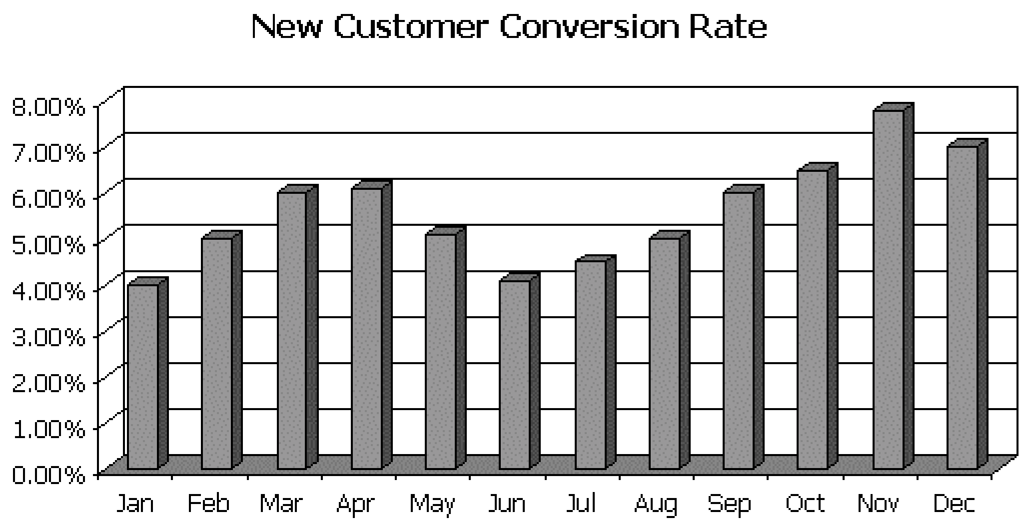

Exhibit 6 New Customer Conversion Rates by Month
(Source: Embellix eMarketing Plan Metrics
Worksheet: Customer Metric Tracker)

More About Acquisition Costs

In emarketing, acquisition costs should be calculated and monitored. Before you can calculate an acquisition cost, you should define what it is that is being acquired. Simply stated, an acquisition is whatever you define it to be. It could be the cost to acquire a click-through, a new e-mail address (potential customer), a new subscription, or a new customer. The goals of your emarketing campaign will help you define an acquisition. Ask yourself what it is you are trying to accomplish with your emarketing campaigns. In most cases, you are trying to get some type of customer response such as a click-through, sign-up, subscription, or purchase. In any event, all acquisitions involve convincing an individual who you have reached, to engage with your company. This engagement could occur through visiting your site or clicking on a URL in a promotional e-mail.

Here is an example involving a click-through. If you define acquisition as a click-through, then the acquisition cost measures the advertising and promotional cost of one click-through for a particular promotion. If the goal were to generate the most visitors for the lowest cost, then you would look to minimize the acquisition cost.

For example, if your promotional campaign cost $10,000 and it resulted in 100,000 click-throughs, then the cost of acquisition would be $10,000/100,000 = $.10. With that metric you can ask yourself some useful accountability questions such as:

- How does that compare to other campaigns that you are running?
- How does that compare to last month?
- Did we get the best bang for our buck when acquiring these click-throughs?
- How does this acquisition cost compare to the cost of other methods of acquiring click-throughs.

If the acquisition goal is acquiring new e-mail addresses, you should be tracking the cost to acquire e-mail addresses during some time period - such as a month, quarter, or year. You should also define what specific costs are incurred to execute various strategies that help acquire e-mail addresses such as:

- Creative web design costs
- Database management expenses
- Click-through costs
- Copyright acquisition
- List rental fees

Think of the various ways that you acquire e-mail addresses. Perhaps you acquire them via product registrations, e-zine subscriptions, contests, giveaways, and list rentals. You should have a system that not only keeps track of the costs incurred in each acquisition activity and the number of names acquired via each activity (source), but you should be comparing these costs month-by-month, quarter by quarter and year by year.

Frequency, Duration, Reach, and Stickiness

Exhibit 7 shows four more customer related emetrics: frequency, duration, reach, and stickiness that can be calculated and tracked on a periodic basis. In the subsections that follow, each metric is defined and the formula for each is presented.

