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Email Marketing in Financial Services

Leveraging the inbox

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Abstract: According to email service provider **Silverpop**, 61% of financial institutions are now using email marketing, more than double the rate three years earlier (25% in 2002). But in these days of spam- and phish-infested waters, is it working?

The good news: In the first half of 2005, banking emails generated the highest click-through rates of any industry (*excluding government*).

The bad news: In the second half of 2005, banking click-throughs dropped 80 basis points, more than 2.5 times the overall industry-wide decline. Part of the decline can be attributed to seasonal fluctuations with retailers receiving more interest in the fourth quarter holiday shopping period. However, the significant drop-off in banking response is likely caused in part by credibility problems due to widespread phishing. Although much progress has been made in recent years, most inboxes are still littered with the detritus of hucksters, con artists, and crooks.

The opportunity: Despite the challenges, financial institutions shouldn't be discouraged about expanding their own email marketing programs. Although users are rightfully skeptical about email marketing pitches, they still prefer it by a 3-to-1 margin over traditional (postal) direct mail.

In this report, we cover the following areas:

- Metrics and market size
- Email marketing tips and opportunities
- Issues and resources for outsourcing email distribution
- Gallery of financial institution marketing emails

Companies Mentioned: American Express, Boeing Employees Credit Union, Chase Bank, Citibank, Earthlink, Email Labs, ING Direct, PayPal (eBay), Return Path, ShareBuilder, Southwest Air, TrueCredit (TransUnion), US Bank, Wells Fargo.

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