E-Customer Behavior Metrics

For the year: 2000

	Jan	Feb	Mar	Apr
Number of visits	10,000	11,000	12,000	15,000
Number of unique visitors during month	4,000	5,000	6,000	8,000
Total unique visitors acquired by site	8,000	9,000	10,000	11,000
Frequency	2.50	2.20	2.00	1.88
Total number of minutes viewing all pages	1,920,000	2,112,000	2,386,560	2,863,872
Duration	192.00	192.00	198.88	190.92
Reach	50.0%	55.6%	60.0%	72.7%
Monthly Stickiness	240.00	234.67	238.66	260.35

Exhibit 7 Frequency, Duration, Reach, and Stickiness
(Source: Embellix eMarketing Plan Metrics Worksheet: e-Customer Behavior Metrics)

Frequency

Frequency is an estimate of how often a prospect or customer visits the site. In the *Exhibit 7* example, frequency for each month is calculated using this formula:

Formula 1.4

Frequency = Number of visitors divided by number of unique visitors

Duration

Duration is a measure of time spent at your web site. For instance, your loyal customer segment might have an average duration of five minutes per visit, whereas your new customers segment might stay for only two and half minutes. In the *Exhibit 7* example, monthly duration is calculated using this formula:

Formula 1.5

Duration = Total number of minutes viewing pages divided by number visits during the month

Reach

Reach refers to the potential to gain the attention of your target audience. Used as a standard in the television industry, reach is the number of people (or households) who have the opportunity to see your message given a program's total active viewership. With a web site, reach is the number of unique users who visited the site during a particular period divided by the total number of unique visitors your site has acquired over time. In the *Exhibit 7* example, monthly reach is calculated using this formula:

Formula 1.6

Reach = Number of unique visitors during the month divided by the total number of visitors acquired by the site

Stickiness

Stickiness is a composite measure that captures the effectiveness of your content in terms of consistently holding users' attention and allowing them to complete their online tasks. In the *Exhibit 7* example, monthly stickiness is calculated using this formula:

Formula 1.7

Stickiness = Frequency x Duration x Reach

Combining Data to Create New Metrics

As you implement your emarketing plans, you may invent new emetrics of your own. The more you work with emetrics, the more ideas you will have about developing new measurements or refining of existing ones. Perhaps you can combine data to create new benchmarks of emarketing performance. For example, at Novo Corporation, an e-business consulting firm (www.novocorp.com), they calculate the Effective Involvement Index (EII). EII is a benchmark for retention and stickiness and is calculated as follows: [8]

Formula 1.8 Effectiveness Involvement Index

Effectiveness Involvement Index (EII) =

Unique Visitors x Frequency x Pages Viewed

According to Novo, EII measures the success of disparate marketing efforts that might not be in and of themselves trackable". [9]

As you develop a toolbox of metrics, ask yourself:

- What metrics help measure success of my business model?
- What metrics are unique to the business model?
- What metrics can be derived from the data set (i.e., server log data) that you control?

Keep in mind that more metrics will beget more metrics. The more you think about and invent useful metrics, the more e-business tools you will have. These questions may help you think about new emetrics:

- Can you identify additional metrics that help you dig deeper into your e-business data warehouse?
- What metrics matter the most to you?
- What metrics could eventually make you change your web site?

By identifying more useful metrics, you will gain a great deal of confidence in your emarketing accountability system.

ROI and eMarketing Campaigns

E-mail advertising is popular and effective. E-mail is a strategic tool for driving web site traffic, facilitating transactions, attracting new customers and retaining existing ones.[10] However, accountability in emarketing campaigns, whether they are banners, e-mail or other activities that drive customers to your site, is critical. One way accountability can be accomplished is through return on investment (ROI) calculations. ROI is a yield concept. Before you run an emarketing campaign you should try to predict the ROI yield, monitor it during the campaign, and calculate post campaign.

The ROI of an e-mailing is found by dividing the projected net income by the total cost of the mailing. The cost of the mailing is fixed costs plus variable costs and includes such items as:

- Cost of product or service

[8] Jeffrey Graham, "Building Benchmarks," The Clickz Guide to Online Advertising, copyright 2000; 101.
[9] Graham 101.
[10] "Create Targeted Customer Focused Campaigns with Email Marketing," http://drhome.digitalriver.com/live/drv_00ndt_000.shtml, Digital River.

- List rental
- Handling and order processing cost
- Packaging Expense
- Shipping costs (or digital delivery charges - per unit)
- Fixed costs (for entire campaign) such as creative costs and other fixed costs

By running ROI's on a variety of creative messaging, you can test the effectiveness of that creative copy to see what works best. For example, perhaps one promotional copy offers a price break while another one offers free shipping. Which is more effective? The answer might lie in comparative ROIs. Or perhaps two different creative copies describe the benefits and value of a product. Which one is more effective? Once again, your answer might lie in the return on investment for each creative copy (web site, banner ad, e-mail, sponsorship links, affiliate links, or interstitial).

In the sections that follow, there is an example of an e-mailing showing how the ROI is predicted before the mailing and calculated for a test mailing, how a prediction of mailing revenue can be made as actual results roll in, and how a post mailing ROI is done.

Plan, Test, Predict, and Measure: E-Mail Campaign

To improve response rates and ROIs, you need to take advantage of the learning opportunities of e-mail marketing. The relatively low cost of e-mail makes it possible to test a variety of offers through small, tactical mailings. With your tests, you can identify the most effective strategy and deploy it on a roll out of a larger campaign. [11]

In this section, we show an example of a planning, testing, predicting, and measuring the results of an e-mail promotional campaign. This example is a promotional mailing to 100,000 email addresses. As you plan such a mailing it would be wise to prepare a projection. *Exhibit 5* shows a template that estimates essential success measures of an e-mail marketing campaign before you conduct the campaign. This is called a Scenario E-Mail Marketing ROI Analysis. The key measures of the Scenario E-Mail Marketing ROI Analysis include projected:

- Contribution margin
- Net income
- Return on Investment
- Number of orders to break-even
- Number of orders

A template such as the one in *Exhibit 8* helps you analyze the feasibility of planned campaigns. For example, if the ROI is very low, or the response rate to break-even is very high, you might want to rethink the mailing. The *Exhibit 8* example shows that with a projected response rate of .5%, the e-mailing will yield a 46.43% ROI.

[11] Tony Priore, "e-mail Marketing Smartens Up", Information Week, July 24, 2000.

Testing the Campaign

Rather than go ahead with the 100,000 e-mail address mailing, you could test the waters with a smaller mailing. The purpose of such a test would be to validate the assumptions used in the *Scenario E-Mail Marketing ROI Analysis*. That kind of test can be done with variations of the campaign with perhaps as many a six differentiated offers. When multiple offers are tested, the analysis is called an *E-Mail Marketing Test Matrix Analysis*. *Exhibit 9* shows an example of a test of 10,000 emails and the essential measures of such a test. In this example, the ROI was .6% with a projected ROI on a 100,000 rollout of 52.47% - greater than the original projection.

Predicting Results in Real Time

Once an e-mail promotional campaign is launched and orders begin to "flow in", a prediction of the revenue outcome can be made. *Exhibit 10* shows an example of such a prediction. To predict the revenue from the early results of your campaign, you can use historical response rates or estimated response rates to extrapolate cumulative response rates.

Like many measures, direct marketing campaign results (e-mail or snail mail) follow a predictable pattern. However, there are important variables that impact response rates. One is the delivery method (e-mail versus snail mail) another factor is when the mail is opened. Snail mail can often pile up and be opened by the user at their leisure. Unless the hard copy snail mail piece is trashed, it can have a more persistent and longer life than an evanescent e-mail piece. This is why the e-mail campaign periods are measured in hours and the snail mail method is measured in days.

With e-mail, a very high percentage of orders come within a specified time period, usually a matter of a few hours. That pattern should be measured and tracked. In traditional direct marketing, it is typical that 80-90% of your orders and response will come within the first 2 weeks of the campaign. After this time period, the stream of orders diminishes rapidly. Oddly enough, a campaign will continue to receive orders weeks after it is delivered, even if you have a defined expiration date.

Having some way to predict revenue while the campaign is still is progress is an invaluable tool for the individual who has revenue responsibility for the direct marketing efforts. With this capability you can update your revenue forecasts every few hours, adjust your internal production activities based on the revamped forecast, and learn how to get a better "read" on how well a campaign will do. For example, by using a predictive tool, you may learn that there are a number of factors that can skew your predictive results. These include the following:

- The time of the day that the e-mail is delivered.
- How long it takes for all of the e-mails to be delivered - depending on the service that you use, it can take several hours for a large mailing to be completed.
- The day of the week that the e-mail is delivered. You may want to consult with experts on the best day of the week to deliver the e-mail. Common wisdom suggests that e-mail delivered on Monday morning will be ignored among the dozens of other e-mails and the hustle and bustle of a new week. E-mail delivered on a Friday evening may experience a poor response for business products, but it may get a positive lift if it is a consumer, or perhaps a recreational product.
- Higher priced products often require a manager's approval and thus a longer lag time between the offer and the order.
- Seasonal factors: in the summer, many individuals will be on vacation; the holiday season tends to be a good season for all types of direct mail.

	Offer 1
Price of Product Sold Via Promotion	$40.00
Other charges (postage & handling, etc.)	2.00
Adjusted price of product	$42.00
Variable costs:	
Cost of product or service	$12.00
List rental (per 1,000)	5.00
Handling and order processing cost (per unit)	2.00
Packaging Expense (per unit)	3.00
Shipping costs (or digital delivery charges - per unit)	5.00
Variable cost per unit of filling order	$22.00
List rental cost per unit sold	$1.00
Fixed costs (for entire campaign):	
Creative costs	$1,000
Other fixed costs	2,000
Total fixed costs	$3,000
Contribution margin per order	$20.00
Number of orders to break-even	150
Response rate to break-even	0.150%
Projected response rate	0.5000%
Number of e-mails to be sent	100,000
Projected number of orders	500
Projected Revenue	$21,000
Projected Total Contribution Margin	$10,000
Projected Net Income	$6,500
Projected ROI of Mailing	**46.43%**

Exhibit 8 Projected Results of a Planned e-mail Promotion
(Source: Embellix eMarketing Plan Metrics
Worksheet: Scenario E-Mail Marketing ROI Analysis)

	Offer 1
Number of e-mails sent in test	10,000
Number of orders received	60
Response rate of test	0.6000%
Price of product	$40.00
Other charges (postage & handling, etc.)	2.00
Adjusted price of product	$42.00
Variable costs:	
Cost of product or service	$12.00
List rental (per 1,000)	5.00
Handling and order processing cost (per unit)	2.00
Packaging Expense (per unit)	3.00
Shipping costs (or digital delivery charges - per unit)	5.00
Fixed costs (for entire campaign):	
Creative costs	$1,000
Other fixed costs	2,000
Total fixed costs	$3,000
Variable cost per unit of filling order	$22.00
List rental cost per unit sold	$0.83
Contribution margin per order	$20.00
Number of orders to break-even	150
Projected Results of Rollout	
Number of e-mails to be sent	100,000
Projected response rate	0.600%
Projected number of orders	600
Projected Revenue	$25,200
Projected Total Contribution Margin	$12,000
Projected Net Income	$8,500
Projected ROI of Mailing	**52.47%**

Exhibit 9 Testing E-Mail Promotion
(Source: Embellix eMarketing Plan Metrics
E-Mail Marketing Test Matrix Analysis)

Predictive E-Mail Response

Select Hours Since E-Mailing: 4 / 8

Number of Orders: 111

Forecasting Method

Select Forecasting Method
- (•) Estimated Response Rates
- ( ) Yield based on past experience

Estimated Response Rates

Based on Simple User Input

Time Intervals (Hours)	Cumulative Response (%)
4	20%
8	30%
12	70%
24	75%
48	95%
> 48	100%

Experiential Response Rates

Based on Past Campaigns

Time Intervals (Hours)	Cumulative Response (%)
4	36.7%
8	64.2%
12	82.6%
24	91.7%
48	96.3%
> 48	100.0%

Forecast Summary

Average Size Order	$40.00
Expected Number of Orders	555
Expected Revenue	$22,200

Exhibit 10 Predictive e-mail Response
(Source: Embellix: eMarketing Plan Metrics
Worksheet: Predictive E-Mail Response)

Measuring Final Results

Before-and-after measurement is a type of accountability system. When measuring results you should be asking how do the results of an emarketing campaign compare to what you predicted before you launched the full campaign? In our *Plan, Test, Predict, and Measure* example, one more set of measurements is taken once the campaign has concluded. *Exhibit 11* shows a campaign summary with a bottom line of an ROI of 42.95%, somewhat less than the test e-mail results of 52.57%. Also of note is the actual response rate of .560%, which should become part of company history and referred to when predicting future campaign response rates.

	Offer 1
Number of E-Mails sent	100,000
Number of orders received	560
Rate of response (pull)	0.560%
Selling price	$40.00
Other charges (postage & handling, etc.)	
Adjusted price of product	$40.00
Variable costs:	
Cost of product or service	$12.00
List rental (per 1,000)	5.00
Handling and order processing cost (per unit)	2.00
Packaging Expense (per unit)	3.00
Shipping costs (or digital delivery charges - per unit)	5.00
Fixed costs (for entire campaign):	
Creative costs	$1,000
Other fixed costs	2,000
Total fixed costs	$3,000
Variable cost per unit of filling order	$22.00
Contribution margin per order	$18.00
Number of orders to break-even	166.67
Revenue	$22,400
Contribution margin	$10,080
Net Income	$6,580
ROI of Mailing	**42.95%**

Exhibit 11 Campaign Summary
(Source: Embellix eMarketing Plan Metrics
Worksheet: Campaign Summary E-Mail ROI)

e-Mail Churn Rate

The churn rate measures how much your customer base "rolls" over during a particular period of time. In the *Exhibit 12* example, the churn rate is a monthly rate. It is calculated by dividing the number of undeliverable e-mail names plus the names deleted from the list by the total number of e-mail names on your list at the end of the period. An increasing churn rate could cause an emarketer some alarm. The goal is to have loyal customers, retain as many customers as possible and therefore optimize the lifetime value of customers.

Churn rate is an important measure to track as you attempt to reach a particular list size goal. If you do not account for churn rate or erosion of your list, it will be difficult to accurately measure your list growth.

The churn rate of your e-mail list is affected by the following factors:

- Customers who opt out (request to be deleted from your list).
- Names that are suppressed from a master list. If you manage your own mailings, you may have a master list of e-mail addresses that have requested removal from all mailings. If you are working with a third party mailer, they will likely have such a list.
- The e-mail names that cannot be delivered for a variety of reasons: undeliverable; user cancels e-mail account, etc.

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E-Mail Address Churn Rate

For the year: 2000

	Jan	Feb	Mar	Apr	May	Jun
E-Mail names at beginning of month	20,000	21,000	21,800	22,300	23,260	24,790
Undeliverable e-mails	2,000	2,200	2,400	2,520	2,646	2,778
Unsubsribers and removals during the month	1,000	1,100	1,300	1,560	1,872	2,246
Estimated new e-mail names per month	4,000	4,100	4,200	5,040	6,048	7,258
Total E-mail names at month end	21,000	21,800	22,300	23,260	24,790	27,023
Percentage change in list	5.00%	3.81%	2.29%	4.30%	6.58%	9.01%
Churn Rate	14.29%	15.14%	16.59%	17.54%	18.23%	18.59%

Exhibit 12 Monthly E-mail Address Churn Rates
(Source: Embellix eMarketing Plan Metrics
Worksheet: E-Mail Address Churn Rate)

Summary

The development of an emarketing plan begins with an in depth understanding of your business model. This white paper briefly described ten e-business models. Your business may be one of those or it maybe a hybrid. Whatever your model, your emarketing plan should discuss how your business model will use information technologies to manage the marketing mix, optimize your web site content, and allocate resources to carry out your strategies.

The process of developing an emarketing plan is a challenging one. A number of barriers must be overcome to prepare a great plan and to successfully implement it. For starters, writing a lengthy document of any kind is difficult. Example plans and well-designed outlines and templates increase the odds of preparing a clear, concise, and coherent emarketing plan. Embellix Software's eMarketing Suite includes a professionally designed MS Word emarketing plan template that helps make it easier to write a polished an emarketing plan.

When writing an emarketing plan you should include analyses in the forms of worksheets, tables, and charts. The right analyses not only help you to make your point, but also could produce forecasts and budgets for which emarketers will be held accountable. You must answer the question: what forecasts and budgets to include in the plan? In addition, you must identify forecasting methods that are congruent with your business model. Embellix Software's eMarketing Suite includes a MS Excel workbook templates for a variety of revenue forecasting methods, emarketing budgets and other analyses that can help you prepare your plan.

As you implement your emarketing plan, accountability is a critical requirement imposed by both management and investors. In the implementation stage, you may test, measure, and re-test your emarketing campaigns before a full roll out. When testing your emarketing campaigns and strategies and when making your post emarketing campaign assessment, accountability is achieved through the use emetrics. The term emetrics refers to measurements and ratios that help marketers forecast, track, discover trends, monitor, and control e-customer behavior, cost, value, and acquisition, Web site traffic, performance, and revenue and e-promotional campaign performance.

This white paper showed a small sampling of the emetric worksheets available in Embellix Software's eMarketing Suite. The eMarketing Suite is a MS Office add-in that can help you prepare a professional looking emarketing plan and develop critical emetrics from the data generated by your web server logs. In a familiar and easy to use platform (MS Word and Excel), eSuite offers professionally formatted emarketing plan outline, numerous templates, charts, and worksheets to provide a variety of useful emarketing plan content. In addition, a context-sensitive advisor is available to guide the user through the preparation of the plan. For more information on Embellix Software's eMarketing Suite, visit www.embellix.com.

Appendix

List of Exhibits

List of Formulas

Contributors:

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About Embellix Software

Embellix Software is a Massachusetts based company with a simple mission. They are committed to making you look your best! Its initial products (eMarketing Suite and Embellix Mail) are designed with that goal in mind. eMarketing Suite helps users create highly polished marketing plans and marketing metrics for developing and running an e-commerce site. Embellix Mail is designed from the ground up to help users create great looking HTML emails with little effort and no previous training in HTML. These initial products are based around Microsoft Office. For more information on eMarketing Suite or other Embellix Mail, visit www.embellix.com.